

BBVA,  
working  
towards a  
better future  
for people



# BBVA, A GLOBAL GROUP

BBVA is today a global financial services group, offering the widest range of products and services to its clients –private individuals and companies-. It has a strong position in the Spanish market and a strong international position in 31 countries.

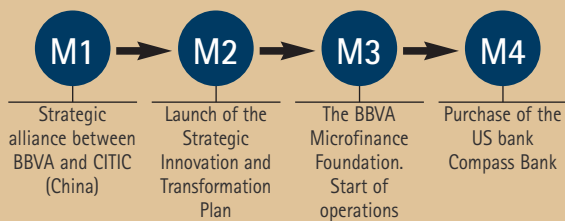
The BBVA Group has a leading franchise in Latin America and a growing position in the United States and Asia. It employs some 111.000 people in the world, has 47 million clients and over 889.000 shareholders.

Basic Group data			
	2007	2006	2005
Earnings (million euros)			
Ordinary revenues	18,133	15,701	13,024
Operating profit	10,544	8,883	6,823
Pre-tax profit	8,495	7,030	5,592
Net attributable profit	6,126	4,736	3,806
Balance Sheet (million euros)			
Total assets	502,204	411,916	392,389
Customer lending	317,998	262,969	222,413
Customer funds	485,621	425,709	401,907
Business volume	803,619	688,678	624,320
Operations			
Number of operating countries	31	32	31
Number of shareholders	889,734	864,226	984,891
Number of customers (million euros)	47.4	42.4	38.4
Number of employees	111,913	98,553	94,681
Number of branches	8,028	7,499	7,328
Number of suppliers	3,248	3,329	2,319
Other data			
Market capitalisation (million euros)	62,816	64,788	51,134
Earnings per share	1.70	1.39	1.12
P/BV (Price/Book Value; times)	2.5	3.6	3.9
Dividend yield	4.37	3.49	3.52
ROE-Return on Equity	34.2	37.6	37.0
Efficiency incl. depreciations and amortisation	41.3	42.6	46.7
Non-performing loan ratio	0.89	0.83	0.94
Business volume per employee (million euros)	7.2	7.0	6.6
Dividends	2,717	2,220	1,801
Personnel costs	4,335	3,989	3,602
Corporate income tax	2,080	2,059	1,521



The Americas  
Branches 4,291

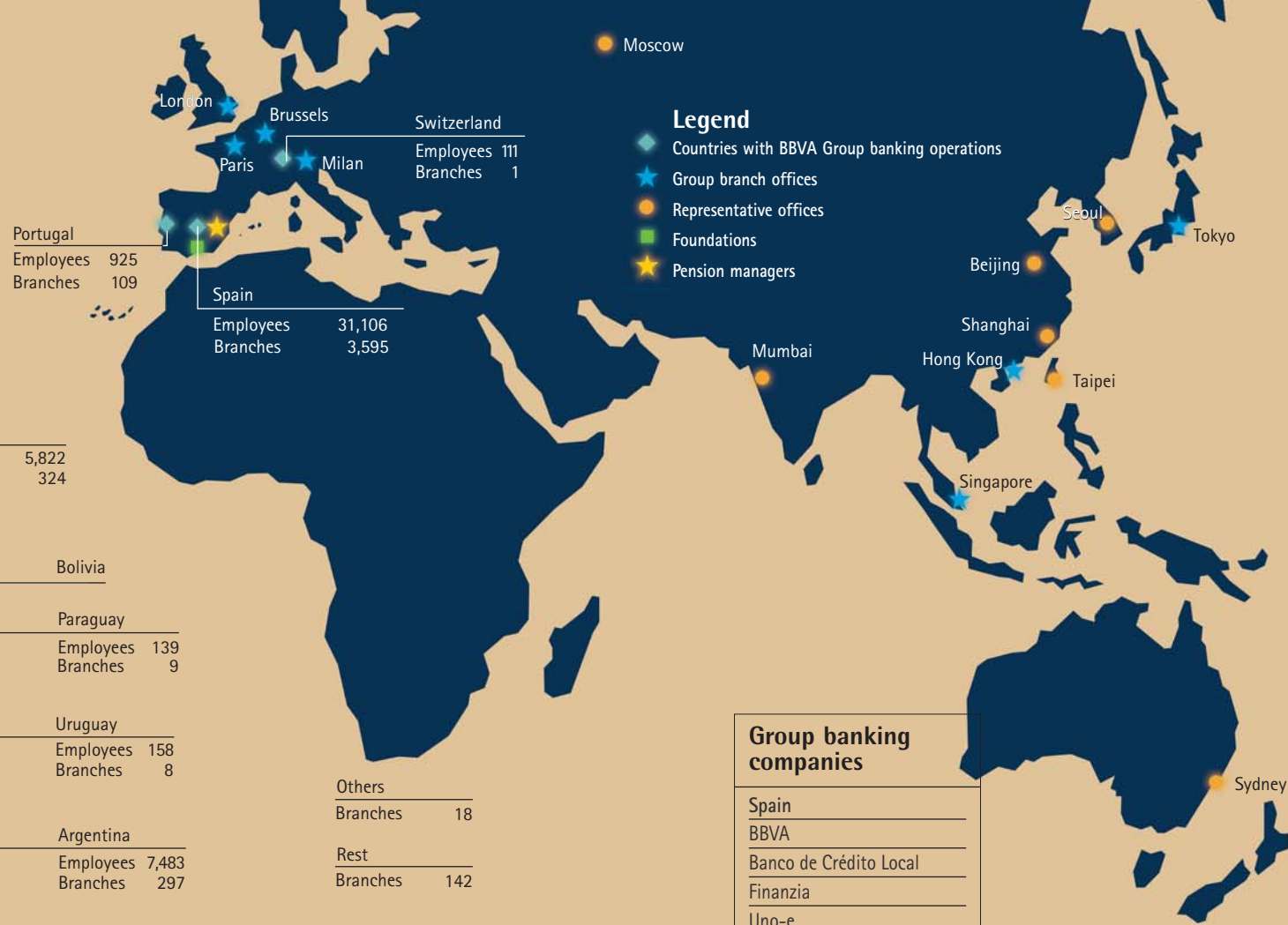
## The Group's major milestones in 2007



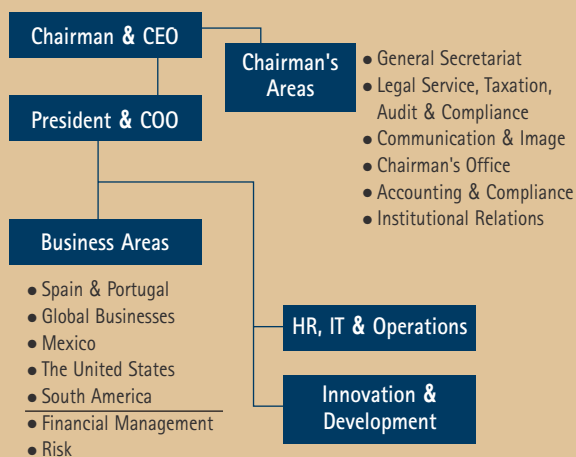
## Ranking by business share in the main countries in 2007

	Customer Lending	Deposits	Pensions
Spain	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>
Argentina	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Bolivia	---	---	1 <sup>st</sup>
Colombia	4 <sup>th</sup>	4 <sup>th</sup>	3 <sup>rd</sup>
Chile	4 <sup>th</sup>	4 <sup>th</sup>	1 <sup>st</sup>
Ecuador	---	---	1 <sup>st</sup>
Mexico	1 <sup>st</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
Panama	4 <sup>th</sup>	4 <sup>th</sup>	---
Paraguay	1 <sup>st</sup>	1 <sup>st</sup>	---
Peru	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Uruguay	5 <sup>o</sup>	5 <sup>o</sup>	---
Venezuela	4 <sup>th</sup>	4 <sup>th</sup>	---

Scope: Spain and Latin America



## Governance Structure



## Net attributable profit by business area

	2007	2006	2005
Spain and Portugal	2,397	1,919	1,692
Global Businesses	909	862	497
Mexico and the United States	2,084	1,775	1,370
South America	623	509	379
Corporate Activities	113	-329	-132
<b>Total</b>	<b>6,126</b>	<b>4,736</b>	<b>3,806</b>

Scope: BBVA Group  
Data in million euros

## Foundations

BBVA Foundation Spain  
BBVA Microfinance Foundation  
BBVA Bancomer Foundation  
Banco Continental Foundation  
Banco Provincial Foundation  
Banco Francés Foundation

## Pension managers

Afore Bancomer (Mexico)  
AFP Génesis (Ecuador)  
AFP Provida (Chile)  
Consolidar AFJP (Argentina)  
AFP Horizonte (Peru)  
AFP Horizonte (Colombia)  
Previsión AFP (Bolivia)

## Annual corporate responsibility reports issued by other Group banks

BBVA Banco Provincial	2006
BBVA Banco Continental	2005 and 2006
BBVA Bancomer	2007

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This is the BBVA Group's sixth corporate responsibility report, and it contains information on the Group's performance in this matter in 2007. The information is presented this year according to a structure centred on those issues deemed to be of significance by our stakeholders. At BBVA, we understand that this approach focuses debate and more clearly addresses our main commitments and operations.

The report has been rated as A+ by the GRI and has been verified in its entirety by Deloitte. There is, furthermore, a document with information to supplement the corporate responsibility report (henceforth Supplementary Information to CRR 2007), being an integral part of it and located at <http://rrc.bbva.com>. Further information on financial matters and corporate governance is available at [www.bbva.com](http://www.bbva.com)



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## LETTER FROM THE CHAIRMAN

*«BBVA has made progress in 2007 towards the integration of Corporate Responsibility within its business strategy»*



At BBVA, we are working towards a better future for people. Such is the vision that inspires not only our policy on Corporate Responsibility but also everything else we do in the Group.

For the sixth year in a row, we are presenting our Corporate Responsibility Report for the purpose of informing on the pledges and progress made as we seek to provide the finest possible response to the social, environmental and ethical challenges posed by our business in our operating countries.

In keeping with an unwavering commitment to transparency, continuous improvement and progressive integration of our stakeholders' expectations, this year's report has followed their recommendations and has been structured according to the major issues affecting BBVA in matters of sustainability. Another innovation of some significance is the inclusion of a control panel designed to further the understanding of our main goals and the progress made in this matter. This report has been drafted in accordance with the criteria of GRI-G3 Guidelines, including the Sector Supplement for Financial Services, as well as with the requirements of Standard AA1000.

The past twelve months have witnessed the consolidation of trends that confirm the importance of Corporate Responsibility policy. On the one hand, there is an awareness of humanity's impact on climate change. On the other, it is becoming increasingly apparent that more than just a cost, sustainability is an opportunity to create value for both society and businesses alike.

Accordingly, 2007 has been a very special year for BBVA; one in which we have made very significant strides towards the integration of Corporate Responsibility within our business strategy. A business strategy with a clear customer focus, based on profitability adjusted to principles and to strict ethical criteria, such as integrity, transparency and best practices. Within this framework, the challenge facing

Corporate Responsibility policy is to act as a springboard for innovation and transformation.

Amongst the numerous developments made in 2007, three highlights can be singled out: the launch of the Community Investment Plan for Latin America, to which we allocated 0.7% of the region's net profits in 2007, focusing on education and providing around 18,000 scholarships for children from underprivileged backgrounds; the creation of the BBVA Microfinance Foundation with an endowment of €200m, expressing our commitment to financial inclusion; and the approval of our new Directors' Charter, wherein it states that it befalls the board of directors to approve policy on Corporate Responsibility.

As for 2008, we expect to continue advancing in the process of making Corporate Responsibility one of our Group's distinctive hallmarks. The overriding goals are therefore to draw up the Strategic Corporate Responsibility and Reputation Plan that will involve each and every one of the Group's business and support areas, drive Social Responsible Investment given our role as asset manager, launch a Global Eco-efficiency Plan and consolidate the Community Investment Plan in Latin America. We should also like to reaffirm our commitment to the UN Global Compact.

I should like to conclude by expressly acknowledging the work, motivation, expertise and responsibility of the staff that make up BBVA. This report and the undertakings and actions it presents are a true reflection of their consummate professionalism.

March 3 2008  
Francisco González Rodríguez

## CR PRINCIPLES AND POLICY

The mission of BBVA's Corporate Responsibility policy is to define commitments and pursue conduct that give expression to BBVA's vision and principles, providing the most fitting response to stakeholder expectations and reinforcing our Group's business strategy.



### Vision, corporate principles and positioning

#### VISION

The BBVA Group defined its vision in 2003, expressing it succinctly as the premise «Working towards a better future for people», thereby seeking to forge an emotional tie that generates trust and support in its dealings with its main stakeholders, with the ultimate aim being to create a better future for all the parties involved.

#### «BBVA, working towards a better future for people»

Within this reference framework, BBVA understands corporate responsibility to be a true commitment based on delivering the utmost possible value in a balanced manner for its direct stakeholders –shareholders, customers, employees and suppliers– and for the sum of societies in which the company operates.

#### CORPORATE PRINCIPLES

In the BBVA Group, we strive to build a company that listens to its stakeholders and to do our best to embrace their expectations in all facets of our operations. This begins with the actual definition itself of our vision and principles, which are the outcome of a «listening» process and the integration of the expectations, values and aspirations of BBVA's main stakeholders. The result of defining «what we wish to be» (management and staff), «what we should be» (other stakeholders) and «what we are» (the Group's track record, strengths and weaknesses).

The BBVA Group's corporate principles epitomize the company's vision as regards each one of its stakeholders, summarizing the basic values that govern its actions and the way it understands the company's role in society. These principles lie at the heart of BBVA's corporate culture, being as follows:

### The BBVA Group's 7 corporate principles



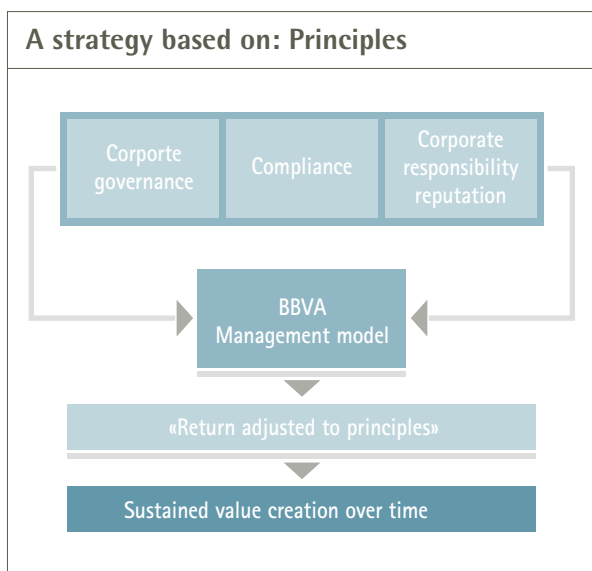
## POSITIONING

The identity and positioning of the BBVA corporate brand are defined by the combination of three main focal points that sum up the Group's vision and are the pillars upon which its business strategy, brand and reputation rest, namely, its corporate principles, prioritising innovation and the notion of working «through people for people». The *adelante* banner, meaning forward, embodies each and every one of these approaches and symbolizes the spirit of uninterrupted progress that informs the company's everyday operations and defines its long-term horizon.

## Business strategy

These principles are the mainstays of our project. Our management model not only relies upon risk-adjusted return (RAR) as the tool for measuring the value we create, but goes even further, applying strict ethical criteria: integrity, transparency and best practices.

Our strategy and business model are therefore based also on a return adjusted to principles and best practices. This is the key that ensures BBVA creates value in a sustainable manner over time.



In May 2007, the Group presented the Innovation and Transformation Plan, whose overriding goals are:

- To generate an offer designed to cater for the needs of each person or community.

- To pave the way for new segments of the population to access financial services.
- To extend our offer to other non-financial products and services.

The idea is encapsulated in innovation at the service of people as an attribute that should be a feature of all Group areas. Within this framework, the challenge facing corporate responsibility policy is to act as a lever of innovation and transformation for the Group, aligning its operations to help achieve the strategic goals set forth in this plan and constructing a unique and differentiated discourse.

## Corporate responsibility at BBVA

### AIMS

The main aim of the Group's corporate responsibility policy is to outline the commitments and foster the behaviours that will lead to the creation of value for both stakeholders (social value) and BBVA itself (reputational value and direct economic value).

Accordingly, it is essential for such commitments and behaviours to simultaneously express BBVA's vision and principles, respond in the best possible way to stakeholder expectations and reinforce the company's business strategy.

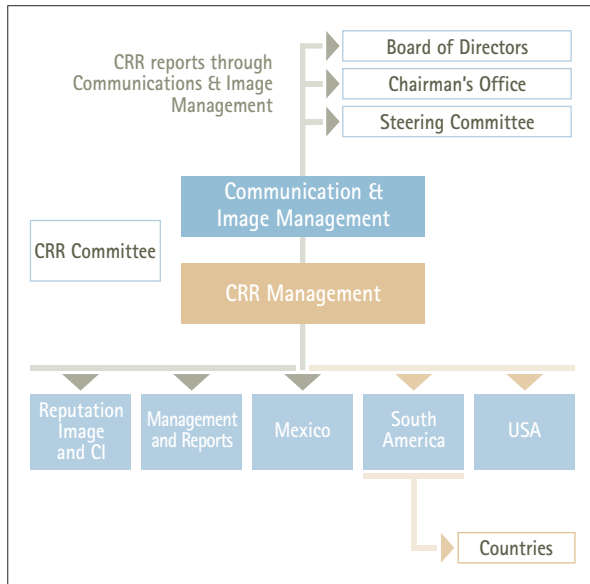
The prevailing commitments the Group seeks to fulfil through its corporate responsibility policy are as follows:

- Uphold excellence at all times in our core business operations.
- Minimize the negative impacts caused by our business activity.
- Develop «social business opportunities» to generate both social value and value for BBVA.
- Invest in those societies in which we are present through support for social projects, especially those involving education.

### MANAGEMENT AND GOVERNMENT OF CORPORATE RESPONSIBILITY POLICY

2007 has been the year in which corporate responsibility has been fully consolidated as a key component of BBVA's value creation and management strategy, whose main milestone is the board of directors' assumption of CR policy. In addition, the year has witnessed the appointment of a corporate responsibility and reputation (CRR)

officer in Mexico, as well as a coordinator for the whole of South America. The Group is thereby furnishing itself with the tools that will enable it to realize its goal of making CR part of each and every one of its operations.



The CRR Committee is the body charged with driving the integration of CR criteria, activities and policies throughout the Group's business and support areas. Set up in 2006, it consists of senior executives from the following areas and units: Risk, Chairman's Technical Office; Compliance; Human Resources; IT & Operations, Purchases, Premises & Services; Innovation & Development; Transformation;

Financial Division; Spain & Portugal; Mexico; South America; United States; Global Businesses; Legal Services, and Communication & Image (chairman's office and secretariat).

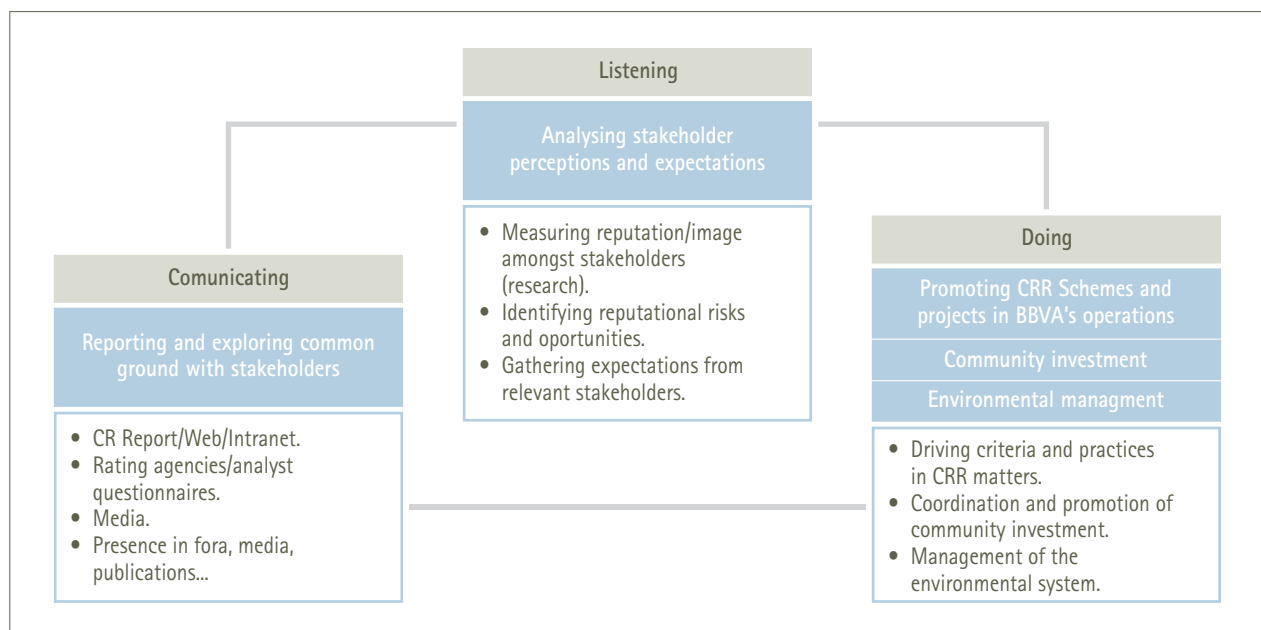
The committee has met twice in 2007, and these two meetings have served to delimit the strategic lines that are to be pursued in CRR. In addition, the members of the committee have convened for four working sessions during the year to initiate the work required for developing the BBVA Group's Strategic CCR Plan, with this targeted for completion in the first half of 2008.

The principal body responsible for the management of corporate responsibility and reputation is the CRR Department, which has two roles that, although separate, are connected and complement each other: the coordination of corporate responsibility policy and the management of reputation. These two roles are pursued through three lines of action:

- Monitoring and assessing stakeholder opinion (*listening*).
- Proposing criteria, policies and responsible conduct across the board in all business areas (*doing*).
- Reporting and discussing the actions undertaken (*communicating*).

## Corporate Governance System

The Corporate Governance System is absolutely key to the development of BBVA's





business. This system focuses the structure and operations of its corporate bodies in the interests of both the institution and its shareholders, whilst striking a balance with the goals other stakeholders have with regard to the company, thereby making it a fundamental feature of its corporate responsibility.

The system is explained in detail in BBVA's annual Report 2007 (which contains an extensive chapter devoted to this matter) and on the corporate website ([www.bbva.com](http://www.bbva.com)), which includes a corporate governance report as required by law. The website has a special direct access section that provides all pertinent information on the subject.

### **Compliance system and procedures**

Together with the Corporate Governance System, the Group's Compliance System constitutes the foundation upon which BBVA consolidates its institutional pledge to conduct all its operations and businesses in accordance with strict codes of ethical conduct. One of the system's core components is the BBVA Group's Code of Conduct ([www.bbva.com](http://www.bbva.com)), which defines and develops the fundamentals of ethical conduct and the necessary procedural guidelines for upholding one of the main sources of value creation: corporate integrity.

The aim of Compliance is to promote development and safeguard the effective operating capacity of the rules and procedures required for ensuring the following:

- Compliance with relevant legislation and standards in ethical conduct that affect each one of the Group's businesses and operations, as well as with the criteria and guidelines contained in the Code of Conduct.
- Identification of possible breaches and the appropriate management of the risks that may be forthcoming.

In accordance with the criteria of the Bank for International Settlements (BIS), it centres its operations on three pivots:

- Promoting the adoption of policies and procedures and supervising their implementation in the face of changes in the statutory environment;
- Verifying that future developments involving products and businesses are consistent with corporate policies;

- Monitoring and examining a number of critical processes, identifying and assessing risk and supervising and taking part in both the drafting of instructional materials and their dissemination.

The Compliance function is subject to the control and supervision of the Board's Audit and Compliance Committee, and takes the form of a Corporate Management, which is supported by a series of Compliance departments integrated within the Group's organisational structure.

### **Precautionary principle: risk management**

The entire process described above is filtered through a general criterion that governs both the Group's overall management and the specific management of its corporate responsibility: respect for the precautionary principle, based on risk assessment criteria that are prudent, consistent and backed by experience.

The BBVA Group considers risk management to be an intrinsic part of the banking business and the cornerstone of its competitive advantage. It has rolled out a global risk management system that ensures the needs of customers are rendered compatible with the expectations of shareholders and remaining stakeholders, as well as with the requirements of regulators. BBVA focuses on the hands-on management of a risk's entire lifecycle, placing special emphasis on pre-emption, thereby safeguarding our customers' interests and ensuring the uninterrupted monitoring of an operation's full credit cycle. Accordingly, besides implementing international directives such as MiFID, which reinforce customer protection, BBVA is channelling extra effort into the prevention of over-indebtedness, pursuing policies of transparency and customer advice, in line with the instructions issued by the Council of the European Union regarding customer credit and debt.

Ultimate responsibility for Risk Management is vested in the board of directors, which dictates the Group's risk policy and profile through the Executive Committee and the Risk Committee, and is managed throughout the corporation by the Risk area, whose analysis

includes, amongst others, such aspects as support for the stability of the financial systems in its operating countries, reputational risk or the consideration of ethical, social and environmental criteria.

For more information on the BBVA annual Report 2007, please visit [www.bbva.com](http://www.bbva.com).

## **Standards of conduct, commitments and international agreements**

### **CODE OF CONDUCT**

Approved by the board of directors in 2003, the Code of Conduct is applicable to each and every one of the Group's entities and employees and publicly reflects the sum of pledges BBVA makes to society, explicitly outlining its commitment to the application of the Universal Declaration of Human Rights and the UN Global Compact, as well as of other agreements and treaties involving international organisations such as the OECD and ILO.

For more information on the Code of Conduct, please visit [www.bbva.com](http://www.bbva.com).

### **SPECIFIC CODES IN OPERATING AREAS**

In addition to the Code of Conduct for Group employees, the company has furnished itself with other specific instruments for the management of core commitments in each operating area. The more salient of these are:

- Directors' Charter.
- Code of Conduct on stock markets.
- Code of ethics for the recruitment of personnel.
- Principles applicable to those parties involved in the BBVA procurement process.
- Basic Principles of Risk Management and Risk Management Policies Manual.
- Audit Charter.
- Regulation on dealing with individuals or entities of public importance in matters of finances and guarantees.

For more information, please visit [www.bbva.com](http://www.bbva.com).

### **SUPPLEMENTARY POLICIES**

Moreover, the Group has developed specific policies related to CR, such as BBVA's Commitment to Human Rights (approved in December 2007 in response to a request

from BBVA stakeholders), its environmental policy approved in 2003 or policy regarding the financing of the arms sector approved in 2005.

Business in the financial sector is undertaken by highly-skilled human resources, thereby rendering it unlikely that problems will appear related to human rights, such as child or forced labour or major threats to the freedom of association. The Group's Code of Conduct includes an explicit pledge to uphold the Universal Declaration of Human Rights, the UN Global Compact and other agreements and treaties involving international organisations, such as the International Labour Organisation. The main mechanisms for supervising such commitments are the Corporate Integrity Management Committee, the Corporate Responsibility and Reputation Committee, trade union delegates and the various supervisory committees and bodies. Regarding the training of security personnel in matters of human rights, BBVA has arranged awareness and training schemes. More information on the BBVA Group's Commitment to Human Rights is available at: <http://rrc.bbva.com>

### **LEGAL COMPLIANCE**

There have been no significant fines or penalties imposed in 2007 for the breach of legislation or regulations related to environmental issues, operations in society or the supply and use of the Group's products and services in Spain. Likewise, there is no record of claims filed by any employee regarding, incidents related to discriminatory attitudes or significant legal claims, thereby complying with current labour legislation.

### **INTERNATIONAL AGREEMENTS SUBSCRIBED**

These include such highlights as the United Nations Environmental Programme Finance Initiative (UNEP FI), which BBVA has adhered to since 1998 ([www.unepfi.org](http://www.unepfi.org)), the UN Global Compact, which the company has been committed to since 2002 ([www.globalcompact.org](http://www.globalcompact.org)), and the Equator Principles, which BBVA ratified in 2004 ([www.equator-principles.com](http://www.equator-principles.com)). Furthermore, BBVA publicly manifests its respect for the United Nations' Universal Declaration of Human Rights ([www.un.org](http://www.un.org)) and for the basic employment

## Economic Value Added (EVA)<sup>(1)</sup>: breakdown by stakeholders

(Million euros)		2007	2006	2005
Shareholders	Dividends	2,717	2,220	1,801
Employees	Personnel expenses	4,335	3,989	3,602
Customers	Interest and similar charges	15,931	11,216	8,932
Suppliers	Other general administrative expenses <sup>(2)</sup>	2,718	2,342	2,160
Society	Corporate income tax	2,080	2,059	1,521
	Resources allocated by the BBVA Group and its foundations to community support	69	56	46
<b>Economic Value Added (EVA)<sup>(1)</sup></b>		<b>27,850</b>	<b>21,882</b>	<b>18,062</b>

<sup>(1)</sup> Calculation based on GRI-SPI model. Please see [www.spifinance.com](http://www.spifinance.com).

<sup>(2)</sup> Approximation adjusted to payments made to third parties under the heading of purchases and services rendered.

## Economic value generated and distributed

(Million euros)		2007	2006	2005
<b>Economic value generated (EVG)</b>		<b>18,419</b>	<b>16,821</b>	<b>13,227</b>
	Net interest income	9,769	8,374	7,208
	Net fee income	4,723	4,335	3,940
	Income for insurance activities	729	650	487
	Other ordinary income <sup>(1)</sup>	3,099	2,473	1,514
	Other net gains and losses	98	989	77
<b>Economic value distributed (EVD)</b>		<b>12,285</b>	<b>10,991</b>	<b>9,463</b>
	Shareholders: Dividends	2,717	2,220	1,801
	Minority interests	289	235	264
	Suppliers and other administrative expenses (excluding wages and salaries)	2,864	2,488	2,275
	Society: Tax	2,080	2,059	1,521
	Employees: Personnel expenses	4,335	3,989	3,602
<b>Economic value retained (EVR=EVG-EVD)</b>		<b>6,134</b>	<b>5,830</b>	<b>3,763</b>
	Provisions and amortization <sup>(2)</sup>	2,725	3,314	1,757
	Reserves	3,409	2,516	2,006

<sup>(1)</sup> Includes net income by the equity method + net trading income + net revenues from non-financial activities.

<sup>(2)</sup> Includes depreciation and amortizations + loan-loss provisions and other net loss provisioning and transfers to net provisions.

legislation of the International Labour Organisation ([www.ilo.org](http://www.ilo.org)).

## Value creation for stakeholders

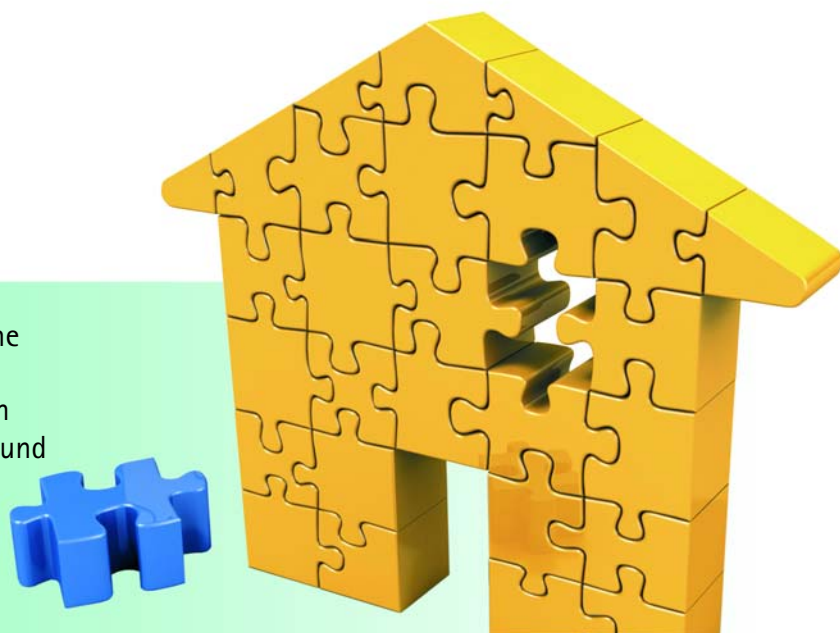
Financial institutions play a crucial role in the economic activity of societies. Amongst other functions, they channel resources from agents with surplus financing towards those agents requiring it for investment or consumer activities (furthermore multiplying the financial resources that are the life-blood 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 have a pivotal role 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 essential agents of value creation.

The second of BBVA's corporate principles involves «Pursuing its operations to create value for shareholders and remaining stakeholders through our business». BBVA understands the creation of value to be one of its main roles and its most important contribution to the societies in which it operates, for it not only involves economic value for shareholders, but also the generation of value for customers, employees, suppliers and society at large.

# STAKEHOLDER ENGAGEMENT

Our aim at BBVA is to steadily integrate the expectations of each and every one of our stakeholders within our operations through dialogue, the development of common ground and the forging of alliances.



## Identification and dialogue with BBVA stakeholders

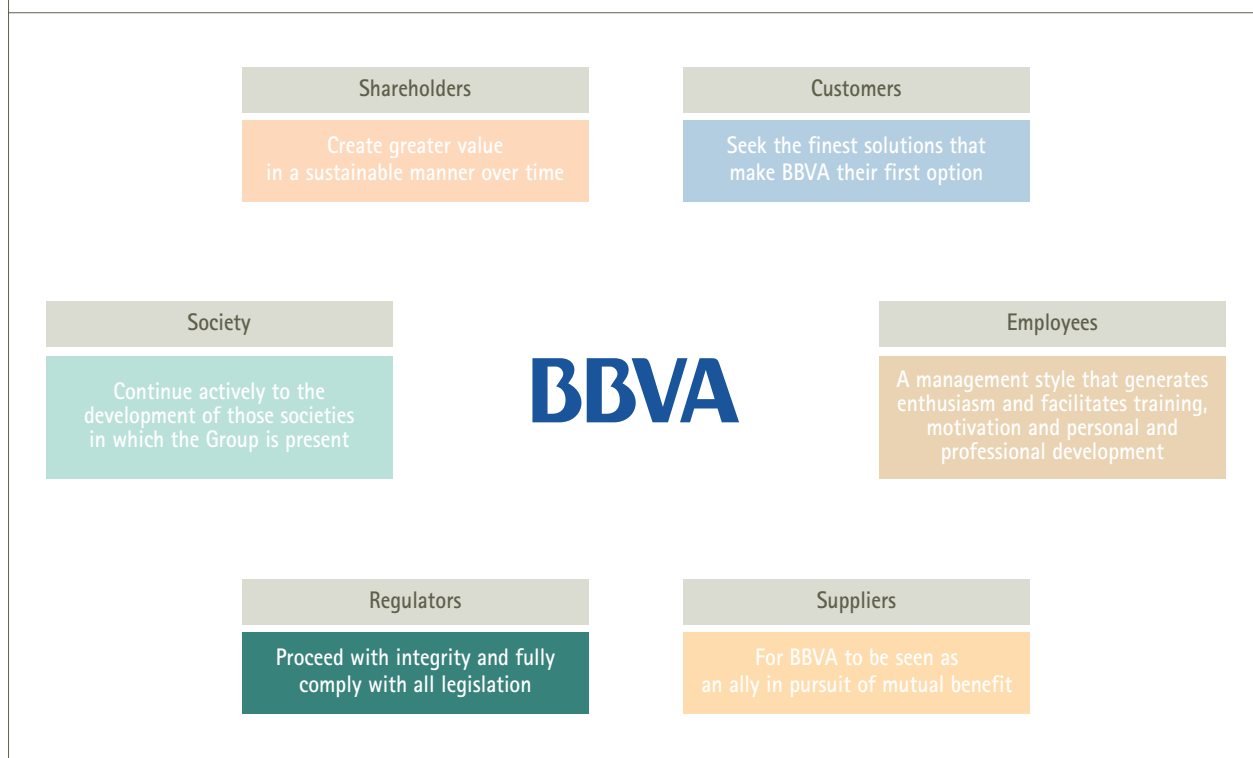
At BBVA, we define stakeholders to be all those people, institutions and segments with a significant bearing on our operations and decisions, and/or that are affected by them.

We have held various work sessions with those senior executives dealing more directly with each stakeholder in order to delimit which people,

institutions and/or segments make up each group and secure an initial approach to the nature of stakeholder expectations regarding BBVA.

In addition, the stakeholder map drawn up enables us to assess the channels of dialogue that the company maintains with each one of them. This analysis helps us to understand and assume stakeholder expectations in the organisation's everyday management and relay information to

### BBVA's pledge to its stakeholders



them on its strategies and operations. Engaging with these groups' expectations is an essential condition for our business development, and the way to achieve this goal is through effective and free-flowing dialogue.

The list of stakeholder groups and subgroups the company has identified, as well as a detail of the main channels of dialogue with each one of them, can be viewed in the Supplementary Information to CRR 2007 at <http://rrc.bbva.com>

Dialogue thus becomes a management tool designed to shed greater light on the reality surrounding the organisation's operations. Contact with stakeholders enables us to understand what these groups expect, as we detect those issues that are more widely debated, identify fresh opportunities and discover new perspectives and ideas that enrich the company's view of society at large.

This is privileged information for decision-making in an ever-changing social and economic environment, as it paves the way for establishing priorities and responding appropriately to the demands society makes of institutions like ours.

In short, purposeful dialogue with stakeholders provides us with a more accurate perception of the extensive and complex reality that is our business environment, helping to disarm potential threats and consider new possibilities.

## **Management integration of stakeholder expectations**

We basically follow two routes for integrating stakeholder expectations within the organisation's everyday management.

On the one hand, the day-to-day dealings that our departments have with each stakeholder group enable us to use specific listening tools (work sessions with customers, employees' climate surveys, shareholder perception studies...) to identify those issues of importance to them and implement action plans based on the results of this process.

In addition, one of the main duties of the Corporate Responsibility and Reputation (CRR) department is to keep the organisation informed of stakeholder opinion. Accordingly, it gathers the information garnered by the listening tools used

by the different departments and supplements it with specific corporate responsibility and reputation studies.

These analyses, together with the recommendations arising from them, are relayed to the different business and support areas, being regularly submitted to the CRR committee, as the main body for the mainstream management of the Group's responsibility and reputation.

There now follows an overview of some of the main tools used by the CRR department for detecting stakeholder requirements:

- The corporate reputation monitoring system, called Reptrak, which is used in our main operating countries to gauge the importance of different issues for stakeholders (society, customers, employees and shareholders), as well as their views on our management. More information is available in the Supplementary Information to CRR 2007 at <http://rrc.bbva.com>.
- The tracking or monitoring of the brand's positioning regarding customers and public opinion in our main operating countries.
- Annual studies drawn up by third parties containing information on the perceptions of different stakeholders (senior management, consumer associations, NGOs, trade unions, financial analysts...).
- Appraisals made by the foremost sustainability analysts: SAM, EIRIS, SIRI, VIGEO, OEKOM, CDP and the Corporate Social Responsibility Observatory.
- The tracking or monitoring of corporate responsibility amongst customers and the public at large.
- The qualitative surveying of a sample of people from amongst our stakeholders in our main operating countries through questionnaires, interviews, workshops and discussion groups. This survey involves representatives of shareholders, employees, suppliers and customers, as well as experts in sustainability, the media and delegates from social, cultural and environmental organisations. The outcome of this work is the identification and definition of those issues deemed to be of greatest significance for these groups, as a prior step towards deciding which ones need to be reported and engender specific policies.



## Testimonies of participants in the BBVA Stakeholder Survey

Country	Stakeholder Group	Testimony	Representative
Chile	CSR expert	«Banks have an essential responsibility: to act against over-indebtedness amongst the lower-middle class through financial education and by encouraging responsible consumer spending».	Yanina Kowszyk, Forum Empresa
Colombia	Employees	«CR has long been seen as the help businesses give to the more needy, yet the reality is that CR should have a much broader approach, being based on dialogue with stakeholders – and mainly with employees – to ensure long-term sustainability».	Fernando Rey, staff BBVA Colombia
Spain	Customers	«Fees charged on transactions are extremely important, and BBVA should make more effort to explain the different fees it applies, as “ <i>las cuentas claras</i> ” campaign for clarity in accounts has been insufficient».	María Rodríguez, CECU Spain
Mexico	CSR expert	«Companies should be in constant touch with all their stakeholders (not just their customers and shareholders) throughout the whole year and not only sporadically, so they can engage with the societies in which they pursue their business».	Felipe Cajiga, CEMEFI
Peru	Environmental ENL	«The bank should explicitly state that it does not help to finance industries with environmental risk, such as tree-felling in the forests of the Amazon».	Antonio Brack, CONAM
Venezuela	Suppliers	«The bank should make an effort to support SMEs in their modernisation processes, backing the purchase of clean technologies, financing R&D projects applied to new manufacturing technologies, investing in knowledge management or fostering the setting-up of networks for competitiveness, internationalisation, etc. The company should strengthen locally and think globally».	Isabel González, CONINDUSTRIA
Argentina	Social NGO	«Large companies like BBVA simply used to donate large sums to social causes. Yet in more recent times these companies have changed from being just donors to monitoring the programmes they invest in, even pursuing their own schemes in which NGOs are involved as field experts and go-betweens for the recipients of the social programmes and the company. There has been a very noticeable evolution in community support programmes, with greater involvement by companies, which undoubtedly has better repercussions».	Juana M <sup>a</sup> Galli de Ceballos, Caritas Argentina

This range of information sources provides a reasonably accurate snapshot of what stakeholders expect of the company at any given time and how to proceed accordingly.

### Relevant issues: risks and opportunities

The policy of corporate responsibility is pursued on the basis of those relevant issues for BBVA, which besides vision, principles and business strategy, include stakeholder expectations obtained through myriad channels of dialogue and interaction.

Such matters do involve risk, yet they also present opportunities for generating both social value and value for the company itself. The BBVA will focus its activity in corporate responsibility on the following points:

1. Customer focus
2. Financial inclusion
3. Responsible finance
4. Responsible products and services
5. Responsible management of human resources
6. Responsible procurement
7. Environmental management and climate change
8. Community involvement

### Reporting to stakeholders

As the final step in the process, BBVA reports the actions it undertakes in response to stakeholder expectations and requirements. This is done through the daily interaction between departments and the groups they have dealings with and by means of the Group's communications channels.

One of the main instruments for presenting such information is the Group's annual corporate responsibility report and the specific annual reports in several of our operating countries (Mexico, Peru and Venezuela).

The overriding purpose of these reports is to account for the company's yearly performance in the more salient aspects of corporate responsibility, reflect the extent to which set goals have been fulfilled and establish future ones.

In 2007, as in prior years, we have undertaken a specific process for sounding out stakeholders to discover their opinion of BBVA's corporate responsibility report 2006 and their expectations regarding its content. In addition, this consultation process has been stepped up in Latin America, with the aim being to make a similar assessment of the corresponding CR reports for business year 2006 issued by BBVA Banco Continental (Peru) and BBVA Banco Provincial (Venezuela). The results will be directly considered by BBVA's executive teams in those countries when submitting their reports for 2007. There is an executive overview of this process called "BBVA Stakeholder Survey 2007", which is available in the Supplementary Information to CRR 2007 at: <http://rrc.bbva.com>.

### **Controversial issues in 2007**

Considerable work has been done in 2007 to respond to the allegations made by the Belgian NGO Network Vlaanderen which, through the report "*Explosive Investments: Financial Institutions and Cluster Munitions*", linked financial institutions in numerous OECD countries with the financing of cluster munitions. Meetings and talks were held with this NGO and with Justicia y Paz in Spain to explain BBVA's policy in this matter.

Since 20 October 2005 BBVA has had a demanding set of internal rules whose observance is mandatory for each and every one of the entities making up the Group, both within the financial business and in all the other sectors in which the Group pursues its operations, referred to as the "Principles, Criteria and Rules of Conduct for finance requests involving the arms and munitions sector". These rules were approved at the highest executive level in the Risk Area.

The policy on finance requests from the arms and munitions sector has been subject to an ongoing review in order to adapt it to the most stringent criteria. The latest review took place in December 2007: the outcome was a further prohibition on the Group's involvement in those operations related to cluster bombs and weapons of mass destruction, thereby echoing and abiding by the content of Final Provision Five of the Draft Bill on the Control of Foreign Trade in Defence and Double-Use Equipment.

In other matters, the remunerations of the company's directors were the second most contentious issue for BBVA in 2007, receiving some minor coverage in the Spanish press. Along these lines, the Group's response is based on the utmost transparency, whereby each year it publishes all mandatory reports, such as those on corporate governance, with the corresponding detail of the above remunerations.

Finally, a study of the impact of press reports in the leading newspapers in the Group's operating countries has not uncovered any other contentious issues of any significance, and neither have the analyses made by the foremost sustainability analysts who annually report back on these matters and request prior clarifications that have a bearing on the Group's rating in social, environmental and ethical matters and on corporate governance.

## CUSTOMER FOCUS

Customers give meaning to everything we do at BBVA. We are committed to offering them high quality service, accompanying them with the best solutions throughout the main stages of their lives.



Number of *Cuentas Claras* (Clear Accounts) opened in 2007 (Spain):

**1,570,569**

Percentage of Group online customers (except in the USA):

**10.16%**

Customer satisfaction average: >80 %

**>80%**

### Quality, satisfaction and customer service

BBVA's commitment to its customers is built upon the conviction that offering the highest quality service leads naturally to improved business productivity, and as a consequence, the generation of confidence. For BBVA, these represent the basic requirements for achieving sustainable business relations with its customers.

Working from this viewpoint, the BBVA Department of Transformation and Productivity reviewed the focus of the Corporate Quality area operations in 2007. The goal was to prioritise and develop those operations providing the greatest amount of added value while best satisfying

customers' needs and interests. Towards this end, several activities are currently underway:

- A qualitative and quantitative analysis of BBVA's Complaint Servicing Model in Spain, looking at data from 2006, which has led to several proposals for specific improvements.
- Presentation of a new evaluation model for the Internal Customer Voice programme, which will be used to further assess the internal services rendered to different departments.
- Preparation, for 2008, of a BBVA Group Corporate Report on Complaints, which will offer a comparative description of the different complaints management models, and information about their activities. This information will be useful in identifying possible improvements to be implemented in the various models.

#### Individual customer satisfaction levels

(Percentage)	2007	2006	2005
<b>Own external ratings C.A.C.O. (1)</b>			
Spain	<b>78.6</b>	78.5	76.3
Mexico	<b>86.7</b>	87.4	86.4
Argentina	<b>83.8</b>	83.4	82.4
Peru	<b>79.4</b>	81.8	83.6
Chile	<b>79.2</b>	80.5	77.2
Colombia	<b>75.6</b>	75.8	84.4
Scope: BBVA Group			
(1) C.A.C.O.: Branch Customer Care Questionnaire.			

#### ISO certifications

	2007	2006	2005
<b>Country</b>	<b>ISO 9001</b>	<b>ISO 9001</b>	<b>ISO 9001</b>
Spain	14	17	20
Argentina	14	21	18
Mexico	10	7	4
Rest of the Group	8	8	13
<b>Total</b>	<b>46</b>	<b>53</b>	<b>55</b>

Scope: BBVA Group (excl. Compass).

Additionally, actions aimed at increasing our customers' satisfaction are carried out in each one of the Group's banks.

More information on best practices in these initiatives is available in the Supplementary Information to CRR 2007 at <http://rrc.bbva.com>

One of the most important tools used by BBVA in its commitment to continuous improvement and customer satisfaction is the figure of the Customer Ombudsman. The Ombudsman is an independent professional with the function of protecting and defending the interests of customers who believe that their rights have been transgressed in some way by the company.

The Ombudsman's resolutions, which are binding on the BBVA Group, are communicated to the pertinent units to be acted upon. The Customer Ombudsman's activities extend to all current BBVA Group units, as well as its subsidiaries in Spain.

## Security, customer protection and business continuity

All private information that BBVA holds concerning its customers and their operations is

### Complaints submitted to Customer Care Service (SAC) in Spain<sup>(1)</sup>

	2007	2006	2005
Resolved completely in favour of the customer	3,079	2,366	1,721
Resolved completely in favour of the customer	838	608	485
Resolved in favour of the bank	3,592	3,138	2,600
Pending response as of 31 December	522	359	231
Rejected due to statutory reasons	399	208	30
<b>Total</b>	<b>8,430</b>	<b>6,679</b>	<b>5,067</b>

(1) The increase in the number of complaints is mainly due to the approval in 2004 of the BBVA Group Customer Ombudsman Regulations in Spain. These regulations require that all formal complaints be first processed by Customer Care Service.

Scope: Spain.

### Average number of days in settling a complaint

	2007	2006	2005
Internal complaints (SAC)	20	18	15
Ombudsman	10	11	11

Scope: Spain.

### Number of complaints filed with the banking authorities<sup>(1)</sup>

Country	Total proceedings			Total proceedings/activity <sup>(2)</sup>		
	2007	2006	2005	2007	2006	2005
Spain	229 <sup>(a)</sup>	237 <sup>(a)</sup>	248 <sup>(a)</sup>	0.7	0.88	1.04
Mexico	18,545 <sup>(b)</sup>	257	159	276.1	4.12	2.65
Argentina	46	32	55	8.4	6.08	11.40
Peru	72	50	73	9.6	7.96	13.87
Colombia	2,202 <sup>(c)</sup>	2,121	592	250.7	300.57	147.21
Chile	297 <sup>(d)</sup>	373	447	24.2	36.03	49.75
<b>Total</b>	<b>21,391</b>	<b>3,070</b>	<b>1,574</b>	<b>569.4</b>	<b>355.64</b>	<b>225.92</b>

(1) Each country regulates the criteria for admission of complaints by the national banking authority in a different manner.

(2) For each thousand million euros of activity (lending + funds under management).

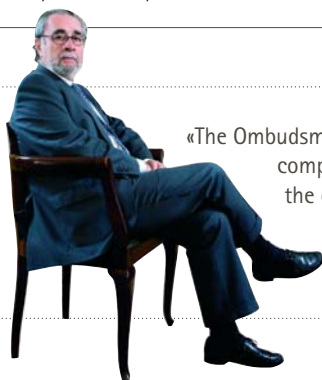
(a) Internal source: claims transferred to the Bank of Spain until 31 December.

(b) New criterion, including CONDUSEF data which was not included in earlier years. If these criteria had been applied, the 2006 figure would have been 12,389 complaints processed.

(c) Data as at November, 2007.

(d) Data as at September, 2007.

Scope: BBVA Group.



#### Juan A. Ortega Díaz. Customer Ombudsman

«The Ombudsman carefully examines all complaints, in compliance with applicable law. He or she studies the complaints with rigorous criteria, professionalism and independence, acting as a mediator between the customer and the Bank in order to reach amicable agreements, always responding promptly to the customer. His or her response complies with all signed contracts and applicable laws. The responses focus on eliminating bad practices, as well as on assuring compliance with the quality standards established by the Bank».

confidential. BBVA has adopted a number of rules and procedures in order to guarantee the security of its computer systems and comply with legal requirements regarding personal data protection. In Spain, all Group entities comply with the Organic Law on Personal Data Protection (LOPD), a commitment that is further reinforced by the Group's own Code of Conduct – a code containing a specific section on data protection that applies to all employees. There are no significant sanctions imposed regarding the compliance with the LOPD in 2007

Similarly, BBVA boasts a department dedicated specifically to customer data protection, called «Technological Crime Prevention», part of the bank's Computer and Network Security Division. This department heads up the fight against all types of phishing and other computer attacks that may affect its customers.

BBVA is also a member of the Information Security Forum (ISF), one of the world's most prestigious fora involved in information security. ISF's 2007 presentation in Spain was held at BBVA headquarters in Madrid, concluding in the creation of what is called the «Spanish Chapter» – a collaboration platform for the development of security and data protection. This group comprises BBVA, Caja Madrid, La Caixa, Repsol YPF and Telefónica.

#### EUROPEAN DIRECTIVE 2004/39CE ON MARKETS IN FINANCIAL INSTRUMENTS (MiFID)

According to European Directive 2004/39CE on Markets in Financial Instruments (MiFID), which came into force on 1 November, 2007, greater customer protection is attained by assuring a maximum level of transparency in markets, by reducing operational costs and by setting up new requirements for entities regarding their investment services, and the execution of such services.

As a sign of its commitment to protecting its customers and to complying with the MiFID, BBVA has implemented new applications for classifying and assessing the suitability and convenience of products marketed to our customers, in accordance with their experience and financial knowledge. At the same time, the Bank has drawn up a number of policies aimed at assuring strict compliance with the directive – the BBVA execution policy and the prevention and

management of conflict of interest policy. For more information on MiFID, please visit [www.bbva.es](http://www.bbva.es).

Heeding the importance that MiFID has for BBVA, in 2007 the Group kicked off an intensive training plan aimed at instilling the company with the principles and standards of conduct reflected in the directive.

The Group must be prepared for any possible interruptions in its activities during times of emergency or crisis. With this in mind, BBVA continued developing its overall business continuity strategy, combining global methodologies and tools with local application.

Noteworthy activities in this area in 2007 included the following:

- The Corporate Business Continuity Management Standards, published in July, 2004, were revised and adapted.
- The Corporate Business Continuity Principles (PCCN) were adapted.
- The bank participated as a member of the Spanish Business Continuity Consortium (*Consortio Español de Continuidad del Negocio - CECON*). This group was created in 2007 with the goal of drawing up a white paper on best practices regarding continuity in the financial sector.

#### Transparency, advertising and labelling

Customers are clearly concerned with transaction fees and commissions. In Spain, BBVA's *Cuentas Claras* (Clear Accounts) offer customers different banking services under a single fee structure that includes discounts based on customer loyalty. In 2006 1,185,958 *Cuentas Claras* were opened, followed by 1,570,569 in 2007, a 32% increase.

Similarly, BBVA Bancomer launched the commission-free *Tarjeta Nómina* (Payroll Card),

MiFID	
Training	Number of employees
CONOCE platform:	
MiFID (3 hours)	5,047
MiFID Advanced (6 hours)	15,052
MiFID Classroom training	13,806
<b>Total</b>	<b>33,905</b>
Scope: Spain and Portugal.	



along with the *Tarjeta Básica Bancomer* (Basic Bancomer Card), in compliance with the new Financial Services Transparency and Regulation Law issued by the Bank of Mexico.

BBVA rigorously complies with all regulations concerning product information and labelling in each of the countries where it operates. Moreover, as a member of the Spanish Advertiser Association (AEA), itself a member of the World Federation of Advertisers (WFA), as well as of *Autocontrol de la Publicidad* (Advertising Self-regulation Association), the Group actively works towards a society that realizes the value of responsible and sustainable business communications. Towards this end, all Group advertising campaigns are subject to the supervision and authorization of the pertinent organisations, mainly the Bank of Spain and the Spanish National Securities and Investment Board (CNMV), and the banking regulatory agencies in each Latin American country.

## Accessibility to financial services

For BBVA, offering high quality service means being efficient and meeting its customers' expectations. With this goal in mind, the company is committed to making itself available to people through all its service channels. In addition to its extensive network of branches and ATMs, BBVA's main channels include:

- Internet channel: BBVANet ([www.bbvanet.com](http://www.bbvanet.com)) is used by over four and a half million Group customers. As with all Group websites since 2005, this channel meets the obligation of

information accessibility to the disabled by complying with the most advanced standards in web accessibility. The site has earned the AA accessibility rating, already meeting the requirements set forth in the new Information Society Promotional Measures Law, without compromising its customers' operational security. BBVA's efforts at continuous improvement in this area earned it the magazine *Global Finance's* award for «Best Online Bank for Individuals» in Spain and Peru, as well as that publication's award for «Best Corporate and Institutional Internet Bank» in Portugal, Mexico, Chile and Venezuela.

Among the bank's most important innovations in 2007 was its launching of the *Ayuda en directo* (Live help) service, offering customers the personalised assistance of a call centre manager by means of a chat.

- Telephone channel: *Línea BBVA*, available 24 hours a day, 365 days a year, handled 5.9 million operations in 2007 through its Interactive Voice Response system, received 3.9 million calls to its Hotline, and originated over 21 million communications aimed at bringing BBVA's products and services to its customers. Special attention was given to migrant groups.
- Mobile phone channel: BBVA customers are offered access to financial services through their mobile phones, thanks to the SMS Channel, mobile phone banking and payments ([wap.bbvamovil.com](http://wap.bbvamovil.com)). A total of 1.7 million short messages containing financial information were sent in 2007.

# FINANCIAL INCLUSION

Access to financial services is one of the key factors in ensuring a better future for people. At BBVA, we strive to provide new segments of the population with access to financial services.



Microfinance  
Banking penetration plan  
for Latin America  
Banking for migrants

BBVA Microfinance  
Foundation endowment  
(million euros)

200

Customer share of the  
migrant segment (Spain)

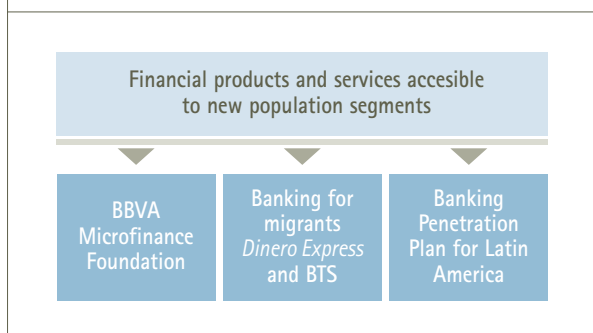
22.5 %

The microfinance fund *Fondo  
BBVA Codespa Microfinanzas*  
(Hedge Fund, million euros)

23.67

BBVA understands financial inclusion to be part of its responsibility towards the development of local communities, with the aim being to extend the financial system to include those sectors of the population that are potentially excluded due to their low income and scarce opportunities for accessing credit.

## Financial inclusion, the DNA of Corporate Responsibility policy and a principle integrated within the business strategy



## BBVA Microfinance Foundation

In 2007, and consistent with its corporate responsibility strategy, BBVA set up the BBVA Microfinance Foundation, a non-profit institution whose mandate is to promote access to credit and financial services amongst people with low incomes, focusing especially on those socially and economically disadvantaged areas. The foundation's mid-term goal is to consolidate its position as one of the largest microfinance networks both in Latin America and worldwide. The foundation pledges to adopt a strict policy of reinvesting the profits generated.

The foundation's strategy involves driving microfinance through partnerships and holdings in microfinance institutions with a proven local track-record and solvency in the management of such resources. Likewise, and as a complement to this remit, the foundation is to undertake programmes in professional coaching, technological

### Damian von Stauffenberg. Founder of MicroRate

«Microcredit in the true sense of that word, activates the capacity to create wealth that's latent in every person – no matter how poor. Microcredit allows the poor to become productive! With the help of credit, borrowers can generate the wealth that pays for the loan and lifts them out of poverty...that's the secret behind the phenomenal success of microfinance».



innovation, the provision of information and the know-how and best practices in corporate governance that will help to create an environment that is more propitious to the development of microfinance.

The foundation currently has an allocation of €200m provided by BBVA, of which €20.1m were invested in 2007. The foundation has earmarked an additional €905,000 for the promotion of microfinance and internal operations. In addition, over the course of this same year the foundation has subscribed two partnership agreements for furthering microfinance operations with the Interamerican Development Bank and Accenture, whilst also cooperating with the University of Navarra.

The foundation's operations are initially centred on Latin America, with priority being given to those countries in which the BBVA Group is present. Accordingly, in 2007 the foundation purchased majority holdings in two Peruvian entities (*Caja Rural de Ahorro y Crédito Nor Perú* and *Caja Rural de Ahorro y Crédito del Sur*), which are to be merged in 2008, and it will create a new regulated entity in Colombia, in cooperation with the world women's corporations *Corporación Mundial de la Mujer-Bogotá* and *Corporación Mundial de la Mujer-Medellín*. At year-end 2007, these four institutions catered for almost 200,000 customers; and if dependent family members are included, this means almost a million people benefit from the foundation's work.

The Microfinance Foundation is independent of the BBVA Group in terms of both governance and management. For this same reason, and to ensure the independence of the projects undertaken, BBVA dissociates itself from the actions undertaken by the foundation or by those institutions it purchases in pursuit of its goals.

### **Fondo BBVA Codespa Microfinanzas (Hedge Fund)**

As part of BBVA's support for microfinance, and in addition to the foundation, the company holds the microfinance fund *Fondo BBVA Codespa Microfinanzas* (Hedge Fund). This fund makes BBVA one of the world's first banks to roll out a microfinance hedge fund in Latin America. As well as being the nexus of union between socially responsible investors and the microfinance industry, it fosters the latter's growth and development within the most stringent quality

standards. In order to support decision-making in the selection of those microfinance institutions to be backed, it has contracted the services of BlueOrchard, one of the world's foremost investment managers in the microfinance field.

More information on *Fondo BBVA Codespa Microfinanzas* (Hedge Fund) is available at <http://inversores.bbva.com/>

Furthermore, in 2007 BBVA has published jointly with Codespa and MicroRate, one of the foremost international rating agencies for microfinance institutions, a second report on the microfinance industry in Latin America. More information is available at <http://rrc.grupobbva.com>.

### **Banking penetration plan for Latin America**

As part of its commitment to financial inclusion, in 2007 BBVA launched the Banking Penetration Plan, a project that seeks to promote access to financial services and products amongst new population segments in Latin America. Innovation and the use of new technologies have rendered this possible thanks to the development of new business models that lead to lower costs and the introduction of alternative channels for customer relations. This is a good example of innovation serving people.

The Banking Penetration Plan is being implemented in both Mexico and South America.

#### **MEXICO**

Mexico is a market in which banking penetration is still limited and it therefore offers great potential. Estimates reckon that some 17 million people are still un-banked. Over the last four years, BBVA has managed to win more than five million active customers, thus reaching the total figure of 14.6 million at 2007 year-end. The penetration model evolves along two lines: self-service through cards and loans. Consistent with these lines of work, BBVA Bancomer has set, amongst others, the following targets to be achieved by 2010:

- Attract 4 million new customers to bring the overall total to 18 million.
- Increase consumer finance two-and-a-half times and mortgage lending threefold.
- Triple the number of businesses and SMEs from 50,000 to 150,000.
- Expand the branch network from 1,765 to 2,010
- Increase the number of ATMs from 4,876 to 7,500.

## SOUTH AMERICA

A definition has been made of the three pillars upholding banking penetration strategy in Latin America:

- **Product:** according to the concept “*El Banco en la tarjeta*” (Bank on a card), the idea is to make the card the centre of customer dealings, granting finance and channelling financial transactions, credit assignments, salary payments, the payment of remittances received from abroad, etc.
- **Processes:** accessibility requires developing a multi-channel approach; an intensive use of technology channels to provide an alternative to the traditional branch network for managing customer service, and thereby extending the network for product distribution and access to services.
- **Risk:** deploying the risk management tools that ensure the proper development of this process both overall and in each segment.

In 2006, the BBVA Business Unit for South America set four goals for the implementation of the regional bank usage plan, the Banking Penetration Plan. These are listed in the accompanying table together with their progress at the end of the first year.

Banking penetration plan: South America			
	December 2006	December 2007	Target 2010
No. active customers (in millions) <sup>(1)</sup>	6.5	7.3	9.0
No. customers financed (in millions)	1.6	2.0	4.0
Card finance (million euros)	452	857	2,000
Consumer finance (million euros)	1,963	3,307	5,500

(1) Active customer is the one with balances higher than 0, primary account holders, individuals and the self-employed.

## Banking for migrants: *Dinero Express* and BTS

For some years now, BBVA has been seeking to integrate the migrant sector within the Spanish financial system. Accordingly, since 2005 the company has counted on a network specialising in the migrant population's needs in financial services, called «*Dinero Express*» (Express Money).

In terms of market share, in 2007 BBVA recorded a customer share in Spain of around 22.5% in the migrant sector and accounted for 25% of the cash remittances processed by financial institutions.

*Dinero Express* has 130 branches, of which 33 are *Dúo* offices, that is, they share the premises with BBVA's normal business. Generous customer opening hours at *Dinero Express* coupled with the fact that the workforce is made up of people from 21 different nationalities make it easier for customers to access financial and non-financial services, amongst which are the following highlights:

- Cash remittance services.
- Easy-access consumer loans.
- Multi-borrower mortgage.
- Repatriation insurance.
- Services and products enabling migrants to access the financial system (cash remittances, cards, accounts, legal care, etc.).
- Job seekers service for migrants through specialist firms.
- Implementation of a management service catering for the processing of migrants' administrative requirements (regularisation, regrouping...).

In 2007, *Dinero Express* has undertaken a campaign in support of Peru following the earthquake, offering all its Peruvian customers the option of sending remittances exempt from charges and with one free phone call.

BBVA's commitment to services adapted to the needs of the migrant sector is complemented by those associated with remittances sent through Bancomer Transfer Service (BTS) in Mexico. BTS's mission is to provide a top quality service for sending household remittances. To do so, it has an electronic platform for the transfer of funds with a regulatory compliance program and a cutting-edge technology system for preventing money laundering.

BTS's strategy is based on 3 pillars:

- 1) Strengthening the corridor through Mexico and Latin America
- 2) Extending the source network in the USA
- 3) Global expansion to corridors in Europe, Asia and Africa

Regarding figures, by 2006 Bancomer had cornered 36.4% of the market share in electronic transfers paid in Mexico, rising to 38.3% in 2007.

The global market in remittances in 2006 amounted to almost \$220 billion. BTS recorded a 4% share.

## RESPONSIBLE FINANCE

Speaking of sustainability in the financial business involves considering the social and environmental impacts of our customers' operations. At BBVA, we are committed to considering these aspects when providing them with solutions.



Reduction of permanent establishments in tax havens since 2004

**35**

Staff specialising in the prevention of money laundering

**250**

Number of customers analysed with Ecorating

**196,232**

### Large companies and project finance

Large investment projects may play an important role in the development of the necessary infrastructures for economic progress and social wellbeing, yet at the same time they may pose environmental risks or have negative impacts on local communities. Faced with this situation,

financial institutions need to find a way of upholding their business strategies whilst at the same time ensuring they are consistent with their commitments in social and environmental responsibility and sustainability.

The framework for BBVA's management of social and environmental risk in project finance has been outlined according to the Equator

### Classification of projects financed according to the Equator Principles

(Million euros)	Category	2007			2006			2005		
		No. operations	Total amount	Amount financed by BBVA	No. operations	Total amount	Amount financed by BBVA	No. operations	Total amount	Amount financed by BBVA
Europe and North America	A	0	0	0	0	0	0	0	0	0
	B	1	133.7	9.6	11	4,587.4	831.4	1	248.4	33.8
	C	11	1,544.3	321.7	7	1,946.0	357.8	4	833.5	253.1
<b>TOTAL Europe</b>		<b>12</b>	<b>1,678.0</b>	<b>331.3</b>	<b>18</b>	<b>6,533.4</b>	<b>1,189.2</b>	<b>5</b>	<b>1,081.9</b>	<b>286.9</b>
Latin America	A	0	0	0	1	103.5	19.5	0	0	0
	B	1	437.4	72.9	5	1,826.2	434.9	5	1,126.2	235.5
	C	0	0	0	2	56	38	6	432.8	299.2
<b>TOTAL Latin America</b>		<b>1</b>	<b>437.4</b>	<b>72.9</b>	<b>8</b>	<b>1,985.7</b>	<b>492.4</b>	<b>11</b>	<b>1,559.0</b>	<b>534.7</b>
Asia	A	0	0	0	0	0	0	0	0	0
	B	0	0	0	6	14,414.1	260.3	0	0	0
	C	0	0	0	1	1,196.3	49.2	0	0	0
<b>Total Asia</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>15,610.4</b>	<b>309.5</b>	<b>0</b>	<b>0</b>	<b>0</b>
Rest of Group	A	1	1,568.0	42.8	0	0	0	0	0	0
<b>TOTAL GROUP</b>		<b>13</b>	<b>3,683.5</b>	<b>447.1</b>	<b>33</b>	<b>24,129.5</b>	<b>1,991.1</b>	<b>16</b>	<b>2,640.9</b>	<b>821.6</b>

Category A: Projects with a significant negative impact that may affect a wider area than that considered by the project.

Category B: Projects with a minor negative impact on the human population or on areas of environmental importance.

Category C: Projects with a very small or no impact on the environment.

Scope: BBVA Group.



Principles, based on the World Bank's policies and standards.

As an example of this commitment, all project finance with an investment exceeding \$10m is to comply with the Equator Principles applicable in all countries and sectors.

More information on the Equator Principles is available at: [www.equator-principles.com](http://www.equator-principles.com)

In addition, advice has been given in 2007 according to the Equator Principles on a category A project, drawn up in Mexico for a sum of €433.78m.

## Environmental risk management: Ecorating

A company's environmental risk management has a direct bearing on its credit standing. In 2007, at BBVA we have continued to develop the scope of the application of the Ecorating rating tool for analysing the environmental risks of our customers with operations in Spain.

Ecorating will allow for managing environmental risk according to the following criteria:

- Assessment of the risk portfolio of all nature of companies from an environmental perspective.
- Individual assessment of companies at the time they establish their risk policies, both for setting limits and for undertaking the operation.
- Comparative assessment of each company on an individual basis according to the average environmental risk in their respective sector.
- Establishment of risk policies that are differentiated according to the environmental quality of applicant companies.

In keeping with these criteria, an analysis has been made in 2007 of 196,232 customers, with allocation of their *environmental risk* values. These variables are grouped into three main blocks:

- Contaminating emissions and demand for resources.
- Nature of the environment upon which they have a direct or indirect effect.

## Environmental risk assessment

Environmental risk scale	% Exposure	% Customers
Low	78.7	86.5
Medium	19.7	13.1
High	1.5	0.4

Low: Activities with low or almost insignificant environmental risk regarding their emissions.

Medium: Activities with moderate or high environmental risk. This bracket considers companies regardless of their size and economic solvency. In these groups, moreover, legislative pressure and environmental auditing may constitute a major risk.

High: Activities with a very high potential environmental risk. One of the main features of this bracket is that the majority of companies are large corporations with high economic solvency. They are the ones best prepared to deal with the challenges or constraints imposed by legislation on environmental protection.

- Legislative pressure and auditing of certain environmental components.

Regarding the environmental risk inherent to the mining and energy sectors, BBVA Banco Continental (Peru) verifies compliance with the country's Programme of Environmental Improvements and Management (PAMA).

## Over-indebtedness

The scope for indebtedness on the part of any economic agent depends firstly on its level of income and on the financial terms it can access with that debt. Nevertheless, this is also closely related to the macroeconomic and financial stability of its operating environment, as well as its expectations on future income.

Faithfully upholding its principles, BBVA has always observed business caution, measuring the capacity for return and assessing risk according to the principle of prudence.

Testifying to this prudence is the Group's low NPL ratio and its slight upturn (from 0.83% to 0.89%) in 2007 – a year of change in the economic cycle. Furthermore, BBVA has no exposure in products such as ABCP, SIVs, conduits, subprime, and leveraged loans; and its



**Bernardo Sainz-Pardo.** CEO of CISS, Wolters Kluwer Group.

«The environment today constitutes one of the inevitable variables any financial institution needs to consider in the pursuit of its business. Not only from the perspective of the management of operational risk with a bearing on the viability of a specific financial operation, but also from the standpoint of the social responsibility inherent to the institution when analysing its customers' environmental performance».

involvement in hedge funds and private equity is extremely moderate, thereby drastically reducing the potential risk of over-indebtedness. In short, BBVA's return is adjusted not only to risk assessment but also to the principle of prudence and to the best practices that underscore each and every one of our operations.

### BBVA Group presence in offshore financial centres

The BBVA Group is in agreement with the Bank of Spain's approach (see the Banking Supervision Report 2003) regarding reputational risk for financial institutions that, in developing their strategies, blind themselves to the implications associated either with the localisation of their business or with the kind of activities that are or may at some time be carried out. BBVA therefore assumes accordingly that its operations may be pursued in offshore financial centres, and specifically in those that have come to be known as tax havens.

In addition to pursuing policies on customer admission and knowledge and regardless of the fact that the business and operations that the BBVA currently pursues in these jurisdictions scrupulously abide by current legislation, BBVA considers its reputation to be a strategic goal, whereby the management of the risks that may have a bearing on it requires priority attention

In consequence, in 2004 the BBVA Group stated its policy on activities with establishments permanently registered in offshore financial centres. In the wake of this statement, in 2006 the Group drew up an action plan for reducing the number of financial centres of this type in which BBVA operates.

Further inroads have been made throughout 2007 in implementing the plan for reducing offshore financial centres introduced in 2004. By the end of 2006, 33 permanent establishments had been closed down, being joined by another two in 2007.

More information on offshore financial centres is available in the BBVA Group's annual Report 2007 ([www.bbva.com](http://www.bbva.com)).

### Preventing money laundering and the financing of terrorist activities

The prevention of money laundering and the financing of terrorist activities (henceforth referred to jointly as the prevention of money laundering) constitute, above all, a priority objective that the BBVA Group associates with its commitment to favour and uphold the wellbeing of the different social environments in which it pursues its operations. For the BBVA Group, ensuring that its products and services are not used for illegal purposes likewise constitutes an essential requirement for safeguarding its corporate integrity, and thereby one of its main assets, namely, the trust of the people and institutions it deals with on a day-to-day basis (customers, employees, shareholders, suppliers, etc.).

In keeping with the Group's policy on preventing the use of its products and services for criminal purposes, 2007 has seen an improvement in the BBVA Group's risk management model on money laundering through the fine-tuning of our exhaustive systems for monitoring the company's financial operations. The aim of these systems is to open up the management of this type of risk to the recommendations of the Committee on Banking Supervision at the Bank for International Settlements in Basel and to any new legislation enacted.

Likewise, the BBVA Group has continued to cooperate with international organisations, government bodies and other institutions in the fight against organised crime, terrorism and other illegal activities.

More information on responsible finance is available in Supplementary Information to CRR 2007 at <http://rrc.bbva.com>.

#### Prevention of money laundering and terrorist activities

	2007	2006	2005
Participants in training schemes on the prevention of money laundering	45,905	48,405	57,865
People specialising in activities for the prevention of both money laundering and the financing of terrorist activities	250	170	163

Scope: BBVA Group.

## RESPONSIBLE PRODUCTS AND SERVICES

Aspects related to society and the environment generate a world of new needs and opportunities. At BBVA we work to create an offer to suit the needs of each individual or community.

Social Responsible Investment

Social provision  
*Plan Familias BBVA*

Support for exports and institutions

Products and services of an environmental nature

Customer share of the SRI mutual funds volume registered and managed in Spain (2006)

**74 %**

Financier of wind power in the world (2000-2006)

**1<sup>st</sup>**

Pension fund manager in Latin America

**1<sup>st</sup>**

Loans at 0% interest rate and with no fees (2007; million euros)

**48.9**

### Social Responsible Investment

At BBVA Social Responsible Investment (SRI) is understood as that which adds ethical, social and environmental criteria to the analysis of profitability and risk, with an aim to selecting the best long-term sustainable performance for investment.

BBVA is currently one of the most highly rated companies and one of the highest ranked Banks worldwide by sustainability analysts, and, within Spain, we are leaders in the SRI development process. Proof of the same is the *Fondo BBVA Extra 5 II Garantizado* and *Bolsa Desarrollo Sostenible*, which accounts for 74 % of the total volume of SRI mutual funds registered and

managed in Spain in 2006 («Observatory 2007 of SRI», ESADE). The process for the pre-selection of companies is based on Innovest ratings ([www.innovestgroup.com](http://www.innovestgroup.com)) which are applied as a filter.

#### Social Responsible Investment (SRI)

(Percentage)	2007	2006	2005
SRI funds over total managed funds	1.38	1.57	1.53
SRI funds over other customer funds	0.53	0.65	0.63

Scope: BBVA Group.

#### Funds with CR criteria<sup>(1)</sup>

(Million euros)		Public interest purposes for which they are allocated	2007		2006		2005	
Name of fund	Aim		Volume	Members	Volume	Members	Volume	Members
BBVA Extra 5 II Garantizado	Guaranteed equity	The chosen companies are among those listed on the FTSE4Good index which applies CR criteria in its selection process	688.07	26,323	785.20	29,244	814.00	30,067
BBVA Desarrollo Sostenible	International equity	The chosen companies are given the highest rating according to an external analysis	29.89	7,165	52.01	10,377	69.40	14,289
BBVA Codespa Microfinanzas	Hedge fund	Investment in OTC securities in developing countries	23.67	29	20.55	6	-	-

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

Scope: BBVA Group.

Consequently, companies receiving the lowest rating are excluded, as they are regarded as very high-risk, and the rest of companies are considered in the Fund in accordance with their rating. In other words, we overweight companies with the highest ratings, as it implies that they are well managed from the point of view of sustainability. At 31 December 2007, this process was being applied to 12.2% of the equity assets and pension funds managed by BBVA. Likewise, 29% of the total number of mutual and pension funds managed by our company also apply SRI criteria.

Another of the SRI products, and one of BBVA's most innovative commitments, is the *Fondo BBVA Codespa Microfinanzas* (Hedge Fund), which finances companies located in Latin America, paying special attention to countries in which the Group is operating or has financial partners. For further information on this fund, please see the chapter entitled «Financial inclusion».

Despite the fact that 2007 showed positive returns, there have been downturns in the entire mutual funds industry as far as managed assets are concerned due to the so-called subprime mortgage crisis and the subsequent crisis in international financial markets. The entities themselves have directed part of their customers' savings from investment funds to deposit products. As a result, Equity Funds – to which BBVA Bolsa Desarrollo Sostenible (Sustainable Development Stock Market) belongs – and Guaranteed Equity Funds – to which the BBVA Extra 5 II Garantizado belongs – were the two most affected categories, in BBVA and in the rest of the system.

A peculiarity of the Spanish financial market is that it includes solidarity funds within SRI. Solidarity funds are an alternative and complementary way of financing not-for-profit companies or social and development projects, as

they allocate part of the management or deposit fee to this type of organisation. BBVA currently has two solidarity funds:

- *BBVA Bolsa Biofarma*: with 4,720 investors and a volume of €24.86m in 2007. The fund manager donates €15,000 a year to the Foundation for Applied Medical Research.
- *BBVA Solidaridad*: with 1,008 investors and a volume of €33.3m. A yearly donation of 0.55% of managed equity is distributed among the associated not-for-profit organisations chosen by the investors; said donation ran to €162,189 in 2007. In April 2007, BBVA organised the seminar «Social Responsible Investment: analysis and management», which was held in the Madrid Stock Exchange.

## Social provision: pension plans and insurance

### PENSION PLANS

In Spain, in 2007 BBVA was leader in the pension plan market with a market share of 17.9% according to data from Inverco.

Similarly, BBVA's position in the Americas ensures it will play a major role in the reformation of policies on social provision and, consequently, contribute to the social welfare of the region. In this respect, BBVA's Pensions and Insurance unit in the Americas designed the 2006-2008 Growth Plan with an aim to strengthening its leadership in pensions in the Americas by increasing administered assets.

In its commitment to working towards a better future for people, BBVA has carried out studies with concrete proposals to reinforce the pension system and give greater support to subscribers with lower incomes. An example of the former is, on the one hand,

**Laura Albareda.** Researcher and author of the Observatory of Social Responsible Investment – Social Innovation Institute. ESADE.

«Financial research shows that returns from SRI funds depend, as in the case of conventional funds, on the management of their portfolio. There are no differences from the point of view of profitability, or from the point of view of performance – yield and risk – with the other funds. Evidently, this does not imply that they are always profitable. However, it can be affirmed that a good social performance does not necessarily lead to poor financial performance».



## Customers' pension plans

(Million euros and million members)	2007		2006		2005	
	Volume	Members	Volume	Members	Volume	Members
Spain	17,068	1.9	16,291	1.9	15,091	1.9
Latin America	43,474	13.6	40,497	12.7	38,541	12.4

Scope: BBVA Group.

the study «Towards the strengthening of the pension system in Mexico: vision and proposals for reform», drawn up by BBVA Bancomer, and, on the other, the report drawn up by BBVA's Pension Research Department on the Peruvian pension system, carried out by BBVA Banco Continental.

For further information on these studies, please consult: <http://serviciodeestudios.bbva.com>).

At the same time, BBVA, together with the OECD and the World Bank, actively participates in a number of research projects including, among others, one for developing an analysis of the performance of privately managed pension plans worldwide.

## INSURANCE

BBVA Seguros offers its customers in Spain specific products for protecting payment in the case of unemployment or temporary disability (ILT), and innovative formulas combining real estate and income insurance.

In the companies segment, BBVA Broker is involved in the design and distribution of insurance products related to the protection of plants generating renewable energy and is in the process of drawing up an insurance solution to meet requirements following the implementation in Spain of the Environmental Liability Act.

Other initiatives of particular note are BBVA Banco Provincial's *Seguros Provida*, which is now focusing on the insurance needs of users in the low or middle income bracket, and the marketing by BBVA Spain of two types of insurance aimed at the most disadvantaged groups: repatriation insurance, targeting the migrant community and insurance associated with the *Hipoteca Bienestar* (Reverse Mortgage), aimed at the elderly.

For more information on insurance, please visit [www.bbvasseguros.com](http://www.bbvasseguros.com)

## Plan Familias BBVA

Approved in 2003, the *Plan Familias BBVA* (BBVA Families Plan) is a programme aimed at providing aid to families in order to cover basic needs, with particular attention being paid to the most needy and vulnerable groups. Its activities include financial measures, direct support, training, analysis and research, etc.

The plan has focused mainly on the *Programa de Financiación Familiar* (Family Financing Programme) consisting in the marketing of the following loans: *Préstamo Nacimiento* (Birth), *Joven* (Youth) and *Dependencia* (Dependency).

The risk analysis system was adopted in order to promote access to loans by segments of the population who do not habitually use banking services and allow for a large

## Plan Familias BBVA

<b>Préstamo Nacimiento (Birth Loan)</b>	Targeted at mothers with new-born or recently-adopted children. 37,119 mothers have benefited since 2004. In 2007, 9,802 mothers benefited; loans granted totalled €29.2m.
<b>Préstamo Joven (Youth Loan)</b>	Targeted at young people (up to 29 inclusive) who are studying or have recently completed their studies. From October 2006 to February 2007 5,763 young people benefited from the loan. In 2007 aid accounted for €7.7m which was distributed among 2,766 beneficiaries.
<b>Préstamo Dependencia (Dependency Loan)</b>	Targeted at people with a disability or people over the age of 65. From October to December 2007, a total of 4,141 people benefited; loans granted totalled €12.041m.

Scope: Spain.



percentage of automatic granting, up to 90%. The different loans come to €3,000 at 0% interest rate and with no fees, and are intended to cover basic family needs. Since February 2004 BBVA has granted €141m through this programme.

### **Support for exporters and ADF**

Continuing with our strategy of support for the foreign trade of developing countries, BBVA manages two operations portfolios which came to €945m in 2007. Of particular interest in this respect is the management of the Aid Development Funds (ADF) where BBVA acts as a brokerage agent or as co-financer. These funds enable the financing under special terms of projects which make a positive contribution to society. BBVA was rated the best world bank in Trade Finance by Dealogic, a member of the Euromoney group (excluding ships and aircrafts).

In this respect, an important development for BBVA in 2007, in its line of support for foreign trade in developing countries, was the fact that BBVA banks in Latin America joined the Programme for the Promotion of Foreign Trade of the Inter-American Development Bank.

### **Public Institutions**

The Group provides services to public and private institutions through the Institutional Banking area, to which the *Banco de Crédito Local* (BCL) belongs. BBVA holds a position of clear leadership in this area in Spain.

The main development of 2007 was the application of new instruments for local funding: BBVA Spain presented two new financial products especially designed for public institutions, *Subsidy Factoring* and *Confirming* (accounts payable financing) for the public sector; in addition to specific developments in e-banking to help local authorities to collect taxes by using telematic means. Along the same lines, in 2007 BBVA Bancomer launched the *E-gobierno* (e-government) service, an interactive channel for personalised customer service permitting formalities and the payment of public services.

What's more, we continued to implement *Plan Fidels* (Financing for Sustainable Local Development) thanks to which we can provide

local governments with a range of solutions intended to foster environmental projects.

### **Private not-for-profit organisations**

In 2005, BBVA made a firm commitment to support the work of private not-for-profit organisations through a programme of mail shots in the bank's correspondence with customers. The said mail shots aim at disseminating their solidarity activities, appeals for humanitarian emergencies or membership drives. In 2007, over three million information leaflets were distributed.

Furthermore, at BBVA we have helped facilitate donations to such organisations through the BBVAnet's *Servicio Colabor@* service (BBVA Spain), which enables our customers to make transfers to national and international not-for-profit organisations free of charge, with a total of 25 organisations to choose from.

### **Environmental nature products and services**

BBVA's main contribution to the conservation of the environment in its daily work is effected by means of the funding of projects and the development of products and services of an environmental nature (see Table of innovative products and services with CR criteria).

In 2007, BBVA was leader in the Spanish market in the financing of renewable energy projects and, according to the consultancy firm Thomson Financial, now ranks first among wind farm financiers in the world, in terms of debt underwritten debt from 2000 to 2006.

The main advances in 2007 were:

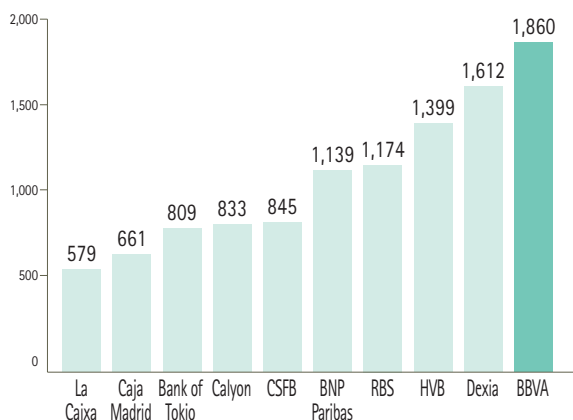
- Financing of Clean Development Mechanisms in Central America in collaboration with the Japan Bank for International Co-operation (JBIC) and the Central American Bank for Economic Integration.
- Financing of photovoltaic panels for SMEs. In 2007, 13 contracts for photovoltaic installations were signed with a total value of €8,858,054, providing a total of 1,909.97 kW.
- *Crédito Ecológico* (Environment-friendly loan) from BBVA Colombia. Created in 2004, it helps Colombian entrepreneurs to obtain funds

## The force of the wind

### Main financiers of wind farms in the world

Underwritten debt 2000-2006

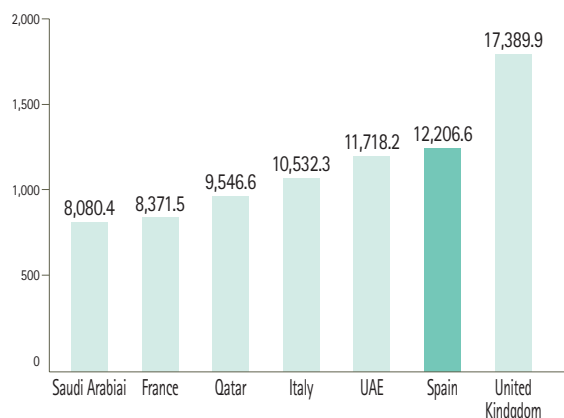
(Data in million dollars)



## Projet finance ranking by countries

Data corresponding to 2007

(million dollars)



## Recent projects

Type	Power	Location	Sponsor
Ned Power Mount Storm	164 mw	Virginia	Shell Windenergy
Nevada Solar One solar plant	64 mw	Nevada	Acciona

Source: Financial Times, Thomson Financial.

- for developing projects with a positive environmental impact to improve their companies' environmental conditions.
- Financing of wind power.

- Global corporate and investment banking projects with environmental criteria.
- Leader in the financing of green energy in the USA, with loans to the value of €1 billion.

## Innovative Products and Services with CR criteria

### With environmental criteria

#### Environmental line for SMEs-BBVA Banco Continental

The International Financial Corporation (IFC) granted a financing package of \$130m for businesses with projects related to energy efficiency and sustainable forestry including a technical assistance package under the auspices of the World Environmental Fund (WEF).

#### Credit line for environment-friendly SMEs -BBVA Banco Francés

For financing SMEs in the process of reconversion towards production processes that imply improvements in the environment.

#### Bonds with Climate Awareness - BBVA Spain

BBVA was chosen by the European Investment Bank (EIB) to market this bond aimed at financing new projects for renewable energy and energy efficiency.

One of the novelties of this bond is that it gives investors the right to use a part of the return obtained to purchase and cancel carbon dioxide emission rights, thus contributing to a reduction of the authorised capacity for Europe of greenhouse effect gas emissions.

#### Investment in photovoltaic energy -BBVA Patrimonios (Spain)

First investment project in photovoltaic energy for Private Banking customers.

#### Vehicle finance for taxis running on natural gas - BBVA Banco Continental

#### €120m credit line between the Inter-American Development Bank (IDB) and BBVA Continental

It includes the financing of sustainable development projects.

## Innovative Products and Services with CR criteria

### Microfinance

#### **Tarjeta Microempresario VISA (Micro-entrepreneur Card)-BBVA Banco Provincial**

As a ratification of the Bank's leadership in the granting of microloans in Venezuela, this card is an easy way to grant a line of credit for micro-entrepreneurs. In addition, BBVA Banco Provincial has a line of specific products for promoting the development of this segment.

#### **Opportunity banking – BBVA Colombia**

Granting of 50 microloans.

#### **Support for microfinance institutions**

BBVA Continental: credit of €11.8m for the Inter-American Investment Corporation aimed at micro-enterprises.

BBVA Bancomer: loan policy for the Andean Development Corporation (CAF) to the value of 100 million pesos.

#### **New distribution networks**

«Corresponsales No Bancarios»-(Non Banking Correspondents) – BBVA Colombia: transaction network that facilitates access to financial services for people from underprivileged areas.

Express-BBVA Banco Continental agent network: new model of correspondent ATM.

#### **-Stake in the Guarantee Fund for Small Businesses (FOGAPE) – BBVA Chile**

It facilitates micro and small entrepreneurs' and exporters' access to financing.

### Underprivileged groups

#### **Cuenta acceso (Access Account) + Consumo Bajo Ingresos (Low-income consumption) – BBVA Banco Francés**

For low-income brackets.

#### **Tu préstamo (Your loan) – BBVA Banco Continental**

In agreement with the Banco de la Nación (BN), this free-withdrawal credit scheme is launched, targeting dependent workers from both the formal and informal sectors.

#### **Credits for financing undergraduate studies in universities and secondary schools – BBVA Chile**

Aimed at students in the middle- and low-income brackets.

### Housing and access to mortgage loans

#### **Segmento Blue (Blue Segment): mortgages for young people and solutions for this segment**

BBVA Bancomer, BBVA Spain, BBVA Banco Francés BBVA Banco Provincial.

Please, visit: [www.bluejoven.com](http://www.bluejoven.com); [www.bluebancofrances.com.ar](http://www.bluebancofrances.com.ar); [bbva.blueprovincial.com.ve](http://bbva.blueprovincial.com.ve)

#### **Préstamo Hipotecario (Mortgage Loan) under the Preferential Interest Law – BBVA Panamá**

Under preferential terms for the first dwelling.

Participation in the *Programa de financiamiento Alianza Casa Media* (Programme for financing the *Alianza Casa Media*), *Programa Hogar Semilla* (House Seed Programme) and in the *Fondo de Ahorro para la vivienda* (Housing savings fund) – BBVA Banco Provincial

Real estate opportunities for needy homes at national level.

#### **Tu opción en México-(Your option in Mexico) – BBVA Bancomer**

Mortgage solution for Mexican migrants in the United States to build assets in their country of origin and improve living conditions for their families in Mexico.

#### **FHS Secured Initiative, of the Mortgage Financial Service – Compass (United States)**

A special refinancing programme offered through the Federal Housing Authority to reschedule the payment calendar when the borrowers find themselves in economic difficulties.

### Micro-enterprises and SMEs

#### **ICO-Pymes (SMEs) line – BBVA Spain**

Four ICO 2008 lines in support of companies, *ICO-Pyme*, ICO entrepreneurs, ICO-Business growth and ICO-Internationalisation.

In its 15 years of existence, *ICO-Pyme* has arranged 127,000 operations accounting for €8,500m

### Solidarity

#### **Bancomer-Educación credit card – BBVA Bancomer**

1% of the turnover is allocated to aid for education through the Bancomer Foundation.

#### **Préstamo Dependencia (Dependency Loan) – BBVA Spain**

worth 3,000 € at 0% interest, without fees and aimed at dependent people and people over the age of 65.

#### **Orbitel-Dinero Express – BBVA Spain**

Donation of €1 to the Foundation *Asociación Alianza Educativa*, for the purchase of this multi-destination telephone card.

Work climate

Recruitment, professional development and assessment

Internal communication

Social benefits and other initiatives

Reconciliation and equality of opportunities

## RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES

Attracting and retaining talent, diversity, reconciling work and family life, equality of opportunities.... They are all challenges which, at BBVA, we have taken up in order to make it the best place to work.



Women in senior management positions 2005/2007

4.7/8.8%

Men/Women\*

51/49%

Employees trained in 2007

75%

Employees promoted in 2007

23.1%

\* Excl. Compass

### Employees' profile

Employees are a fundamental asset for any company. In BBVA, this stakeholder is particularly relevant as part of the company's corporate culture is reflected in the idea of working «through people for people». To actually put this premise into practice, one of BBVA's priority objectives is to manage human capital by promoting the continuous improvement of the ethical standards affecting its employees, in the field of equality of opportunities, professional and personal development, the promotion and improvement in the capacity for teamwork, the work climate, and in the degree of satisfaction of all the Group companies' employees.

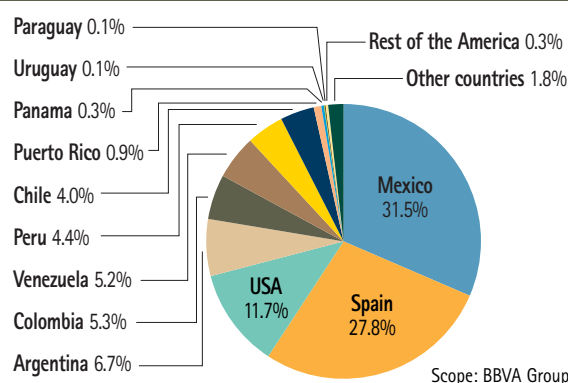
### Employment and recruitment

The Department of Human Resources and the different areas of the Group involved in recruitment follow a global policy and a code of procedure aimed at guaranteeing equal opportunities and attracting talent in their recruitment processes. In addition, maximum independence and

confidentiality is guaranteed to make sure that all the candidates receive similar treatment and go through the same processes for joining the Group, and to ensure that there is no discrimination for reasons of sex, race, and family relationship or of any other kind other than the actual requisites specified for the position.

Most of the Group employees are recruited in their native countries; a large percentage of the senior managers work in the countries where they were born.

Percentage of employees by country (2007)



«BBVA, voted best company to work for". 132 companies, 8% up on last year, took part and completed a detailed questionnaire for assessing their strategy regarding personnel management».

**Actualidad Económica**



## Workforce by age group

(Percentage)	2007				2006				2005			
	Average age	<25	25-45	>45	Average age	<25	25-45	>45	Average age	<25	25-45	>45
Spain	41.4	2.0	54.1	43.9	41.3	2.6	52.9	44.5	41.9	2.5	51.2	46.2
Mexico	34.0	17.9	71.1	11.0	34.4	14.8	74.2	11.0	34.5	11.8	76.7	11.5
Rest of the Americas	37.5	10.2	67.3	22.5	37.0	7.8	73.2	19.1	37.4	5.8	74.7	19.5
Average Group	37.6	10.2	64.3	25.5	37.6	8.5	66.3	25.3	38.1	6.6	66.2	27.1

Scope: BBVA Group Average (excl. Compass)

## Discharges of employees<sup>(1)</sup>

	2007	2006	2005
<b>Spain</b>	<b>3,312</b>	<b>2,956</b>	<b>1,655</b>
Retirements and early retirements	606	1,893	710
Incentivated discharges	46	69	47
Voluntary discharges (resignations)	589	489	413
Others	2,071	505	485
<b>The Americas</b>	<b>15,022</b>	<b>9,330</b>	<b>4,925</b>
Retirements and early retirements	153	98	94
Incentivated discharges	2,963	514	482
Voluntary discharges (resignations)	8,298	5,374	2,860
Others	3,608	3,344	1,489
<b>Rest of the world</b>	<b>292</b>	<b>146</b>	<b>195</b>
Retirements and early retirements	64	9	5
Incentivated discharges	24	29	42
Voluntary discharges (resignations)	131	87	64
Others	73	21	84
<b>Total</b>	<b>18,626</b>	<b>12,432</b>	<b>6,775</b>
Retirements and early retirements	823	2,000	809
Incentivated discharges	3,033	612	571
Voluntary discharges (resignations)	9,018	5,950	3,337
Others	5,752	3,870	2,058

(1) The difference with respect to the data provided in former years is due to a change in criteria for their calculation. The increase in Incentivated discharges in the Americas is due to restructuring, mainly in Mexico, Colombia and AFP Consolidar Argentina. The increase in voluntary discharges in the Americas is due to the high turnover recorded in 2007.

Scope: BBVA Group (excl. Compass).

## Recruitment of employees

	2007	2006	2005
Spain	3,826	2,054	1,741
The Americas	17,476	12,051	6,966
Rest of the world	479	230	148
<b>Total</b>	<b>21,781</b>	<b>14,335</b>	<b>8,855</b>

Scope: BBVA Group (excl. Compass).

## Voluntary resignations of the workforce (turnover)<sup>(1)</sup>

(Turnover) <sup>*</sup>	2007	2006	2005
Spain	1.93	1.57	1.33
Mexico	17.66	12.52	10.36
Rest of the Americas	7.52	5.67	4.62
Rest of the world	7.18	4.52	3.89
Average Group	9.16	6.55	3.52

(1) Turnover = [Voluntary resignations (excluding early retirements) / number of employees at the beginning of the period] x 100.

Scope: BBVA Group Average (excl. Compass).

## Appraisal, professional development and reward

BBVA follows a standardised process for the appraisal of results and assessment of competencies which covers each and every one of its employees. A personalised training plan is designed for each

employee on the basis of this competencies assessment process which is carried out once a year. The model is completed with the *Apunto* tool, designed so that Group staff can record their professional interests and preferred positions, and the Development Guide, which provides guidance in the professional development process.

The current year saw the launching of *Estilo BBVA* (BBVA Style), a project designed to strengthen leadership capabilities, understood in a broad sense, of all the people in charge of work teams. In this respect, in 2007, the North American magazine Fortune ranked BBVA as the first Spanish, the second in Europe and the ninth company in the world to best develop its teams' talent. This acknowledgement is backed up by real data, such as those that show that, during 2007, 23.1% of the Group's employees were promoted, doubling the figure for 2005, when 11.9% of employees were granted promotion.



## Variable remuneration<sup>(1)</sup>

(Percentage)	2007	2006	2005
Steering committee and corporate managers	49.5	46	30
Management	40.4	39	26
Team heads and technicians	21.8	19	13
Offices and general services staff	6.6	6	3

(1) Reward based on appraisal, in relation to total remuneration. Excluding pension plans and social welfare benefits.

Scope: BBVA Group (excl. Compass)

Moreover, reward for each employee is established in accordance with the level of responsibility of their position, the professional evolution of each worker and the attainment of objectives, avoiding any discrimination for reasons of sex, race or any other kind. Customer satisfaction indicators and conduct in line with the principles of corporate culture, including commitment to corporate responsibility, are important for establishing the variable remuneration.

## Training and knowledge management

The Group's Annual Training Plan identifies the needs of each unit and offers integrated solutions, at corporate level as well as specific solutions for each country, and individual ones for each employee, deriving from the competency-based management model.

The BBVA Business School is a key element for training and developing talent. This initiative is organised along four lines of work: the Management School – for developing managerial skills –, the School of Finances, the Language School and the School of Technology.

In addition, the distance learning channel, *Conoce* is open to all the Group's employees and is a global e-learning network, aimed at providing common training solutions in line with Group strategy.

Moreover, aimed at potential BBVA workers, there is a programme for job placements for university students. The students receive training suited to the specific function they fulfil in each case within the organisation, as well as remuneration in the shape of financial aid for their studies.

Within the training schemes, of particular note is the training provided on the Group's Code of Conduct in several of the countries in which the company operates. Over 5,400 recently recruited

### Training channels

(Percentage)	2007	2006	2005
Classroom training	64	66	60
Remote training	15	20	28
Training via e-learning	21	14	12

Scope: BBVA Group (excl. Compass).

## Training

	2007	2006	2005
Total investment in training (thousand euros)	43,882	35,549	34,302
Investment in training per employee (euros)	428	375	373
Hours of training per employee	39	39	43
Spain	39	42	56
The Americas	39	38	38
Satisfaction rating of training (out of 10) <sup>(1)</sup>	8.8	8.8	8.4
Employees who have received training during the year (%)	75	73	68

(1) Due to a readjustment of the scale, the data for 2006 and 2005 have been altered. The satisfaction survey is not carried for all the courses given, it has been extrapolate following the results of the courses evaluated.

Scope: BBVA Group (excl. Compass)

professionals have received training in the knowledge of this instrument. Additionally, different corporate responsibility fora and workshops are held throughout the year.

Last of all, it is worth pointing out that BBVA received training subsidies from the *Fundación Tripartita (FORCEM)* to a total of €3,324,712 in 2007.

## Internal communication

The purpose of the internal communication tools is to create a climate of trust based on an open relationship, support for teamwork and transparent communication. In 2007, the number of internal communications was up to 1,486.

The Employee Care Service (*SAE*) is a multiple communication channel (intranet, telephone, e-mail) which the department of human resources places at the disposal of BBVA's active, early retired and passive employees in Spain in order to attend to their queries and complaints. The *SAE* portal, located in the bank's intranet, affords direct knowledge of the criteria laid down by the department of human resources on aspects of labour relations. This successful experience in Spain has implied that its expansion to the other countries where BBVA currently operates is being assessed.

Another of the bank's initiatives relating to human resource management is the Senior Project, aimed at BBVA's early retired, retired and widowed employees, whose objective is to maintain links between the organisation and these groups by sending them news of interest relating to the Group, as well as implementing specific measures within the framework of the *Pasión por las personas* (Passion for people) programme described later in this report. The project has a

care service and its own telephone line, which are managed by the *SAE*, as well as an Internet portal for this group's exclusive use.

## Work climate

Every other year BBVA carries out surveys by means of which all the Group's professionals can give their opinion on their working conditions and professional experience.

Although it should have been carried out in 2007, it was considered necessary to make certain changes to the survey which affected both the questionnaire and the process itself. It was therefore postponed to 2008.

### Climate survey<sup>(1)</sup>

(Percentage)

	Participation		Satisfaction	
	2005	2003	2005	2003
BBVA Spain <sup>(2)</sup>	47.1	47.5	61.1	60.4
BBVA Bancomer (Mexico)	60.7	73.2	76.0	74.4
BBVA Banco Francés (Argentina)	65.4	61.6	65.2	62.1
BBVA Chile	55.5	64.1	59.0	61.9
BBVA Banco Continental (Peru)	75.3	82.8	66.9	66.2
BBVA Banco Provincial (Venezuela)	50.3	69.4	75.4	70.9
BBVA Colombia	74.8	73.5	72.0	72.5
BBVA Uruguay	72.8	75.3	64.5	61.2
BBVA Panamá	76.4	77.7	63.4	68.2
BBVA Puerto Rico	47.3	76.1	71.9	68.2
AFJP Consolidar (Argentina)	69.8	71.8	64.9	66.6
AFP Horizonte (Peru)	81.2	96.9	72.8	70.5
AFP Horizonte (Colombia)	99.9	96.9	80.7	80.0
AFP Previsión (Bolivia)	58.3	77.6	67.0	71.2
<b>Group average</b>	<b>66.8</b>	<b>74.6</b>	<b>68.6</b>	<b>68.2</b>

(1) Periodicity: Biennial.

(2) Including BBVA Portugal.

Scope: BBVA Group (excl. Compass).

### Queries processed by the *SAE*

	2007	2006	2005
By telephone	89,986	79,968	78,840
By e-mail	15,136	9,370	9,094
<b>Total</b>	<b>105,122</b>	<b>89,338</b>	<b>87,934</b>
Evaluation of <i>SAE</i> service (Active employees)	6.85	6.86	-

Scope: BBVA Spain.

## Social benefits and other initiatives

In 2007, BBVA extended the Personal Benefits Plan to all of the Group's employees with an aim to maximising remuneration as well as building employee loyalty. The Plan includes products that allow them to suit their remuneration to their personal situation: a flexible remuneration system

for the workforce in Spain, products and services with discounts and general benefits (pension plans, special rates for loans and better banking terms, among others). Moreover, BBVA offers its employees special loans and credit facilities and exemptions in the banking services it renders to its staff.

In addition, in 2007, through an agreement with trade union representatives, BBVA convened across-the-board treatment with respect to social benefits for the entire workforce in Spain. Among others, the most significant improvements are: the setting up of family aid, the unification of life insurance policies in force, increased aid for disabled children, financial compensation for renewing social benefits and the endowment of a fund for the rental of holiday apartments by employees.

#### **PASIÓN POR LAS PERSONAS PROJECT**

Since it was set up in 2005 in all the Group countries *Pasión por las personas* (Passion for people) is a has been corporate programme aimed at generating new initiatives and, thus, responding to the expectations of our employees. Expectations which BBVA hears of through the different channels for dialogue with employees and which are related to the emotional space of wellbeing, the family and cultural and sports activities. Within these initiatives, we differentiate between those having a direct impact on the employee and those that affect the work teams in which each employee is involved. To be precise, the main programmes for 2007 were: Quality of life, Personal benefits, Sport and Culture, *Voluntarios BBVA* and the BBVA Senior portal.

2007 was the 150<sup>th</sup> anniversary of BBVA and employees, through the *Pasión por las personas* programme took centre stage, with two international events

- The sports games were held in 20 countries and nearly 20,000 employees took part in the different events.
- The open-entry races, with nearly 30,000 people taking part, of which a large number were employees and relatives.

#### **SOCIAL PROVISION SYSTEMS**

In 2005, the use of corporate social responsibility criteria compatible with criteria of security,

profitability, diversification and adequacy of terms was included in the document on the investment policy of the BBVA Employees' Pension Plan. Likewise, it was decided to include these criteria in the rest of the Group's employees' schemes in Spain and Portugal.

As for our companies in Latin America, there are public welfare systems which are privately administered and have individual capitalisation (AFPs). Contribution to such systems is mandatory for companies and employees alike. In addition, the Group's companies voluntarily provide a complement to cover death and disability, and, in some cases, retirement.

#### **Non-discrimination, equal opportunities and reconciling work and family life**

Since 2005 BBVA has a Committee on Disability which involves the departments of Human Resources, Purchases and Corporate Responsibility and Reputation. During the course of 2007, the said committee's functions were extended with an aim to going beyond what is required by law regarding care for, and relations with, the disabled.

On the other hand, the meetings of the Joint Committee on Equality and Reconciliation were a means of monitoring the agreement signed with trade union representatives on equality of opportunities and reconciliation of work and family life, and, particularly, on the workforce's situation as far as gender is concerned. The use of the existing reconciliation measures in the company was likewise monitored and further steps are being taken with respect to communication with workers about this subject, in order to favour the necessary evolution of culture in these aspects. An example worth mentioning is the specialist course on the corporate intranet called «Diversity and Integration».

In 2007, BBVA was involved in a variety of initiatives to promote the development of measures to favour reconciliation and the balance between work and family life, among which are the *Óptima* programme, promoted by the Women's Institute, and the *Concilia* network, within the framework of Madrid City Council project, *Equal Madrid*, *Empresas y conciliación* (Companies and reconciliation).

## Distribution of functions by gender and professional category

(Percentage)

	2007		2006	
	Men	Women	Men	Women
<b>Spain</b>	<b>58.5</b>	<b>41.5</b>	<b>59.4</b>	<b>40.6</b>
Steering Committee and Corporate Managers	88.8	11.2	88.6	11.4
Senior Management	84.2	15.8	85.5	14.5
Middle Management	74.0	26.0	73.8	26.2
Specialists	58.5	41.4	59.9	40.1
Sales force	56.1	43.8	57.5	42.4
Base positions	55.7	44.3	56.4	43.6
<b>The Americas</b>	<b>47.6</b>	<b>52.4</b>	<b>49.3</b>	<b>50.7</b>
Steering Committee and Corporate Managers	95.8	4.2	96.7	3.3
Senior Management	80.3	19.7	80.1	19.9
Middle Management	64.6	35.4	68.1	31.6
Specialists	53.3	46.7	55.3	44.5
Sales force	46.3	53.7	47.0	52.9
Base positions	41.8	58.1	43.4	56.5
<b>Group Average</b>	<b>51.2</b>	<b>48.8</b>	<b>53.0</b>	<b>46.9</b>
Steering Committee and Corporate Managers	91.2	8.8	91.5	8.5
Senior Management	82.7	17.4	83.4	16.6
Middle Management	66.1	33.9	68.9	30.8
Specialists	55.9	44.1	57.6	42.3
Sales force	49.5	50.5	50.3	49.6
Base positions	45.2	54.8	47.0	52.9

Scope: BBVA Group (excl. Compass).

Another of the Group's initiatives concerning reconciliation is the *Calidad de Vida* (Quality of Life) programme, given the go-ahead in 2007 and part of the *Pasión por las personas*' programme, whose fundamental objective is to improve the balance between the work and family life of Group employees, so that the corporate vision, «BBVA, working towards a better future for people», also flows within the organisation itself. So far a total of 38 local and 3 corporate actions have been put into practice and are the starting point of this project.

Where there is equality of responsibility in the position, of professional evolution and of fulfilment of objectives, the salary relation for men and women is similar.

## Freedom of association: trade union representation and settling of conflicts

The most important matters for the entire Group in the sphere of industrial relations are included in the different agreements and arrangements subscribed by each company with the corresponding trade unions in each country. BBVA respects the role and responsibility corresponding to trade union representatives, in

## Contracts by gender

(Percentage)

	2007			2006			2005		
	M	W	Total	M	W	Total	M	W	Total
Permanent or regular full-time	46.7	43.0	89.8	49.9	42.2	92.1	51.7	40.2	91.9
Permanent or regular part-time	1.5	2.2	3.7	0.5	1.0	1.5	0.6	0.8	1.4
Temporary	2.6	3.6	6.2	2.3	3.1	5.4	2.3	3.2	5.5
Others	0.3	0.1	0.4	0.4	0.7	1.1	0.4	0.8	1.2

Notes:

M=Men

W=Women

Scope: BBVA Group (excl. Compass)

### Ángel Cano. Head of Human Resources, IT & Operations BBVA

«At BBVA we have created the necessary conditions for making progress in this aspect, but they are insufficient. What we need is a change in culture where performance is valued more than actual time spent in the workplace. Everybody, at their own level, is responsible for making *Calidad de Vida* a reality, through their example and by developing and applying the means they consider fit in their field of action».



accordance with prevailing legislation, particularly, in matters relating to collective bargaining. In this respect, of particular importance are two regulatory frameworks: the Bank Collective Labour Agreement in Spain and the European Workers' Committee.

In compliance with the Spanish labour regulations, all employees are represented by trade unions, which receive a prior notice regarding organisational changes within the company. 72.18% of the workforce took part in the last trade union elections held in Spain and 944 representatives were elected. The results were as follows: CC.OO: 39.51%, UGT: 21.82%, CGT: 18.96%, CC: 13.45 and others: 6.26%.

Lastly, the Department of Human Resources provides legal assistance to all employees on the rights and duties deriving from industrial relations and in relation to third parties, which, in many cases, is of great help in the settlement of disputes.

## Health and safety at work

The corporate body in charge of managing the department for health and safety at work is the Service for the Prevention of Occupational

Hazards which complies with the agreements of the International Labour Organisation (ILO) transposed into Spanish positive law. This body is divided into two areas, the technical department for prevention and that for healthcare at work. Its main functions are as follows:

- Training through the occupational health portal, with the basic aim of transmitting to the Group's entire workforce the Manual on occupational hazard in finance companies, as well other specific training.
- Hazard assessment in all of the company's work places, with an appraisal of safety, hygiene, ergonomic and psycho-sociological conditions.
- Preventive action. As a result of the abovementioned assessment processes, a total of 469 measures were carried out in 2007 to satisfy the ergonomic requirements of the work stations, with special attention being paid to the work stations of expectant mothers.
- Medical examinations. A total of 24,012 medical examinations were performed in 2007 as opposed to the 10,500 carried out in 2006.
- On the other hand, trade union participation is a fundamental pillar of the BBVA Group's preventive system, there being specific positions and bodies for doing this type of work, such as the Territorial Prevention delegates, the Health and Safety Committees and a State Committee for Health and Safety – their scope of application extending to 100% of the workforce in Spain.

### Disciplinary files

	2007	2006	2005
Disciplinary measures	94	90	97
Stays on proceedings	8	7	10
Sanctions	136	115	83
of which: discharges	78	66	41
<b>Total</b>	<b>238</b>	<b>212</b>	<b>190</b>

Scope: Spain.

### Contentious matters

	2007	2006	2005
Claims deriving from disciplinary files	25	35	35
Individual claims	105	139	149
Collective disputes	5	4	2
Actions taken by administrative bodies	91	68	124
<b>Total</b>	<b>226</b>	<b>246</b>	<b>310</b>

Scope: Spain.

### Absenteeism rate by countries

(Percentage)	2007	2006	2005
Spain	2.77	2.74	2.80
Mexico	1.42	1.70	1.72
Puerto Rico	6.22	3.67	2.28
Venezuela	1.70	6.00	5.45
Panama	0.50	0.68	0.78
Colombia	1.70	1.14	0.89
Paraguay	0.36	0.30	0.55
Peru	0.98	0.93	1.15
Uruguay	2.01	2.88	2.44
Chile	4.99	4.90	4.86
Argentina	2.66	1.96	1.96

Scope: BBVA Group





## RESPONSIBLE PROCUREMENT

A great company should promote and extend corporate responsibility throughout all the companies and organisations with which it collaborates. BBVA's commitment is to progressively incorporate sustainability criteria into procurement management in the entire Group.

Number of suppliers  
with an annual turnover  
> €100,000

**3,248**

Local suppliers

**60 %**

Purchases from suppliers  
who have undergone the  
approval process (Spain)

**84 %**

Increase in supplier  
satisfaction (Spain)

**11 %**

### Corporate procurement model and policy

The Procurement, Premises and Services Department has a new organisational model structured according to 'corporate functions' and 'country functions'. This organisation permits a sustainability policy regarding the costs of procurement, as well as improvement in, and transparency of, processes, while streamlining the services offered by the company. BBVA is committed to a relation with suppliers based on two essential aspects:

- The application of criteria of objectiveness, transparency, professionalism and equality of opportunities in the selection of suppliers and in relations with them.
- Fostering ethical and corporate responsibility principles among its suppliers.

For the BBVA Group, an effective negotiation is one that succeeds in satisfying the internal customer's real needs with the highest quality and the highest level of service at the lowest cost possible, and within the expected deadline.

Furthermore, whenever the peculiarities of the different goods and services so permit, purchases are made through local suppliers, to

#### Supplier satisfaction index<sup>(1)</sup>

(Scale 1-100)	2006	2004	2002
	82	74	76

(1) Biennial survey. Information on previous years has been recalculated due to changes in the rating scale.

Scope: BBVA Spain

#### Main suppliers by country or region <sup>(1)</sup>

	€100,000-300,000			€300,000- 1,000,000			Over €1,000,000			Total suppliers		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Spain	419	750	704	298	414	353	819	239	231	1,536	1,403	1,288
Mexico	315	533	263	175	242	131	168	185	122	658	960	516
Rest of the Americas	590	466	260	284	234	144	122	132	46	996	832	450
Rest of the Group	32	92	32	22	36	25	4	6	8	58	134	65
<b>Total</b>	<b>1,356</b>	<b>1,841</b>	<b>1,259</b>	<b>779</b>	<b>926</b>	<b>653</b>	<b>1,113</b>	<b>562</b>	<b>407</b>	<b>3,248</b>	<b>3,329</b>	<b>2,319</b>

(1) Number of suppliers classified by turnover in excess of €100,000.

Scope: BBVA Group.

approximately 60% of the total. The objective is to give similar opportunities, where possible, to local companies to those given to large corporations.

In keeping with the social responsibility extended to suppliers, BBVA avails of control mechanisms when making purchases implying an important sum and when these entail the subcontracting of products in emerging countries. In these cases, the supplier's premises in the particular country are inspected, and respect for human rights and prevailing laws is regulated in contracts.

In 2007, all the contracts drawn up were paid under the agreed terms.

### Principles Applicable to those Parties Involved in the BBVA Procurement Process

With respect to relations with suppliers, the BBVA Group's Code of Conduct stipulates the following: «BBVA greatly values those suppliers that share not only the principles of this Code, but also have adopted the principles promoted by the United Nations Global Compact in the conduct of their business operations.

In this respect, the organisation avails of principles applicable to those parties involved in the BBVA procurement process, which develop the standards and guidelines included in the said Code of Conduct of the Group. These principles are applied specifically to the procurement process, and lay down the company's commitment to integrity, objectiveness, transparency, confidentiality and corporate responsibility.

### System for the approval of suppliers

A part of BBVA procurement policy is for suppliers to undergo an official approval process

in order to ensure that they satisfy the Group's needs in terms of production, technical, financial, quality and commercial capacity.

Included in the supplier approval questionnaires are specific questions on compliance with the ten United Nations Global Compact principles, relating to human rights, labour, the environment, and anti-corruption measures, as well as the development of the main lines laid down by the SA 8000 standard. They are likewise asked to submit a signed document stating their compliance with the said principles and the fact that the workers are hired in line with prevailing labour laws.

In 2007, the United Nations Global Compact was distributed among most suppliers in Spain (1,444). The criteria for official approval applied in Spain will be included in all the Group's approval questionnaires for 2008.

### Procurement and management tools

The BBVA Group has several electronic tools aimed at creating an increasingly efficient and transparent procurement process both internally and externally. Of particular note are the Group's online tools for processing orders automatically, such as the e-commerce platform Adquira, offering purchasing, sale and negotiation services and solutions for all kinds of companies. For further information on Adquira, please visit [www.adquira.es](http://www.adquira.es).

These tools favour accessibility and transparency as they help to raise the level of service offered to the internal customer, shorten negotiation times, integrate the information into one single system and lay down procedures to enable users and suppliers to check the status of requests and orders, thus favouring their access to contract specifications in each negotiation process.

Approval of suppliers			
	2007	2006	2005
Number of approved suppliers	528	559	522
% of purchases from suppliers who have taken part in the approval process (%)	84	76	63
Number of suppliers who have failed the approval process	33	13	11
Scope: Spain			

## Use of electronic tools

	2007	2006	2005
Number of electronic negotiations <sup>(1)</sup>	6,308	3,766	2,621
Number of electronic orders <sup>(2)</sup>	28,888	29,085	21,253
Number of items requested from electronic catalogue <sup>(2)</sup>	125,081	120,524	142,499

(1) Scope: BBVA Group.

(2) Scope: BBVA Spain.

## Responsible projects with suppliers

BBVA carries out social responsibility projects aimed at suppliers. Social responsibility policies are therefore likewise implemented in relation to internal customers. Of these projects, worthy of particular mention are the following:

- The hiring of services provided by disabled people, through the ONCE group, the Spanish Association for the Blind.
- The hiring of services from special employment agencies, among which of particular significance is the hiring of services for the assessment of accessibility in offices

and documents, and provision of cleaning services.

- The purchase of all the Group's Christmas cards for 2007 from UNICEF.
- The continued adhesion of Anida – the entity's real estate subsidiary – in the WWF/Grupo 2000<sup>(1)</sup>, implying its commitment to require suppliers to use timber and paper certified by the Forest Steward Council (FSC).
- The offer of an access rate for special employment agencies lower than that for the rest of suppliers through the Adquiria portal. BBVA thus aims at favouring access to the sales of this type of supplier.

**Fernando Ramos Rodríguez.** Chief Executive of AGARIMARIA S.A – CEE  
«The disabled only need the opportunity to show what they are capable of. The opportunity to work.»



(1) WWF/Group 2000 is an association of companies which, coordinated by WWF/Adena, promote improved forestry management throughout the world by means of the FSC certification.

## ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

Humanity's awareness of its responsibility towards the planet has changed. Here at BBVA, we are working hard to cut any direct environmental impact of our activity to a minimum. At the same time we are lending active support to the fight against climate change.



Reduction in CO<sub>2</sub> emissions  
per employee in 2007 (t)

6%

Reduction in water consumption  
per employee in 2007 (m<sup>3</sup>)

13%

Employees working in  
ISO 14001 certified centres

4%

### Environmental Policy and Environmental Management System

Ensuring sustainable development is a priority for the BBVA Group. Like any other financial institution, the Group has a considerable impact on its environment, both directly – through the consumption of natural resources in its day-to-day business – and indirectly – through the environmental consequences of the products and services the company offers, particularly with regard to the projects it finances.

Since 2003 the Group has had an environmental policy in place affecting all its institutions and activities, which is intended to reconcile all the economic, social and environmental facets of the company within a model of sustainable

development. The policy seeks  
to foster the effective

integration of environmental criteria into BBVA's operations, making them one of the Group's distinguishing features and turning them to our competitive advantage. The best showcase of this commitment is the environmentally-responsible behaviour of all units and individuals in the Group.

The policy's general objectives are:

- Efficiency in the use of natural resources.
- Compliance with legal requirements.
- Inclusion of environmental criteria in risk assessment for financial operations.
- Development of environment-related financial products and services.
- Positive input in stakeholders' environmental performance.

The company has an Environmental Management System (SGA), through which it implements the environmental policy and continuously improves environmental performance.



**Lars Appel.** (Country Manager of Det Norske Veritas España, S.L.)

«The financial world has an environmental impact which can at first sight be difficult to quantify. The impact can be direct – through everyday office activities and the use of paper, water and other office materials – and indirect – through energy use and business travel. A properly implemented environmental management system can monitor such impacts. Banks such as BBVA that voluntarily face up to these responsibilities are positioning themselves as industry leaders».

## Other environmental actions in Latin America

<b>Argentina</b>	Automatic supervision and control of installations to save electricity in buildings.
<b>Mexico</b>	Automation for controlling electricity consumption (lighting and air-conditioning) in the retail branch network and in buildings. Renovation of the electricity infrastructure and air-conditioning systems in the branch network, with more energy-efficient technology.
<b>Colombia</b>	Arrangements for recycling toner cartridges and paper.
<b>Peru</b>	Control and measurement of energy consumption; installation of water saving devices in offices; Recycling plan for paper and toner cartridges in the Lima and central offices; Employee environmental awareness schemes.
<b>Puerto Rico</b>	Waste separation and recycling; start of project for remote control of power consumption in AC units.
<b>Venezuela</b>	Arrangements for recycling toner cartridges and paper.

Throughout 2007, BBVA participated actively in the fora run by UNEP FI, United Nations Environmental Programme Finance Initiative ([www.unepfi.org](http://www.unepfi.org)). UNEP FI is a global partnership between the UN and the financial sector that seeks to promote environmental respect and sustainability amongst organisations in the sector. Through activities on a regional scale (in which the Group participates) the forum seeks to identify and promote best sustainability practice in all operations in the sector.

## Direct environmental impact: eco-efficiency

### ENVIRONMENTAL CERTIFICATIONS AND PLANS

The BBVA Group first began certifying some of its most important premises to the ISO 14001 standard in 2004. Since then the process has been gradually rolled out, and in 2007 the multi-site system was adopted, to extend certification to several different buildings at once. The Group now has eight certified premises in Spain, including the Anida building (the Group's real estate subsidiary).

By 2007, 4.0% of the company's total workforce was affected by the ISO 14001 standard, as compared to 2.1% in 2006. For 2008, the targets set out in the ISO 14001 certifications policy envisage extending certification to another four of the Group's buildings in Spain and two BBVA Bancomer premises in Mexico.

### Indirect energy consumption by primary source <sup>(1)</sup>

(GJ)	2007	2006
<b>Fossil fuels</b>		
Coal	1,336,666	1,441,079
Natural gas	1,107,632	706,380
Oil products	1,785,048	3,268,202
Crude oil	805	760
<b>Renewable and other sources</b>		
Biomass	17,730	18,536
Solar	0	0
Wind	14,762	15,250
Geothermal	288,677	289,750
Hydroelectric	1,003,061	528,403
Nuclear	1,138,613	1,206,130

(1) Indirect energy calculated using the GRI's Energy Balance Sheet, Energy Protocol.

Scope: BBVA Group (Figures only include headquarters and do not include the USA)

## Water consumption

(m³)	Spain		Mexico		Rest of Group		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Total water consumed	862,967	910,437	926,543	937,567	802,129	990,236.8	2,591,639	2,838,240.8
Water consumed per employee	24.5	29.8	29.8	28.5	22.8	31.3	25.5	29.2

Scope: BBVA Group (figures only include headquarters and do not include the USA).



## Energy consumption <sup>(1)</sup>

(GJ)	Spain		Mexico		Rest of Group		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Total direct energy	798,123.8	827,579.2	742,658.2	747,898.2	914,291.3	812,308.0	2,455,073.2	2,387,785.4
Direct energy per employee	25.7	27.1	21.1	22.8	26.0	19.7	24.2	24.6
Total electricity consumed	766,671.7	796,584.3	725,543.5	728,855.4	863,236.6	800,979.3	2,355,451.8	2,326,419.0
Total natural gas consumed	15,124.6	13,365.4	0.5	6.6	38,859.4	4,772.6	53,984.5	18,144.6
Total diesel consumed	16,327.4	17,629.5	17,114.2	19,036.2	12,195.3	6,556.1	45,636.9	43,221.8
Total indirect energy <sup>(1)</sup>	2,328,388.3	2,419,233.0	2,541,537.5	2,553,138.0	1,823,067.7	869,960.0	6,692,993.6	5,842,331.0

(1) Indirect energy calculated using the GRI's Energy Balance Sheet, Energy Protocol.

Scope: BBVA Group (figures only include headquarters and do not include the USA).

## Paper

(t)	Spain		Mexico		Rest of Group		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Total paper consumed	8,386.2	6,362.0	1,817.0	4,683.7	1,824.7	1,476.4	12,027.8	12,522.1
Total paper consumed per employee	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.13
Ecological paper consumed <sup>(1)</sup> (%)	11.5	43.2	0.0	0.0	0.4	0.0	3.6	21.9

(1) Ecological paper includes recycled, elemental chlorine free or FSC paper.

Scope: BBVA Group (figures only include headquarters and exclude Compass).

## Waste managed <sup>(1)</sup>

(kg)	Spain		Mexico		Rest of Group		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Paper	927,869	534,428.0	72,670	208,000.0	275,742	684,683.9	1,276,281	1,427,111.9
Toner	59,000	23,100.0	0	53,992.0	11,267.2	3,022.3	70,267.2	80,114.3
Electrical and electronic appliances	275,470	128,370.0	22,279.0	13,171.0	644,300.6	42,083.2	942,049.6	183,624.2

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

Scope: BBVA Group (figures only include headquarters and exclude Compass).

In the area of its real estate projects, the company has also committed to applying environmental and bio-sustainability criteria. The new headquarters in Spain and the two in Mexico, with a combined floor area of over 350,000 square metres, will be designed to meet LEED environmental certification (issued by the *US Green Building Council's Leadership in Energy and Environment Design programme*).

## Fighting climate change

For BBVA Group, climate change is a challenge which, for the financial industry, involves both risks and real opportunities that need to be seized. The Group seeks to consolidate its

position as a responsible organisation, committed to pursuing solutions that will limit or prevent the possible consequences of climate change. In 2007 it joined in a number of initiatives and developed products and services that will help to mitigate and prevent climate change consequences.

As an example, the Group has voluntarily signed up to two important international initiatives:

- «Caring for climate: the Business Leadership Platform»: this scheme has been fostered on a three-way basis by the United Nations Environmental Programme, the United Nations Global Compact and the World Business

## Atmospheric emissions <sup>(1) (4)</sup>

(t)	Spain		Mexico		Rest of the Group		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>Total CO<sub>2</sub> emissions</b>	<b>102,329.0</b>	<b>113,884.1</b>	<b>117,995.2</b>	<b>129,090.8</b>	<b>81,009.9</b>	<b>63,906.3</b>	<b>301,334.0</b>	<b>306,881.2</b>
Total CO <sub>2</sub> per employee	3.3	3.7	3.4	3.9	2.3	2.0	3.0	3.2
Direct CO <sub>2</sub> emissions (t) <sup>(2)</sup>	3,066.2	3,749.1	2,483.4	2,537.3	2,974.5	1,319.4	8,524.0	7,605.8
Indirect CO <sub>2</sub> emissions (t) <sup>(3)</sup>	99,262.8	110,134.9	115,511.8	126,553.6	78,035.4	62,587.1	292,810.0	299,275.6

(1) CO<sub>2</sub> figures are calculated using the GHG Protocol methodology developed by the WBCSD and the WRI.

(2) Includes the CO<sub>2</sub> emitted in consumption of diesel, natural gas and travel in the Group's own vehicles.

(3) Includes the CO<sub>2</sub> emitted in consumption of electricity, aeroplane travel and travel in vehicles not owned by the Group.

(4) Regarding the use of substances that can contribute to the depletion of the Ozone layer, none of BBVA's facilities contains CFCs.

Scope: BBVA Group (figures only include headquarters and exclude Compass).

## Videoconferences <sup>(1)</sup>

	Spain		Mexico		Rest of the Group		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Videoconferences	4,358	3,550	1,283	974	3,352	1,689	8,993	6,213
Rooms fitted for videoconferencing	447	310	34	12	66	39	547	361

(1) These figures are for total number of videoconferences, and do not take account of possible duplications.

BBVA Group encourages the use of videoconferences to reduce travel and thus contribute to a reduction in atmospheric emissions.

Scope: BBVA Group (figures only include headquarters and exclude Compass).

Council for Sustainable Development. BBVA Group is a signatory to the declaration which requires partners to commit themselves to seeking solutions to climate change.

- Signing of the Bali Communiqué. BBVA was one of the signatories to this communiqué, which expresses a desire by leading members of the business community to face up to the problem of climate change and work to find solutions within a legally binding UN framework.

Other measures carried out in 2007 by the Group in the fight against climate change include:

- As in previous years, Global Corporate Banking provided \$100m in financing for projects to reduce carbon emissions in Central America. This initiative has been run since 2005 through the Group's branch in Tokyo (Japan) in collaboration with the Japan Bank for International Co-operation (JBIC).
- In 2007 the European Investment Bank appointed BBVA to market a new bond issue

## Kyoto risk <sup>(1)</sup>

Percentage and million euros	2007	2006	2005
Total Kyoto risk (%)	2.36	2.15	3.24
Total Kyoto risk (million euros)	8,562	6,367	3,492

(1) Includes all financing of companies in any of the seven sectors set out in Spain's National Emission Allocation Plan.

Scope: BBVA Group.

that will contribute to financing climate protection initiatives. The measure centres on promoting renewable energy and energy efficiency.

- In 2007, BBVA Spain began offering products to help manage the emission allowances of customers from industrial sectors affected by the Kyoto Protocol.
- During 2007 BBVA also participated in the Carbon Disclosure Project, an international initiative for greater transparency in reporting companies' involvement in climate change.

## Environmental training and awareness-raising

The Group runs ongoing training and awareness initiatives for its stakeholders (particularly employees) and the general public, providing knowledge that will help to introduce and monitor environmental best practices.

The *Actualidad Ambiental* newsletter plays an important role in raising awareness and integrating environmental concerns into the Group's operations. Throughout 2007, 23 editions of this fortnightly newsletter, available over the intranet, were sent to over 400 Group employees.

The Economic Research Department also publishes reports on economic aspects related to

environmental issues. These reports are distributed internally and externally and contribute to analysis, awareness and dissemination of information in this area.

BBVA also collaborated in the following environmental training and awareness actions in 2007:

- In collaboration with the Red Cross, the company published a manual to reinforce environmental responsibility in SMEs.
- Two awareness courses on climate change were organised in Spain.
- Altogether, 1,530 hours of environmental training were organised in 2007.

## COMMUNITY INVOLVEMENT

BBVA is deeply engaged with the development of the communities in which it operates.



Total resources allocated

**69.0** millions of euros

Increase on 2006 of resources allocated

**22 %**

Resources earmarked for the *BBVA Integración* Scholarship Scheme in Latin America

**7.9** million euros

Children awarded with scholarships under the *BBVA Integración* Scholarship Scheme in Latin America

**17,920**

### Key aspects and figures

One of the corporate principles that guide the BBVA Group is its commitment to the quality of life and development of the communities in which it operates. This commitment drives the company's actions in many different ways.

As this report makes clear, the BBVA Group's chief contribution to society comes through its regular business activities. It is exercised through the many products and services the group offers that have a positive impact on society in general and on certain under-protected groups in particular. Key schemes in this area include the *Préstamos Familiares* (Family Loans) line, part of the *Plan Familias BBVA* (BBVA Families Plan) in Spain and, very particularly, all the activities the Group undertakes to favour financial inclusion and thus help new segments of the population to have access to financial products and services. The company also has a beneficial impact on the communities in which it operates

creating jobs and catering for the needs of its stakeholders.

In addition, the Group channels its community involvement through an intense community support policy, with specific not-for-profit actions intended to directly contribute to public welfare and to satisfying basic needs.

Social projects are tailored to the specific needs and conditions of each country in which BBVA operates, through a close relationship with stakeholders (described in more detail in the chapter "Stakeholder Engagement"). The company also focuses its efforts on areas of action closest to its activities, always following group strategy and management.

The main areas of action of the community support policy are:

- Education.
- Support for underprivileged groups and sectors and those with special needs.
- Activities in humanitarian emergency situations.



In 2007, the BBVA Group was involved in the formation of London Benchmarking Group España working group. This model offers an instrument for measuring the impact of activities arising out of private sector community involvement.

In 2007, the Group began using the LBG model for measuring its contribution through community investment, apart from strictly economic aspects.

## Community investment: Resources allocated by the BBVA Group and its foundations <sup>(1)</sup>

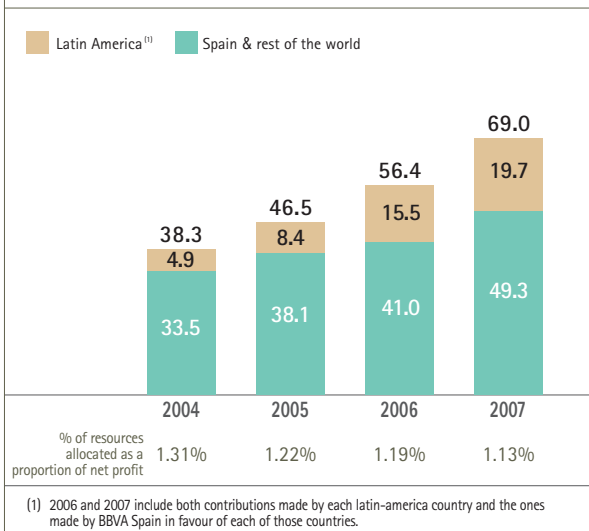
(Thousands of euros)	2007	2006	2005
<b>By entity</b>			
BBVA Group in Spain and rest of the world <sup>(2)</sup>	29,083.67	24,648.91	21,080.57
BBVA group in the Americas <sup>(2)</sup>	5,305.22	6,176.18	4,617.74
BBVA Foundation (Spain)	24,712.00	20,599.00	16,970.0
BBVA Microfinance Foundation (Spain)	914.00		
BBVA Bancomer Foundation (Mexico)	7,951.12	4,631.16	3,405.19
BBVA Banco Provincial Foundation (Venezuela)	228.58	114.49	225.31
BBVA Banco Francés Foundation (Argentina)	191.62	178.61	152.76
BBVA Banco Continental Foundation (Peru)	614.00	77.10	34.21
<b>TOTAL</b>	<b>69,000.20</b>	<b>56,425.45</b>	<b>46,485.77</b>
<b>By theme area</b>			
Social sciences	15,647.61	12,250.81	8,796.73
Education	15,432.91	8,218.43	7,223.04
Social welfare care	10,496.94	7,088.26	4,891.88
Culture	8,571.64	9,064.80	10,949.10
Health	7,968.08	5,275.23	4,883.03
Environment	3,204.23	7,957.76	5,814.25
Promotion of corporate responsibility	2,183.85	2,052.04	479.05
Other fields and structural expenses of the foundations	5,494.95	4,518.11	3,448.70
<b>TOTAL</b>	<b>69,000.20</b>	<b>56,425.45</b>	<b>46,485.77</b>
<b>By type of investment</b>			
Monetary	66,670.30		
In kind	1,993.37		
Time	336.53		
<b>TOTAL</b>	<b>69,000.20</b>		

(1) Funds allocated between 2005 and 2007 by the Group and its foundations include:

- In foundations, where the figures include expenses devoted by each entity to its own purposes and each foundation's administrative and structural costs.
- Regarding the BBVA Group, this includes the financial contributions made, plus a variation of the amount of work-time staff have dedicated to activities of a social nature, the premises used and contributions in kind.
- Assessment of *Préstamos Familiares* (Family Loans) which includes direct costs (operating expenses, financing costs and dissemination expenses).
- In no case do the figures include any social benefits stipulated by collective agreements intended for company employees or their families, or grants and work placement within the Group.
- Finally, the average euro exchange rate for the corresponding years has been used in converting local-currency contributions in Latin American countries.

(2) Does not include foundations.

## Community support: funds allocated by the BBVA Group and its foundations <sup>(1)</sup> (Million euros)



## The quantitative variation seen between 2006 and 2007 was mainly the result of the following items and projects

Areas/Entities	€ Million	Projects and items
BBVA Foundation (Spain)	4.0	Increase of the activity for the promotion of scientific and social research programmes and its communication.
Compass Bank (USA)	3.9	Incorporation into the BBVA Group in 2007.
Latin America	3.1	Community Investment Plan.
Spain	1.7	Increase of direct spending on <i>Préstamos Familiares</i> (Family Loans).
Group	1.2	Catering for needs resulting from natural catastrophes: Peru earthquake and floods in Mexico.



## The BBVA Group's foundations

The BBVA's six foundations are not-for profit organisations, created with the specific goal of contributing to the comprehensive development of society.

BBVA Group Foundations	Basic axes of action
BBVA Foundation (Spain) (www.fbbva.es)	Social sciences Biomedicine, health and healthcare system Environmental sciences
BBVA Banco Continental Foundation (Peru) (www.bbvabancocontinental.com)	Education Art and culture Social welfare care
BBVA Banco Francés Foundation (Argentina) (www.bancofrances.com)	Education Art and culture Social welfare care Promotion of entrepreneurial activity and corporate responsibility
BBVA Bancomer Foundation (Mexico) (www.bancomer.com.mx/fundacion)	Education Social welfare care Art and culture Environment
BBVA Banco Provincial Foundation (Venezuela) (www.provincial.com/fundacion)	Education Social welfare care Art and culture
BBVA Microfinance Foundation	Promotion of microfinance

### BBVA Foundation: basic indicators of activity

	2007	2006
Number of collaborators	946	2.108
Number of research projects	141	184
Number of specialist meetings and seminars	39	31
Number of general lectures	24	56
Number of publications (including co-publications)	91	59
Number of hits on the BBVA Foundation portal	16,279,556	17,937,644
Number of people attending the different activities	6,693	8,985
Number of libraries receiving publications	819	819
Dissemination of published material (brochures, handbooks, etc.)	428,500	208,700
Number of user sessions on the website	171,708	164,699
Scope: Spain		

## Community Investment Plan for Latin America

<b>BBVA contribution</b>	€13.8 m invested in 2007
<b>Focus</b>	Basic education for children from underprivileged backgrounds
<b>Main Programme</b>	BBVA <i>Integración</i> Scholarships Scholarships to nearly 18,000 underprivileged families in 2007

The Community Investment Plan for Latin America is a symbol of the Group's increased commitment to Latin America.

The basic lines of the plan are as follows:

- Definition of a general framework of action for all the Group's banks and foundations in Latin America.
- In general terms, the plan centres on support for education (infant, primary and secondary) to help favour social inclusion of families from the most underprivileged sectors of society. 63 % of the plan's activities address this priority area, with the remaining 37 % targeting culture and social welfare care.



- The star programme of the Community Investment Plan Latin America in all countries is the *BBVA Integración Scholarships Plan*, which promotes infant, primary and secondary education for children from the most needy sectors of society. The programme is tailored to the individual circumstances and needs detected in each country.

The criterion used for allocating resources is a commitment to earmark at least 0.7% of the BBVA Group's local profit in Latin America to community support projects. These resources are assigned to the Community Investment Plan, the Economic Research Department in the region and projects implemented from Spain, the BBVA Foundation and the BBVA Microfinance Foundation, having a direct impact in Latin America.

## Other leading lines of work

### PROGRAMME OF CULTURAL ACTIVITIES SPAIN

<b>BBVA contribution</b>	€5.7m in 2007
<b>Focus</b>	<ul style="list-style-type: none"> <li>Arts</li> <li>Conservation of Spanish historical and artistic heritage</li> <li>Encouragement of music creation</li> </ul>
<b>Number of exhibitions</b>	17 (Spain, Latin America and China)
<b>Number of visitors</b>	2.4 million people

The BBVA's Programme of Cultural Activities have become a benchmark for international art patronage. A number of special events were organised in 2007 to mark the BBVA Group's 150th anniversary. The cultural programme essentially revolves around three areas:



**Manuel Arango.** Honorary Chairman, CEMEFI Mexico.

«BBVA's social responsibility and its commitment to education in Mexico can be clearly seen in its policy of dedicating 0.7% of profits to the BBVA Bancomer Foundation, which goes to supporting projects such as "Por los que se quedan" (For those left behind). I am proud to sit on the boards of both organisations, which, with dedication and generosity share their resources, their time and their talent for the wellbeing and development of the country».

- BBVA-organised exhibitions to display the BBVA Collection and actions in collaboration with leading museums and foundations.
- Support for preservation of Spain's historical and artistic heritage.
- Concert programmes.

### RUTA QUETZAL BBVA

BBVA contribution	€1.5m in 2007
Focus	Education
Essays submitted	1,500
Participants	350
Hits on the website	250,000 (5 million pages viewed)

Since 1993, the BBVA Group has organised and sponsored the *Ruta Quetzal* [Quetzal Route], an educational programme named by UNESCO as a project of global interest. Altogether 7,700 young people have participated. In 2007, the twenty-second edition of the BBVA Quetzal Route, «The Legacy of Chinese Ships in Mexico», travelled up the Pacific Coast of Mexico and ended up in Bilbao, where the expedition joined in the celebrations of the BBVA Group's 150th anniversary. This year 350 young people from 55 countries took part.

#### Miguel de la Quadra-Salcedo

Director of the *Ruta Quetzal* BBVA

«For me, the Route is the only act, the only specific action that Spain and Latin America have done together, for our common Ibero-American community of nations. Thanks to the backing of the King of Spain, thousands of young people have had a chance to take part in this

extraordinary project since 1979. It is a great joy to share experiences and talk to young people from 55 countries; participating in adventures together in the Americas and in Spain. And it is all made possible by the BBVA's patronage».



### BBVA FOUNDATION FRONTERAS DEL CONOCIMIENTO (FRONTIERS OF KNOWLEDGE) AWARDS

BBVA contribution	€3.2m per year
Categories	Basic sciences (physics, chemistry, mathematics)
	Bio-medicine ecology and conservation biology
	Information and communication technology
	Economics, finance and company management
	Arts (music, painting, sculpture, architecture)
	Climate change
	Development co-operation

Starting in 2008, these awards will recognise excellence in research and creation, with particular emphasis on projects for the future that have had an impact on the great challenges facing global society in the twenty-first century: climate change and development co-operation. This initiative is backed by the Spanish Higher Council of Scientific Research.

There are eight categories, each with €400,000 in prize money, intended to publicly honour work by scientists, researchers, organisations and professionals in encouraging the development of knowledge for the improvement of society. In terms of the prize money and the disciplines covered, the BBVA Foundation's *Fronteras del Conocimiento* Awards will be the second most important awards of their kind in the world after the Nobel Prizes.

### ECONOMIC RESEARCH DEPARTMENT

BBVA contribution	€1.3m
Organizational areas	Geographical
	· Europe and financial scenarios
	· Mexico and the United States
	· Emerging countries
	Themes
	· Global trends
	· Modelling and quantitative analysis
	· Analysis of social provision systems
Presence (9 countries)	Spain, Argentina, Colombia, Chile, Mexico, Peru, Venezuela, United States and China
Staff	78 professionals

## Main activities

Seminars and meetings for deliberation and debate	The economists from the department publicise their findings at forums, in the media and in specialist publications. In 2007 they took part in 82 seminars and meetings.
Accessible website ( <a href="http://serviciodeestudios.bbva.com">http://serviciodeestudios.bbva.com</a> )	239,106 publications were downloaded from the site, and the site receives 2.3 million unique visitors (people who connect at least once) per year.

The Economic Research Department was set up to adapt economic analysis to the needs of the BBVA Group and to meet the challenge of assessing increasingly globalised economic developments. It is structured into six large units and operates in all the main geographical areas in which the Group has a presence. In this way, by keeping close touch with the situation on the ground, the organisation can make prompt

analyses and take the right economic decisions at any given time.

The BBVA Economic Research Department's reports are of great use to society and their global coverage and reliability give them an important place in economic analysis and evaluation.

## Other relevant projects by geographical area

## Relevant projects

<b>Spain</b> BBVA	<ul style="list-style-type: none"> <li>• <i>Acción Magistral</i> Prizes for teaching actions in collaboration with the <i>Fundación de Ayuda contra la Drogadicción</i> (Foundation for Aid against Drug Addiction).</li> <li>• Programme to increase awareness on corporate responsibility among SMEs, in collaboration with the Red Cross.</li> <li>• Support for humanitarian emergencies (Peru earthquake and floods in Mexico).</li> <li>• Programme of Environmental Patronage run by Anida (BBVA's real estate subsidiary) to which it allocates 0.7% of net profits.</li> <li>• BBVA Foundation – Carolina Foundation Programme for training Latin American specialists in Medicine, the Environment and Economics.</li> </ul>
<b>Argentina</b> (AFJP Consolidar, BBVA Banco Francés, BBVA Banco Francés Foundation)	<ul style="list-style-type: none"> <li>• Prizes for entrepreneurs showing a spirit of solidarity (in collaboration with the Ecumenical and Social Forum) and for agricultural entrepreneurs.</li> <li>• <i>ConsolidAR</i>, aid project for tackling poverty.</li> <li>• Permanent exhibition of the Libero Badii Museum.</li> </ul>
<b>Bolivia</b> (AFP Previsión)	<ul style="list-style-type: none"> <li>• National Novel Prize, in collaboration with the Ministry of Culture.</li> </ul>
<b>Chile</b> (AFJP Chile, BBVA Chile)	<ul style="list-style-type: none"> <li>• <i>Auspicio Magister Periodismo</i> (Journalism Sponsorship) (<i>El Mercurio</i>–<i>Universidad Católica</i> alliance).</li> <li>• Christmas Solidarity Concert.</li> </ul>
<b>Colombia</b> (AFJP Horizonte Colombia, BBVA Colombia)	<ul style="list-style-type: none"> <li>• BBVA Art Gallery: exhibition of representative Colombian paintings and sculptures.</li> </ul>
<b>Mexico</b> (BBVA Bancomer, Fundación BBVA Bancomer)	<ul style="list-style-type: none"> <li>• BBVA Bancomer in Education: programme of support for education (Office of the President of the Republic and Office of the Secretary of Public Education).</li> <li>• Children's Knowledge Olympics.</li> </ul>

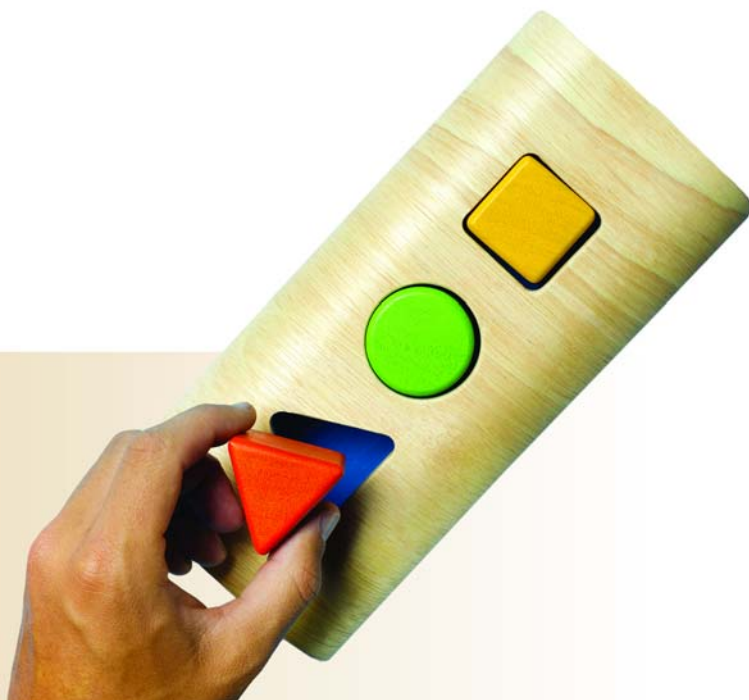
## Relevant projects

<b>Panama</b> (BBVA Panama)	<ul style="list-style-type: none"> <li>• Sponsorship of the TV programme "<i>¿Qué tal si te digo?</i>", targeted at supporting social and pro-solidarity causes.</li> </ul>
<b>Paraguay</b> (BBVA Paraguay)	<ul style="list-style-type: none"> <li>• Solidarity marathon.</li> </ul>
<b>Peru</b> (AFP Horizonte, BBVA Banco Continental, Fundación BBVA Banco Continental)	<ul style="list-style-type: none"> <li>• Travelling exhibition <i>Pasión por las Personas</i> (Passion for People).</li> <li>• Sponsorship of festival combining reading, theatre and music.</li> <li>• Sponsorship of the Cuzco Museum of Pre-Columbian Art.</li> </ul>
<b>Puerto Rico</b> (BBVA Puerto Rico)	<ul style="list-style-type: none"> <li>• Collaboration with the Muscular Dystrophy Association.</li> </ul>
<b>Uruguay</b> (BBVA Uruguay)	<ul style="list-style-type: none"> <li>• Support for Pereira Rosell Children's Hospital, which looks after children from underprivileged backgrounds.</li> </ul>
<b>Venezuela</b> (BBVA Banco Provincial, Fundación BBVA Banco Provincial)	<ul style="list-style-type: none"> <li>• Training programme for micro-enterprises</li> <li>• <i>Papagayo</i> Project, for promoting values education through reading and creative writing</li> </ul>
<b>Portugal</b>	<ul style="list-style-type: none"> <li>• <i>Porto Vivo</i> project for rehabilitating homes in poorer districts of Porto.</li> </ul>
<b>United States</b>	<ul style="list-style-type: none"> <li>• Support for the United Way organisation. Compass Bank and its employees together donated \$2.2m to meet the needs of the most underprivileged social groups.</li> </ul>



## CORPORATE VOLUNTEER WORK

The people who work at BBVA want to contribute in some way to creating a better world. BBVA is committed to providing the conditions that will enable employee' joint forces leave their mark and make the difference.



Employees involved  
in volunteer work

**3,083**

Employees signed up to the *Euro Solidario*  
scheme, 16% of BBVA's total workforce in Spain

**4,882**

Funds collected by the  
*Euro Solidario* scheme

**114,974** euros

### Corporate volunteering plan

The BBVA's corporate volunteering plan, *Voluntarios BBVA*, was set up in May 2007 to meet the need for volunteers to promote new initiatives and build a framework for activities in this area. It also came in response to the interest of the entire Group to improve the living conditions of other people. Although the company tries to encourage, promote and support corporate volunteer work, proposing initiatives and providing resources, the real protagonists are the men and women in the BBVA organisation and the main focus is on education. Two thousand employees from all working categories were actively involved in drawing up the plan. Some are still in employment, while others are retired or have taken early retirement and they come from all the different companies in the Group.

### Volunteer work in Spain

The BBVA Volunteer Office was set up to coordinate and promote the different volunteering activities included in the plan. The office is staffed by former employees from the company. A meticulous communication plan was drawn up to serve the office, centring on the BBVA Volunteers portal – which can be accessed in a number of different ways: via a link on the intranet and the Senior portal ([www.bbvasenior.es](http://www.bbvasenior.es)). This portal is a

meeting place for employees and allows information on volunteer work for all countries where the plan operates to be centralised. Activities in 2007 centred on three major lines of action:

- Projects co-designed with NGOs and carried out in collaboration with renowned organisations from the country, such as the Junior Achievement Foundation, WWF/Adena and the Tomillo Foundation. A total of 221 volunteers were involved in these activities in 2007.
- First BBVA Volunteer Competition of employee initiatives. An invitation to all the Group's employees to participate in creating corporate volunteer work projects. Winning initiatives are given financial support and help from the company in arranging for new volunteers to join the project. This year 9 projects were

#### Information on the BBVA Volunteers portal

	Total	Monthly average
Pages viewed	92,725	11,591
Employee contacts with NGOs	738	92
Volunteer opportunities taken up by BBVA employees	20	3
Subscriptions to the opportunities newsletter	528	66
Scope: Spain.		

## EURO SOLIDARIO

### A special form of volunteer work

#### Programme

Set up in September 2005. Each employee who has signed up to the initiative donates 1 euro each month (automatically taken out of their pay) and the company matches the total raised euro for euro. The scheme gives funding for educational projects in Latin America targeting underprivileged sectors.

#### Collaborating Institution

The BBVA Group collaborates in this programme with the *Entreculturas - Fe y Alegría* Foundation. Since September 2006 the money collected has gone to creating a community development centre in Cali (Colombia), in a district that has suffered greatly from urban violence.

#### Situation at 31 December 2007

Number of employees in the scheme: 4,882

Total contribution from employees: €57,487

Total raised (joint contribution from employees and the BBVA Group): €114,974

#### Earthquake in Peru in August 2007

Following this catastrophe, the BBVA Group agreed with its employees to send the quarterly contribution of the Euro Solidario scheme to help quake victims. A total of €29,272 was sent to the *Entreculturas - Fe y Alegría* Foundation, to carry out educational programmes in the area affected.

selected from amongst the 23 submitted from every region in the country. These projects, in which a total of 44 BBVA employees worked in 2007, will receive total funding of €87,000.

- Opportunities for volunteers posted on the BBVA Volunteers portal in collaboration with the Chandra Foundation.

## Volunteer work in Mexico

The Bancomer Volunteer Group was set up in 1992 to collaborate in improving the quality of life of people on low incomes. Since then, this initiative has become a major component of BBVA Bancomer's community investment and is an effective and indispensable channel for

implementing it. A large number of group employees and their relatives are now

volunteers and take part in different initiatives.

One of the most important areas the volunteer group has been involved in is the *BBVA Integración* scholarships programme “*Por los que se quedan*” (For those left behind), in which employees act as “godfathers” and “godmothers”, accompanying beneficiaries of the programme.

Another key scheme is the collaboration with 24 comprehensive schools in different states in the country, encouraging vocational education among low-income people and carrying out development and social welfare care activities to benefit people from this group. One hundred and seventy four volunteers from BBVA Bancomer are involved in the different activities carried out in these centres. Furthermore, volunteers from BBVA Bancomer participate in adult literacy programmes, different levels of infant education, leisure time workshops,



**Joaquín Santos.** director of the BBVA Volunteer Office in Spain

«I am surprised by –and really enjoying– everything that can be achieved just with a desire to help. In exchange I receive affection, kindness and thanks. You can really get hooked on volunteer work. Thanks for letting me get to know you».

Volunteers in Mexico	
	Nº of volunteers
<i>Por los que se quedan</i> scholarships programme run by BBVA Integración. (each with an average of 25 scholars)	351
The Knowledge Olympics	1,158
	Nº of direct beneficiaries
Adults	2,329
Children	137

office computing training schemes and creation of micro-enterprises.

### Volunteer work in other Latin American countries

Among the countries integrated in the Community Investment Master Plan in Latin America,

Volunteers in Latin America		
Country	Programme	Number of Volunteers
Chile	<i>Niños adelante</i>	100
Paraguay	<i>Niño adelante</i>	35
Peru	<i>Leer es estar adelante</i> (Reading Means Keeping Ahead)	40
Puerto Rico	<i>Impacta</i> Programme.	
	<i>Nacer</i> (Birth) Project	40
Total		215

volunteer work mainly focuses on supporting the *BBVA Integración* Scholarship Programme. This programme seeks to collaborate in promoting infant education in underprivileged sectors and is tailored to the specific situation and needs of each country.

As the corporate volunteering scheme is gradually rolled out, during 2008 it is planned to carry out new initiatives in other countries where the BBVA Group operates.

### Volunteer work in the United States

In the United States, the BBVA Group also has a number of volunteer projects in cities in which the Compass Bank operates (Houston, Denver, Dallas and Phoenix, among others). These projects, involving a total of 900 volunteers, are organised through TeamCompass, an association set up to promote all the volunteer activities being carried out. Two examples of these initiatives are:

- World Hunger Day, which provided help to over 3,000 homeless people.
- Rebuilding Together Houston Day, to repair houses in poorer districts.

# GLOBAL COMPACT AND MILLENNIUM DEVELOPMENT GOALS

«Some time ago, some very wise people started to imagine a better world for everyone. And to fulfil their dream, they set a date and a grown-up name: 2015, The Millennium Development Goals. They are eight wishes that by working together we can make come true».

(2015: A better world for Joana)



## UN Global Compact

In 2002, the BBVA Group subscribed to the United Nations Global Compact, a far-reaching multi-sectorial initiative designed to promote corporate responsibility. The compact marshals the social commitment of companies through ten principles based on human, labour and environmental rights and the combating of

corruption. Those entities that voluntarily adhere to this alliance undertake to include these principles within their business strategy.

Since 2002, the BBVA Group has drafted an annual progress report to inform on the implementation of these principles throughout the organisation and the actions pursued for their fulfilment. This initiative was extended in 2004 to

### BBVA & The United Nations Global Compact

Categories	Principles	GRI Indicators
Human rights	<b>Principle 1</b> Businesses should support and respect the protection of internationally proclaimed human rights, within their sphere of influence.	LA4, LA 7- 8, LA 13-14, HR 1-2, HR 4-7, S05, PR1
	<b>Principle 2</b> Businesses should make sure they are not complicit in human rights abuses.	HR 1-2, HR 4-7, S05
Labour standards	<b>Principle 3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA 4-5, HR 1-2, HR5, S05
	<b>Principle 4</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR 1-2, HR7, S05
	<b>Principle 5</b> Businesses should uphold the effective abolition of child labour.	HR 1-2, HR6, S05
	<b>Principle 6</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.	EC7, LA2, LA 13-14, HR 1-2, HR4, S05
Environment	<b>Principle 7</b> Businesses should support a precautionary approach to environmental challenges.	EC2, EN26, EN30, S05
	<b>Principle 8</b> Businesses should undertake initiatives to promote greater environmental responsibility.	EN 1-4, EN8, EN 11-12, EN 16-17, EN21, EN26, EN28, S05, PR3
	<b>Principle 9</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN26, S05
Anti-corruption	<b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery.	S0 2-5

Sources of equivalences between GRI and Global Compact principles: Draft of the report Making the Connection, GRI and the World Compact. ([www.globalreporting.com](http://www.globalreporting.com))

include BBVA Banco Francés, BBVA Bancomer, BBVA Colombia and BBVA Banco Continental. As further proof of its commitment to promote and disseminate the ten principles, BBVA sits on the Executive Committee of the Spanish Global Compact Association (ASEPAM), the Spanish network of businesses subscribed to the Global Compact, with the organisation's membership now numbering more than 500 entities.

Furthermore, it should be noted that the BBVA Group took part in the Global Compact Leaders Summit held in July 2007. This summit convenes every three years, being attended by the most senior executives from Compact companies to forge new commitments for the future. The outcome of the most recent gathering was the document *Caring for Climate: the Business Leadership Platform*, which urges hands-on progress in the struggle against climate change. Out of the 153 companies from around the world that ratified this agreement, 14 were Spanish, with the BBVA Group among them.

More information on the full Progress Report 2007 is available at: [www.globalcompact.org](http://www.globalcompact.org).

## The Millennium Development Goals

The BBVA Group has continued working throughout 2007 to help fulfil the Millennium Development Goals (MDGs). The eight Goals, promoted by the United Nations, stem from an international agreement that establishes 2015 as the deadline for achieving significant improvements in the reduction of poverty and inequalities that affect millions of people worldwide.

In addition, the BBVA Group has been part of the campaign *2015: A better world for Joana* since the very beginning. This project arises from the alliance of the 11 companies that make up the Corporate Reputation Forum (fRC), whose mission is to disseminate those actions being undertaken in pursuit of the Millennium Development Goals. More information on this subject is available at:

[www.2015unmundomejorparajoana.com](http://www.2015unmundomejorparajoana.com).

The accompanying table provides detailed information on the series of measures with a direct bearing on one or more of the principles:

### The Millennium Development Goals at BBVA

Millennium Goals	Main BBVA initiative <sup>(1)</sup>
1. Eradicate extreme hunger and poverty	BBVA Microfinance Foundation BBVA Codespa Microfinanzas – microfinancing mutual fund for Latin America
2. Achieve universal primary education	BBVA Investment Community Plan for Latin America
3. Promote gender equality and empower women	Agreement on Equal Opportunities and Reconciliation of work and family life BBVA Microfinance Foundation
4. Reduce child mortality	(No specific initiatives)
5. Improve maternal health	(No specific initiatives)
6. Combat HIV/AIDS, malaria and other diseases	Research programme for controlling malaria monitored by the World Health Organisation
7. Ensure environmental sustainability	Management of indirect environmental impact through the Equator Principles Development of products and services with environmental criteria
8. Develop a global partnership for development	Campaign by the fRC for disseminating the Millennium Goals



(1) The foremost initiatives are highlighted for each goal.



## Independent Assurance Report on the BBVA Corporate Responsibility Annual Report 2007

### Scope of our work

We have performed the review of the following matters relating to the 2007 Corporate Responsibility (CR) Report of the BBVA Group ("BBVA"):

- The adherence of the content of the CR Report to the GRI Guidelines version 3.0 (G3) and the core indicators proposed in the aforementioned guidelines.
- The information included in BBVA 2007 CR Report relating to the application of the principles of materiality, completeness and responsiveness set out in AccountAbility AA1000 Assurance Standard.
- The information furnished about the progress in the Corporate Responsibility lines of work for 2007.

### Verification standards and procedures

We conducted our work in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) of the International Auditing and Assurance Standards Board (IAASB) for the performance of non-financial audits and with AA1000 Assurance Standard (AA1000AS) issued by AccountAbility.

The review consisted of making inquiries to Management and to the various BBVA units which participated in the preparation of the 2007 CR Report, and of conducting the following analytical procedures and sample-based verification tests:

- Meetings with BBVA personnel to obtain significant information on the management principles, systems and approaches applied.
- Analysis of the processes used to gather and validate the data presented in the 2007 CR Report.
- Review of the minutes of the Corporate Responsibility and Reputation Committee meetings in 2007.
- Review of the steps taken in relation to the identification and consideration of the stakeholders throughout the year through the analysis of the internal information and third-party reports available.
- Analysis of the coverage, materiality and completeness of the information included in the CR Report on the basis of BBVA's understanding of the stakeholder's expectations of significant matters described in the Criteria Report and Stakeholder Engagement in the CR Report.
- Checking that the content of the CR Report does not contradict any significant information furnished by BBVA in its Annual Report and its Corporate Governance Report.
- Analysis of the adherence of the content of the CR Report to that recommended in the GRI G3 Guidelines.
- Verification that the GRI core indicators included in the 2007 CR Report correspond to those recommended by the aforementioned standard and that the indicators that are not applicable and not available are identified.
- Review of information relating to the management approach applied.
- Testing on a sample basis the calculation of the quantitative and qualitative information of the GRI indicators included in the 2007 CR Report and the adequate compilation thereof based on the data furnished by BBVA's information sources. These tests have been done in Spain and in the main countries of the Group: México, Argentina, Perú, Colombia and Venezuela.

### Conclusions

In the table of GRI indicators is detailed the reviewed indicators and the review scope. As a result of the revision procedures carried out, we would conclude:

- There are no facts that would lead us to believe that the 2007 CR Report is not developed according to the Global Reporting Initiative Guidelines version 3.0 (G3) for the preparation of sustainability reports.
- There are no facts that would lead us to believe that the 2007 BBVA CR Report information related with the application of the relevance, integrity and stakeholder's proper response principles of the AccountAbility 1000 Assurance Standards is materially misstated.
- There are no facts that would lead us to believe that the information regarding the progress and fulfillment of the Corporate Responsibility 2007 lines of work included in the 2007 CR Report is materially misstated.

### Recommendations

Also, we have submitted to the BBVA's Corporate Responsibility and Reputation Department, our recommendations relating to the areas in which improvements can be made to consolidate processes, programmes and systems associated with corporate responsibility management. The recommendations relate principally to:

- Improvement of the implementation of Corporate Responsibility data gathering systems through the inclusion of information that is currently unavailable in certain areas and countries and to progress in the implantation of the internal controls.
- Implant monitoring and control systems of the general and specific codes of conduct in the Group.

### Responsibilities of Management of BBVA and of Deloitte

- The preparation and content of the 2007 CR Report is the responsibility of the BBVA's Corporate Responsibility and Reputation Department, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This report has been prepared exclusively in the interests of BBVA in accordance with the terms of our engagement letter.
- We have conducted our work in accordance with the requirements of the Ethical Code of the International Federation of Accountants (IFAC). Also, in the application of the internal procedures of BBVA, our letter of engagement it has been approved by the Committee of Audit.
- Since a review is substantially less in scope than a reasonable assurance engagement, we do not provide reasonable assurance on the 2007 CR Report of BBVA.

Madrid, 3rd March, 2008

DELOITTE

Helena Redondo

# REPORT CRITERIA

## Profile, scope, relevance, materiality and coverage of the report

BBVA has been drawing up annual corporate responsibility reports since 2002. The present report includes information for the entire BBVA Group in 2007, with data referring to 2005 and 2006 and indicating their scope. If these data have changed in any way regarding those provided in prior years, this is due to an improvement in the methods for quantifying and measuring the variables involved.

Several significant modifications have been made regarding the previous report:

- Chapters have been arranged by relevant issues rather than by stakeholders.
- The areas of improvement and main lines of work for 2007 contained in CRR 2006 have been redrafted, and are now included in the table Progresses 2007 and Goals 2008 featured at the end of this document.
- The number of pages has been reduced in pursuit of a more direct style and a proper balance in consistent and sufficient information.

When deciding upon the relevance and materiality of the content to be included, special attention has been paid to the opinions of leading stakeholders, extending the engagement process in line with the recommendations of the *Sustainability Reporting Guidelines* (version 3, 2006) of the *Global Reporting Initiative (GRI)* and the *AccountAbility AA1000 Assurance Standard*.

Likewise, this report is supplemented by the *Annual Report 2007*, as well as by the website ([www.bbva.com](http://www.bbva.com))

There is also a document containing information to supplement the corporate responsibility report (supplementary information to CRR 2007), posted at <http://rrc.bbva.com> with extra data that further this report. In addition, in 2007 and as in prior years, we have undertaken a

specific process of dialogue with stakeholders to seek their assessment of the BBVA Corporate Responsibility Report 2006 and their expectations regarding the content of this report.

It should be noted that the financial information has been drawn up in accordance with International Financial Reporting Standards and Bank of Spain circular 4/2004. Furthermore the recent purchase of Compass in the United States means that certain figures of a non-financial nature have yet to be consolidated, so they are not included in all the tables in the report.

## Basic references and international standards

The report complies with the principles and requirements of the *Global Reporting Initiative*, which has rated BBVA since 2003 as *in accordance* and in 2006 and in 2007 as A+, taking into account not only general criteria but also specific ones for the financial sector.

The report also complies with the AA1000 Guidelines, 1999.

Likewise, it has sought to reflect BBVA's commitment to the United Nations' Millennium Goals and contains the Progress Report 2007 in compliance with the principles of the UN Global Compact, following the guidelines of the GRI and Global Compact's "*Making the connections*."

## Rigour and verification

BBVA has business areas for processing and managing information that provide a sound source of content. These areas are reviewed, verified and audited (internally and externally). The CRR department has an information management system that involves an Internet-based IT application, which ensures enhanced verification by the independent auditing firm.

The wording of the Spanish version of this report has been checked by *Fundación del Español Urgente* ([www.fundeu.es](http://www.fundeu.es)).



# GRI INDICATORS

## PROFILE

1. Strategy & Analysis	Pages
1.1 Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy	1
1.2 Description of key impacts, risks, and opportunities	5-6, 10-11, IBC
2. Organisational Profile	Pages
2.1 Name of the organisation.	IFC
2.2 Primary brands, products, and/or services.	IFC
2.3 Operational structure of the organisation.	IFC
2.4 Location of organisation's headquarters.	IFC
2.5 Number of countries where the organisation operates.	IFC
2.6 Nature of ownership and legal form.	IFC
2.7 Markets served.	IFC
2.8 Scale of the reporting organisation.	IFC
2.9 Significant changes during the reporting period in the size, structure and ownership of the organisation.	IFC
2.10 Awards received in the reporting period.	59
3. Report Parameters	Pages
REPORT PROFILE	
3.1 Reporting period for information provided.	IFC, 56
3.2 Date of most recent previous report (if any).	IFC, 56
3.3 Reporting cycle (annual, biennial, etc.)	IFC, 56
3.4 Contact point for questions regarding the report or its contents.	IBC
REPORT SCOPE AND BOUNDARY	
3.5 Process for defining report content.	IFC, 56
3.6 Boundary of the report.	IFC, 56
3.7 State any specific limitations on the scope or boundary of the report	IFC, 56
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	IFC, 56
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	IFC, 56
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	IFC, 56
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	IFC, 56
GRI CONTENT INDEX	
3.12 Table identifying the location of the Standard Disclosures in the report.	57-58
ASSURANCE	
3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s).	IFC, 56
4. Governance, Commitments, and Stakeholder Engagement	Pages
GOVERNANCE	
4.1 Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	IFC, CGR (8-11, 33-43, 69)
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	CGR (22-23)
4.3 For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	IBC, CGR (10-11)
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	31, 33-34 SICRI'07 (1-5)
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	29-30, CGR (16-18)

	Pages
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	CGR (44-47)
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	CGR (20-22)
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	2-6
4.9 Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	3-6, 10-11, CGR (33-44,55-57)
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	CGR (20-22)
COMMITMENTS TO EXTERNAL INITIATIVES	
4.11 Description of how the organisation has adopted a precautionary approach or principle.	5-6
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	6-7, 40-41
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	6-7, 40-41, 54
STAKEHOLDER ENGAGEMENT	
4.14 List of stakeholder groups engaged by the organisation.	8-11, SICRI'07
4.15 Basis for identification and selection of stakeholders with whom to engage.	8-11, SICRI'07
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	8-11, SICRI'07
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	2-4, 8-11, SICRI'07

## DISCLOSURE ON MANAGEMENT APPROACH / CORE INDICATORS

Economic: Disclosure on Management Approach	Pages	Assurance Scope
Disclosure on Management Approach	3-7, AR	
Economic Performance		
EC1. Economic value generated and distributed	7	(1)
EC2. Financial implications and other risks and opportunities for the organisation's activities due to climate change.	40-41	Verified
EC3. Coverage of the organisation's defined benefit plan obligations.	31-32, AR (201-202, 254-263)	Verified
EC4. Significant financial assistance received from government.	31	(2)
Market Presence		
EC6. Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	35-36	Verified
EC7. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	28, 33	(3)
Indirect Economic Impacts		
EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	24-25, 44-49	Verified
Environmental-Disclosure on Management Approach (a)	Pages	Assurance Scope
Disclosure on Management Approach	6, 19-20, 25-26, 38-42	
Materials		
EN1. Materials used by weight or volume.	40	(4)
EN2. Percentage of materials used that are recycled input materials.	40	(4)

	Pages	Assurance Scope
<b>Energy</b>		
EN3. Direct energy consumption by primary energy source.	40	(5)
EN4. Indirect energy consumption by primary source.	39-40	(5)
<b>Water</b>		
EN8. Total water withdrawal by source.	39	(5)
<b>Biodiversity</b>		
EN11. Location and size of land in or adjacent to protected areas and areas of high biodiversity value outside protected areas.	Not Material *	
EN12. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not Material *	
<b>Emissions, Effluents and Waste</b>		
EN16. Total direct and indirect greenhouse gas emissions by weight.	41	(4)
EN17. Other indirect greenhouse gas emissions by weight.	41	(4)
EN19. Emissions of ozone-depleting substances by weight.	Not Material *	
EN 20. NOx, SOx, and other significant air emissions by type and weight.	Not Material *	
EN 21. Total water discharge by nature and destination.	Not Material *	
EN22. Total weight of waste by type and disposal method.	40	(4)
EN23. Total number and volume of significant spills.	Not Material *	
<b>Products and Services</b>		
EN26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	25-26, 41	Verified
EN27. Percentage of products sold and their packaging materials that are reclaimed by category.	Not Material *	
<b>Compliance</b>		
EN28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	6	(2)
<b>Social: Labour Practices and Decent Work (b)</b>	Pages	Assurance Scope
Disclosure on Management Approach	3-6, 28-34, SICRI'07	
<b>Employment</b>		
LA1. Total workforce by employment type, employment contract, and region.	28, 33	Verified
LA2. Total number and rate of employee turnover by age group, gender, and region.	29	(5)
<b>Labour/Management Relations</b>		
LA4. Percentage of employees covered by collective bargaining agreements.	33-34	(2)
LA5. Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	34	(3)
<b>Occupational Health and Safety</b>		
LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	34	(6)
LA8. Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	34	Verified
<b>Training and Education</b>		
LA10. Average hours of training per year per employee by employee category.	30	(7)
<b>Diversity and Equal Opportunity</b>		
LA13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	32-33, CGR (8-9, 25)	(8)
LA14. Ratio of basic salary of men to women by employee category.	33	Verified
<b>Social: Human Rights (C)</b>	Pages	Assurance Scope
Disclosure on Management Approach	3-7, 32-34, 36-37	
<b>Investment and Procurement Practices</b>		
HR1. Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	6-7, 19	Verified
HR2. Percentage of significant distributors and contractors that have undergone screening on human rights and actions taken.	36-37	(3)
<b>Non-Discrimination</b>		
HR4. Total number of incidents of discrimination and actions taken.	6	(2) (3)

	Pages	Assurance Scope
<b>Freedom of Association and Collective Bargaining</b>		
HR5. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	33-34	Verified
<b>Child Labour</b>		
HR6. Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	6	Verified
<b>Forced and Compulsory Labour</b>		
HR7. Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	6	Verified
<b>Social: Society (d)</b>	Pages	Assurance Scope
Disclosure on Management Approach	3-7, 10-11, 20-21, 43	
<b>Community</b>		
SO1. Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	3-4, 43, 45	Verified
<b>Corruption</b>		
SO2. Percentage and total number of business units analysed for risks related to corruption.	21	(9)
SO3. Percentage of employees trained in organisation's anti-corruption policies and procedures.	21	(10)
SO4. Actions taken in response to incidents of corruption.	21, 34, SICRI'07	Verified
<b>Public Policy</b>		
SO5. Public policy positions and participation in public policy development and lobbying.	6, 48	Verified
<b>Compliance</b>		
SO8. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	6	(2)
<b>Social: Product Responsibility Performance Indicators (e)</b>	Pages	Assurance Scope
Disclosure on Management Approach	2-6, 10-15	
<b>Customer Health and Safety</b>		
PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	13-15, 34	(3) (11)
<b>Product and Service Labelling</b>		
PR3. Type of product and service information required by procedures and regulations, and percentage of significant products and services subject to such information requirements.	14-15	Verified
<b>Marketing Communications</b>		
PR6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	14-15	Verified
<b>Compliance</b>		
PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services of the organisation.	6	(2)

AR Annual Report 2007  
CGR Corporate Governance Report 2007  
SICRI'07 Supplementary Information to Corporate Responsibility Report 2007  
IFC Interior Front Cover  
IBC Interior Back Cover

**Areas and units chiefly responsible**  
(a) Risk, Premises and Services, Corporate Responsibility and Reputation, and business areas.  
(b) Human Resources.  
(c) Human Resources, and Compliance.  
(d) Corporate Responsibility and Reputation, and Compliance.  
(e) Communication and Image, Compliance, and business areas.

**\* Reason for the omission of the following main GRI indicators from the CR Report 2007**







EN11: Immaterial indicator. BBVA Group offices are in urban settings, which therefore have no impact on protected natural areas and/or biodiversity.  
EN12: Immaterial indicator. BBVA Group offices are in urban settings, which therefore have no impact on protected natural areas and/or biodiversity.  
EN19: Immaterial indicator. Regarding the use of substances that are harmful to the ozone layer, there are no installations containing CFCs in BBVA Group buildings.  
EN20: Immaterial indicator. Given that the Group belongs to the services sector, SO and NO emissions are insignificant as they are produced solely by staff travel.  
EN21: Immaterial indicator. BBVA Group offices are in

urban settings, so waste is discharged through the sewers.  
EN23: Immaterial indicator. BBVA Group offices are in urban settings, so water is supplied and discharged through the mains and sewers, respectively.  
EN27: Immaterial indicator. The BBVA Group simply markets these products, with no direct responsibility for the management of their packaging.

**Notes on scope and verification**

- (1): Inclusion is made of the values accrued during the year regardless of the time of collection or payment. In the case of taxation, inclusion is made solely of the Corporate Income Tax booked on the consolidated income statement.
- (2): The information is consistent and has been reviewed by BBVA Spain.
- (3): Only qualitative information is included.
- (4): The figures include solely main buildings and exclude Compass.
- (5): The figures include solely main buildings and exclude the USA.
- (6): Only the absenteeism rate is reported.
- (7): Not broken down by category.
- (8): Only broken down by sex.
- (9): Solely qualitative reporting of operations in the Prevention of Both Money Laundering and the Financing of Terrorist Activities.
- (10): Reporting on training schemes in the Prevention of Both Money Laundering and the Financing of Terrorist Activities.
- (11): Percentage not reported.

## Assessment by Sustainability Analysts

INDEX	ENTITY	OBSERVATIONS	LINK
	SAM	<ul style="list-style-type: none"> <li>• BBVA has been included in DJSIWorld since 2001</li> <li>• BBVA has been included in DJSISTOXX since 2005</li> </ul> <p>For more information on BBVA's full score, see the Supplementary Information to CRR 2007 at <a href="http://rrc.bbva.com">http://rrc.bbva.com</a></p>	<a href="http://www.samgroup.com">www.samgroup.com</a> <a href="http://www.sustainability-indexes.com">www.sustainability-indexes.com</a>
	EIRIS	<ul style="list-style-type: none"> <li>• BBVA has been included in FTSE4Good since 2005</li> </ul>	<a href="http://www.eiris.org">www.eiris.org</a> <a href="http://www.ftse.com">www.ftse.com</a>
ANALISTAS INTERNACIONALES EN SOSTENIBILIDAD (AIS) 	SIRI	<ul style="list-style-type: none"> <li>• Included in the AIS analysis</li> <li>• BBVA has been included in KLD Sustainability Indexes since their launch in October 2007</li> </ul>	<a href="http://www.siricompany.com">www.siricompany.com</a> <a href="http://www.ais.com.es">www.ais.com.es</a> <a href="http://www.kld.com/indexes">www.kld.com/indexes</a>
ASPI EUROZONE® Y ETHIBEL SUSTAINABILITY INDEXES 	VIGEO	<ul style="list-style-type: none"> <li>• BBVA has been included in ASPI Eurozone</li> <li>• BBVA has been included in Ethibel Excellence indexes and in 2007, for the first time, in the Ethibel Excellence Index</li> </ul>	<a href="http://www.vigeo.com">www.vigeo.com</a>
OEKOM 	OEKOM	<ul style="list-style-type: none"> <li>• BBVA has been considered as PRIME alongside the world's best banks or Best in Class</li> </ul>	<a href="http://www.oekom-research.com">www.oekom-research.com</a>
	Management & Excellence	<ul style="list-style-type: none"> <li>• BBVA is the leader in sustainability, Corporate Governance and social responsibility in the five Latin American countries in which it has the largest presence: Argentina, Colombia, Mexico, Peru and Venezuela.</li> </ul>	<a href="http://www.latinfinance.com">www.latinfinance.com</a> <a href="http://www.management-rating.com">www.management-rating.com</a>

## Prizes and awards 2007

Corporate responsibility: BBVA, leading banking institution in Spain, and third in Europe	The Good Company Ranking 2007 Deloitte and Kirchhoff Consultant AG
BBVA, Latin American Prize for Corporate Responsibility	Foro EcuMénico Social of Argentina
BBVA Bancomer, Best Community Investment	International Festival on Football Advertising and Communication. Spanish Professional Football League (LFP)
BBVA, the best company to work for	Ranking of <i>Actualidad Económica</i>
BBVA, one of the world's 100 most respected companies (The reputation of the world's one hundred largest companies in terms of market capitalisation)	<i>Barron's</i> magazine, published by the Dow Jones Group
BBVA, the first Spanish company to feature on the biennial list - Tomorrow's Value - of the world's 50 best sustainability reports	SustainAbility
BBVA's CSR report voted the "Second Best Report in 2005"	CSR Observatory
BBVA, shortlisted for the prizes "Best sustainability information 2006"	AECA and ICJCE
Ruta Quetzal BBVA, prize for the best communication and reporting solution in the CSR market	CSR Europe and Forética



# PROGRESS 2007 AND GOALS 2008

	LINES OF WORK
CORPORATE RESPONSIBILITY POLICY	Furthering the integration of CR policy in general strategy and in the Group's business and support areas
	Fostering the mainstreaming of CRR management through the CRR Committee
	Ratification of international agreements
STAKEHOLDER ENGAGEMENT	Development of CR reports by Group banks in Latin America
	Continue gauging the priorities and perceptions of employees, customers and public opinion in Spain, Mexico, Argentina, Chile, Peru and Colombia and study the possibility of doing the same with opinion leaders
	Progress towards integrating the information gathered from stakeholders into management
	Improve the consultation process with stakeholders focused on the CR Report and on CR management
	Improve the quality of shareholder service
	Improve communications channels with investors and shareholders
	Improve communications channels with employees
	Improve communications channels with customers
CUSTOMER FOCUS	Facilitate the cooperation of shareholders and customers in the Group's lines of social commitment
	Raise the level of satisfaction amongst our customers in Spain, Mexico, Argentina, Peru, Chile and Colombia
FINANCIAL INCLUSION	Improve accessibility to financial services for all segments
	Projects designed to ease access to credit for un-banked segments in Latin America
RESPONSIBLE FINANCE	Facilitate financial inclusion for segments that are disadvantaged or have special needs
	Progress in the application of the Equator Principles
	Advance in the consideration of environmental factors in credit risk
OTHER RESPONSIBLE PRODUCTS AND SERVICES	Improve the model for preventing both money laundering and the financing of terrorist activities
	Improve policy on the financing of the arms sector
	Develop Social Responsible Investment
	Develop products and services with environmental criteria
RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES	Develop products for special needs groups
	Improve the Group's work climate survey
	Further initiatives for the reconciliation of family life and work
	Pursue other initiatives for the personal and professional development of employees
	Formulate a Human Rights policy
RESPONSIBLE PROCUREMENT	Advance in internal CR training
	Update the endorsement questionnaire based on the principles of the Global Compact and of Standard SA 8000
	Disseminate the Global Compact amongst suppliers
ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE	Drive social projects with suppliers
	Extend ISO 14001 certifications in the Group's landmark buildings
COMMUNITY INVOLVEMENT	Reduce the Group's direct environmental impacts
	Implementation of the Community Investment Plan for Latin America
	Foster research and knowledge development
	Improve the assessment of the impacts of community involvement policies
	Define the Community Investment Plan in Spain
CORPORATE VOLUNTEER WORK	Forge alliances with organisations in the field of disability in Spain in order to further the integration of disabled people
	Organise programmes of corporate volunteer work

## Key indicators of corporate responsibility

	2007	2006	2005
<b>ECONOMIC</b>			
Earnings per share (euros)	1.70	1.39	1.12
Market capitalisation (million euros)	62,816	64,788	51,134
Independent directors (%)	78.6	73.3	66.7
Economic value added (EVA) for stakeholders (million euros) <sup>(3)</sup>	27,850	21,882	18,062
Socially responsible mutual funds over total mutual funds managed (%)	1.38	1.57	1.53
<b>SOCIAL</b>			
Average number of days taken to resolve a complaint (SAC)	20	18	15
Women in senior management (Steering committee and corporate managers/Managers) (%)	8.76/17.33	8.48/16.61	4.73/15.82
Ratio of men to women (%)	51/49	53/47	55/45
Hours of training per employee	39	39	43
Resources allocated to community support over net attributable profit (%)	1.13	1.19	1.22
Supplier satisfaction index (scale: 1 to 100) <sup>(1) (2)</sup>	-	82	-
Customer satisfaction index (%) <sup>(2)</sup>	78.6	78.5	76.3
Employee satisfaction index (%) <sup>(2) (4)</sup>	-	-	61.1
<b>ENVIRONMENTAL</b>			
Total CO <sub>2</sub> emitted per employee (kg)	3.0	3.2	2.9
Direct energy consumed per employee (GJ)	24.2	24.6	21.9
Paper consumer per employee (t)	0.12	0.13	0.11
Water consumed per employee (m <sup>3</sup> )	25.5	29.2	38.6
Scope of ISO 14001 over total workforce	4.0	2.1	1.8

Scope: BBVA Group

(1) Biennial survey.

(2) Data for Spain.

(3) Calculation based on the methodology developed in the SPI-Finance 2002 project.

(4) The work climate survey (biennial) has been postponed until 2008, due to the introduction of improvements.

## PROGRESS 2007

	<ul style="list-style-type: none"> <li>■ Approval of the new Charter for the board of directors, wherein it is agreed that it is the board's duty to approve CSR policy</li> <li>■ Definition of the CRR management model during the annual CRR sessions ■ Setting-up of CRR departments in Mexico and appointment of a CRR coordinator for South America ■ Setting up of the Corporate Reputation Forum in Mexico</li> </ul>
	<ul style="list-style-type: none"> <li>■ Definition of a monitoring system for CRR projects and lines of work</li> </ul>
	<ul style="list-style-type: none"> <li>■ Adhesion to the Declaration "Caring for climate: the Business Leadership Platform" and signatory company of the "Bali Communiqué" (Corporate Leaders Group on Climate Change) ■ Alliance with other large corporations and the United Nations for the dissemination of the Millennium Development Goals: "2015, a better world for Joana"</li> </ul>
	<ul style="list-style-type: none"> <li>■ Publication of CR reports in Peru (2nd year), Venezuela and Mexico</li> </ul>
	<ul style="list-style-type: none"> <li>■ Gauging of priorities and perceptions held by customers and public opinion through Reptrak</li> <li>■ Analysis of the perception of opinion leaders in Latin America through the conducting of a study based on quali-quantitative techniques</li> </ul>
	<ul style="list-style-type: none"> <li>■ Reporting results on a quarterly basis for the Group, Spain and Mexico, and half-yearly for South America</li> <li>■ In 2007 a report was presented to the Steering Committee for the first time</li> </ul>
	<ul style="list-style-type: none"> <li>■ The consultation perimeter has been extended with a greater effort made in Latin America ■ Substantial changes have been made in the report in terms of structure and the development of content in order to focus on relevant issues and aid their assimilation</li> </ul>
	<ul style="list-style-type: none"> <li>■ Roadshow for shareholders with visits to 81 branches in 79 Spanish cities</li> <li>■ Launch of BBVA Bolsa Broker</li> </ul>
	<ul style="list-style-type: none"> <li>■ Holding of the first Investor Day ■ Quarterly leaflet for all shareholders ■ Revamping of the website <a href="http://inversores.bbva.com">http://inversores.bbva.com</a></li> <li>■ Launch of IP Television with 48,202 visitors</li> </ul>
	<ul style="list-style-type: none"> <li>■ Launch of the <i>Ayuda en Directo</i> (Help Service)</li> <li>■ There have been no significant developments</li> </ul>
	<ul style="list-style-type: none"> <li>■ There have been no significant developments</li> </ul>
	<ul style="list-style-type: none"> <li>■ Creation of the BBVA Microfinance Foundation with an allocation of €200m. First operations in Colombia and Peru with 200,000 beneficiaries ■ Customer lending in Latin America has risen from €49.16 billion in 2006 to €57.16 billion in 2007 ■ Creation of <i>Fondo Codespa BBVA</i> microfinance fund</li> </ul>
	<ul style="list-style-type: none"> <li>■ Development of the <i>Dinero Express</i> business model for migrants in Spain. 22.5% market share, 130 branches</li> <li>■ In 2006, Bancomer cornered a 36.4% share of the market in electronic transfers paid in Mexico, rising to 38.3% in 2007</li> </ul>
	<ul style="list-style-type: none"> <li>■ There have been no significant developments</li> </ul>
	<ul style="list-style-type: none"> <li>■ Drafting of the Ecorating model for the analysis and assessment of financial environmental risk</li> </ul>
	<ul style="list-style-type: none"> <li>■ Increase in the number of people specialising in the prevention of both money laundering and the financing of terrorist activities from 170 to 250 in 2007</li> <li>■ Continuous improvement in the Group's systems for screening and monitoring staff ■ The Group has continued to make a major effort in training in this matter (40.4% of Group employees in 2007)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Development of the working group for improving policy in force since October 2005</li> </ul>
	<ul style="list-style-type: none"> <li>■ Studies for incorporating SRI criteria into the BBVA Pensions Plan</li> </ul>
	<ul style="list-style-type: none"> <li>■ Special lines for SMEs in Peru and Argentina ■ Credit line with the IDB for the financing of sustainable development in Peru ■ Leaders in project finance in wind power in the USA amounting to €1,000m in two years</li> </ul>
	<ul style="list-style-type: none"> <li>■ <i>Plan Familias</i> in 2007: new edition of the <i>Préstamo Nacimiento</i> benefiting 9,802 mothers and launch of the <i>Préstamo Dependencia</i> benefiting 4,141 people</li> </ul>
	<ul style="list-style-type: none"> <li>■ A new design has been rolled out for the work climate survey at corporate level</li> </ul>
	<ul style="list-style-type: none"> <li>■ Drafting and launch in the Group of the <i>Calidad de Vida</i> BBVA (Quality of Life) plan</li> </ul>
	<ul style="list-style-type: none"> <li>■ Official sanctioning of social benefits for employees of BBVA Spain ■ Development of the line of personal benefits</li> </ul>
	<ul style="list-style-type: none"> <li>■ Approval of BBVA's commitment to Human Rights and its posting on the website</li> <li>■ Course "Finance and sustainable development". Course "Corporate volunteer work" in Spain</li> </ul>
	<ul style="list-style-type: none"> <li>■ Inclusion of CR criteria in the process of endorsing suppliers in Spain</li> <li>■ Dissemination of the Global Compact amongst most suppliers in Spain</li> </ul>
	<ul style="list-style-type: none"> <li>■ Encouraging the contracting of special Job Centres</li> </ul>
	<ul style="list-style-type: none"> <li>■ Certification of 8 buildings in Madrid and Bilbao. Implementation of the multi-site certification model. Impact on 4% of employees</li> </ul>
	<ul style="list-style-type: none"> <li>■ Improvements in eco-efficiency in 2007: 6% reduction in CO<sub>2</sub> emissions per employee, 13% reduction in water consumption per employee, 2% reduction in energy consumption per employee</li> </ul>
	<ul style="list-style-type: none"> <li>■ Deployment in 10 countries of the Plan endowed with €20m by the BBVA Group and its Foundations. Becas BBVA Integración scholarship programme with almost 18,000 children benefiting</li> </ul>
	<ul style="list-style-type: none"> <li>■ Creation of the BBVA Foundation <i>Fronteras del Conocimiento</i> (Frontiers of Knowledge) Awards endowed with €3.2m</li> <li>■ Evaluation of the Community Investment Plan for Latin America ■ Active involvement by BBVA in the LBG España working group for measuring its contribution to society</li> </ul>
	<ul style="list-style-type: none"> <li>■ Launch of the <i>Voluntariado Corporativo</i> (Corporate Volunteer Work) Plan. Participation of 3,083 volunteers in 2007</li> </ul>

GOALS 2008

3	■ Report regularly to the board of directors in full and to the Risk committee ■ Draw up the Group's CRR Strategic Plan through the CRR committee ■ Create a CRR department in the USA ■ Foster the setting-up of corporate reputation fora in other countries
1	■ Set up the CRR committee for Mexico and CRR committees for the main countries in South America
2	■ Ratification and embracing of relevant international agreements ■ Further the dissemination of the MDGs and develop BBVA initiatives that contribute to their achievement
2	■ Extend the drafting of CR reports to Argentina, Colombia and Chile
3	■ In the case of employees: increase the frequency of the survey from every two years to every year. The measurement for customers and public opinion will remain continuous (tracking).
1	■ Introduce regular reporting to the Steering committee
3	■ Continue extending the consultation perimeter
1	■ Consolidation of the road-show as yet another channel of communication with shareholders ■ Introduction of a Club Card with advantages and privileges for exclusive use by shareholders
2	■ Continue with improvements
1	■ Promote interactivity in IP Television and extend its accessibility throughout the Group ■ Communication scheme for reporting to employees on the Group's CR policy
1	■ Communication scheme for reporting to customers on the Group's CR policy
Not applicable	■ Arrange some form of social project involving shareholders and/or customers
Not applicable	■ Improve complaints management. Corporate Report on Complaints by February 2008 and introduction of working groups for the analysis and implementation of the improvements and proposals made
New line	■ Develop non-presential channels and improve website accessibility for disabled people
3	■ New alliances of the BBVA Microfinance Foundation ■ Banking Penetration Plan in Latin America 2008-2010. Doubling of the credit portfolio, with 4 million new customers in Mexico and 3 million in South America
3	■ Design and drive business models to favour the financial inclusion of migrants
Not applicable	■ Definition and implementation of the new management model for enhancing compliance with the Equator Principles
1	■ Formulation of the environmental risk map for the bank's portfolio in Spain. Start extending Ecorating in Mexico
3	■ Continue with improvements
2	■ Updating policy on the financing of the arms sector and the pledge to review it at least once a year
1	■ Delimit the scope of SRI in the BBVA Employment Plan
2	■ Continue with developments
2	■ Develop products for special needs groups
1	■ Apply the Group's new work climate survey
2	■ Regularly pursue new schemes within the <i>Calidad de Vida</i> (Quality of Life) plan ■ Obtain <i>EFR</i> (Family Responsible Company) certification in Spain
2	■ Pursue other initiatives for the personal and professional development of staff
3	■ Annual review of BBVA's commitment to Human Rights through the CRR Committee
1	■ Set out a global training plan in CR matters
2	■ Inclusion of CR criteria in all the Group's endorsement questionnaires
2	■ Disseminate the Global Compact amongst all the Group's suppliers
1	■ Encourage the contracting of special Job Centres in Spain
2	■ Extend ISO 14001 certifications in buildings in Mexico and to other Group banks
2	■ Launch of the Global Eco-efficiency Plan 2008-2012
3	■ Steady increase in funds allocated to the Community Investment Plan in Latin America and increase the number of beneficiaries of the <i>BBVA Integración</i> Scholarship Scheme
1	
2	■ Improve the assessment of the impacts of community involvement policies
New line	■ Outline the Community Investment Plan in Spain
New line	■ Forge alliances with organisations in the field of disability in Spain in order to further the integration of disabled people
3	■ Full implementation of the Programme in the Group's main operating countries

## adelante.

*If you would like to submit an opinion, enquiry or suggestion regarding the information contained in this report, you are kindly requested to contact:*

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**fundéu BBVA**

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