



**BBVA Compass, working towards  
a better future for people**

2008 Annual Report  
Corporate Responsibility





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This is BBVA Compass' first annual Corporate Responsibility Report. It outlines our performance for 2008 and focuses on issues deemed significant by our stakeholders in light of the current global economic situation. Our approach transparently displays the nature of BBVA Compass' main commitments and operations, both as a financial services institution in the United States and as a member of the BBVA Group (BBVA), a premier global financial services institution.

Reflecting the Global Reporting Initiative (GRI), the report contains both BBVA Group information and data specifically related to BBVA Compass. It excludes Puerto Rico, unless stated otherwise. To reduce paper consumption, this year's report is available primarily as a single electronic document. Printed copies will be provided upon request, however, via an email to [corporateresponsibility@bbvacompass.com](mailto:corporateresponsibility@bbvacompass.com). Please put "Annual Report" in the subject line and include your name and complete mailing address in the body of the email.

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# LETTER FROM THE CHAIRMAN

October 20, 2009

José María García Meyer-Döhner  
BBVA Compass

At BBVA Compass we work towards a better future for people by actively building solutions around the communities in which we operate. This focus drives our work not only in the area of corporate responsibility, but also in everything else we do as a company.

This year marks the first time that BBVA Compass has produced a Corporate Responsibility Report. The purpose of the report is to provide an overview of our 2008 efforts, demonstrate our commitment to progress in this area and define a foundation for an even brighter future for our bank and for the communities we serve. We seek to provide the best possible response to the social, environmental and ethical challenges posed to our business in the current economic environment.

Although 2008 and the first quarter of 2009 reflected an unprecedented global financial crisis, in relative terms, the BBVA Group is one of the clear winners in this situation. We now have the third-highest profits of any bank in the world, and we're seventh in terms of capitalization (based on December 30, 2008 data). In relative terms we've taken a giant step forward.

During these challenging times, we must bolster the concepts underpinning corporate responsibility. Clearly, BBVA Compass has both a plan and the strength and stability not only to do things the way we planned, but also to do them better. We are ready to meet the increased societal demands for more collaboration, more proximity, better principles, better practices, long-term relationships and greater corporate responsibility.

As for our corporate responsibility plan, as evidenced in this report, we clearly are making progress. There is a team working in this area at BBVA Compass, and we have a much greater understanding and focus. Accordingly, the crisis will not work to the detriment of our corporate responsibility plans, but, in fact, will have quite the opposite effect.

Corporate responsibility and profitability are not incongruent. At BBVA Compass we believe that they can not only co-exist, but also that it's vital that they do. Making money is not incompatible with being socially responsible. On the contrary, you make money responsibly by improving society, not by turning your back on it. In this respect, we at BBVA Compass are absolutely convinced that the more you invest in society, the greater the returns. You can say the same thing about corporate responsibility as about ethics: It is not only desirable, but also very profitable.

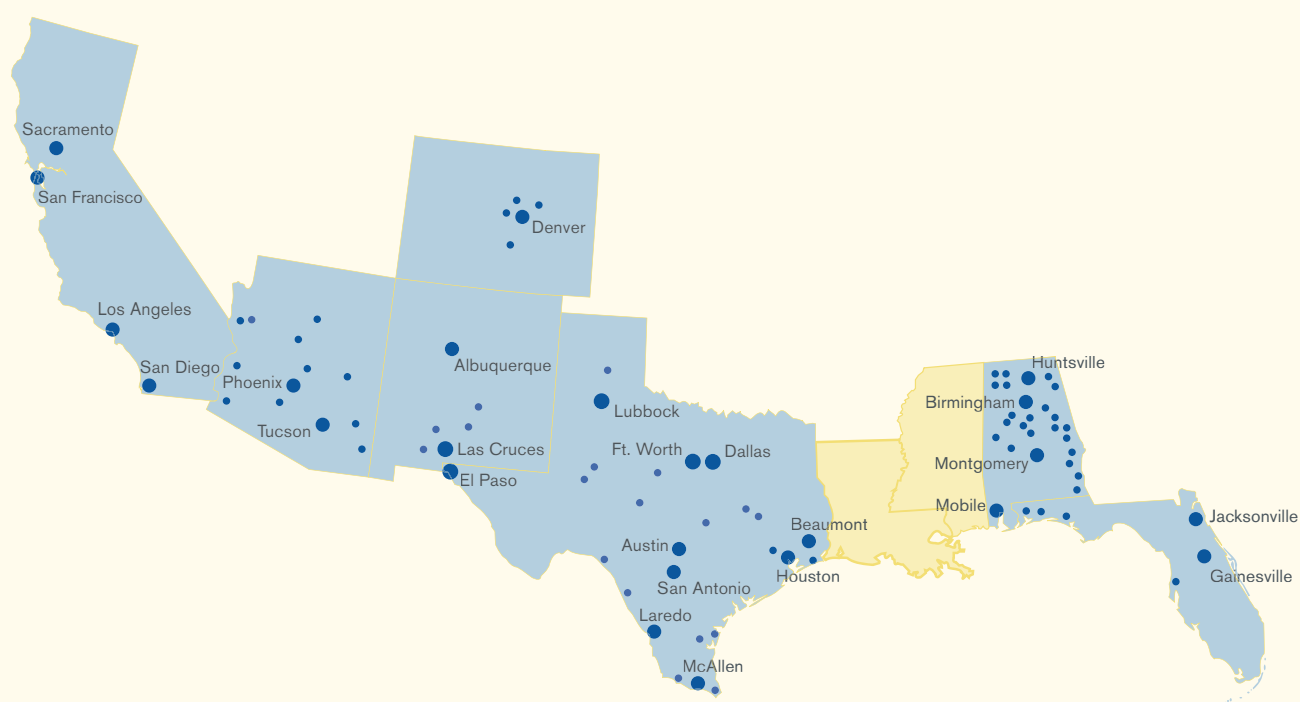
In 2009 we will continue our progress in making corporate responsibility one of our differentiating factors. Toward that end we will implement a Strategic Corporate Responsibility and Reputation plan that will involve all of our lines of business and support areas.

Our success and outlook reflect our outstanding BBVA Compass team. Their commitment, motivation, expertise and responsibility to the business and its stakeholders allow us to take the actions reflected in this 2008 Corporate Responsibility report.

# BBVA COMPASS PROFILE

In 2007 Compass Bank became a member of the BBVA Group, one of the premier global financial services organizations in the world. In 2008 the integration of BBVA's three Texas banks—Texas State Bank, Laredo National Bank and State National Bank—was completed, unifying BBVA's franchise under the BBVA Compass name.

BBVA Compass' Sunbelt-based bank holding company, Compass Bancshares, Inc., is headquartered in Birmingham, Alabama. With the recent acquisition on August 21, 2009, of Guaranty's banking operations, BBVA Compass now operates more than 750 branches in seven states, including Alabama, Arizona, California, Colorado, Florida, New Mexico and Texas. Based on deposit market share, BBVA Compass represents the 15th largest commercial bank in the U.S. and ranks among the largest banks in Texas (4th), Alabama (3rd) and Arizona (5th).



**BBVA Compass Branches by State**

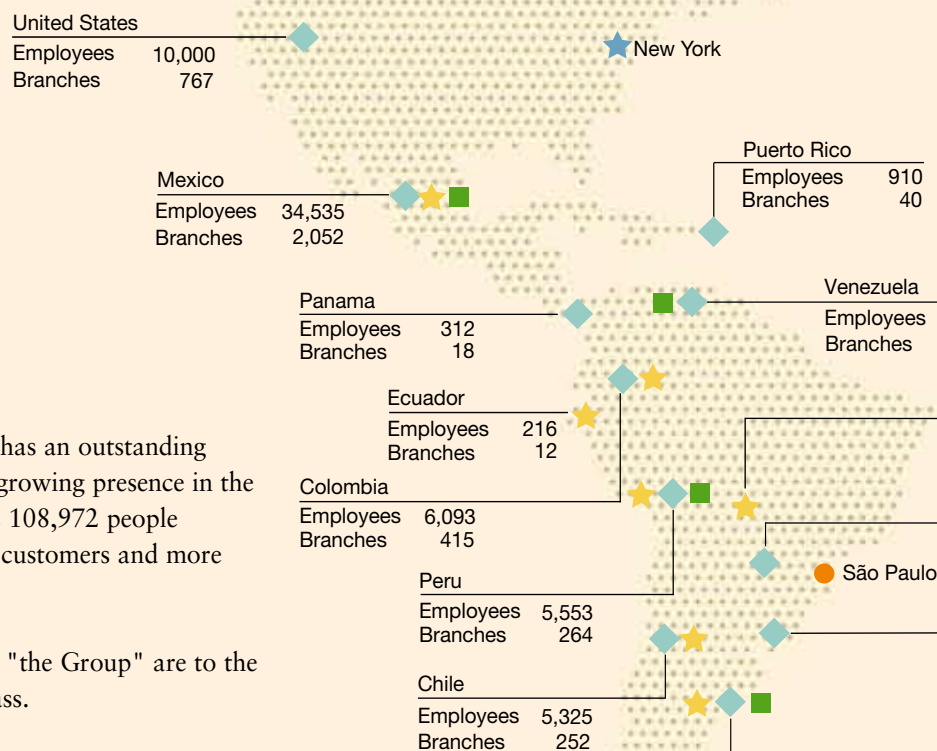
Alabama	92	Florida	45
Arizona	77	New Mexico	22
California	84	Texas	411
Colorado	36		



# BBVA PROFILE

The BBVA Group, a global financial entity, has an outstanding position in Spain and Latin America and a growing presence in the United States and Asia. The Group employs 108,972 people throughout the world and has 48.2 million customers and more than 900,000 shareholders.

In this report, references to "BBVA" and to "the Group" are to the BBVA Group, which includes BBVA Compass.

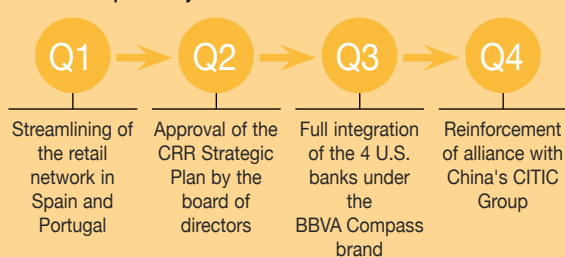


## Basic Group Data

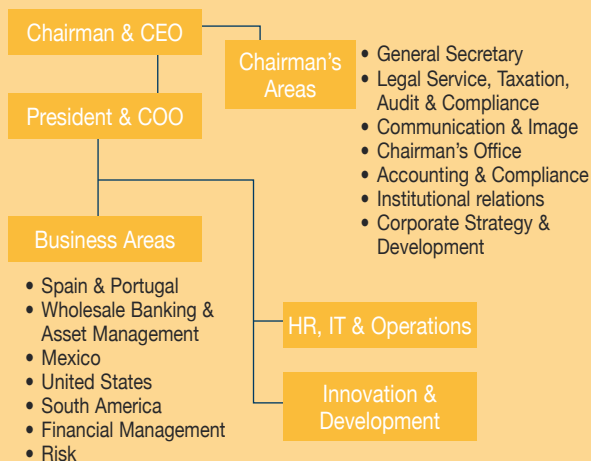
	2008	2007	2006
Earnings (million euros)			
Gross income	18.978	17.271	15.143
Net operating income	10.523	9.441	8.340
Pre-tax profits	6.926	8.495	7.030
Net attributable profit	5.020	6.126	4.736
Operations			
Number of operating countries	32	31	32
Number of shareholders	903.897	889.734	864.226
Number of customers (millions)	48.2	47.4	42.4
Number of employees	108.972	111.913	98.553
Number of cards (debit and credit) millions	44.69	40.99	35.02
Number of branches	7.787	8.028	7.499
Number of major suppliers	3.493	3.248	3.329
Other data			
Market capitalization (million euros)	32.457	62.816	64.788
Earnings per share	1.35	1.70	1.39
P/BV(Price/ book value)	1.2	2.5	3.6
ROE-Return on Equity	21.5	34.2	37.6
Cost-to-income ratio	44.6	45.3	44.9
NPA	2.12	0.89	0.83
Business volume per employee (million euros)	7.7	7.2	7.0
Dividends	2	2,717	2,220
Personnel costs	4.716	4.335	3.989
Corporate income tax	1.541	2.080	2.059

Scope: BBVA Group

## The Group's major milestones in 2008



## Governance Structure





### Ranking by business share in the main countries in 2008

	Customer lending	Deposits	Pensions
Spain	2nd	3rd	1st
Mexico	1st	1st	2nd
Argentina	2nd	2nd	-
Bolivia	-	-	1st
Chile	4th	4th	1st
Colombia	4th	4th	3rd
Ecuador	-	-	1st
Panama	4th	4th	-
Paraguay	1st	1st	-
Peru	2nd	2nd	3rd
Uruguay	5th	5th	-
Venezuela	3rd	4th	-

Scope: Spain and Latin America

### Net attributable profit by business area

	2008	2007	2006
Spain and Portugal	2.625	2.381	1.884
Wholesale Banking & Asset Management	754	896	859
Mexico	1.938	1.880	1.711
United States	211	203	64
South America	727	623	509
Corporate Activities	-1.235	142	-291
<b>Total</b>	<b>5.020</b>	<b>6.126</b>	<b>4.736</b>

Scope: BBVA Group

### Group banking companies

**Spain**  
BBVA  
Banco de Crédito Local  
Finanzia  
Uno-e

**Latin America**  
BBVA Banco Continental (Peru)  
BBVA Banco Francés (Argentina)  
BBVA Banco Provincial (Venezuela)  
BBVA Bancomer (Mexico)  
BBVA Chile  
BBVA Colombia  
BBVA Panamá  
BBVA Paraguay  
BBVA Puerto Rico  
BBVA Uruguay

**Rest of the group**  
BBVA Compass (United States)  
BBVA Portugal  
BBVA Suiza

**Branches**  
Brussels  
Düsseldorf  
Frankfurt  
Hong-Kong  
London  
Milan  
New York  
Paris  
Singapore  
Tokyo

**Representative offices**  
Havana  
Moscow  
Mumbai  
Beijing  
São Paulo  
Seoul  
Shanghai  
Sidney  
Taipei

### 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)  
AFP Horizonte (Peru)  
AFP Horizonte (Colombia)  
Previsión AFP (Bolivia)

### Annual corporate responsibility reports issued by other Group banks

BBVA Group 2002-2007  
BBVA Bancomer 2007  
BBVA Banco Continental 2005-2007  
BBVA Banco Francés 2007  
BBVA Banco Provincial 2006-2007  
BBVA Colombia 2007  
BBVA Chile 2007

# CORPORATE RESPONSIBILITY PRINCIPLES AND POLICY

IN TODAY'S FINANCIAL AND ECONOMIC ENVIRONMENT, THE BBVA COMPASS BUSINESS MODEL BASED ON RETURN ADJUSTED TO PRINCIPLES IS MORE APPROPRIATE THAN EVER. THIS BUSINESS MODEL IS ONE OF BBVA COMPASS' CLEARLY DISTINCTIVE COMPETENCIES AND ENABLES US TO GENERATE LONG-TERM VALUE FOR ALL OUR STAKEHOLDERS.

## VISION, CORPORATE PRINCIPLES AND POSITIONING

**VISION.** Within the context of the current global economic environment, BBVA Compass' premise of *Working towards a better future for people* becomes even more meaningful. This premise establishes connections that generate trust and support in our dealings with target audiences, with the ultimate goal of creating a better future for all our stakeholders.

Within this reference framework, BBVA understands corporate responsibility to be a true commitment based on delivering the utmost possible value to our direct stakeholders—customers, employees, shareholders and suppliers—and to the communities in which the company operates.

**CORPORATE PRINCIPLES.** The BBVA Group strives to be a company that listens to its stakeholders and integrates all their expectations, to the best of its ability, in all facets of its operations. This begins with the very definition of its vision and principles, which are the outcome of a “listening” process and the integration of the expectations, values and aspirations of the Group's main stakeholders. It is the result that defines *what it wishes to be* (management and staff), *what it should be* (other stakeholders) and *what it is* (the Group's track record, strengths and weaknesses).

The BBVA Group's corporate principles epitomize the company's vision with regard to each stakeholder. These principles lie at the heart of BBVA's corporate culture. Although this report focuses on the seventh principle, namely, corporate responsibility, it encompasses our continual adherence to the other six.

## BBVA Compass' Seven Corporate Principles

### 1. Client

The client as the center of our business.



### 2. Creation of value

The creation of shareholder value through business activity.



### 3. Team

Teamwork as the key to generating value.



### 4. Management style

A management style that generates enthusiasm.



### 5. Ethical

Ethical conduct and personal and professional integrity as a way of understanding and conducting our business.



### 6. Innovation

Innovation as the engine of progress.



### 7. Corporate responsibility

Corporate responsibility as an intrinsic part of development.

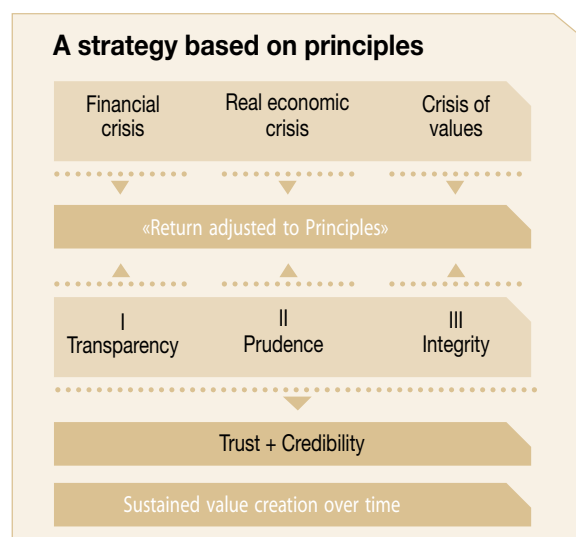




**POSITIONING.** The identity and positioning of the BBVA corporate brand are defined by combining three main focal points that summarize the Group's vision and the pillars upon which our business strategy, brand and reputation rest, namely, being true to our corporate principles, prioritizing innovation and working *through people for people*.

**BUSINESS STRATEGY** | Our seven principles are the mainstays of the BBVA project. Our management model not only relies upon *Risk-adjusted Return* (RaR) as the tool for measuring the value the Group creates, but also goes farther by applying strict ethical criteria: integrity, transparency, prudent risk management and best practices. Our strategy and business model therefore also are based on return adjusted to principles.

In the prevailing environment of financial and economic downturn and crisis in values, this model is more pertinent than ever and constitutes one of BBVA's clearly defining traits for building credibility and trust. As BBVA Compass adopts the BBVA Group's model, this will be the key that ensures the sustained creation of value over time for all our stakeholders.



Since 2008 BBVA Compass has been developing its Innovation and Transformation plan, the overriding goals of which are the following:

- To generate offers designed to meet the needs of individuals or communities
- To pave the way for new segments of the population to access financial services
- To extend the business offer to include non-financial products and services.

Accordingly, the challenge for our corporate responsibility policy is to act as a lever of innovation and transformation for the company, aligning our operations to help achieve the strategic goals defined in this plan and constructing a unique and differentiated discourse.

**CORPORATE RESPONSIBILITY AT BBVA COMPASS** | **OBJECTIVES.** Corporate Responsibility (CR) at BBVA Compass has been reinforced in light of recent events. In a crisis setting corporate responsibility should be a differentiating factor. The objective of BBVA Compass' policy, therefore, continues to be to define commitments and foster behaviors that create value for all our stakeholders (social value), as well as for BBVA Compass itself (reputational value and direct economic value).

Accordingly, it is essential for our commitments and behaviors to be based on the BBVA Group's vision and principles so that we may respond in the best possible way to stakeholder expectations and reinforce the company's business strategy.

The main commitments of the BBVA Compass 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 and economic value for BBVA
- Invest in communities in which we operate by supporting social and civic projects, especially those involving education.

**MANAGING AND GOVERNING CORPORATE RESPONSIBILITY POLICY.** Within the BBVA Group, major progress in integrating corporate responsibility within the company's business strategy was continued in 2008.

A Corporate Responsibility & Reputation (CRR) committee will be established at BBVA Compass in 2009. This committee will be charged with driving the integration of CR criteria, activities and policies throughout the company's business and support areas. Its members will be senior executives from the following areas: Risk, Chairman's Technical Office, Compliance, Human Resources, IT & Operations, Procurement, Innovation & Development and Finance. The committee will be chaired by the U.S. country manager.

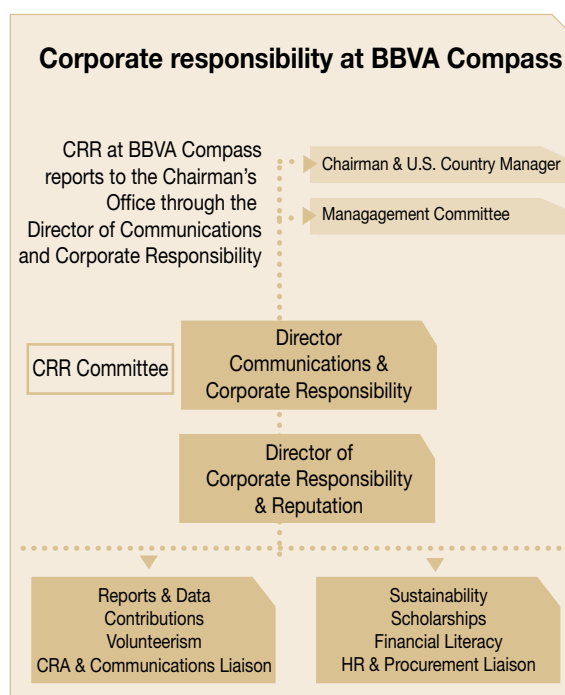
The principal body responsible for managing corporate responsibility and reputation is the CRR department, which has two roles that, although separate, are connected and complement each other: the coordination of corporate responsibility policy and the management of reputation. These two roles are pursued through the following 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*).

The BBVA Compass CRR department is charged with developing a strategic plan for CRR in 2009. This plan will include reassessing and restructuring its foundation, volunteer program and other policies and programs impacted by CRR.

**COMPLIANCE SYSTEM AND PROCEDURES** | Together with the Corporate Governance System, the Group's Compliance System constitutes the cornerstone

upon which we consolidate our institutional pledge to conduct all operations and businesses in accordance with strict codes of ethical conduct.



Throughout 2008 Compliance evolved while adapting to new circumstances. Our organization is embodied in our **Compliance Charter**, which outlines the Group's basic characteristics and duties associated with principles in the BBVA Group's Code of Conduct.

Consistent with principles defined by the Bank for International Settlements (BIS) and the EU's Markets in Financial Instruments Directive (MiFID), Compliance continues to focus our business on the promotion of policies and procedures, training and education in matters of compliance and the identification, assessment and mitigation of potential **compliance risks** that affect the following issues:

- Conduct in the markets
- Treatment of conflicts of interest
- Prevention of money laundering and of financing terrorist activities
- Protection of personal data.

#### PRECAUTIONARY PRINCIPLE: RISK MANAGEMENT

Risk lies at the heart of the banking business and is an integral and unavoidable part of its operations.

Furthermore, key factors in recent times pose new challenges for financial institutions that must be addressed using new risk management principles. The following three main objectives, which complement each other, have been established for Risk operations at BBVA:

- To uphold the bank's solvency, ensuring that our risk exposure remains within pre-established limits and with a balanced profile
- To develop and implement a risk policy that is consistent within the Group's strategic goals
- To help ensure that decisions taken at any level are focused on value creation for shareholders, based on the concept of *Risk-adjusted Return*.

To meet these objectives, an organizational structure was designed and a set of basic principles developed to underpin the Group's vision in risk matters. To begin with, the Board of Directors, COO and Executive Committee approve, in very general terms, risk management policy and the entire framework within which it is developed: organization, identification, measurement, control, reporting and supervision of the risks assumed.

Incorporating the recommendations of supervisory and regulatory bodies, we designed a structure for risk management that stresses the necessary independence and global nature of the function in providing suitable information for decision-making at all levels.

Another basic principle is the hands-on management of a particular risk's entire lifecycle, which implies monitoring the full cycle of operations, from prior analysis through approval, until the risk is discharged (continuous risk management).

**CODE OF CONDUCT.** A key component of the Compliance system is the BBVA Compass Code of Conduct, which defines and develops the fundamentals of ethical conduct and the necessary operating guidelines for preserving one of the main sources of value creation: corporate integrity.

#### STANDARDS OF CONDUCT, COMMITMENTS AND INTERNATIONAL AGREEMENTS

The Code of Conduct is applicable to all entities and employees. It publicly reflects the sum of pledges made by BBVA Compass to our direct stakeholders—

customers, employees, shareholders and suppliers—and to the communities in which the company operates.

#### SPECIFIC CODES IN OPERATING AREAS.

In addition to the Code of Conduct for BBVA Compass employees, we have several specific instruments for managing core commitments in each operating area. The most salient of these follow:

- Capital Markets Code of Conduct
- Compliance Committee Charter
- Board of Director's Charter
- Principles applicable to parties involved in the BBVA Compass procurement process (2009)
- Audit Charter.

**BUSINESS CONDUCT.** In 2008, as a reflection of BBVA's commitment to further reinforce the principles of business ethics, the internal framework for guidelines of conduct for securities markets was updated as the BBVA Compass board of directors approved a global policy for conduct in securities markets. This policy develops guidelines regarding securities markets in the BBVA Group's Code of Conduct. It includes a series of principles and general procedural guidelines that are widely accepted internationally and designed to uphold the integrity of markets. Specifically, the policy includes the minimum procedural guidelines that everyone in the Group must observe regarding the treatment of inside information; prevention of securities price manipulation; and the management of potential conflicts of interest, including those that may arise in market operations undertaken by employees on their own accord. To ensure the entire workforce was familiar with these standards for business conduct, a communication campaign describing them targeted everyone in the BBVA Group.

**LEGAL COMPLIANCE.** As of December 31, 2008, BBVA Compass was not involved in any regulatory actions related to violations of environmental laws or litigation related to employment discrimination and employment working conditions that were material to our financial position.

**INTERNATIONAL AGREEMENTS.** BBVA adheres to the following initiatives:

- United Nations Global Compact ([www.globalcompact.org](http://www.globalcompact.org))
- United Nations Environmental Program ([www.unepfi.org](http://www.unepfi.org))
- Equator Principles ([www.equator-principles.com](http://www.equator-principles.com))
- United Nations Principles for Responsible Investment ([www.unpri.org](http://www.unpri.org)).

Furthermore, BBVA publicly manifests our respect for the United Nations’ Universal Declaration of Human Rights ([www.un.org](http://www.un.org)) and for the basic employment legislation of the International Labour Organization ([www.ilo.org](http://www.ilo.org)).

The financial sector is characterized by highly skilled human capital, thereby making it unlikely that problems will arise regarding human rights, such as child or forced labor or major risks to the freedom of association.

In 2008, coinciding with the 60th anniversary of the Universal Declaration of Human Rights, BBVA undertook two actions of note: subscribing to a declaration by the UN Global Compact to mark this anniversary and launching a course about Human Rights for Group employees with personalized letters from the Group’s chairman, urging them to participate. Major suppliers in the United States also received communiqués from the Procurement department, affirming BBVA Compass’ commitment to the UN Global Compact and urging them to learn more and to support the Human Rights portion of the compact.

<p>VALUE CREATION FOR STAKEHOLDERS</p>	<p>The second of BBVA’s corporate principles is “The creation of shareholder value through business activity.” BBVA adopts value creation as one of our main roles and most important contributions to the communities in which we operate, for we generate economic value for shareholders and added value for customers, employees, suppliers and the community at large.</p>
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# STAKEHOLDER ENGAGEMENT

OUR GOAL AT BBVA IS TO DIFFERENTIATE OURSELVES AND DESERVE THE CONFIDENCE OF OUR STAKEHOLDERS. TO MAKE THIS POSSIBLE, WE WORK TO ENSURE THE TRANSPARENCY, VERIFICATION AND CERTIFICATION OF THE INFORMATION WE PROVIDE. SIMULTANEOUSLY, WE STRIVE TO INTEGRATE STAKEHOLDERS' EXPECTATIONS REGARDING THE ISSUES MOST IMPORTANT TO THEM—AND TO OUR CORPORATE VISION—INTO OUR DAILY ACTIVITIES.

## IDENTIFICATION AND DIALOGUE WITH BBVA COMPASS STAKEHOLDERS

At BBVA Compass we define stakeholders as all persons, institutions and segments who either have a significant impact on our operations and decisions or are impacted by them.

BBVA Group's ability to generate confidence and strengthen our reputation.

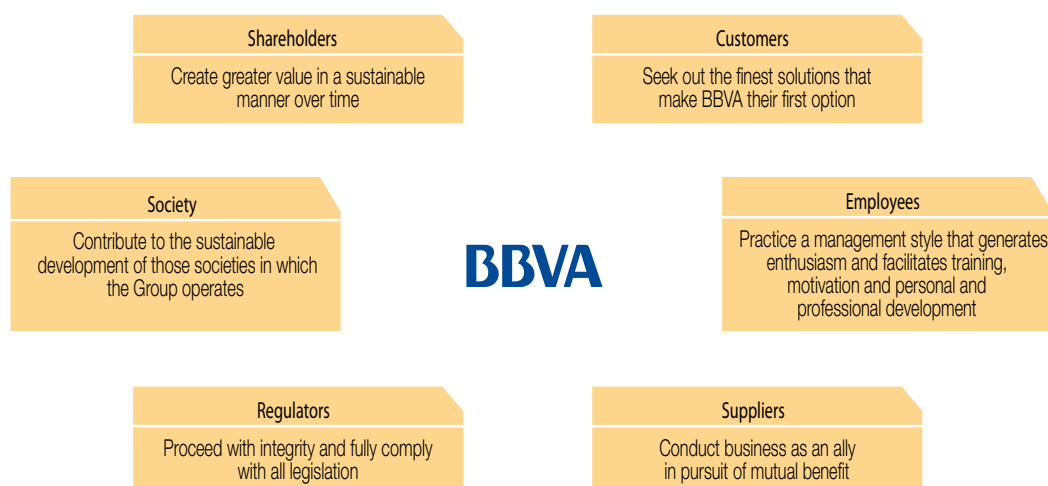
This feedback loop provides the base for objective-setting and for continuous improvement plans. It also provides a mechanism for early detection of issues that can create future risks for mitigation and/or advantageous opportunities.

Listening and dialogue enable us to provide a balanced and prudent response to the most important and relevant issues. They are a management tool that BBVA Compass uses when setting priorities or making decisions about daily performance, new opportunities in terms of spaces for shared value creation or other issues about which stakeholders must be informed.

A complex strategy that is difficult to imitate, it generates the two intangible assets of highest value for our organization, namely, innovation and reputation. We implement it in an ordered and systematic fashion based on robust research channels and systems, enabling us to create indicators and scorecards capable of meeting or exceeding stakeholder expectations while earning a positive return for the organization. The return must be based on the difference BBVA makes for our stakeholders and which is expressed in three areas: the desirability of the stock (shareholders and investors), the development of social business opportunities (customers and society) and the attraction and retention of talent (employees). Such return is indicative of BBVA Compass' and the



## Main BBVA stakeholders and the Group's commitments to each



### MANAGEMENT INTEGRATION OF STAKEHOLDER EXPECTATIONS

We follow two paths in our quest to integrate stakeholder expectations into our organization's management.

First, the regular dealings between our business areas and business support areas and stakeholder groups enable us to identify important issues via specific listening tools and quantitative and qualitative research techniques and to understand their assessment of our activity and performance. This information helps us develop appropriate action and communication plans.

Second, one of the main functions of our Corporate Responsibility and Reputation (CRR) department is to be a conduit between stakeholders and the organization.

Our CRR team gathers information from other areas, such as the Customer Insight Unit, which carries out studies and research about brand perception and strength and about vital customer issues and needs. Additionally, in 2008 BBVA Compass deployed the continuous brand tracking model and developed a qualitative survey for individual stakeholders in the United States, employing the same methodology used by the rest of the BBVA Group.

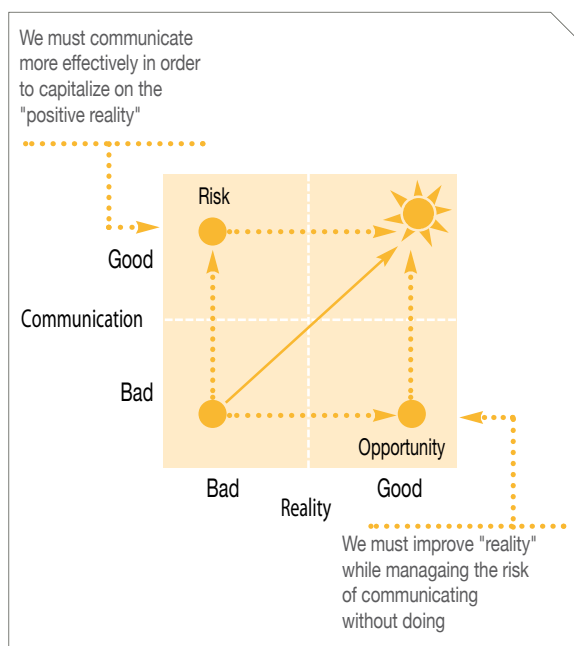
In 2009 the BBVA Compass CRR team will add a CRR committee, which will be responsible for the mainstream management of BBVA Compass' responsibility and reputation.

This continual collection of information provides an objective diagnosis and rigorous periodic follow-up of the expectations deemed most significant to stakeholders. Including the data in indicators and scorecards allows us to define improvement objectives and progress indicators for BBVA Compass.

### REPORTING TO STAKEHOLDERS

Building trust and enhancing reputation require a clear understanding of effective communication as an important tool for highlighting the value of our responsible performance. Accurately reporting the best and most transparent information to our stakeholders builds our credibility through differentiation. It is the only way to maintain trust and to enhance the reputation of BBVA Compass.

Doing things well and communicating achievements are essential requirements of this process.



The Group's communication processes bring together all types of internal and external communication channels to reach our stakeholders.

This first annual Corporate Responsibility Report is one of BBVA Compass' main instruments for communicating our activities. In 2009 we will enhance the report by adding verification methods and certification to demonstrate the relevance of the information reported.

#### RELEVANT ISSUES WITHIN TODAY'S CRISIS SCENARIO

BBVA Compass' corporate responsibility policy is developed and implemented on the basis of relevant issues. These issues arise

out of our engagement process with stakeholders, especially as we consider their vision, principles and business strategies.

The issues BBVA Compass regards as relevant were identified through various surveying processes carried out by the BBVA Group from 2006 to 2008. They are currently the following:

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

In 2009 BBVA Compass will survey various stakeholder groups regarding their perceptions and expectations. Their responses will help us craft strategic initiatives to provide them better experiences and solutions.

**BBVA GROUP.** Given the international financial and economic downturn, 2008 was an opportune time to review and update our key issues. This involved analyzing the information compiled with the tools described above to integrate stakeholder expectations into management. Participants in the process included representatives from Corporate Responsibility and Reputation, Consumer Insight and the Global Trends section of the Research Department.

This analysis had significant implications for corporate responsibility principles and policies and reaffirmed the relevant issues that constituted the basis for the Group Corporate Responsibility Report for 2007 and 2008. Equally important, it also identified new risks and changes affecting the issues relevant to CR at the BBVA Group as a whole, including BBVA Compass. The accompanying tables provide details about these results.

BBVA's responses to the detected variations are addressed throughout this report and in the 2008 progress and 2009 objectives scorecard.

Implications of the current crisis	
CR principles and policies	<p>The economic crisis has had a significant social, as well as economic (falling share prices), impact. The social effects can be seen in a generalized dissatisfaction with the lack of control over banks and the financial system, leading to greater demands for transparency and good practices. The crisis also has led to widespread criticism of government support for the financial sector.</p> <p>One specific example of this sentiment is the growing interest in linking senior management compensation to long-term objectives.</p> <p>This situation heightens the relevance of the code of conduct, the specific functional area codes and the pertinent complementary policies.</p>
RELEVANT ISSUES	
Implications of the current crisis	
Customer focus	<p>The crisis has altered the focus on financial services access. Whereas before we focused on the variety and efficiency of the bank channels offered, that focus is now directed at a more fundamental business issue – access to loans and credit.</p> <p>Simultaneously, the customer requirement profile has changed. For this reason, and also due to the jump in the NPA ratio, there has been an increase in demand for counseling and for customized solutions. Moreover, the difficulties caused by the downturn will lead to a drop in customer satisfaction, with a subsequent negative effect on their perception.</p> <p>Similarly, we may expect a strengthening of financial laws and regulations, along with greater demand for transparency and clarity in the products offered by financial organizations.</p>
Financial inclusion	<p>We also can look forward to a growing need for microfinance products as a way to increase credit access. Conversely, this need could be difficult to meet because of reduced resources in the microfinance market due to global liquidity problems.</p> <p>Latin America also has seen an increase in the NPL ratio. This will impact BBVA's work to extend banking usage in the region and likely will increase the demand for solutions to new customers' financial difficulties.</p> <p>Current socioeconomic and demographic changes also call for a review of the bank's activity with the migrant population.</p>
Responsible finance	<p>The financial sector runs the risk of being lax in incorporating social and environmental issues into its project finance decisions. Current circumstances, however, make the financing of high social impact projects even more important.</p> <p>Lack of liquidity in the market increases the risks associated with capital origin, thus highlighting the importance of preventing money laundering.</p>
Offering responsible products and services	<p>The severity of the global financial crisis is having a significant effect on some of the financial products most closely associated with sustainable management. Consequently, the future of the Socially Responsible Investment market has become quite uncertain. There has been a substantial drop in pension fund values, sparking the risk of nationalization of those funds in certain Latin American countries.</p> <p>Another change arising from the economic difficulties is evident in the tendency of citizens to assign higher priority to social, as opposed to environmental, issues. We also foresee cuts in the private financing of the third sector, forcing NGOs to search for alternative financing sources.</p>
Community involvement	<p>Community investment may be affected by budget cuts in social development projects. This possibility contrasts with increased social needs that specifically call for the kind of community investment that focuses on urgent issues arising from the crisis.</p> <p>International organizations and society in general are calling for greater participation by financial entities in educating the public about financial matters.</p>



## RELEVANT ISSUES

### Implications of the current crisis

#### Responsible management of human resources

The economic downturn also is causing a severe problem related to job loss. This places still greater importance on measures that improve worker employability and facilitate business restructuring. The crisis also could lead to cuts in social benefits. These far-reaching changes in the employment environment could, in turn, set off more labor disputes.

We can expect employees to increase their information demands in the face of greater uncertainty.

Corporate culture and values will assume greater relevance in the context of greater operative difficulties employees could face.

Finally, due to the origins of the financial crisis, there is an increasing demand for linking senior management's remuneration to long-term objectives.

#### Responsible procurement

The business sector is experiencing serious difficulties, increasing suppliers' vulnerability to possible cuts in billing and more demanding contracting terms.

Similarly, there is greater risk that the search for lower prices could result in decreased efforts at supplier endorsement, especially in terms of sustainability criteria.

#### Environmental management and climate change

The social emergencies set off by the crisis also have led to decreased receptivity to environmental protection by the general population. Moreover, the severity of the crisis is heightening pressure to postpone measures directed against climate change.

## SENSITIVE ISSUES IN 2008

We follow two paths in our quest to integrate stakeholder expectations into the organization's management.

Undoubtedly, 2008 was an extraordinarily difficult period for the global economy and a highly sensitive one for the financial sector's relationship with society at large. BBVA Compass reinforced the confidence of its stakeholders by addressing some of the issues surrounding the Group's activity during the year and clarifying its role in and its position regarding these matters.

BBVA Compass did not participate in the capital portion of the TARP.

A matter of some sensitivity and attention has been the remuneration of the company's senior management in the face of the current situation. Although the BBVA Group has not used the instruments made available for re-establishing the financial system's liquidity and solvency, in February,

the global board of directors approved three measures of major significance and took the following actions:

- 1) The freezing in 2009 of the fixed and variable remuneration of senior management, comprising approximately 300 corporate managers throughout the world, including the Global Chairman and COO;
- 2) A 10% reduction in the variable remuneration in 2008 of the Global Chairman and COO;
- 3) A 36% cut-back in the long-term bonus for the Global Chairman and COO within the 2006-2008 incentives plan.

Additionally, in light of economic conditions in the U.S. and to set an example, BBVA Compass senior management received no merit raises for 2008, irrespective of performance.

Finally, no other contentious issues of any significance were indicated in a media impact study of leading newspapers in the Group's operating countries or by the foremost sustainability analysts who report about those issues annually and request clarifications that impact the Group's rating in social, environmental and ethical matters and issues of corporate governance.

# CUSTOMER FOCUS

FACED WITH THE CURRENT SCENARIO, BBVA HAS REINFORCED OUR COMMITMENT TO BEST BUSINESS PRACTICES, QUALITY SERVICE, ACCESS TO CREDIT AND TRANSPARENCY, ALL WITH A VIEW TO FORGING LONG-TERM RELATIONSHIPS WITH OUR CUSTOMERS.



## QUALITY, SATISFACTION AND CUSTOMER SERVICE

BBVA Compass is committed to quality for our customers, which is reflected in our professional and personalized management

model. To enhance customer loyalty and confidence, our ultimate goal is to prioritize and develop the most value-added functions that best satisfy customers' needs and interests.

For several reasons (historical business model, lack of investment in customer-facing technology, etc.), BBVA Compass ranked poorly on consumer/small business satisfaction, according to J.D. Power and Associates. Based on J.D. Power's targeted study of BBVA Compass customer satisfaction in November, 2008, the Overall Satisfaction Index score was 718 on a 1,000 point scale. (The national average is 744 on a 1,000 point scale.)

BBVA Compass has utilized the Customer Experience Feedback Process (CEFP) since 2007 to measure customers' perceptions of their experiences in each of our 577 banking centers and to provide

feedback about the bank in general. Customers who visit a banking center are contacted within two business days of the transaction and asked to take part in a telephone survey. We completed 32,455 surveys in 2007 and 27,476 in 2008. Bank management used the online reporting of results and other tools to applaud our customer experience successes and help improve our weak areas. The "overall satisfaction" score increased from 88.96 in the first quarter of 2007 to 91.60 at the end of the second quarter of 2008, an increase of 2.64 points or 3%.



We have taken two steps to improve this situation. In 2008 we 1) engaged J.D. Power to help us identify and improve our improvement opportunity areas and 2) instituted more robust "touch point" measurement/feedback programs to provide near-real-time feedback to banking and telephone centers. With an enhanced CEF, our 2009 goal is to listen to 82,800 banking center customers—both existing and new. Additionally, we plan to survey 300 telephone center customers monthly and act upon their feedback.

Begun in 2008, the following key action items will drive our strategy for improved customer satisfaction:

- Revise policies and procedures that drive the higher percentage of clients who perceive they have had a problem
- Improve our account initiation/on-boarding programs to improve client understanding of their account(s)
- Increase individual empowerment levels to improve the resolution process when problems/errors occur
- Develop/implement consistent "lobby management" standards to improve the in-branch experience for our customers.

Of note, our most recent results on the Corporate side indicate that our corporate customers' satisfaction level is high. Plans for 2009 include measuring wealth management customer satisfaction.

BBVA Compass' executive management has demonstrated true commitment to the customer and improving the customer experience. In 2009 they committed more than \$2 million to measuring and improving customer satisfaction and loyalty.

## ACCESS TO CREDIT

In the current economic and financial context, access to credit is of enormous economic and social relevance.

In 2008 BBVA continued to provide financial products and services for our customers and to maintain the flow of credit at completely normal levels in all the markets in which we operate. At BBVA we are keenly aware that providing access to credit is a necessity as well as a key social demand, a function that is inherent in banking. No credit means no banks.

In the present financial crisis BBVA is one of the world's major companies in a solid position with regard to liquidity and capital. In these conditions, BBVA considers it has a greater responsibility to provide access to credit, largely because those refused a transaction have far fewer alternatives. The message conveyed by management to all teams is fully consistent with this responsibility: Think twice before refusing credit.

At the same time, BBVA considers it vital to continue applying the principle of prudence by facilitating funding only to those who can meet their payment liabilities. To do otherwise would feed the economic bubble, which as the current crisis has demonstrated, ultimately would generate much more serious problems for borrowers, for the bank and for society in general.

All this is reflected in the figures for 2008, when lending to customers rose by 7.1% in the Group to €342,671m. This was indeed the case, despite the sharp fall in credit demand, which in Spain and Portugal exceeded 24% in terms of operations arranged. In 2008, 73% of applications for credit received were granted a loan, compared to 78% in 2007. The similarity between both figures reflects the Group's upholding its credit policies in 2008, a commitment renewed for 2009.

## SECURITY, CUSTOMER PROTECTION AND BUSINESS CONTINUITY

BBVA Compass fights against all types of phishing and computer attacks on customers through Information Security, which is in charge of monitoring the security of customer data. Within Technology and Support Services, this department works 24 hours a day, 365 days a year, to combat phishing of all types and preclude computer attacks that may affect customers in the United States.

Under its business continuity policy, which strives to ensure BBVA Compass is prepared for any possible interruptions in activities during an emergency or crisis, the Business Continuity/Disaster Recovery group developed continuity plans to respond to growth within the BBVA Compass corporate footprint. The BBVA Compass national strategy for customer protection and business continuity includes the following:

- Testing and Recovery exercises are conducted at least twice a year to ensure that the BBVA Compass technical infrastructure can be recovered with minimal disruption to our customers and business units. These exercises test the validity of documented procedures and validate that applications can be recovered. End users and critical vendors participate in the exercises to ensure true recovery functionality.
- An established Executive Steering Committee oversees the Disaster Recovery & Business Continuity program. Members of this Executive Steering Committee also will serve as members of the Executive Crisis Committee if a major disruption impacted the entire organization.
- An enterprise-wide workforce reduction plan, the Pandemic plan, was developed to address the overall enterprise response to a workforce reduction. In addition, each business unit's continuity plan includes a Pandemic section designed to address workforce reduction preparedness through cross training and learning to handle non-availability of critical individuals and supply chain interruptions.
- The BBVA Compass' Disaster Recovery software system was implemented to ensure that all

corporate, departmental and business unit plans are stored in a centralized repository and are accessible during a recovery event.

- Risk Assessments ensure a review of geographic, weather, facility, external surroundings and business unit risks that may impact BBVA Compass.
- A Business Impact Analysis is conducted annually to determine financial loss, regulatory penalties, customer and company impact in the event a specific business unit could not conduct business due to a crisis or disaster. Recovery Time and Recovery Point Objectives are determined for each business unit.

Because a crisis or disaster could impact more than one country or geographic region, BBVA Compass also collaborates with other members of the BBVA Group.

## COMPLIANCE STATEMENT OF POLICY

It shall be the policy of BBVA Compass to fully and completely comply with the letter and the spirit of all

applicable federal and state consumer protection, civil rights, and fair housing laws and regulations. Each lending officer and bank employee must know the requirements of all such laws and regulations affecting his or her job responsibilities and must comply with the requirements of all such applicable laws and regulations at all times. Each department manager will be held responsible for maintaining compliance in his or her respective area of responsibility.

BBVA Compass' lending policies, procedures and practices shall not in any way discriminate against any person on the basis of race, ethnicity, gender, color, religion, national origin, marital status, familial status, age (providing the applicant has the capacity to enter into a legal contract), receipt of public assistance, disabilities, sexual preference or other prohibited basis. This policy of non-discrimination shall cover aspects of banking services including, in particular, the application for, consideration of, granting, servicing and collection of extensions of credit.



To ensure that these general policies are carried out, management shall establish and maintain an ongoing consumer compliance program for the purpose of ensuring compliance with all applicable consumer laws and regulations.

**DESIGNATION OF A BANK SECRECY COMPLIANCE OFFICER.** BBVA Compass maintains comprehensive policies and procedures to comply with the Bank Secrecy Act, the USA PATRIOT Act and laws and regulations administered by the U.S. Office of Foreign Assets Control. (Additional information is available in Responsible Finance, on page 27). This includes designating a Bank Secrecy Compliance Officer who ensures transparency and compliance and manages a team to assist in the Bank's compliance with the Bank Secrecy Act, Office of Foreign Assets Control (OFAC) regulations, and all anti-money laundering initiatives. The Bank Secrecy Compliance Officer also ensures effective implementation of all related policies, including promulgation of appropriate procedures and controls. The bank's Senior Executive Vice President, General Counsel and Secretary are responsible for reporting to BBVA Compass' Management Committee and, if appropriate, to the Board of Directors, any material issues or deficiencies identified relating to these areas.

**PRIVACY |** BBVA Compass is committed to compliance with all applicable federal and state privacy laws and regulations. Examples of such laws and regulations include, but are not limited to, Regulation P, the Affiliate Marketing Regulations and the Right to Financial Privacy Act.

Regulation P implements portions of Title V of the Gramm-Leach-Bliley Act. It governs the treatment of non-public personal information about consumers by financial institutions and requires that an institution, under certain circumstances, notify consumers about its privacy policies and practices.

The affiliate marketing provisions of the Fair and Accurate Credit Transaction Act went into effect on

October 1, 2008. Subject to some important exceptions, an entity may not use "eligibility information" received from its affiliate to market a consumer unless the consumer was notified that such marketing may occur, given an opportunity to "opt out" of such marketing and has not opted out.

The Right to Financial Privacy Act is largely procedural and requires government agencies to provide persons notice and an opportunity to object before a financial institution can disclose personal information about them to the government agency.

BBVA Compass consolidated the affiliate-marketing opt-out notice with its Regulation P privacy notice (collectively referred to as the "Privacy Disclosure"). The Privacy Disclosure is provided to consumers at account opening, is available online and in branches and is mailed to customers annually.

To help prevent unauthorized access to customer information, BBVA Compass uses physical, electronic and procedural safeguards. We periodically test and update those safeguards to help ensure the protection and integrity of our customer information.

BBVA Compass also trains and regularly educates our employees about the importance of maintaining the confidentiality and proper handling of customer information. All of our employees are governed by a code of conduct that authorizes access to customer information for business purposes only and includes strict standards for maintaining its confidentiality.

The bank also maintains a Customer Information Disclosure Event Plan in case there is ever an unauthorized or unintentional disclosure of customer information. If BBVA Compass becomes aware of the unauthorized disclosure of customer information, the Event Team meets to evaluate the event and direct subsequent event notifications and activities. The Event Team consists of the Chief Privacy Officer, the Chief Risk Officer; and

members from Compliance, Security, Legal, Internal Control, Communications and the appropriate lines of business.

#### TRANSPARENCY, ADVERTISING AND LABELING

In this new economic and financial context, transparency is an even more important commitment

to BBVA customers. In this respect, a working group was set up in 2008 to define and implement measures for reinforcing transparency and clarity in campaigns for the products and services offered by the Group. Coordinated by CRR, the working group comprises representatives from Corporate Advertising, Corporate Communication, Human Resources, Corporate Quality, Transformation and Productivity, and Consumer Insight.

BBVA rigorously complies with all regulations concerning product information and labeling in the countries in which 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 the *Advertising Self-regulation Association* (Autocontrol de la Publicidad), the Group actively works toward a society that realizes the value of responsible and sustainable business communications.

In 2009 BBVA Compass will work on a similar program.

#### MULTI-CHANNEL BANKING

The challenge for the BBVA Group is to make itself constantly available to people

through its direct channels, which are designed to deal with all kinds of transactions. For this reason, multi-channel banking is one of its added values:

The channels co-exist side-by-side, and all are compatible and complementary.

In addition to its network of branches and ATMs, BBVA's main channels include the following:

#### Internet channel

The BBVA Group's transactional internet services are used by more than 4.6 million customers with 351.27 million hits. At BBVA Compass, active online banking customers increased by 22.3%, 3.7 million transfers were made (a 26.7% increase over 2007), and 8.5 million bill payments were made (an increase of more than 14%).

In 2008 BBVA upheld the commitment it assumed in 2005 to provide information accessibility for persons with disabilities by complying with the most advanced standards in web accessibility.

The corporate websites of Argentina, Venezuela, Chile, Peru, Portugal and the specific website for the Research Department currently comply with level AA.

Within the framework of the *Plan Integra*, the Technology & Operations Department (T&O) collaborates with the ONCE Foundation and follows its recommendations for the development of already existing and newly designed websites.

In addition, under the name "Internet in your life" ([internetentuvida.bbva.com](http://internetentuvida.bbva.com)), a micro website was developed by the Group to make it easier for citizens to integrate new technologies, particularly those related to banking transactions, into their daily lives.

### Telephone channel

In 2008, with the exception of BBVA Compass, the Group handled 136.5 million calls through its telephone service. In addition, BBVA Compass answered more than 648,000 calls through its specialty queues and 5.3 million calls through its standard customer service and product lines.

### Mobile telephone channel

Thanks to the SMS channel, mobile telephone banking and payments, (wap.bbvamovil.com), BBVA customers can access financial services from their mobile telephones. Within the Group in Spain alone, 14.9 million short messages containing financial information were sent in 2008.

### Self-service machines/ATMs

The Group has 17,604 self-service machines or automated teller machines that recorded 25.70% of the transactions made.

Of particular note in 2008 was the launch in BBVA Bancomer of an innovative technological channel, a multi-channel service that allows customers to process loans quickly and automatically by using the ATM network, Línea Bancomer and Bancomer.com. To reinforce this commitment to

multi-channel banking for the customer, *Practicajas*, quick deposit boxes (QDBs), receive cash deposits to accounts with checks and cash lodgements, as well as credit card payments.

### BBVA Group Percentage of transactions by channel

(Percentage)

	2008	2007	2006
Branches	33.12	35.57	37.16
ATMs	25.70	26.42	26.08
Telephone	2.27	2.37	2.63
Online	38.91	35.65	34.13

Scope: BBVA Group (except BBVA Compass)

# FINANCIAL INCLUSION

PAVING THE WAY FOR NEW SEGMENTS OF THE POPULATION TO ACCESS FINANCIAL SERVICES IS ONE OF THE MORE GENUINE EXPRESSIONS OF A FINANCIAL INSTITUTION'S CORPORATE RESPONSIBILITY.

**346,758**

Customers of the  
BBVA Microfinance  
Foundation

**27.36**

Fondo BBVA Codespa  
Microfinanzas Hedge  
Fund (volume in  
million euros)

**830**

Average amount  
of microloans  
(USD)

**129**

CRA-Qualified  
Investments (volume  
in million USD)

**15,728**

CRA Small Business  
Loans totaling  
\$915,428,000

**419**

Community  
Development Loans  
(volume in million  
USD)

## BBVA MICROFINANCE FOUNDATION

As part of its pledge of financial inclusion, BBVA established the BBVA Microfinance Foundation in

2007. The Foundation is a non-profit institution with a mandate to use microfinance to promote the economic and social development of those at greatest disadvantage, initially in Latin America.

With an initial endowment of €200m provided by the Group, the Foundation has developed a microfinance network by creating and integrating sustainable microfinance institutions with a strong local presence and experience in managing these resources for low-income groups.

The BBVA Microfinance Foundation furnishes the institutions in the network with the necessary resources for empowerment and development, and

they, in turn, extend their services under the right conditions to those most in need. This allows them and us to achieve the financial inclusion of millions of small, low-income entrepreneurs who otherwise would have no access to the traditional financial system and whose opportunities for development are limited.

In 2008 the Foundation extended its microfinance network by creating and incorporating new institutions into the program. These institutions met criteria of sufficiency and sustainability, vital potential for their future and the ability to reach out to the highest possible number of persons. It has invested €58.5m in developing the network in Colombia, Peru, Puerto Rico and Costa Rica.





In Colombia the Foundation set up the **Banco de las Microfinanzas Bancamía**, a result of the merger and transformation of the world women's corporations, *Corporación Mundial de la Mujer de Bogotá* and *Corporación Mundial de la Mujer de Medellín*. Bancamía is the country's first microfinance bank dedicated exclusively to providing products and services designed for low-income entrepreneurs.

In Peru it acquired Edpyme Crear Tacna, which subsequently merged with Caja Nor Perú and Caja del Sur to create a new institution: **Caja de Ahorro y Crédito Nuestra Gente**, whose charge is to increase steadily its social penetration and rural presence where microfinance has had little impact due to the huge costs of providing services and the limitations imposed by the lack of road and communications infrastructure.

Finally, the Foundation also set up the **Corporación para las Microfinanzas-Puerto Rico**, a completely new institution created in partnership with the Banco de Desarrollo Económico para Puerto Rico and the island's first bank dedicated solely to microfinance. The corporation, which will be functional in 2009, will have a unique knowledge model and develop new approach channels, with innovative products and services designed especially for low-income persons.

Through these institutions, the BBVA Microfinance Foundation reaches 346,758 customers in Latin America (60% of whom are women), with 1,700 employees, a network of 160 branch offices and a total volume of \$287 million in microloans.

The Foundation also is present in Costa Rica, where it signed an agreement with the state bank Bancrédito with a vision to drive the microfinance business there and throughout Central America.

To supplement its core business, the Foundation undertakes programs to boost development of the microfinance sector within the fields of education, technological innovation, dissemination of information and knowledge, and best practices in corporate governance, which will help to create a

more favorable environment for this type of lending. To do so, the Foundation develops alliances with institutions that share a common mission.

Pledged to supporting the sector's development and overcoming the obstacles facing microfinance institutions, the Foundation signed a master agreement in cooperation with Spain's Open University (*UNED*), which will result in establishing programs for training credit officers specializing in microfinance, in collaboration with local universities in Latin America.

Along these same lines, the Foundation entered into a partnership agreement with the Organization of Ibero-American States for Education, Science and Culture, with a vision of training for and encouraging self-employment among the very poor in Colombia and Chile. In addition, an agreement was signed with the International Finance Corporation (IFC) to develop a joint investment program with microfinance institutions, to be implemented in 2009.

Elsewhere in cooperation with Accenture, 2008 witnessed the drafting of the "Code of Corporate Governance for the Microfinance Institutions Network." It provides a series of rules and standards for the good governance of the institutions, furnishing the network with a common culture and uniform framework.

The Foundation also enlarged its Board of Trustees in 2008 through the incorporation of prestigious leaders with extensive experience in the fields of economics, finance and social development: Gonzalo Gil, former deputy governor of the Bank of Spain and an expert in regulatory and supervisory matters; Nancy Barry, former president and CEO of Women's World Banking and considered by *Forbes* magazine to be one of the twenty most influential women in the United States; and Claudio González Vega, Professor at Ohio State University, known as "the father of microfinance."

These important figures join the already seated board: Manuel Méndez del Río, as Chair; Tomás

Alfaro, Head of Business Administration and Management at the Francisco de Vitoria University; and Susana Rodríguez Vidarte, Dean of the Faculty of Economic and Business Sciences (otherwise known as *La Comercial*), at the University of Deusto.

The BBVA Microfinance Foundation is independent of the Group in terms of governance and management. Accordingly, the BBVA Group notes in its corporate responsibility report that the BBVA Microfinance Foundation is not part of BBVA's financial group. For this same reason, the BBVA Group neither manages nor is responsible for the activity undertaken by the Foundation or by those financial institutions that the Foundation acquires in pursuit of its goals.

Additional information is available via [www.mfbbva.org](http://www.mfbbva.org).

<div> <div>MATRICULA</div> <div>CARD</div> <div>ACCEPTANCE</div> </div>	<div> <div>To facilitate financial inclusion, BBVA Compass accepts the Mexican</div> <div>Matrícula Consular Card as a primary form of ID, in conjunction with the ITIN (Individual Tax Identification Number), to open checking accounts. This policy helps many Mexican nationals participate in the financial system in the U.S. Without it, many Mexican nationals will not open bank accounts and instead will pay large sums to check cashing outlets, thereby making themselves theft targets by carrying large amounts of cash.</div> </div>
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<div> <div>CRA LENDING &amp;</div> <div>INVESTMENTS</div> </div>	<div> <div>As of December 31, 2008, BBVA Compass had \$129,851,990 in CRA-Qualified Investments in its portfolio. The majority of the qualified investments were categorized as affordable housing investments. The rest were categorized as small business initiatives, neighborhood revitalization or serving low- or moderate-income people and/or low- or moderate-income communities.</div> <div>During the same period BBVA Compass had a positive impact in many communities across our footprint by originating \$419,851,447 in Community Development Loans. In addition, BBVA Compass originated 15,728 CRA Small Business Loans totaling \$915,428,000. For its 2008 lending, BBVA Compass was named by the Small Business Administration (SBA) the 7(a) SBA "2009 Lender of the Year" for large financial institutions.</div> </div>
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# RESPONSIBLE FINANCE

THE DRAFTING OF THE BBVA GROUP'S HANDBOOK ABOUT SOCIAL AND ENVIRONMENTAL RISK MANAGEMENT IN FINANCING AND GUARANTEES IS A MAJOR QUALITATIVE LEAP FORWARD FOR FULLY INTEGRATING THIS RISK MANAGEMENT MODEL INTO THE BBVA COMPASS BUSINESS MODEL.

Both BBVA and BBVA Compass enjoy strong ratings and reviews from each of the three major credit rating agencies. These companies use an independent, proprietary method for evaluating financial institutions and assessing their credit risk.

In 2007 and 2008, BBVA was the only major bank in the world to receive upgrades over the last 18 months from Standard and Poor's and Moody's Investor Services. During this time, BBVA also received reaffirmation of a positive outlook from Fitch Ratings. In fact, only a few banks across the globe have a credit rating as high as BBVA.

Since becoming a member of the BBVA Group, BBVA Compass also received upgrades from all three of these credit rating agencies. In addition, both Moody's and Fitch reaffirmed their ratings for BBVA Compass in 2008.

Also in 2008, Goldman Sachs described BBVA as "one of the top seven banks in the world best positioned to sustain competitive advantage over the long term." This citation was based on a combination of return on capital industry positioning and environmental, social and governing performance.

BBVA to position itself as one of the strongest banks, maintaining better financial ratios than its competitors, with considerable differential robustness because of its comfortable liquidity position, the high quality of its assets and its acknowledged solvency.

BBVA Compass also has a long standing tradition of managing its retail banking lending relationships with prudent risk management and efficiency. The economic and financial instability seen in both the U.S. and international markets over the last eighteen months certainly has made this evident. During an unprecedented period of economic turbulence, rising unemployment rates and deteriorating home prices, a consumer's ability to repay debts is under more pressure than seen for numerous decades.

In particular, the performance of BBVA Compass real estate secured products has been exceptional in comparison to the industry as a whole. The level of quality assets within the portfolios has allowed BBVA Compass to remain active in the current

## RESPONSIBLE RISK MANAGEMENT

Risk management is one of the main pillars among the

BBVA Group's strengths. In the current economic environment, strict and responsible risk management enables



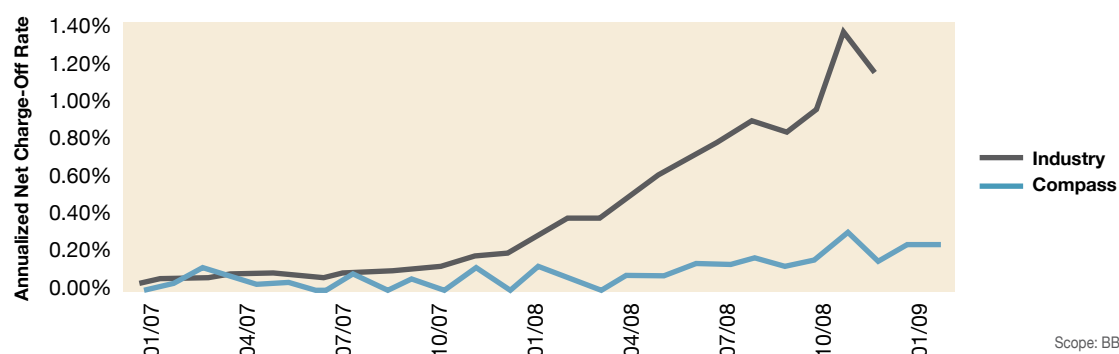
lending environment to serve our customer better. The RMA industry average loss rate for mortgage loans in the U.S. reached 1.15% in January, 2009, relative to 0.14% at BBVA Compass for the same period. Within the home equity loan and line arenas, the BBVA Compass loss rates were 0.32% and 0.70%, versus the industry averages of 3.28% and 2.65%, respectively. Default rates for real estate secured products followed a similar pattern as the losses. Default rates certainly are higher than historical levels, but remain excellent relative to the industry. This provides a significant level of flexibility that other bank and non-bank lenders do not enjoy.

BBVA Compass remains true to the basic tenets of credit analysis. Extensive, but automated, reviews of credit history and repayment capacity are essential to this success. Managing the nature and level of exceptions is another critical component. Finally, avoiding the pitfalls surrounding broker loans, avoiding more than 100% financing, managing appraisal standards tightly, laying off risk on 90+%

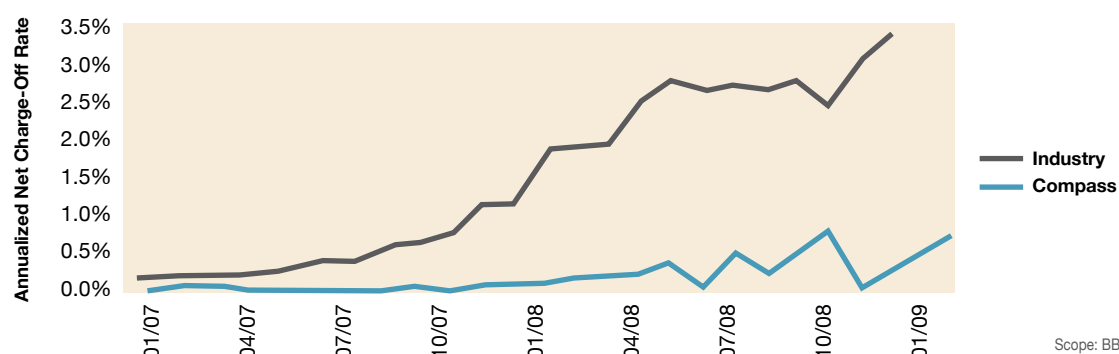
LTV loans, prudent secondary market sales and proactive collection efforts are the keys to success.

Despite the bank's strong performance there are BBVA Compass customers who, unfortunately, faced tremendous personal and financial difficulties as a result of the current financial crisis. In an attempt to assist our customers, the bank developed a specialized team of lenders to work with them to find positive solutions for both parties. These positive solutions include renegotiation of terms, re-aging of delinquencies as allowable under U.S. regulations, extending payment terms, skip-a-payment programs, and other creative solutions. Also knowing that customers are busy and need flexibility to make payments at any time of the day or night, BBVA Compass is taking steps to allow more automated payments through the Internet, VRU (Voice Response Unit) and customer service. Finally, BBVA Compass is reviewing potential U.S. government-backed programs to determine whether they are in the best interest of customers and the bank.

### Residential Real Estate Annualized Net Charge-Off Rate (% of \$)



### Home Equity Loans Annualized Net Charge-Off Rate (% of \$)



## BANK SECREC Y ACT COMPLIANCE

BBVA Compass maintains comprehensive policies and procedures to comply with applicable United States

laws and regulations under the Bank Secrecy Act, the USA PATRIOT Act and laws and regulations administered by the U.S. Office of Foreign Assets Control. BBVA Compass has taken the following steps to ensure transparency and compliance:

- *Currency Transaction Reports:* CTRs are made to the U.S. Treasury Department for cash transactions of more than \$10,000 in any business day.
- *Suspicious Activity Reports:* SARs are reported to the Financial Crimes Enforcement Network unit of the U.S. Treasury Department. Suspicious activities include any transaction involving or aggregating \$5,000 or more in funds or other assets if the bank knows or has reason to believe that the transaction involves funds derived from illegal activities or is intended to hide illegal-source funds to evade any law, including any currency transaction reporting requirement; the transaction is designed to evade any BSA regulation; or the transaction is atypical for the customer, or has no apparent business or lawful purpose, and the Bank cannot reach a reasonable explanation for the transaction after examining the available facts.
- *Monetary Instrument Records:* The bank keeps records of certain information required by the BSA with respect to sales of any official check, money order, traveler's check, or bank draft involving currency from \$3,000 to \$10,000.
- *Other Recordkeeping:* Specific recordkeeping requirements apply to taxpayer identification numbers, deposit accounts, electronic funds transfers, extensions of credit, and transfers of funds outside the United States. These records are maintained for at least five years.

## CUSTOMER IDENTIFICATION PROCESS

- *Program Requirements:* Customer Identification Program (CIP) regulations require banks

to adopt a Customer Identification Program as part of its anti-money laundering program that includes 1) risk-based procedures to verify the identity of customers opening accounts, allowing

the bank to form a reasonable belief that it knows the true identity of the customer, to the extent reasonable and practicable; 2) procedures to make and keep records of information obtained in the process of verifying the customer's identity; and 3) procedures to determine whether the customer appears on any list of known or suspected terrorists or terrorist organizations issued by a government agency and identified as such by the United States Treasury Department.

- *Customer Information Requirements:* Employees involved in opening accounts obtain from each customer, prior to opening a new account, the customer's legal name, physical residential or business address, date of birth (in the case of individuals), and taxpayer identification number.
- *Customer Identity Verification Requirements:* The bank employs documentary or non-documentary means of identity verification, or a combination of both, using information obtained from the customer, to determine whether a reasonable belief is formed that the true identity of the customer is known.
- *Recordkeeping Requirements:* The bank maintains records of the Customer Information Requirements and the documentary or non-documentary records to verify customer identity for a minimum of five years after the account is closed.
- *Comparison with Government Lists:* The bank determines within a reasonable time after opening an account, or earlier if required by another federal law or regulation or according to any federal directive(s) issued in connection with the applicable list, whether a customer opening a new account appears on any list of known or suspected terrorists or terrorist organizations issued by any federal government agency and designated as such by the United States Treasury Department. The bank follows all federal directives issued in connection with such lists.

## ANTI-MONEY LAUNDERING

The Prevention of Money Laundering and the Financing of Terrorist Activities

(henceforth referred to jointly as Anti-Money Laundering) is a major priority at BBVA Compass and an issue critical to the company's pledge

to promote and uphold the well-being of the different communities in which it operates. Accordingly, the following measures were developed to support these efforts:

- *Anti-Money Laundering Risk Assessment:* The bank's anti-money laundering program is risk-focused and based on an enterprise-wide assessment of the money laundering risks in relation to the bank's products/services, geographic locations and composition of its customers. The risk assessment periodically is re-evaluated to make adjustments based on changing circumstances.
- *Account Opening and Documentation Procedures:* Employees are the first line of defense in the bank's efforts to identify and report suspicious activity. Those involved in opening accounts, managing accounts or in accepting and processing customer account or service transactions adhere to specified account opening procedures and monitor customers and customers' account activity for red flags indicative of money laundering and/or terrorist funding activities. They are required to report any suspicious activity to the bank's BSA Department.
- *Information Systems:* The bank's BSA and Loss Prevention departments serve as secondary lines of defense against possible use of the bank to launder money. Numerous reports generated by these online information systems are evaluated and monitored to identify money laundering "red flags" and other suspicious activities.
- *Anti-Money Laundering Training:* Employees are trained specifically to recognize and report suspicious activity. BSA compliance and anti-money laundering training are administered primarily through annual required training courses and specialized "spot" training employed throughout the year. These training programs typically are delivered and tracked by the Training and Development Department of BBVA Compass' Human Resources Division. The Training and Development Department will test appropriate employees annually about BSA as part of their certification program. Training programs are updated to address new legal, industry and policy developments. They clearly convey the seriousness of non-compliance

with the subject laws and the consequences, including termination of employment, of an employee's failure to abide by the bank's BSA and anti-money laundering policies.

- *Anti-Money Laundering Audit:* The adequacy and effectiveness of the bank's BSA and anti-money laundering policies and programs are assessed at least annually by BBVA Compass' Internal Audit Department. The process includes evaluating the levels of risk associated with the types of transactions conducted by the bank; varying customer characteristics; and the multiple geographic locations in which the bank conducts business, among other relevant factors. The assessment includes transaction testing of "high risk" areas and an evaluation of the overall adequacy of the bank's processes to identify suspicious activities and the adequacy and effectiveness of related training programs.

#### LARGE COMPANIES AND PROJECT FINANCE

The management of social and environmental risk in the financing of large projects is a matter of vital importance for the BBVA Group as an

institution dedicated to the provision of financial services. The BBVA Group seeks to contribute to financing the building of infrastructures designed to improve people's quality of life, but without neglecting either the environment or society itself. Accordingly, since 2004 the BBVA Group has adhered to the Equator Principles, undertaking to assess and consider the social and environmental risks of the projects it finances in developing countries.

Since 2006, the BBVA Group has eliminated the limit on the amount for the analysis of projects according to the Equator Principles, with this study now being applied to all project finance transactions. Furthermore, in 2008 and in addition to the products of Project Finance, it was agreed to extend the application of the Equator Principles to bridge finance linked to projects and the German Method (lump sum toll road contract payment). One Project Finance operation was rejected in 2008 for failing to comply with the Equator Principles.

More information at: [www.equator-principles.com](http://www.equator-principles.com)



## Classification of projects in finance and advisory services according to the Equator Principles

(million euros)

		2008			2007			2006		
	Category	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	0.0	0	0.0	0.0
	B	11	5,227.5	499.8	1	133.7	9.6	11	4,587.4	831.4
	C	32	6,343.6	1,345.0	11	1,544.3	321.7	7	1,946.0	357.8
<b>TOTAL Europe and North America</b>		<b>43</b>	<b>11,571.1</b>	<b>1,844.8</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>
Latin America	A	1	639.2	118.3	0	0.0	0.0	1	103.5	19.5
	B	6	1,054.1	76.5	1	437.4	72.9	5	1,826.2	434.9
	C	2	346.8	148.7	0	0.0	0.0	2	56.0	38.0
<b>TOTAL Latin America</b>		<b>9</b>	<b>2,040.1</b>	<b>343.5</b>	<b>1</b>	<b>437.4</b>	<b>72.9</b>	<b>8</b>	<b>1,985.7</b>	<b>492.4</b>
Asia	A	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
	B	1	34.0	18.2	0	0.0	0.0	6	14,414.1	260.3
	C	0	0.0	0.0	0	0.0	0.0	1	1,196.3	49.2
<b>TOTAL Asia</b>		<b>1</b>	<b>34.0</b>	<b>18.2</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>7</b>	<b>15,610.4</b>	<b>309.5</b>
Rest of Group	A	0	0.0	0.0	1	1,568.0	42.8	0	0.0	0.0
	B	4	2,753.1	234.7	0	0.0	0.0	6	14,414.1	260.3
	C	1	187.1	39.6	0	0.0	0.0	1	1,196.3	49.2
<b>Total Rest of Group</b>		<b>5</b>	<b>2,940.2</b>	<b>274.3</b>						
<b>TOTAL GROUP</b>		<b>58</b>	<b>16,585.5</b>	<b>2,480.9</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>

Figures in million euros.

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.

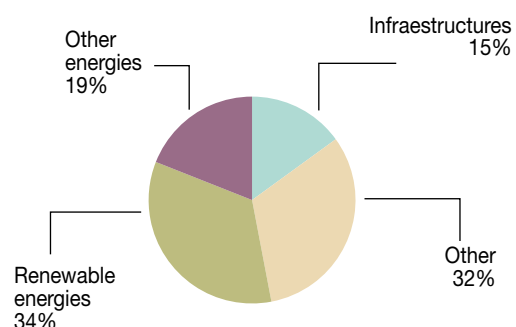
Scope: BBVA Group.

### BBVA COMPASS PRESENCE IN OFFSHORE FINANCIAL CENTERS

Since 2004 the bank has maintained a single foreign branch license for its Cayman Islands branch in order to gain access to the Eurodollar deposit market. Eurodollar deposits are U.S. dollar-denominated deposits associated with a non-U.S. deposit facility. BBVA Compass has been able to expand and diversify its funding sources and to compete more effectively for corporate and institutional deposits as a result of maintaining the foreign branch. As a limited purpose branch, however, the bank's Cayman Island branch does not conduct business or operate any physical business facility in the Cayman Islands. Instead, receipt and payment of all of its Cayman branch deposits occur in the United States, although, legally, BBVA Compass could limit withdrawals to the Cayman Islands. All such

deposit business is conducted in conformity with all applicable U.S. and Cayman Islands banking laws.

### Classification of projects according to the Equator Principles



Scope: BBVA Group

# RESPONSIBLE PRODUCTS AND SERVICES

SOCIAL AND ENVIRONMENTAL CONSIDERATIONS GENERATE A WORLD OF NEW NEEDS AND OPPORTUNITIES. BBVA COMPASS IS EXPLORING WAYS OF MEETING THESE NEEDS.

18,500

Active Basic Checking account holders; 15,000 of those opened in 2008

128

Small Business Administration loans (volume in million USD)

## SOCIALLY RESPONSIBLE INVESTMENT

With regard to socially and ethically aware investing, BBVA Compass' Wealth Management Group (WMG)

equity analytical/allocation software provides screens that identify stocks noted as having a conflict with twenty one different social or ethical screens. Implementing and utilizing such screening within a client's portfolio is at the direction of the client and in concert with the client's stated goals and objectives.

There are twenty one different screening categories that can be included, ranging from Adult Content Providers to Weapons. These screens can be used individually or in any combination to provide clients with a customized, socially aware and ethically responsible equity allocation.

With regard to ethical behavior within the WMG Trust and Registered Investment Advisor (RIA) investment management processes, all discretionary investment-related activities are overseen by holders of the Chartered Financial Analyst designation ([www.cfainstitute.org](http://www.cfainstitute.org)). As such, all activities are subject to the ethical standards and code of conduct adopted by the CFA Institute, and all activities under the supervision of a CFA charter holder must be consistent with principles and guidelines in the Code of Ethics and Standards of Professional Conduct (<http://www.cfainstitute.org/center/codes/ethics/index.html>).

## BBVA Group Socially Responsible Investment (SRI)

(Percentage)

	2008 <sup>(1)</sup>	2007	2006
SRI funds over total managed funds	2.74	1.38	1.57
SRI funds over other customer funds	2.17	0.53	0.65

(1) In 2008 the increase in SRI funds is due to the management of BBVA's staff retirement plan according to sustainability criteria.

Scope: BBVA Group.

## SECOND CHANCE BASIC CHECKING ACCOUNT

Participation in the financial system is critical for economic self-sufficiency in the United States. Many consumers are turned down by other

financial institutions due to past financial problems, typically because they lack traditional credit scores or because they have had trouble managing their checking accounts. These customers, who typically are at the low end of the economic spectrum, resort to alternative forms of financial transactions and to paying fees for check cashing and for money orders to pay bills. In many instances, they lack access to ATM services or have to pay very high fees for limited ATM access.

In 2008 BBVA Compass re-launched its *Basic Checking* account to help these customers move into the financial mainstream. After ninety days without overdrafts, the customer is allowed to convert to a free checking account without incurring any fees. The *Basic Checking* account carries a \$7.95 flat fee and includes the following benefits:

- No minimum balance required
- No direct deposit required
- Unlimited ATM & debit card transactions
- Unlimited check writing
- Free online banking
- Free VISA Check Card
- Low dollar amounts required for account opening.

Through *Basic Checking* accounts, many of these customers have developed their credit histories by properly managing their balances and their Visa Check Cards, and, in the process, they have integrated or re-integrated themselves in the financial system.

## SMALL BUSINESS LENDING

BBVA Compass provides funding for America's small business entrepreneurs by participating in various

government-sponsored U.S. Small Business Administration (SBA) loan programs. Utilizing the expertise of a self-contained, companywide business unit, BBVA Compass produces high quality business loans by sharing the risk with the SBA. The bank's SBA group can provide a small business with alternative, creative loan structures for all types of needs, including real estate acquisition and construction, equipment, working capital and debt-refinance.

The bank's outreach and financing of small businesses provides additional benefit through the recognition of SBA loans as a critical component under the Community Reinvestment Act. (Additional information is available in Financial Inclusion, page 24.) The SBA group's outreach efforts require ongoing interface with various non-profit business groups that support its members through education and financing.

For the fiscal year ending September 30, 2008, BBVA Compass produced 682 SBA guaranteed loans totaling \$128 million. In 2008 BBVA Compass national jumped eighteen places from its 2007 rank of 36th to become the 18th largest SBA lender.

Equally important, for the quarter ending December 31, 2008, BBVA Compass produced \$36 million in loans, resulting in a national ranking of seventh.

Our philosophy is that small businesses are not only the backbone of the nation's growth engine, but also the lifeblood of economic prosperity. Through the public/private partnership of BBVA Compass and the SBA, we can use the bank's global reach to meet the local needs of the nation's entrepreneurs and small business owners.

## The 2008 Coleman Report 500 - 2008 Top 20 SBA 7(a) Lenders by Loan Volume

2008	2007	2006		# Loans	Gross Loan Volume	Average Loan Size
1	1	1	CIT SMALL BUSINESS LENDING	1,203	\$ 771,391,550	\$ 641,223
2	2	2	WELLS FARGO BANK	2,776	\$ 658,840,200	\$ 237,334
3	4	3	U.S. BANK	3,955	\$ 503,912,300	\$ 127,411
4	6	8	WACHOVIA BANK	726	\$ 420,291,700	\$ 578,914
5	3	7	JPMORGAN CHASE BANK	6,139	\$ 404,828,300	\$ 65,944
6	5	4	BANCO POPULAR	2,197	\$ 368,689,500	\$ 167,815
7	15	12	TD COMMERCE BANK	683	\$ 217,404,700	\$ 318,308
8	24	17	TEMECULA VALLEY BANK	185	\$ 197,243,800	\$1,066,183
9	7	9	COMERICA BANK	382	\$ 189,797,200	\$ 496,851
10	16	14	UPS CAPITAL BUSINESS CREDIT	249	\$ 188,864,487	\$ 758,492
11	12	15	ZIONS BANK	1,574	\$ 181,315,000	\$ 115,194
12	22	47	EXCEL NATIONAL BANK	172	\$ 157,680,400	\$ 916,747
13	11	16	BB&T BANK	762	\$ 157,017,300	\$ 206,059
14	10	6	PNC BANK	1,018	\$ 153,953,600	\$ 151,231
15	20	33	HUNTINGTON NATIONAL BANK (THE)	1,348	\$ 152,720,100	\$ 113,294
16	19	28	INNOVATIVE BANK	4,233	\$ 143,519,000	\$ 33,905
17	8	5	BANK OF AMERICA	3,391	\$ 136,108,926	\$ 40,138
18	36	141	COMPASS BANK	682	\$ 127,892,200	\$ 187,525
19	29	36	SMALL BUSINESS LOAN SOURCE	318	\$ 112,662,911	\$ 354,286
20	23	25	COMMUNITY SOUTH BANK	189	\$ 109,443,500	\$ 579,066

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## BBVA Compass Wins SBA Award

BBVA Compass was awarded the Large Bank 7(a) Lender of the Year Award, a top honor given by the SBA (Small Business Administration). The bank was among 10 financial institutions from across the country honored in Washington, D.C. during National Small Business Week.

In addition, BBVA Compass SBA Division Manager Greg Clarkson served on an economic forum designed to provide insight on "Strengthening Small Businesses in a Challenging Economy."

In a time when many other lenders are reducing their efforts, BBVA Compass continues to increase its SBA lending and is one of only eight top 30 banks to do so. This was the first year BBVA Compass was honored by the SBA, and this award underscores how important small businesses are to our organization.



Penny Pickett, associate administrator for Entrepreneurial Development; Eric Zarnikow, associate administrator for the Office of Capital Access; Greg Clarkson, BBVA Compass SBA Division Manager; and Karen G. Mills, SBA Administrator, gather during a National Small Business Week event in Washington, D.C.



Raghav Lal, head of Global Small Business for Visa, and Greg Clarkson participate in the economic forum on *Strengthening Small Businesses in a Challenging Economy* in Washington, D.C.

## ENVIRONMENTAL PRODUCTS AND SERVICES

The BBVA Group's main commitment to the environment is channeled through its funding projects and the developing of products and services of an environmental nature.

In this respect, the main new developments of the BBVA Group in 2008 were the following:

- The BBVA Group was among the world leaders in the financing of wind farms from 2000 to 2007 (\$2.6 billion), according to Thomson Financial data
- BBVA Banco Continental obtained a line of environmental financing from the International Finance Corporation (IFC) for \$30 million. The funds will be invested in green projects, especially those related to energy efficiency and natural gas conversion

*BBVA Soluciones* launched an environmental consulting service for SMEs. This Remedial Plan (*Plan Remedia*) offers opportunities for energy savings and the efficient management of resources within four areas of activity, namely, energy efficiency, environmental management, accessibility fitting and corporate responsibility. Milestones include the following:

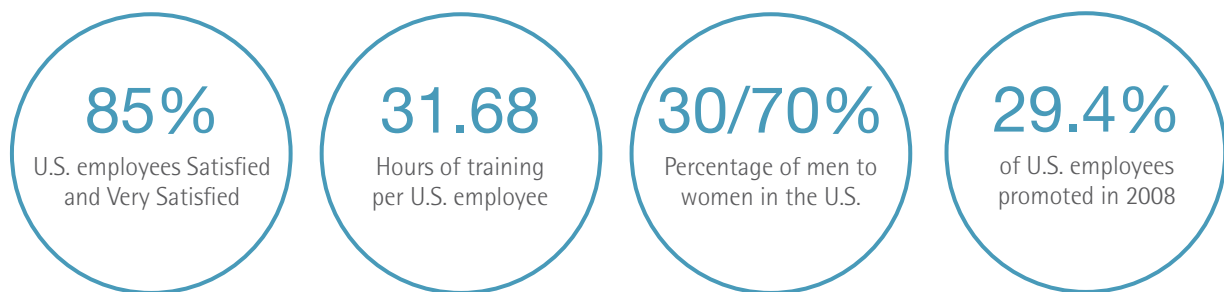
- Financing photovoltaic panels for SMEs (BBVA Spain): In 2008 funding was provided for a total of €15.2m and a total of 3,200 kW.
- Financing of photovoltaic installations in the Valencia and Murcia regions: In 2008 funding including eleven operations amounted to €10m.
- Carbon trading: In 2008 the BBVA Group traded more than one million tons of CO<sub>2</sub>.

In 2008 BBVA Compass' main new developments were the following:

- Leader in financing green energy in the U.S., with loans amounting to one billion euros (CR Report 2007, page 26)
- Provided financing for the water treatment plant at a major snack food company
- Provided equipment financing for a major provider of vinyl home products that included funding for a recycling shredder
- Provided financing for several neighborhoods with green components and an emphasis on energy efficiency, including \$13 million for a forty-home neighborhood in which homes are built green and energy efficient and another \$15 million for another neighborhood that was LEED certified at the silver level
- Provided \$6.5 million for a wind farm in Colorado.

# RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES

ATTRACTING AND RETAINING TALENT...DIVERSITY...RECONCILING  
WORK AND PERSONAL LIFE...EQUAL OPPORTUNITY...THESE ARE IMPORTANT  
CHALLENGES THAT BBVA ACCEPTS TO MAKE US THE BEST EMPLOYER.



## EMPLOYEES' PROFILE

For BBVA Compass, as with the BBVA Group, employees are a group of stakeholders with special significance, as the company's corporate culture is based on the premise of *Working towards a better future for people*.

To translate this premise into practice, one of BBVA's primary goals is to manage human capital by promoting continual improvement in the ethical standards affecting its employees in equal opportunity professional and personal development promotion, and improvement in the capacity for teamwork, work climate, and degree of satisfaction of BBVA employees worldwide.

## Individual Development Plan (IDP): a comprehensive development process

The BBVA Group has completed the implementation of the human resources competency-based management model for the Group's more than 100,000 employees worldwide. The purpose of the IDP is to provide support, automation and improved efficiency in the management of employees' career development. Supervisors and reports together define the competencies to be improved and choose the appropriate training courses listed in the IDP catalog.

The result of the IDP is a two-year mutually agreed upon development plan, including improvement action items, which are reviewed annually. The last competency assessment process carried out by the BBVA Group in 2007 was completed with the creation of over 55,000 Individual Development Plans which translated into more than 266,000 training measures that were implemented in 2007 and 2008.

A pilot launch of the IDP process was carried out in 2008 with the Top 90 BBVA Compass Executives. This was a valuable experience and demonstrated that the BBVA Group IDP process will work well at BBVA Compass.





## Recruitment of employees

	Alabama	Arizona	Colorado	Florida	New Mexico	Texas	Insurance	Total
Internal Hires	380	127	70	68	21	757	3	1426
External Hires	963	438	153	178	42	1602	38	3414
<b>Total Hires</b>	<b>1343</b>	<b>565</b>	<b>223</b>	<b>246</b>	<b>63</b>	<b>2359</b>	<b>41</b>	<b>4840</b>

Scope: BBVA Compass

### EMPLOYMENT AND RECRUITMENT

Human resources policies must provide a means of promoting talent throughout the corporation that extends

beyond different functions, lines of business or geographic areas, while creating consistent management practices across the footprint.

The purpose of these management practices is to ensure the constant flow of talent for management. This is achieved by identifying talent within the company itself, and then working on its development, and by attracting the best talent available in the market.

At BBVA global policy and procedure comprise the framework that helps ensure equal opportunity, maximum independence and confidentiality in the recruitment process. BBVA guarantees equality of opportunities: All candidates experience the same treatment and recruitment processes. There is no discrimination of any kind, and candidates are evaluated based on the actual requisites specified for positions.

In 2008, as BBVA Compass embraced the BBVA Group global policy and code of conduct, the company expanded a new Employment Equal Opportunity statement while reinforcing other already established policies and procedures. It follows:

*All applicants will receive consideration for employment without regard to age, beliefs, citizenship, color, disability, ethnic origin, gender, marital status, nationality, national origin, political affinities, race, religion, sexual orientation, socio-economic standing, or veteran status, or any other status or classification protected by federal, state, or local law.*

At BBVA Compass in 2009 the Recruitment & Employment Services Department is leveraging the BBVA employment brand in the U.S. and maximizing tools and resources available at a global level. Initiatives are being explored to align ourselves better to the Global group and as an employer of choice.

## Workforce breakdown by average ages & gender

	Male	Female	<25	25-45	>45
2008	31.9	38.0	18.8	52.4	28.8
2007	39.6	39.7	12.4	54.1	33.5

Scope: BBVA Compass

## Discharge of employees

	2008	2007
Retirement and early retirement	68	45
Incentivated discharges	467	3,380
Voluntary discharges (resignations)	2,192	2,046

Scope: BBVA Compass

## APPRAISAL AND PROFESSIONAL DEVELOPMENT

BBVA follows a standardized policy and process for assessing competencies and evaluating performance.

During 2008 BBVA Compass began transitioning its entire workforce to this standardized policy, which is as follows:

- *Assessing competencies:* The fundamental objective is to identify the level of skill and knowledge of each employee in comparison to those required for his or her function. The results will help design a personalized development and training plan for each employee (the Individual Development Plan or IDP).
- *Performance evaluation:* The purpose is to assess the attainment of objectives set forth at the beginning of the year and link performance to variable remuneration.

The reward policy at BBVA is based on level of responsibility and individual professional development. Furthermore, BBVA now has a new policy for managing professional development. It is designed to boost internal promotion, creating an even more empowered, appreciated and recognized global workforce.

## TRAINING AND KNOWLEDGE MANAGEMENT

The BBVA Group recognizes that a large part of the success of any company lies in the professionalism of

its staff. To this end, it is necessary to invest in training employees so that they can acquire the necessary skills for performing their functions.

### Main Indicators for training

	N° hours
Total hours of training given	458,502
Total face-to-face training	344,775
Total e-learning	113,727
Hours of training per employee	31.68
Face-to-face training per employee	54.89
E-learning per employee	7.89

Scope: BBVA Compass

BBVA understands training as a commitment to its teams and sees it as an investment with a two-fold objective: responding to the needs of customers and enhancing the professional growth of all employees. Training and development, therefore, are critical instruments in integrating a global and diverse organization such as BBVA.

BBVA Compass' Training and Development Department provides quality, timely and cost-effective training for exempt and non-exempt employees. Internal training focuses on helping employees improve performance in their current jobs or acquire new skills needed for advancement into other opportunities within the company.

Given the integration of the former Tri-Star banks and Compass Bank, BBVA Compass had a critical training and development year in 2008. In preparation for the integration of the Tri-Star banks—Texas State Bank (TSB), Laredo National Bank (LNB) and State National Bank (SNB)—the following overarching goals were identified:

### What

- Empower employees to obtain the knowledge and tools to enable them to attain proficiency, improve performance and expand careers
- Provide managers with solutions to improve employee performance and offer ongoing development opportunities.

### Why

- Enable learners to take ownership of their development to increase employee satisfaction and retention
- Enable managers to direct the development of their staffs to increase productivity and profitability
- Provide the appropriate training to the right audience at the right time to accommodate differences in employees' aptitude, experience, location and schedule
- Maximize Training and Development resources to continue providing core training and performance improvement solutions to a wider audience.

The ambitious timeline adopted for the integration process was adhered to and implemented successfully.

Integration	Measurement Results
<b>Skills Training</b> Train employees in 27 identified job families to perform those job functions at BBVA Compass.	Exceeded goal by approximately 40% by developing and delivering training for 37 identified job families.
Manage training process to ensure 100% of integrated employees complete required classroom and online training.	100% of employees required to complete classroom training met the deadline.
Establish a training advisory group to gather constructive feedback on training effectiveness for continuous improvement of integration training for SNB, TSB, and LNB.	Based on results from Tri-Star advisory groups, the following changes were implemented: <ul style="list-style-type: none"> <li>Extended Consumer Loan Training by 50%</li> <li>Relationship Support Specialist training doubled</li> <li>Created practice activities to be completed on the job prior to conversion to reinforce classroom training</li> <li>Offered more training sessions closer to conversion</li> <li>Allowed participants to complete online pre-work up to two weeks prior to attending class</li> <li>Reorganized the Integration website to provide more user-friendly navigation</li> <li>Deploy Buddies earlier to reinforce classroom training and ensure practice activities were being completed.</li> </ul>
Scope: BBVA Compass	

Management Training	
Provide training to people managers to help them lead through integration. Develop and deliver the following required training:	
New Manager Orientation: All people managers complete within 90 days post integration.	Results: Training managers worked with line of business managers to ensure 100% completion.
Coaching and Managing Conflict: People managers grades 12 -16, complete within 90 days post integration	Results: Training managers worked with line of business managers to ensure 100% completion.
Scope: BBVA Compass	

**PERSONAL BENEFITS** | BBVA Compass offers a wide array of employee benefits of an economic nature that supplement and improve the remuneration policy. These personal benefits include vacation and paid time-off programs, traditional group benefits such as savings and retirement plans, tuition assistance and free or reduced-rate banking services.

As BBVA Compass moves to the BBVA Group's Human Resources model in 2009, the benefits and structure will change and evolve. Following are highlights of the 2008 employee benefits package.

**EMPLOYEE BENEFITS PLANS.** BBVA Compass' employee benefits plans are provided to enhance employees' well-being, protect them against financial loss and help them plan for the future.

**FLEXIBLE WORKING ARRANGEMENTS.** More and more people today have unavoidable conflicts that can make traditional work schedules difficult or even impossible. Examples of alternative work arrangements include flex-time, compressed work weeks, job sharing and flex-placing (telecommuting).

**PAID TIME OFF.** BBVA Compass believes that regular times of rest and relaxation away from the job are crucial for health, well-being and performance on the job. Employees are encouraged to take advantage of annual paid vacation time.

**SICK PAY, SHORT-TERM DISABILITY BENEFITS AND LONG-TERM DISABILITY INSURANCE.** BBVA Compass provides the opportunity to accrue sick pay to be used to help

avoid an interruption in base pay if work is missed due to medical necessity, personal emergency or another necessary absence. Short-term disability benefits are provided to eligible employees, and long-term disability benefits may be available for employees who cannot return to work because of health problems.

#### NON-DISCRIMINATION AND EQUAL OPPORTUNITIES

BBVA Compass is committed to provide equal employment opportunities to all employees and applicants without regard to age, beliefs, citizenship, color, disability, ethnicity, gender, marital status, nationality, national origin, political affinities, race, religion, sexual orientation, socio-economic standing, veteran status or any other status or

classification protected by federal, state or local law. The bank prohibits any form of illegal discrimination in all terms and conditions of employment.

Furthermore, BBVA Compass is committed to a written Affirmative Action Program that is a conscious, directed effort to eliminate inappropriate barriers to employment and advancement and to develop a workforce that represents the relevant labor market. The Affirmative Action Program at BBVA Compass is a goal-oriented commitment to recruit and advance in employment, qualified women, minority group members and persons with disabilities for managerial, professional, technical, administrative, clerical and training positions.

#### Distribution of functions by gender and professional category

	Male	Female
<b>BBVA Compass</b>	<b>29.6</b>	<b>70.3</b>
Group Average	49.0	51.0
Senior Management	86.8	13.2
Middle Management	38.6	61.4
Specialist	36.6	63.4
Sales Force	43.6	56.4
Rank & File	17.7	82.3

Scope: BBVA Compass

#### Executive Management

Male	Female	Total
87	19	106
82.08%	17.92%	Total %

#### Grade 24 & Above

Male	Female	Total
248	47	295
84.07%	15.93%	Total %

Scope: BBVA Compass

#### Positions by gender

	2008			2007		
	Male	Female	Total	Male	Female	Total
Permanent or regular full-time	30.6	69.4	90.7	30.7	69.3	89.5
Permanent or regular part-time	1.8	7.1	8.9	2.1	6.6	8.8
Temporary	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.3	0.4	0.0	0.4	0.4

Scope: BBVA Compass

## INTERNAL COMMUNICATIONS

Placing emphasis on internal communication means emphasizing cohesion, commitment, hope and efficiency. Basically, it implies a commitment to people.

The BBVA Group in 2008 worked to implement internal communications best practices. To improve the dissemination of human resources policies, processes, services and initiatives, a new style of communication was designed by the Communication and Image area.

This style also was soft launched in the U.S. in 2008, with a goal of implementing it more widely within the Human Resources area of BBVA Compass during 2009. The main change revolves around the concept of “4U... from HR:”)” (“Para ti

“4U” in Spanish speaking countries), where the receiver of the message (4U) takes center stage.

This initiative was created based on opinions expressed by employees in the last employee satisfaction survey, which was conducted by the BBVA Group in 2005.

Another important improvement coming to BBVA Compass in 2009 is the structuring of communications around the following three types of content:

- Programs and initiatives for personal benefit: “Passion for People”
- Communication of HR policies: management models
- Communication related to the steps to be taken: human resources processes.



The BBVA International Employee Photography Contest is an example of ways the organization engages employees on a personal level.

**WORK CLIMATE** | Data show that the work climate at BBVA Compass reflects high motivation, satisfaction, pride and camaraderie. BBVA Compass is proud to have participated in 2008 for the first time in the Group's global Employee Satisfaction Survey. We contributed positively to the overall survey scores, and our scores were comparable to the Group's results. Approximately 57% of the BBVA Compass workforce participated—a solid number for the first year.

Examples of survey questions and results are shown below:



The results fall into two categories: rational and emotional. Rational results pertain to the internal side of the survey and are indicators of motivation, satisfaction and commitment. Emotional results pertain to the external side of the survey and are indicators of pride, trust, credibility, fairness, respect and camaraderie.

In the category of rational results, 74% of employees expressed favorable responses, indicating high motivation, satisfaction and commitment levels.

In the category of emotional results, 72% of employees had favorable responses, indicating a sense of trust and pride, fairness, respect and solid camaraderie.

Considering that the survey was conducted at a time of significant change at BBVA Compass, including the three consecutive TriStar integrations, these results are especially impressive. There are opportunities for improvement, and the results demonstrate that BBVA Compass is moving in the right direction.

Employee satisfaction survey (Percentage)

	Participation		Satisfied and very satisfied		Committed and highly committed	
	2008	2005	2008	2005	2008	2005
Argentina	82	67	88	88	94	95
Bolivia	63	58	85	86	94	93
Chile	81	55	83	79	87	86
Colombia	89	82	89	94	96	97
Spain	62	47	77	83	88	93
United States <sup>(1)</sup>	57	–	85	–	92	–
Mexico	75	61	96	94	98	98
Panama	73	76	88	83	96	95
Paraguay	78	80	88	93	96	98
Peru	79	76	87	89	95	96
Uruguay	72	73	85	86	96	97
Venezuela	76	61	86	92	94	97
BBVA Group	71	67	87	89	93	95

(1) There are no indicators for 2005 for the United States as 2008 was the first year the survey was carried out.  
Scope: BBVA Group.



# RESPONSIBLE PROCUREMENT

RESPONSIBLE PROCUREMENT INCLUDES CONSIDERING THE POSSIBLE DIRECT AND INDIRECT ENVIRONMENTAL AND SOCIAL IMPACT OF THE PROCUREMENT OF GOODS AND SERVICES.



## BBVA GROUP PROCUREMENT MODEL AND POLICY

The Procurement, Premises and Services Department gave a further boost to the BBVA Group's corporate procurement model in 2008

and worked on its evolution toward a worldwide standardization of processes and internal control of its activity. As a result, a general procedure for the purchase of goods and hiring of services was implemented. It develops the Group's global procurement model principles.

In this respect, of particular note is the separation of corporate from country functions while maintaining the balance between corporate and local management. This allows for the specialization of each country's procurement manager in local markets.

BBVA is committed to mutually productive relations with suppliers based on the following two essential aspects:

- The application of criteria of objectiveness, transparency, professionalism and equal opportunity in the selection of suppliers and in relationships with them
- The fostering of ethical and corporate responsibility principles among its suppliers.

## BBVA COMPASS PROCUREMENT MODEL AND POLICY

The BBVA Compass procurement model is designed to deliver and sustain value across the organization by building and

managing an external supplier network that meets the operational needs of the bank at minimal cost. This is achieved by adopting enhanced procurement best practices; establishing partnerships across the bank to expand category coverage; and continuing to secure trackable, hard-dollar savings.

In 2008 BBVA Compass implemented internal policies and procedures to ensure that we continue to obtain the best value for products and services across the organization, which supports BBVA's corporate procurement model.

In keeping with the social responsibility initiative, BBVA Compass partnered with our contracted office supply company to offer employees



a variety of environmentally friendly products. Results from these efforts reflect saving 1,024 trees, reducing greenhouse gas emissions by 89,961 lbs and saving 725,499,735 BTUs of energy.

Additionally, BBVA Compass ensures that all PC, telecom, server and networking equipment is disposed of properly in accordance with environmental laws and regulations. Usable equipment is sold for fair market value on the global market, while all unusable equipment is recycled by the supplier.

Main suppliers in the USA

	2008	2007	2006
\$100,000 - \$300,000	386	297	276
\$300,000 - \$1,000,000	199	133	152
More than \$1,000,000	113	95	80

Scope: BBVA Compass

PRINCIPLES APPLICABLE TO THOSE PARTIES INVOLVED IN THE BBVA PROCUREMENT PROCESS

The BBVA Group’s Code of Conduct includes the following criterion to be applied to relations with suppliers: "BBVA greatly values those suppliers that not only share the principles of this Code but have also adopted the principles promoted by the United Nations Global Compact in the conduct of their business operations."

The BBVA Group developed the *Principles Applicable to those Parties Involved in the BBVA Procurement Process*. This document develops the points outlined in the Code of Conduct that are specifically applicable to the functions involved in this process. Such functions are governed by respect for prevailing laws in each of the geographic regions in which BBVA conducts business. To be precise, the following principles and general guidelines are established and developed with respect to the BBVA Group’s relations with its suppliers: respect for the law, commitment to integrity, competition, objectiveness, transparency, value creation and confidentiality.

SUPPLIER APPROVAL SYSTEM

One action item developed in 2008 is intended to standardize the Group’s supplier approval process throughout the world. The main objective of this process is to validate not only the productive, technical, financial, legal and commercial capacity of BBVA’s major suppliers, but also their degree of involvement in aspects of corporate responsibility.

A specific feature of this approval system is the on-the-spot assessment of suppliers in emerging countries when required by the characteristics of the procurement.

In 2008 questions related to compliance with the ten United Nations Global Compact Principles were included in the supplier approval questionnaire, and applicants were asked to submit a signed document stating their compliance with those principles. Similarly, corporate responsibility criteria were included in all of the Group’s approval questionnaires.

In 2007 the BBVA Group distributed the United Nations Global Compact to the majority of its suppliers in Spain (1,444). In 2008, wishing to broaden the scope of this commitment, the organization took it to the other countries in which it operates, including Argentina (180), Colombia (694), Mexico (140), Peru (34), Puerto Rico (87), Venezuela (211) and the United States (100). Moving forward in the United States, key components of the United Nations Global Compact will be incorporated into BBVA Compass’ supplier certification program.

PROCUREMENT AND MANAGEMENT TOOLS

BBVA Compass utilizes an eProcurement tool to manage transactions of various goods and services across the organization. This tool permits the organization to identify spending trends and improve efficiency levels with key suppliers. Additionally, a contract management tool is utilized to store and manage the organization’s contracts in a manner that provides Procurement a more holistic view.

# ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

FOR BBVA THE CHALLENGE OF CLIMATE CHANGE INVOLVES BOTH RISK AND OPPORTUNITY. AS PART OF OUR COMMITMENT TO DEVELOPING A SUSTAINABLE BUSINESS MODEL THAT WILL HELP COMBAT CLIMATE CHANGE, THE GROUP ADOPTED A SERIES OF AMBITIOUS TARGETS FOR 2008-2012.

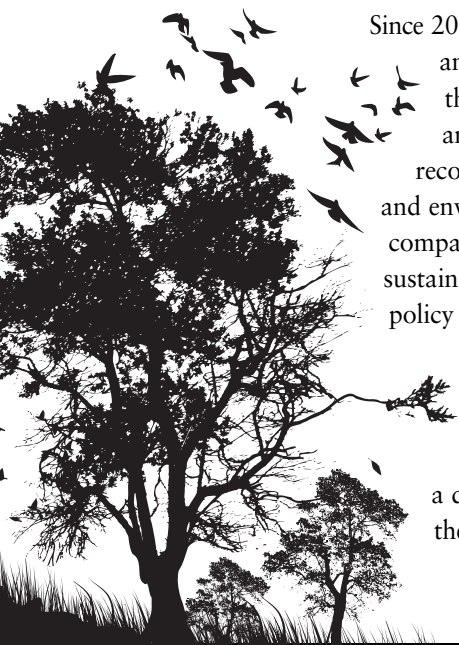


Sustainable development is a priority for BBVA. Like any financial institution, the Group has considerable environmental impact. For example, direct impact occurs through consumption of natural resources, property management and operations, office and janitorial supplies, paper, travel, etc. Environmental consequences also can be attributed to banking products and services, especially those related to financing, asset management and supply chain management.

Since 2003 the Group has operated an environmental policy that affects all its entities and activities and seeks to reconcile the economic, social and environmental facets of the company within a model of sustainable development. This policy seeks to promote the effective integration of environmental criteria into BBVA's activities, turning them into a distinguishing feature of the Group and a source of

competitive advantage. It is implemented through a comprehensive and global environmental management system that manages the Group's various direct and in-direct environmental impacts. The general objectives of the environmental policy are the following:

1. Compliance with current environmental regulations in the countries in which the BBVA Group operates
2. Continuous improvements in identifying and managing the environmental risks of the Group's financial and investment operations
3. Development of environmentally beneficial financial products and services
4. Eco-efficiency in the use of natural resources and establishment and fulfillment of improvement targets
5. Management of direct impact through an environmental management system whose primary components will be certified with ISO 14001
6. Positive influence on the environmental performance of stakeholders through communication and by heightening awareness of the importance of the environment as a variable in business and personal management



7. Informing, raising awareness and perception, and training employees about environmental issues
8. Support for environmental patronage, volunteer work and research
9. Support for the major international initiatives to combat and prevent climate change.

As part of the BBVA Group, BBVA Compass embraces its role in contributing to these ambitious targets. In 2008 changes in environmental impact began evolving at the micro and macro level, but goals cannot be achieved without strong relationships with all stakeholders. Reducing the distribution of office supply catalogs by 1,955 over a two-year period, for example, produced the following positive environmental impact:

- Fifty-two trees saved
- Equivalent emission reduction of two U.S. cars being taken off the road
- Prevented equivalent of one-third garbage truck of waste.

**THE BBVA  
GLOBAL ECO-  
EFFICIENCY  
PLAN 2008-2012:  
OPPORTUNITY  
FOR BBVA  
COMPASS**

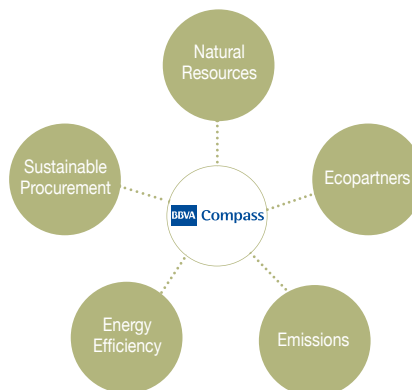
Presented in fall, 2008, the 2008-2012 Global Eco-efficiency Plan details a series of ambitious, specific and measurable goals and aims to cut CO<sub>2</sub> emissions by 20% in 2012. The plan is a key element in BBVA's full-

spectrum approach to the environment and forms part of the Group's Environmental Management System. BBVA has budgeted €19 million toward implementing the plan, making it the first Spanish financial institution to undertake a Global Eco-efficiency Plan. This makes it one of the five leading financial institutions in the world spearheading this type of initiative.

BBVA Compass looks forward to contributing to the 2008-2012 Group Eco-efficiency Plan with developed infrastructure for data tracking and management. Furthermore, by increasing awareness about the plan and enhancing sustainability practices across the U.S. footprint, BBVA Compass will play a significant role in reaching the Global goals.

The plan has five blocks of lines of action, each containing a large number of individual initiatives. It is managed by means of a scorecard, which has six specific indicators, each linked to a target for

### 5 blocks of targets and lines of action



#### 2012 goals (per employee)

-20%	CO <sub>2</sub>
-10%	Paper
-7%	Water
-2%	Energy (electricity)
20%	Staff in ISO 14001 buildings (26,000 employees)
	Headquarters LEED gold headquarters (15,500 people; Madrid and Mexico)

Baseline year, 2007

2012 to make it easier to monitor and evaluate compliance.

The first step toward good management of the environmental footprint is to compile and monitor environmental indicators. Accordingly, the Corporate Responsibility and Reputation team is garnering support across lines of business and operational units to unite in addressing all sustainability action items in the 2008-2012 Eco-efficiency Plan as follows:

- Separation and recycling of solid urban waste and hazardous waste
- Separation and recycling of computer waste
- Reduction of electricity consumption per employee
- Reduction of water consumption per employee
- Reduction of paper consumption per employee
- Establishing sustainability criteria for purchasing
- Increase the number of ISO 14001 quality certifications
- Obtain LEED certifications in the new Madrid, Mexico and Paraguay headquarters
- Implementation of green vehicle policy
- Use of videoconferences and reduction of business trips
- Offsetting CO<sub>2</sub> emissions, and reforestation
- Training, dissemination and education programs

## CO<sub>2</sub> Emissions

	Spain			Mexico			South America <sup>(1)</sup>			USA			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Total (t)	96,844	102,573	113,884	115,675	118,000	129,091	63,997	72,128	63,906	76,305	4,232	n.a.	352,821	296,933	306,881
Total per employee (t/employee)	3.33	3.30	3.72	3.35	3.35	3.93	2.03	2.32	2.12	6.12	1.03	n.a.	3.28	2.93	3.16
Other fossil fuels (t)	1,878	2,038	2,035	1,272	1,250	1,391	1,005	1,055	584	133	n.a.	n.a.	4,288	4,343	4,010
Electricity (t)	77,637	81,565	84,748	104,339	105,204	105,684	56,648	63,544	60,728	70,233	n.a.	8,518	307,857	250,313	259,678
Electricity per employee (t)	2.67	2.62	2.77	3.02	2.99	3.22	1.77	2.04	2.01	5.64	n.a.	2.34	2.86	2.57	2.67
Trips (t)	17,333	18,970	25,387	10,063	11,546	20,870	7,344	7,529	1,859	5,939	4,232	n.a.	40,679	42,277	48,116

(1) Including data from Portugal.

Other fossil fuels: natural gas and heating oil.

Emissions from trips are those related to employee business trips by air or car travel.

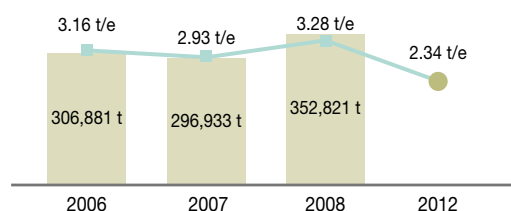
The growth in emissions per employee is accounted for by the increase in scope (we include data from the U.S.). The emission factor associated with the energy mix for the U.S. is relatively higher than that of other countries.

Data for 2007 have been modified since better information was available.

n.a.: not available.

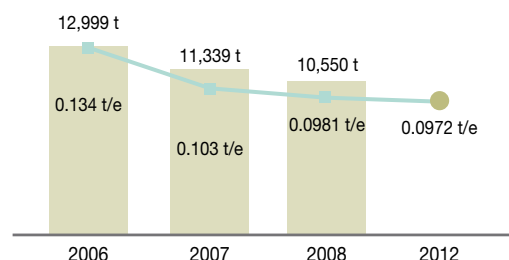
Scope: BBVA Group (Headquarters and banking branch offices).

## CO<sub>2</sub> Emissions



Scope: BBVA Group (Headquarters and banking branch offices).

## Paper Consumption



Scope: BBVA Group (Headquarters and banking branch offices).

## Paper Consumption

	Spain			Mexico			South America <sup>(1)</sup>			USA			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Total paper (t)	6,303	7,619	6,839	1,959	1,817	4,684	1,611	1,519	1,475	677	384	2	10,550	11,339	12,999
Paper per employee (t/employee)	0.217	0.250	0.224	0.0567	0.0516	0.143	0.0512	0.0489	0.0491	0.0543	0.0294	n.a.	0.0981	0.103	0.134
% Environmentally-friendly paper	65	37	61	36	n.a.	n.a.	24	20	n.a.	69	35	n.a.	54	29	32

(1) Including data from Portugal.

Environmentally-friendly paper: FSC, ECF and recycled paper. (FSC: certification promoted by the Forest Stewardship Council; it assures that forests whose resources have been used are managed in a responsible way and that traceability is maintained throughout the whole process. ECF: this certification assures that the manufacturing process is elementary chlorine free.

Data for 2006 and 2007 have been modified since better information was available.

n.a.: not available.

Scope: BBVA Group (Headquarters and banking branch offices).

## Water Consumption

	Spain			Mexico			South America <sup>(1)</sup>			USA			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Total (m³)	664,454	755,944	910,437	928,188	926,543	937,567	928,461	801,949	858,220	495,442	n.a.	132,017	3,016,545	2,484,436	2,838,241
Total per employee (m³/employee)	22.9	24.3	29.8	26.9	26.3	28.5	29.5	25.8	29.5	39.8	n.a.	36.2	28.1	25.5	29.5

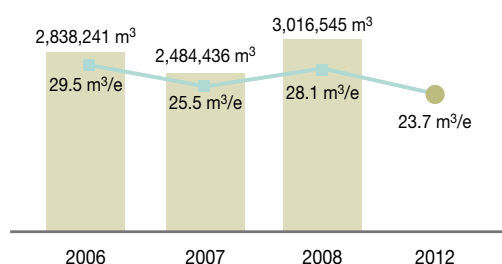
(1) Including data from Portugal.

Data for 2007 have been modified since better information was available.

n.a.: not available.

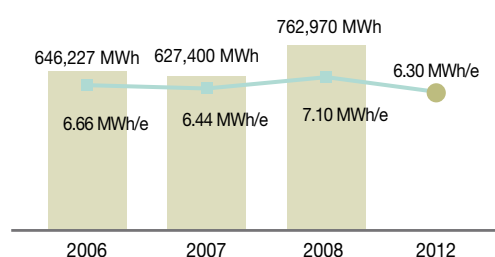
Scope: BBVA Group (Headquarters and banking branch offices).

## Water Consumption



Scope: BBVA Group (Headquarters and banking branch offices).

## Electricity Consumption



Scope: BBVA Group (Headquarters and banking branch offices).

## Energy Consumption

	Spain			Mexico			South America <sup>(1)</sup>			USA			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Total (MWh)	232,318	221,558	229,743	207,177	206,217	207,664	217,641	217,282	212,386	123,083	n.a.	12,600	780,219	645,057	662,393
Total per employee (MWh/employee):	7.99	7.10	7.50	5.99	5.90	6.30	6.92	7.00	7.10	9.88	n.a.	3.50	7.26	6.70	6.80
Electricity (MWh)	224,443	212,964	221,273	202,416	201,540	202,460	213,527	212,896	209,894	122,584	n.a.	12,600	762,970	627,400	646,227
Electricity per employee (MWh/employee)	7.72	6.85	7.24	5.86	5.73	6.16	6.79	6.85	7.00	9.84	n.a.	3.46	7.10	6.44	6.65
Other fossil fuels (MWh)	7,875	8,593	8,469	4,761	4,678	5,204	4,114	4,386	2,492	499	n.a.	n.a.	17,249	17,657	16,165

(1) Including data from Portugal.

Indirect energy consumption during this year was 2,211,474 MWh according to the Energy Balance Sheet, Energy Protocol (GRI).

Other fossil fuels: natural gas and heating oil consumption.

1 MWh = 3,6 GJ.

Data for 2006 and 2007 have been modified since better information was available.

n.a.: not available.

Scope: BBVA Group (Headquarters and banking branch offices).

## Videoconferences

	Spain			Mexico			South America <sup>(1)</sup>			USA			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Videoconferences	5,532	4,358	3,550	1,502	1,283	974	1,283	1,269	782	14,737	6,598	379	23,054	13,508	5,685
Videoconference-equipped rooms	646	447	310	37	34	12	69	58	41	42	9	5	794	548	368

(1) Including data from Portugal.

Scope: BBVA Group (Headquarters and banking branch offices).



## Waste Management

	Spain			Mexico			South America <sup>(1)</sup>			USA			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Paper (Kg)	2,137,847	927,869	534,428	324,720	72,670	208,000	241,201	286,252	541,623	n.a.	n.a.	143,061	2,703,768	1,286,791	1,427,112
Toner (Kg)	32,305	59,000	23,100	n.a.	n.a.	53,992	14,408	11,882	7,652	144	n.a.	895	46,857	70,882	85,639
Electrical and electronic appliances (Kg) <sup>(2)</sup>	152,131	277,317	128,370	20,650	22,279	13,171	47,047	92,535	42,083	1,887	610,758	n.a.	221,715	1,002,889	183,624
Donated computer equipment (kg)	25,455	1,847	n.a.	1,610	n.a.	n.a.	2,393	1,022	n.a.	n.a.	n.a.	n.a.	29,458	2,869	n.a.

(1) Including data from Portugal.

(2) Donated computer material included.

Data for 2007 have been modified since better information was available.

The amount of paper waste managed in the USA is relatively high due to paper with old logos that could no longer be used.

n.a.: not available.

Scope: BBVA Group (Headquarters and banking branch offices).

## ISO 14001

	Spain			Mexico			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Buildings	10	7	2	2	n.a.	n.a.	12	7	2
Employees working in certified buildings	8,110	4,710	2,450	970	n.a.	n.a.	9,080	4,710	2,450

(1) Including data from Portugal.

n.a.: not available.

Scope: BBVA Group (Headquarters and banking branch offices).

**MONITORING THE ENVIRONMENTAL FOOTPRINT.** Improvements were made in the way the Group monitors our environmental footprint, both in terms of the methodology used to compile data and in the scope of the information used.

This year the Group consolidated all the information for the U.S., a major advance in scope because in prior years the organization minimally tracked environmental data. Findings indicate that with improved reporting and tracking mechanisms, gains can be made to contribute toward a more sustainable workplace at BBVA Compass.

The BBVA Compass Real Estate Department in conjunction with our facility and project management service provider, Jones Lang LaSalle, is

focusing intense internal efforts on the following six sustainability areas:

- Energy conservation and CO<sub>2</sub> emission reduction
- Water conservation
- Solid waste recycling
- Green product standards
- LEED certification
- Reporting.

**ENERGY CONSERVATION AND CO<sub>2</sub> EMISSION REDUCTION.** Over the last six years, BBVA Compass has engaged in a comprehensive energy management program, which is the cornerstone of any sustainability and emission reduction program. This program includes lighting retrofits, the installation of energy management systems and programmable thermostats, resulting in reduced energy consumption and a 10% annual

savings on electric costs. This plan is now 90% complete at all former Texas State Bank, Laredo National Bank and State National Bank locations, which now are part of BBVA Compass.

**WATER CONSERVATION.** BBVA Compass is working to reduce water consumption by evaluating and implementing water restricting devices on commode and sink fixtures and by controlling landscape irrigation devices with rain sensors and reduced run-time programs.

**SOLID WASTE RECYCLING.** In 2008 BBVA Compass recycled 1,650 metric tons of paper through its secure document shredding program. Additionally, the Space Plan & Design department within Real Estate established a carpet recycling program through the bank's carpet vendor, Shaw Carpet.

**GREEN PRODUCT STANDARDS.** Since 2008 BBVA Compass has been working with our janitorial vendor to develop a program so that all janitorial cleaning supplies and cleaning policies meet LEED "Green Product" standards.

Additionally, branch drive-thru lane cleaning has been migrated to waterless concrete and asphalt cleaners that are designed to clean and deactivate harmful hydrocarbons using natural cleaning agents. This avoids the traditional method of pressure washing, which, along with heavy water consumption, forces harmful contaminants into the storm drain system.

**LEED CERTIFICATION (LEADERSHIP IN ENERGY & ENVIRONMENTAL DESIGN).** For

several years Real Estate Services has been working toward LEED certification by adopting sustainable construction practices.

At BBVA Compass, 2009 includes the following plans:

- Achieve LEED AP certifications for all new branch construction
- Evaluate LEED EB certification opportunities for existing buildings and bank branches
- Attain LEED certification for all Construction Projects Managers.

#### CLIMATE CHANGE: RISK AND OPPORTUNITY

For the BBVA Group, the challenge of climate change involves both risks and real opportunities that need to be seized. The Group

wants to consolidate our position as a responsible organization committed to pursuing solutions that will limit or prevent the possible consequences of this process.

In 2008 the BBVA Group joined in a number of initiatives and developed and studied products and services that will help reduce climate change. For example, the Group continued to support the international Carbon Disclosure Project, a plan designed to ensure transparency about corporate involvement in climate change. It also continues to be committed to UNEP FI and the United Nations Global Compact.

As BBVA Compass embarks on furthering environmental sustainability modeled on the Group's plan, our priorities for 2009 include addressing key concerns of the 2008-2012 Eco-efficiency Plan.

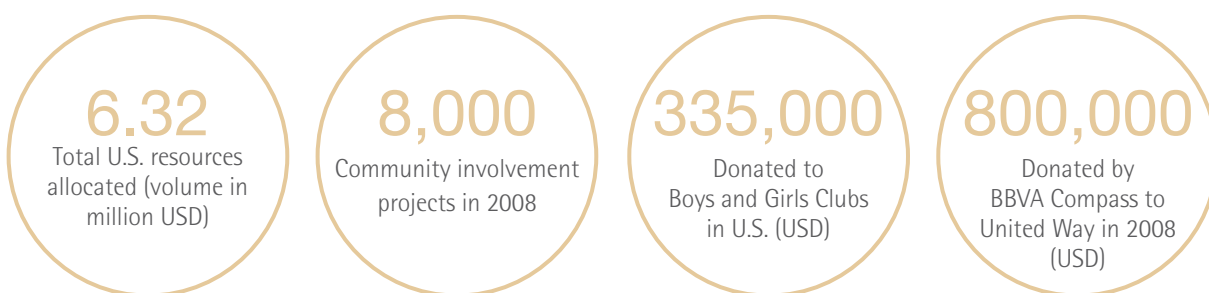
### Training, Environmental Awareness and Environmental Patronage

Although institutional environmental training has not been launched at BBVA Compass, employees have demonstrated support and received training by participating voluntarily in environmental initiatives outside of the workplace in 2008. Organizations benefiting from this philanthropy vary in size and address a variety of concerns related to wildlife, animals, conservation and unique, natural habitation protection.

Goals for 2009 include launching "Green Teams" at BBVA Compass, which would include rolling-out educational components and activities. Employee volunteers would form the Green Team to pioneer improvements to the company's environmental practices, with a focus on employee behaviors. This initiative, coupled with an institutional framework to address the BBVA Global Eco-efficiency Plan 2008-2012, will place BBVA Compass in good stead.

# COMMUNITY INVOLVEMENT

LARGE CORPORATIONS SHOULD COMMIT TO OVERCOMING THE MAJOR CHALLENGES FACING SOCIETIES IN THE 21ST CENTURY. IN 2008 BBVA CONSOLIDATED ITS NIÑOS ADELANTE SCHOLARSHIP PROGRAM, THEREBY REINFORCING OUR DIFFERENTIATING COMMITMENTS TO EDUCATION.



## KEY FEATURES AND DATA

One of the corporate principles guiding the BBVA Group's work is a commitment to the quality of life and development of the communities in which we operate. This commitment drives the company's actions in many different ways.

The BBVA Group's leading contribution to society comes through our work as a financial institution. This contribution occurs through our many different products and services the Group offers that have a positive impact on society in general and on certain under-served groups in particular. The Group also channels major community involvement through specific not-for-profit actions intended to contribute directly to public welfare and to satisfy basic needs. The leading focus of these actions is on education.

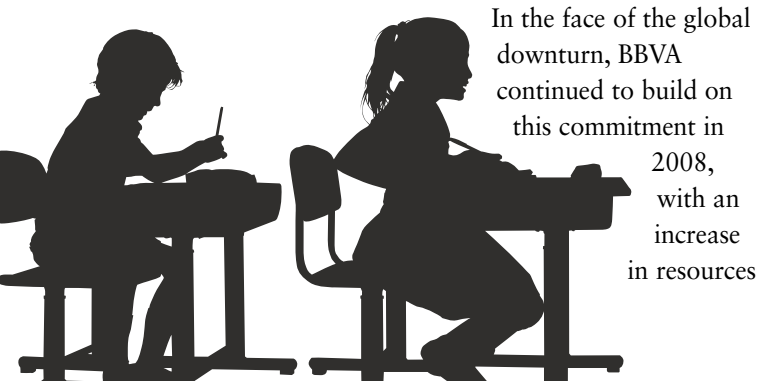
allocated to community involvement from €69m to €85.3m. Improvements gradually are being introduced into the system used to assess, monitor and manage the impact of the Group's actions, with a view to further enhancing our positive contribution to society at large.



BBVA is part of the London Benchmarking Group working group in Spain, which uses a shared model to evaluate activities in the area of corporate community investment, both in economic terms and in terms of social impact.

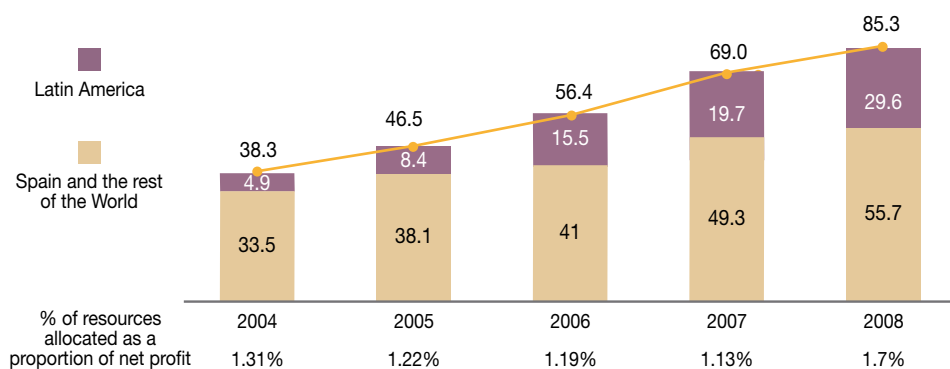
The Group's Community Investment Plan for South America and its Community Investment Plan for Spain are backed by the CRR Strategic Plan, approved in May, 2008. The core mission of these two plans is to promote education in general and financial literacy in particular. The BBVA Group sees them as valuable instruments for development and progress in the societies in which we operate.

The many different organizations and departments in the Group work to improve community welfare, but the task is concentrated in the six BBVA foundations, which together handle more than half of all resources earmarked for this purpose.



In the face of the global downturn, BBVA continued to build on this commitment in 2008, with an increase in resources

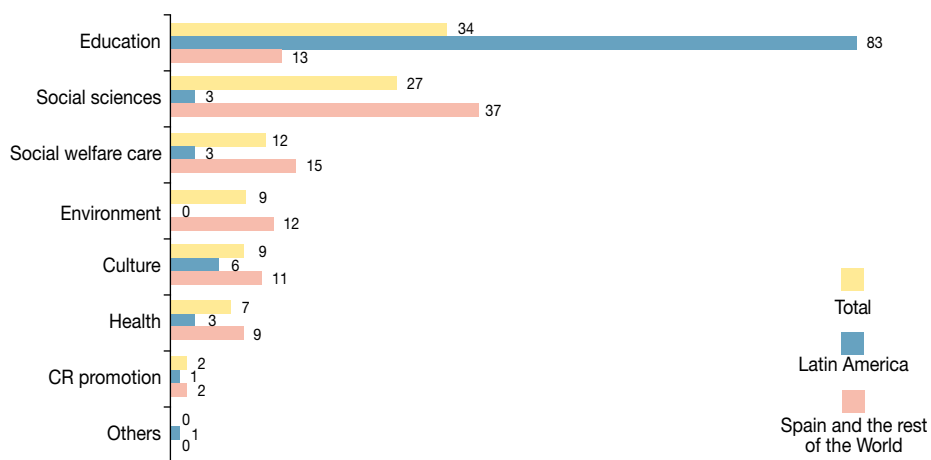
## Resources allocated by the BBVA Group and its foundations<sup>(1)</sup> (Million euros)



(1) 2006 and 2008 include both contributions made by each Latin American country and the ones made by BBVA Spain in favour of each of those countries.

Scope: BBVA Group.

## Community involvement: Distribution of resources by activity and geographical region (%)



Scope: BBVA Group.

## Resources allocated by the BBVA Group and its foundations<sup>(1)</sup> (Thousand euros)

	2008 <sup>(2)</sup>	2007	2006
<b>By entity</b>			
BBVA Group in Spain and the rest of the world <sup>(3)</sup>	30,732.6	29,083.7	24,648.9
BBVA Group in Latin America <sup>(3) (4)</sup>	9,939.6	5,305.2	6,176.2
BBVA Foundation (Spain)	28,250.0	24,712.0	20,599.0
BBVA Microfinance Foundation (Spain)	1,807.8	914.0	
BBVA Bancomer Foundation (Mexico)	9,483.8	7,951.1	4,631.2
BBVA Banco Provincial Foundation (Venezuela)	3,225.7	228.6	114.5
BBVA Banco Francés Foundation (Argentina)	223.1	191.6	178.6
BBVA Banco Continental Foundation (Peru)	1,604.5	614.0	77.1
<b>TOTAL</b>	<b>85,267.0</b>	<b>69,000.2</b>	<b>56,425.5</b>
<b>By type of investment</b>			
Monetary	80,465.5	66,670.3	
Time	2,744.8	1,993.4	
In kind	2,056.7	336.5	
<b>TOTAL</b>	<b>85,267.0</b>	<b>69,000.2</b>	
<b>By theme area</b>			
Education	28,605.7	16,787.7	9,010.6
Social sciences	23,398.8	17,892.3	13,458.9
Social welfare care	9,826.0	10,523.3	7,160.5
Culture	8,042.4	8,754.1	9,434.4
Environment	7,640.3	3,576.9	9,110.7
Health	6,114.8	8,926.5	5,782.0
Promotion of corporate responsibility	1,353.7	2,183.9	2,052.0
Other fields <sup>(5)</sup>	285.5	355.6	416.2
<b>TOTAL</b>	<b>85,267.0</b>	<b>69,000.2</b>	<b>56,425.4</b>

(1) Resources allocated by the BBVA Group and its foundations between 2006 and 2008 include the following:

In foundations, where the figures include expenses devoted by each entity to its purposes and each foundation's administrative and structural costs.

Regarding the BBVA Group, this includes the financial contributions made, plus management costs, contributions in kind and space provided.

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.

In Venezuela, they include the € 482m allocated to educational and cultural programs which compute in LOCTI (Constitutional law on Technological Science & Innovation) and LOCTISEP (Law on Consumption of Narcotic and Psychotropic Substances), which the LBG model does not consider Community Investment, but rather compliance with what is laid down by law.

Finally, the average euro exchange rate for the corresponding years has been used in converting local-currency contributions outside the euro zone.

(2) Accrual criteria were used in 2008. In 2006 and 2007 it was cash-based. Such change has had no significant impact on the consolidation of the figure corresponding to resources allocated to society.

(3) The foundations are not included.

(4) Latin America includes Puerto Rico.

(5) The foundations' business overheads were distributed among, and included in, their different fields of action.

The quantitative variation between 2007 and 2008 was mainly due to the following:

Spain	300	Boost to social initiatives on innovation	Mexico	1,792	Integración scholarships Program
BBVA Foundation (Spain)	3,500	Increased activity for the promotion of scientific and social research programs and their communication		4,989	Financial education program
BVA Microfinance Foundation (Spain)	894	Consolidation of the Foundation's activity	Rest of Latin America Group	2,504	Integración scholarships Program
				643	Catering for needs resulting from natural catastrophes: earthquake in China

**UNITED STATES** | In 2008 BBVA Compass— with the integration of Texas State Bank, Laredo National Bank and State National Bank—donated more than \$6.32 million and participated in more than 8,000 community involvement projects. These projects include volunteerism and charitable donations.

For the last twenty years BBVA Compass and its employees have supported the United Way, which focuses primarily on giving care for children and young people, improving access to the health system, and promoting development and strengthening of family economies. In 2008 BBVA Compass donated more than \$800,000 to United Way.

In addition, our employees donated more than \$1.5 million to local United Way chapters through

Compass Charity. This donation represents 75% of the total contribution made by employees via payroll deduction. Additional information about Compass Charity is available on page 59 in the "Corporate Volunteerism" chapter.

Another of BBVA Compass' main lines of action is our support of the *Boys and Girls Clubs*, an organization that gives young people from disadvantaged backgrounds opportunities to develop their full potential as responsible citizens by providing supervised after-school activities. In 2008 BBVA Compass and our employees donated more than \$335,000 to Boys and Girls Clubs across our footprint.

**BBVA GROUP FOUNDATIONS** | BBVA has six foundations. These are non-profit organizations that collaborate

in the comprehensive development of society. They prioritize different action plans in each country, as highlighted below:

- **BBVA Foundation** (Spain). The foundation concentrates on research and promoting scientific knowledge in the fields of social economics, health sciences and environmental sciences ([www.fbbva.es](http://www.fbbva.es)).
- **BBVA Bancomer Foundation** (Mexico). The foundation's work centers on promoting, procuring and channeling resources for supporting programs of social, cultural and educational development and assistance for the benefit of Mexicans ([www.fundacionbbva-bancomer.org](http://www.fundacionbbva-bancomer.org)).

BBVA Compass Community Involvement		
	Percentage of total donation	No. community involvement projects
<b>Social sciences</b>	<b>33%</b>	<b>4,209</b>
Culture	18%	709
Social welfare care	18%	1,347
Education	16%	949
Health	13%	980
Environment	3%	85
Humanitarian Aid	1%	13
Other fields	1%	18
	100%	8,310

Scope: BBVA Compass



Boys Et Girls Club – El Paso, Texas



- **BBVA Provincial Foundation** (Venezuela). The foundation's mission is to develop and run programs for social development, with particular emphasis on education and culture, to benefit Venezuelan society as a whole ([www.provincial.com](http://www.provincial.com)).
- **BBVA Banco Francés Foundation** (Argentina). The foundation's goal is to collaborate in the general well-being of the community as a whole and to promote art as a cultural expression of Argentinean society ([www.bancofrances.com](http://www.bancofrances.com)).
- **BBVA Banco Continental Foundation** (Peru). The foundation promotes cultural events and implements social development projects ([www.bbvabancocontinental.com](http://www.bbvabancocontinental.com)).
- **BBVA Microfinance Foundation** (Spain). The foundation's purpose is to extend financial inclusion to the most underprivileged sectors of society, thereby helping to improve their living standards. Specifically, it works to create a microfinance institutions network, with the initial emphasis on Latin America ([www.mfbbva.org](http://www.mfbbva.org)).

**BBVA FOUNDATION FRONTIERS OF KNOWLEDGE AWARDS.** Created in 2008, these prizes strive to encourage research and artistic creation by rewarding not only decisive contributions to science, but also efforts to resolve the major challenges of the 21st century: climate change and cooperation in the development and welfare of large areas of the planet. They are awarded on an annual basis and each of the eight categories has prize money of €400,000, making them the second most important awards of their kind in the world, after the Nobel Prizes. Categories are as follows:

- Basic sciences (physics, chemistry, mathematics)
- Biomedicine
- Ecology and conservation biology
- Information and communication technology
- Economics, finances and business management
- Arts (music, painting, sculpture, architecture)
- Climate change
- Development cooperation.

**LATIN AMERICA |** *The Community Investment Plan in Latin America* is a symbol of the BBVA Group's commitment to the region. The plan was reinforced in 2008 with the allocation of a budget of up to 1% of profits

obtained by the Group the previous year in every country in which it operates. Combined with other actions benefiting Latin America, this brought BBVA's total investment in that region to €29.6m, a 50% increase from 2007.

The main focuses of the plan are as follows:

- **Basic education.** This element consists mainly of the *Children First* (Niños Adelante) program and the alliance with the Organization of Iberoamerican States (OIS).
- **Financial literacy.** BBVA informs and advises its different stakeholders about relevant financial topics through initiatives such as *Forward with Your Future* (Adelante con tu futuro), organized by BBVA Bancomer (Mexico).

#### **Children First program**

BBVA Group contribution	€12,2 m
Benefiting group	Basic education for children from underprivileged backgrounds
No. of beneficiaries	47,104

This is the Group's most important community investment program in Latin America. The goal is to encourage greater integration of children from underprivileged groups into mainstream society through education. In 2008, 47,104 children received scholarships, 163% more than in 2007. These funds are supplemented with community service activities.

This is a far-reaching "glocal" plan that reflects a global outlook and its local impact. Highlights of the plan follows:

- In all countries in the region in which the Group operates, the main focus is on primary and secondary education.
- The plan addresses specific local social needs, with different groups of beneficiaries and criteria for allocating grants depending on the specific circumstances of each country.
- *Children First* is a networked initiative, pooling the work of schools, public organizations, foundations, NGOs and civil partners that have been drawn into an alliance with BBVA, contributing value and increasing the the programs.

## Children First program



**CASE STUDY-CHILDREN FIRST PROGRAM-BBVA BANCO FRANCÉS.** Through the *Children First* program, BBVA Banco Francés provided 800 *Integración* scholarships during 2008, a significant increase from 172 in 2007. The scholarships are for young people with good qualifications from low-income families managed by using a card, which helps generate a culture of banking usage and facilitates inclusion within the financial system.

Banco Francés also monitors how the aid is used and teaches teenagers how to fulfill their financial obligations, thereby educating them in responsible consumption.

**ALLIANCE WITH THE ORGANIZATION OF IBEROAMERICAN STATES (OIS).** This agreement enabled BBVA to strengthen its commitment to education and children in the region during 2008. The "Early Childhood in Latin America" project is intended to heighten awareness among the general public and officeholders about the situation faced by young children in the region and to foster the development of instruments and public policies that

will ensure the rights of minors are respected in Latin American countries.

### Alliance with the Organization of Iberoamerican States

BBVA Group contribution	€0.576m in 4 years (from 2008 to 2011)
Focus	Education
Benefiting group	Early childhood in Latin America

**FORWARD WITH YOUR FUTURE PROGRAM, A BBVA BANCOMER INITIATIVE.** In 2008 BBVA Bancomer developed the *Forward with Your Future* (Adelante con tu futuro) financial literacy program in collaboration with MIDE, the Interactive Museum of Economics. The program seeks to foster a financial culture among broad sectors of the population.

Large new sectors of the population are entering the banking system with the result that millions who previously did not manage their own finances are now involved in saving and financing programs.

Because the Mexican education system lacks specific classes about economics and finances, Bancomer established the *Forward with Your Future* program to provide the general public with the instruments needed to make financial decisions with greater responsibility and understanding.

The first phase of this ambitious plan includes the following four interactive workshops:

- **Saving:** how to make a saving plan and understand banking instruments
- **Saving for retirement:** the advantages of saving more to ensure a good standard of living when you stop working

- **Credit cards:** understanding the options and best practices involved
- **Financial health:** tools for preventing or correcting excess debt.

### Bancomer's *Forward with Your Future* initiative (Mexico)

BBVA Bancomer's contribution	€5 m
Focus	Financial education
Benefiting group	Young people and adults
No. of beneficiaries	7,000 people

### Other leading lines of work in Latin America

Country	Main projects	Beneficiaries in 2008
Argentina	<ul style="list-style-type: none"> <li>• UNICEF Golf Tour BBVA Banco Francés Cup</li> <li>• <i>Libro abierto</i> (Open book) project, Leer Foundation</li> </ul>	Young children 463 children
Chile	<ul style="list-style-type: none"> <li>• Donation of computer equipment through the Chilenter Foundation</li> <li>• Hogares de Cristo, Solidarity Race with 13 million Chilean pesos collected from among the participants</li> </ul>	1,800 schools 4,450 children
Colombia	<ul style="list-style-type: none"> <li>• The <i>Solidaridad por la Permanencia</i> educational project. Purchase of 16,000 school bags with school materials</li> <li>• UNICEF, Improved education project</li> </ul>	16,000 children 20,000 children
Mexico	<ul style="list-style-type: none"> <li>• <i>Olimpiada del Conocimiento</i> (Olympic Games in Knowledge)</li> <li>• Grants to CONALEP in collaboration with the Foundation of Mexican Employers (Fundemex)</li> </ul>	2,652 children 320 young people
Panama	<ul style="list-style-type: none"> <li>• Building of the school for <i>Programa Escuelas Rancho</i> by Escuelas Dignas</li> <li>• <i>Vive la Música</i> (Long Live Music), on state television</li> </ul>	School-going children Society in general
Paraguay	<ul style="list-style-type: none"> <li>• Support for art and culture programs</li> <li>• Social welfare programs</li> </ul>	Society in general
Peru	<ul style="list-style-type: none"> <li>• <i>Aprendo</i> (Learn) program on financial literacy for children</li> <li>• Mario Vargas Llosa Theatre</li> </ul>	2,000 children 39,945 attendants
Puerto Rico	<ul style="list-style-type: none"> <li>• <i>Carrera Corporativa CODERI</i> (corporate race), to develop educational programs</li> <li>• Museo de Arte de Puerto Rico</li> </ul>	Children and young people with a mental disability Artists and society in general
Uruguay	<ul style="list-style-type: none"> <li>• Workshops for entrepreneurs with the DESEM Foundation</li> <li>• <i>Huertas Orgánicas</i> (Organic gardens) educational program with the Logros Foundation</li> </ul>	90 young people 50 children
Venezuela	<ul style="list-style-type: none"> <li>• <i>Papagayo</i> educational program, backed by UNESCO, which has been promoting education in values through reading and literary creation since 1998</li> <li>• Cultural Exhibition Program</li> </ul>	307 teachers 307 schools / 7,300 children 3,611 attendants

## SPAIN | In its Corporate Reputation and Responsibility Strategic

Plan approved in 2008, BBVA focused its community investment in Spain on education, particularly financial education, and is working toward achieving the defined goals.

BBVA has continued to provide support for a wide range of social initiatives and institutional sponsorships, consolidating and extending its commitment to education, culture and knowledge. In 2008 we began a process of review, analysis and improvement in the control of the Group's institutional sponsorship, to assess its impact and orient its resources toward activities that best meet local needs and allow greater social cohesion.

**FAD TEACHER ACTION PRIZE.** Since 2005 BBVA, together with the *Foundation of Aid against Drug Addiction* or FAD (Fundación de Ayuda contra la Drogadicción) and UNESCO, have sponsored the *Teacher Action Prize* (Premio a la Acción Magistral). Their goal is to publicize educational projects that transmit values such as tolerance, solidarity, respect, justice and equality.

### FAD Teacher Action (Acción Magistral) prize

BBVA contribution for the prizes	€0.1m
Focus	Education
Benefiting group	Infant and primary education
Projects submitted	216 (with 29,156 pupils and 485 teachers)

## CULTURAL ACTIVITIES PROGRAM IN SPAIN.

Spanning more than thirty years, BBVA has developed an ambitious cultural program, making it a reference point for art patronage in Spain. It also offers major support and communication for arts education programs.

The cultural program is based on the following three lines of action:

- Organization of a broad program of exhibitions intended to offer the Spanish public a closer view of important national and international art collections
- Support for conservation of Spanish historical and artistic heritage
- Encouragement of musical culture and creation, with programs organized in collaboration with leading institutions, such as the Albéniz Foundation and the Escuela Superior de Música Reina Sofía.

### Cultural Activities Program

BBVA contribution	€5.5m
Benefiting group	Society in general
No. of exhibitions	10 in Spain and the United States with €1.8m visitors
No. of concerts	13 with 6,000 attendants

### Other leading lines of work in Spain and Portugal

Country	Main projects	Beneficiaries in 2008
Spain	<ul style="list-style-type: none"> <li>• BBVA Popular Solidarity Race with UNHCR. Educational project in the Dadaab refugee camp (Kenya)</li> <li>• Support for victims of the earthquake in China through the Chinese Red Cross. Project for the building of schools in the southwest China (Sichuan)</li> <li>• BBVA Foundation program to provide aid for research on cancer at Institute of Biomedical Research in Barcelona</li> <li>• BBVA Foundation - Carolina Foundation grants program for training Latin American specialists in Spain in medicine, the environment and economics</li> </ul>	1,200 children  Children affected by the earthquake Society in general  Latin American graduates and doctors
Portugal	<ul style="list-style-type: none"> <li>• <i>Porto Vivo</i> Program for renewing degraded urban areas in the city of Porto</li> <li>• Social integration program with Casa Pia in Lisboa</li> </ul>	Citizens of Porto  Institution's pupils

**RUTA QUETZAL** | Since 1993 BBVA has organized and sponsored *Ruta Quetzal*, a training program declared a cultural interest by UNESCO. Participants have opportunities not only to learn, but also to develop a spirit of international cooperation. The project is built on values of education, helping the young participants involved to overcome inequalities and encouraging equal opportunities and mutual respect, among other values. Since its inception, more than 8,000 young people have taken part in *Ruta Quetzal*.

In 2008 325 participants from 55 countries joined the Twenty-Third *Ruta Quetzal BBVA*—The Crocodile River Jungle, Panama-Chagres River. The young people traveled to Panama, where over a period of nearly six weeks they visited the famous canal—a magnificent work of engineering that is more than one hundred years old—the City of Knowledge, Panama La Vieja, Portobelo, Colón and some of the royal highways, where they learned more about the country’s fabulous diversity of plant and animal life.

Back in Spain, their visit centered on the City of Zaragoza, where Expo 2008 was being held under the banner, Water and Sustainable Development. Accordingly, one of the major themes of *Ruta Quetzal BBVA 2008* was water resources.

#### ***Ruta Quetzal***

BBVA contribution	€1.7m
Focus	Education
Benefiting group	Young people aged 16 and 17
Essays submitted	1,500
Hits on the website	230,000 (24 million pages viewed since its new configuration in June, 2008)

**RESEARCH** | The BBVA Research Department’s economic analyses are tailored to the growing needs of an international banking group, assessing globalized economic development. Its reports are a valuable contribution to society. As economic analyses, their capacity for overview and evaluation of different economies make them trail-blazers in benchmarking.

#### **Research Department**

BBVA contribution	€2.1 m
Benefiting group	Society in general
Presence (9 countries)	Spain, Argentina, Colombia, Chile, Mexico, Peru, Venezuela, United States and China
Team	Professionals with 14 different nationalities

# CORPORATE VOLUNTEERISM

“I AM IN **TEAMCOMPASS** BECAUSE IT GIVES ME A CHANCE TO HELP OUT IN THE COMMUNITY, INVOLVE MY PEERS AND SHOW PHOENIX THAT BBVA COMPASS ISN’T JUST A FINANCIAL INSTITUTION. WE REALLY CARE ABOUT OUR COMMUNITY.”

- Jen Ho, **TEAMCompass** Volunteer • Phoenix, Arizona



The BBVA Group supports and promotes corporate volunteer programs everywhere it operates, especially as we work towards a better future for people.

**VOLUNTEERISM** | Compass employees, working with a myriad of philanthropic organizations, participated in 552 volunteer activities across the many towns and cities that constitute the BBVA Compass footprint.

These activities took place beyond the workday because BBVA Compass does not yet have a paid volunteer program. Additional volunteer initiatives were carried out by employees across the footprint as part of the **TEAMCompass** program.

**TEAMCOMPASS.** **TEAMCompass** is synonymous with BBVA Compass because every employee is a member. Activities are selected and implemented on a local level, so employees have an opportunity to participate in charitable works that are of interest to them. Many **TEAMCompass** groups support non-profit organizations such as Boys and Girls Club, Junior Achievement, Habitat for Humanity and Meals-on-Wheels.

The following are highlights of **TEAMCompass** volunteer activities in 2008:

- **TEAMCompass-Laredo** volunteers taught 10 classes that reached 220 students in the Junior Achievement program, helped build a Habitat for Humanity house, and, through the leadership of SVP Javier Lozano, who is a life-time director, volunteered at the Boys & Girls Club of Laredo.
- **TEAMCompass-Gainesville** supported the Boys & Girls Club through planning and executing a “Caribbean Cruise Night” fundraiser. Silent and live auctions helped raise significant funds for this worthy cause.
- **TEAMCompass-Austin** volunteers spent time at The Capital Area Food Bank twice in 2008, worked on a house for Habitat for Humanity, volunteered weekly for Meals on Wheels, walked in two fundraisers for March of Dimes and participated with Blue Santa.



## BBVA COMPASS CHARITY

BBVA Compass Charity is funded and directed by employees of BBVA Compass. In 2008 more than 13,800 employees made voluntary contributions from their pay to support a wide variety of local charitable initiatives. Total funds donated by employees through BBVA Compass Charity in 2008 were \$2,166,000, including \$1.5 million for local United Way chapters.

## HURRICANE IKE DISASTER RELIEF

Employees also generously donated \$21,000 to the *Lean on Me Employee Fund*, a special fund created to help employees affected by Hurricane Ike in Texas. Although they were without electricity and phones themselves, many employees in Houston and other areas of Texas volunteered at local food banks, donated blood at the American Red Cross and participated in neighborhood cleanup programs.

## Junior Achievement Foundation

In 2008 **TEAMCompass** participated in Junior Achievement (JA) in Birmingham, Dallas and Laredo. In addition, individual employees report participating in more than 74 hours of Junior Achievement activities. Junior Achievement Worldwide is a partnership between the business community, educators and volunteers—all working together to inspire young people to dream big and reach their potential. JA's hands-on, experiential programs teach the key concepts of work readiness, entrepreneurship and financial literacy to young people all over the world. In addition, BBVA Compass and our employees supported Junior Achievement through donations of more than \$49,000.



**TEAMCompass**—Birmingham puts the finishing touches on a Habitat for Humanity home.



**TEAMCompass**—Albuquerque cleans up the exterior of the Adelante Development Center, which helps people with disabilities achieve their goals.

TEAMCompass Houston renovates a house with Rebuilding Together.



## TEAMCompass-Houston

Volunteer activity in Houston, Texas, was robust in 2008. In fact, **TEAMCompass-Houston** was honored in the pre-game show at a Houston Astros baseball game for the impact the group has made on the community. **TEAMCompass** members were recognized on the field, a special video was played on the oversized screens around the stadium, and **TEAMCompass** President Castel Hibbert threw the game's ceremonial opening pitch. It was a fitting tribute for the thousands of hours donated by **TEAMCompass-Houston** members over the years.



**SPAIN** | In 2008 employees participated in 513 volunteer activities. The BBVA Volunteer Office (VO) is the center for the Corporate Volunteer Plan. Staffed by former BBVA employees, they are in constant contact with anyone interested in their volunteer activities. Interested employees also may visit the BBVA Volunteers portal, which acts as a meeting place.

Spain's corporate volunteer activities were highlighted by the following:

- Developing the nine prize-winning projects in the First BBVA Volunteer Competition, with the participation of forty-four volunteers.
- Organizing the Second BBVA Volunteer Competition, involving social projects in which BBVA employees took part in 2008. Of the twenty-three projects entered into competition, many focused on education and immigration.
- Winning projects, in which thirty-two BBVA volunteers participated, were the following:
  - First prize of €40,000 went to the San Rafael (Madrid) Homeless Shelter.
  - Second prize of €24,000 went to the Rigoberta Menchú Intercultural Youth Association in Valladolid.
  - Third prizes of €10,000 each were awarded to the AFAMON in Lugo and the Cuatro Ocas Association in Madrid.
  - The Special Panel of Judges Prize of €5,200 went to the Spanish Cancer Association in Cordoba.
- Co-designed social projects with charity and social solidarity organizations such as the Junior Achievement Foundation (JAES), The Spanish Ornithology Society (SEO) and FORESTA; and organized programs through the BBVA Volunteer Office, such as computer training for migrants. Approximately 375 volunteers participated in these activities in 2008.
- Announced opportunities via the BBVA Volunteers Portal, with the collaboration of the Chandra Foundation. Approximately forty-eight volunteers participated.

#### Information about the BBVA Volunteers portal in Spain

	Total		Monthly average	
	2008	2007	2008	2007
Pages viewed	114,543	92,725	9,545	11,591
No. of consultations at opportunities	19,577	16,086	1,631	2,011
No. of employee-NGO contacts	853	738	71	92
No. of employee opportunities	48	21	4	3
Newsletter subscriptions	847	543	71	68
No. of employees who have related their volunteer experience	23	25	2	3

## MEXICO | Volunteer activity in Mexico

is another important link in the BBVA Group's community investment in this country. In 2008 BBVA Bancomer approved its new Corporate Volunteer Plan. The focus is on education, regarded as the most effective way to promote the social integration of the most underprivileged members of society and create better futures for them. In 2008 employees reported 1,465 volunteer activities.

The focus of BBVA Bancomer Volunteers is similar to that of its Spanish counterpart, with the following three areas of activity:

- BBVA Bancomer programs
- Other opportunities announced by NGOs
- Employee initiative competition.

**FOR THOSE LEFT BEHIND SCHOLARSHIP PROGRAM.** One of BBVA Bancomer's most noteworthy volunteer programs has been its "godfathers and godmothers" project, which supports the bank's *For Those Left Behind Scholarship* (Por los que se quedan) Program. Branch executives volunteer in this scholarship program for secondary school youth who have shown excellent academic performance and whose families have emigrated.

The personalized godfather or godmother relationship provides added value to the student's educational development, as it provides incentive and motivation for academic and social development.

## Volunteer activity in Mexico

	During working hours	Outside of working hours	Number of volunteers <sup>(1)</sup>
<i>For Those Left Behind</i> (Por los que se quedan), a scholarship program for social integration		390	390
The Knowledge Olympics	947		947
Other volunteering areas		128	128
<b>TOTALS</b>	<b>947</b>	<b>518</b>	<b>1.465</b>

(1) Total volunteers during and outside of working hours.

## LATIN AMERICA | The volunteer work of BBVA employees serves to

complement and multiply the effect of the *Children First Scholarship* program, which is explained in detail in the Community Involvement chapter. Volunteer activities include tutoring and encouraging the improved performance of scholarship recipients and supporting school infrastructure improvement.

Through these actions BBVA employees demonstrate their clear commitment to society, manifested in improved educational opportunities for underprivileged children, thereby promoting their integration into society.



## Volunteer activities in Latin America

Country		With payslip contributions	During working hours	Outside of working hours	Number of volunteers <sup>(1)</sup>
Argentina	Other volunteer areas		27		27
Chile	<i>Children First</i>		76	267	
	Other volunteer areas	2,000		150	493
Colombia	Other volunteer areas	1,700			
Panama	Other volunteer areas			43	43
Paraguay	<i>Children First</i>			52	52
Peru	<i>Children First</i>			4	
	Other volunteer areas			32	36
Puerto Rico	<i>Children First</i>		4		
	Other volunteer areas	348	8	90	102
Uruguay	<i>Children First</i>		5	16	
	Other volunteer areas		11	16	48
Venezuela	<i>Children First</i>		260		
	Other volunteer areas		26		286
TOTALS	<i>Children First</i>		345	339	684
	Other volunteer areas		72	331	403
	TOTALS	4,048	417	670	1,087

(1) Total volunteers during and outside of working hours.

## Euro Solidario: A special way of volunteering

### The program

Since September, 2005, BBVA and its employees have been collaborating on educational projects in Latin America. Each participating employee donates one euro a month, which is automatically deducted from his or her pay, while the bank matches that amount.

### Situation as of 31 December, 2008

Participating employees:	4,528
Employee contributions:	56,284
Total collected (joint employee and BBVA contribution):	112,568
Collaborating entity: Fundación Entreculturas - Fe y Alegría	

### Projects on which the collected funds are being spent

Refurbishment, construction and equipping of the Madre Siffredi school, in the neighborhood of El Vallado, Commune 15 of Aguablanca in Cali (Colombia).

From the time that collaboration with this project began in October, 2006, until the end of December, 2008, € 199,432 was contributed to this project.

Funds are being applied to the construction of school infrastructures in underprivileged neighborhoods in Valparaiso and Santiago de Chile.

# GLOBAL COMPACT AND MILLENNIUM DEVELOPMENT GOALS

SOME TIME AGO, A GROUP OF VERY WISE PEOPLE IMAGINED A BETTER WORLD FOR EVERYONE. TO MAKE THAT DREAM A REALITY, THEY SET A DATE AND AN IMPRESSIVE NAME: 2015, THE MILLENNIUM DEVELOPMENT GOALS. THERE ARE EIGHT WISHES THAT, BY WORKING TOGETHER, WE CAN MAKE COME TRUE.

**GLOBAL COMPACT** | In 2002 the BBVA Group subscribed to the United Nations Global Compact. The

Global Compact is an international initiative designed to encourage institutions to adopt a voluntary commitment to corporate responsibility through ten principles based on human, labor and environmental rights and the fight against corruption.

Since 2004 another four Group banks have joined the Compact, namely, BBVA Banco Francés, BBVA Bancomer, BBVA Colombia and BBVA Banco Continental. In addition, BBVA has served on the Executive Committee of the *Spanish Global Compact Association* (ASEPAM) since it was founded in 2004. As part of the BBVA Group, BBVA Compass set a goal to participate in the Compact no later than 2010.

**MILLENNIUM DEVELOPMENT GOALS (MDGS)** | The eight Millennium Development Goals (MDG) promoted by the United Nations stem from an

international agreement that establishes 2015 as the deadline for achieving significant improvements in reducing poverty and inequalities that affect millions of persons worldwide.

Accordingly, the BBVA Group is fully committed to this challenge through business activities and campaigns for disseminating the MDGs, as well as for raising awareness and promoting them.

Additional information is available via <http://www.un.org/millenniumgoals/>.





## BBVA and 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, LA13-14, HR 1-2, HR 4-7, SO5, PR1
	<b>Principle 2</b> - Businesses should make sure they are not complicit in human rights abuses.	HR 1-2, HR 4-7, SO5
Labor	<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, SO5
	<b>Principle 4</b> - Businesses should uphold the elimination of all forms of forced and compulsory labor.	HR 1-2, HR7, SO5
	<b>Principle 5</b> - Businesses should uphold the effective abolition of child labor.	HR 1-2, HR6, SO5
	<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, SO5
Environment	<b>Principle 7</b> - Businesses should support a precautionary approach to environmental challenges.	EC2, EN26, EN30, SO5
	<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, SO5, PR3
	<b>Principle 9</b> - Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN26, SO5
Anti-corruption	<b>Principle 10</b> - Businesses should work against corruption in all its forms, including extortion and bribery.	SO 2-5

Source of the correspondences between Global Compact principles and GRI indicators: draft of the report "Making the Connections by GRI and Global Compact".  
([www.globalreporting.org](http://www.globalreporting.org))

## The Millennium Development Goals

Millennium development goals	Main BBVA initiative <sup>(1)</sup>
1. Eradicate extreme hunger and poverty	BBVA Microfinance Foundation BBVA Codespa Microfinanzas (microfinance hedge fund for Latin America) BBVA Foundation Frontiers of Knowledge awards for cooperation in development
2. Universal primary education	BBVA Community Investment Plan for Latin America CRR Strategic Plan
3. Gender equality	Agreement on equal opportunities and the 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	Research project for controlling malaria monitored by the World Health Organization (WHO)
7. Environmental sustainability	Management of indirect environmental impact through the Equator Principles Design of products and services according to environmental criteria Global Eco-efficiency Plan (PGE) BBVA Foundation Frontiers of Knowledge awards in climate change, ecology and the biology of conservation
8. Develop a global partnership	fRC campaign for disseminating the Millennium Goals 

(1) The foremost initiative is highlighted for each goal.

# REPORT CRITERIA

**BBVA COMPASS** | This 2008 report for BBVA Compass was created following the GRI, but it has not been rated by GRI or audited by Deloitte. Future U.S. Corporate Responsibility Annual Reports will adhere to the Group's Gto global standards as outlined below.

**PROFILE, SCOPE, RELEVANCE, MATERIALITY AND COVERAGE OF THE BBVA GLOBAL REPORT** | BBVA has developed and disseminated annual corporate responsibility reports since 2002. The 2008 report includes information for the entire BBVA Group, as defined in the Annual Report for 2008, including comparative data for 2006 and 2007 and an indication of the scope of the report. Any changes in data reported in prior years are due to improvements in the methods for quantifying and measuring the variables affected or in the criteria used. The salient points in this year's Group report are listed below:

- The relevant issues have been rearranged in line with the current economic and financial context.
- The information in each chapter is supplemented with additional information on the CRR website, which also features illustrative videos intended to provide a more direct channel of communication with stakeholders.
- The scope of information has been extended to include data from BBVA Compass (USA) wherever possible. The data about Puerto Rico for 2008 are again included under Latin America.

When deciding upon the relevance and materiality of the content to include, special attention was given 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 new *AA 1000 APS (2008) AccountAbility Principles Standard* and the *AA 1000 AS (2008) Assurance Standard*. Along these lines, a specific analysis was developed based

on public and other information available within the Group to assess the validity and relevance of these matters in the context of the present crisis.

The Group report is supplemented by the *Financial Report 2008* and by the information available via BBVA's website, [www.bbva.com](http://www.bbva.com).

**BASIC REFERENCES AND INTERNATIONAL STANDARDS** | In developing the 2008 Group report we applied the most widely recognized international standards and best practices, including the principles and requirements of the *Global Reporting Initiative (GRI G3)*, taking into account both core and financial sector indicators. GRI has rated BBVA as "in accordance" since 2003 and as A+ since 2006. The report also complies with the new *AA1000* standard for reporting on the implementation of principles as follows:

- Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability
- Relevance: determination of what topics are relevant to BBVA and its stakeholders, aligned with decision-making processes and organization strategy
- Responsiveness: how BBVA responds to relevant issues raised by stakeholders

Also reported are BBVA's actions regarding the United Nations Millennium Development Goals and its response to the Progress Report 2008 regarding compliance with the principles of the UN Global Compact, following the guidelines of the GRI and the Global Compact in "*Making the connections.*"

**RIGOR AND VERIFICATION** | BBVA has areas for systematizing and managing information to provide a sound source of content. These areas are reviewed, verified and audited (internally and externally). A plan of action is then crafted to ensure that the recommendations arising from review processes are implemented.

## Key indicators of corporate responsibility

	2008	2007	2006
<b>ECONOMIC</b>			
Earnings per share (euros)	1.35	1.70	1.39
BBVA market capitalization (million euros)	32,457	62,816	64,788
International private banks ranking by market capitalization	7°	12°	16°
Non-performing loans ratio (%)	2.12	0.89	0.83
Independent directors (%)	78.6	78.6	73.3
Economic value added (EVA) (million euros) (1)	29,879	28,632	22,539
Socially responsible mutual funds over total mutual and pension funds managed (%)	2.74	1.38	1.57
<b>SOCIAL</b>			
Customer satisfaction index (%) (2)	76.9	78.6	78.5
Employee satisfaction index (%) (3)	87	-	-
Hours of training per employee	37	39	39
Women in senior management (Steering committee and corporate managers/managers) (%)	10/18	9/17	8/17
Ratio of men to women (%)	49/51	51/49	53/47
Supplier satisfaction index (%) (3)	82	-	82
Resources allocated to community involvement (million euros)	85.3	69.0	56.4
Resources allocated to community involvement over net attributable profit (%)	1.70	1.13	1.19
No. of beneficiaries of the <i>Niños Adelante</i> education project (4)	47,104	17,920	-
No. of beneficiaries of the financial education program (5)	7,000	-	-
No. of beneficiaries of the BBVA Microfinance Foundation (million) (6)	1.7	1.0	-
<b>ENVIRONMENTAL</b>			
CO <sub>2</sub> emitted per employee (ton)	3.28	2.93	3.16
Paper consumption per employee (kg)	98.2	103	134
Water consumption per employee (m3)	28.06	25.51	29.53
Electricity per employee (Mwh)	7.1	6.7	6.8
No. employees working in ISO 14001 certified buildings	9,080	4,710	2,450
<b>CORPORATE RESPONSIBILITY GOVERNANCE</b>			
No. of Group CRR committees in 2008	4	2	1
No. of CR committees in Latin America and the United States in 2008	10	0	0
No. of CR appearances before the board of directors in 2008	2	0	0

(1) Calculation based on GRI methodology.

(2) Data for Spain.

(3) Biennial survey. Previous data was 68.6 from 2005.

(4) Program initiated in 2007.





(5) Program initiated in 2008.

(6) Activity initiated in 2007.

Scope: BBVA Group.



## Sustainability ratings<sup>(1)</sup>

Entity	Indexes	Weighting 31/12/2008	Observations
 SAM	DJSI World	0.73%	The BBVA Group has been included in DJSI World since 2001 and in DJSI STOXX since 2005 BBVA's full score in 2008, 2007 and 2006
	DJSI STOXX	1.61%	
	DJSI EURO STOXX	2.97%	
 EIRIS	FTSE4Good Global	0.53%	The BBVA Group has been included in FTSE4Good since 2005, and in 2008 it joined the new FTSE4Good Ibox index
	FTSE4Good Europe	1.18%	
	FTSE4Good Europe 50	1.72%	
	FTSE4Good IBEX	7.66%	
 SIRI y Analistas Internacionales en Sostenibilidad	KLD Global Sustainability Index	0.62%	Included in the AIS analysis. BBVA has been included in the KLD Global Sustainability Indexes since their launch in October 2007
	KLD Global Sustainability Index Ex-US	1.11%	
	KLD Europe Sustainability Index	1.88%	
	KLD Europe Asia Pacific Sustainability	1.83%	
 ASPI	ASPI Eurozone Index	2.13%	BBVA is included in the ASPI Eurozone and Ethibel Sustainability Indexes and in 2007 in the Ethibel Excellence Index for the first time
	Ethibel Sustainability Index Excellence Europe	1.78%	
	Ethibel Sustainability Index Excellence Global	0.98%	

## Other Rating Agencies

OEKOM		In 2008, BBVA has once again been considered PRIME in competition with the world's best banks or Best in Class.
INNOVEST		In 2008, Innovest awards BBVA an "A" in the category of "Global Banks".
Management&Excellence		BBVA is a leader in sustainability, corporate governance, and social responsibility in its main operating countries in Latin America (Argentina, Colombia, Mexico, Peru and Venezuela).

(1) They measure corporate performance from an economic, social, ethical and environmental perspective. The score and even continuity in the sustainability indexes depend on proven and ongoing progress in the field of sustainability.

## Prizes and awards, 2008

Business Initiative Award for promoting a spirit of adventure and discovery through the <i>Ruta Quetzal</i> expedition	<i>Sociedad Geográfica Española</i> - Spanish Geographic Society
BBVA Bancomer is honored in 2008 as a Socially Responsible Company	Centro Mexicano para la Filantropía (CEMEFI) - Mexican Centre for Philanthropy
BBVA enters the Top 100 brands in the Brandz ranking	Millward Brown Optimor
1 <sup>st</sup> Prize for best responsible practices awarded by the Club de Excelencia en sostenibilidad	Club de excelencia en sostenibilidad - Club for excellence in sustainability
BBVA is awarded the Príncipe Felipe Prize for the management of a renowned brand	Jury of the Príncipe Felipe Awards for business excellence
BBVA is honored by the COCEMFE association for the disabled for its work in improving the quality of life of disabled people	Confederación Española de Personas con Discapacidad Física y Orgánica (COCEMFE)
BBVA Colombia, BBVA Banco Continental (Peru), BBVA Banco Provincial (Venezuela) and BBVA Banco Frances (Argentina) amongst the 10 best within the sustainability ranking of LatinFinance	Management & Excellence
Codespa Award in the category of Companies for the <i>Niños Adelante</i> project	<i>Fundación Codespa</i> - 13th Edition of the Codespa Awards
43rd Llotja Award for the best reporting to shareholders and the market by a commercial company	Barcelona Chamber of Commerce
Shortlisted for the Prize for Best Sustainability Report by a Spanish company	<i>Asociación Española de Contabilidad y Administración de Empresas (AECA)</i> and <i>Instituto de Censores Jurados de Cuentas de España (ICJCE)</i>

# BBVA GROUP PROGRESS 2008 AND GOALS 2009

## 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

Ratifying international agreements

Driving improvements within the sphere of Compliance

Rolling out a policy on Human Rights

Drafting of CR reports by Group banks in Latin America

### STAKEHOLDER ENGAGEMENT

Gauging priorities and perceptions of employees, customers and public opinion in Spain, Mexico, Argentina, Chile, Peru and Colombia

Furthering the management integration of information gathered from stakeholders

Improving the consultation process with stakeholders focusing on the CR Report and CR management

Improving the quality of shareholder service

Improving communications channels with investors and shareholders

Improving communications channels with employees

Improving communications channels with customers

Facilitating the cooperation of shareholders and customers in the Group's lines of community investment

### CUSTOMER FOCUS

Raising the level of satisfaction amongst customers in Spain, Mexico, Argentina, Peru, Chile and Colombia

Improving accessibility to financial services for all segments

### FINANCIAL INCLUSION



Projects designed to ease access to credit for un-banked segments in Latin America

Facilitating financial inclusion for segments that are disadvantaged or have special needs

### RESPONSIBLE FINANCE

Progressing in the application of the Equator Principles

Advancing in the consideration of environmental factors in credit risk

Improving policy on defense industry lending

Improving the model for preventing both money laundering and the financing of terrorist activities

### OTHER RESPONSIBLE PRODUCTS AND SERVICES

Developing Socially Responsible Investment

Developing products and services with environmental criteria

Developing products for special needs groups

### RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES

Improving the Group's work climate survey

Furthering initiatives for the reconciliation of work and personal life

Pursuing other initiatives for the personal and professional development of employees

Advancing in internal CR training

### RESPONSIBLE PROCUREMENT

Updating the supplier approval questionnaire based on the principles of the Global Compact and Standard SA 8000

Disseminating the Global Compact amongst suppliers

Driving community projects with suppliers

### ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

Increasing the number of ISO 14001 certificates awarded to the Group's landmark buildings

Reducing the Group's direct environmental impacts

### COMMUNITY INVOLVEMENT

Implementing the Community Investment Plan for Latin America

Fostering research and knowledge development

Improving the assessment of the impacts of community investment projects

Defining the Community Investment Plan in Spain

Forging alliances with organizations working with disabled people in Spain in order to further their integration

Boosting activities in education, including financial literacy

### CORPORATE VOLUNTEER WORK



Corporate volunteer work

## GLOBAL GOALS, 2008

- 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 U.S.
- Foster the setting-up of corporate reputation strategy in other countries
- Set up a CRR committee in Mexico and in the main countries in South America
- Ratification of and participation in relevant international agreements
- Further the dissemination of the MDGs and implement BBVA schemes to help to achieve them
- Annual review of the commitment to Human Rights through the CRR Committee
- Extend the drafting of CR reports to Argentina, Colombia and Chile
- 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).
- Introduce regular reporting to the Steering Committee
- Continue extending the consultation perimeter
- 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
- Continue with improvements
- Promote interactivity in IP Television and extend its accessibility throughout the entire Group
- Communication schemes for reporting to employees on the Group's CR policy
- Communication schemes for reporting to customers on the Group's CR policy
- Arrange some form of community project involving shareholders and/or customers
- Improve complaints management. Corporate Complaints Report for February 2008 and introduction of working parties for the analysis and implementation of the improvements and proposals made
- Develop non-presential channels and improve website accessibility for disabled people
- New alliances for the BBVA Microfinance Foundation
- Banking Penetration Plan for Latin America 2008-2010. Doubling of the loan portfolio, with 4 million new customers in Mexico and 3 million in South America
- Design business models to favor the financial inclusion of migrants
- Definition and implementation of the new management model for enhancing compliance with the Equator Principles
- Formulation of the environmental risk map for the bank's portfolio in Spain. Start extending Eco-rating in Mexico
- Updating policy on defense industry lending and the pledge to review it at least once a year
- Continue with improvements
- Delineate the scope of SRI in the BBVA Staff Retirement Plan
- Develop products with environmental criteria
- Develop products for special needs groups
- Apply the Group's new work climate survey
- Regularly pursue new schemes within the *Quality of Life* (Calidad de Vida) plan
- Obtain *EFR* (Family Responsible Company) certification in Spain
- Pursue other initiatives for the personal and professional development of staff
- Set out a global training plan in CR matters
- Inclusion of CR criteria in all the Group's supplier approval questionnaires
- Disseminate the Global Compact amongst all the Group's suppliers
- Encourage recruitment through special Job Centers in Spain
- Increase the number of ISO 14001 certificates awarded to buildings in Mexico and to other Group banks
- Launch of the Global Eco-efficiency Plan (PGE) 2008-2012
- Steady increase in the funds allocated to the Community Investment Plan for Latin America and increase in the number of beneficiaries of the BBVA Integración Scholarship Scheme
- Improve the assessment of the impacts of community investment policies
- Outline the Community Investment Plan in Spain
- Forge alliances with organizations working with disabled people in order to further their integration
- Full implementation of the Program in all the Group's main operating countries



## GLOBAL ACHIEVEMENTS, 2008

- Presentations to the board of directors in February and May
- Drafting and approval of the CRR Strategic Plan
- Creation of the CRR department at BBVA Compass (USA)
- Objective deferred
- Set up local CRR committees in Argentina, Colombia, Chile, Mexico, Peru and Venezuela • A total of 10 meetings have been held
- Adhesion to the United Nations Principles for Responsible Investment (GPP and Staff Retirement Fund)
- Dissemination campaign for the first three MDGs "2015, a better world for Joana"
- Community Investment Plan for Latin America. Development of the Microfinance Foundation network
- Approval of the Compliance Charter
- Approval by the BBVA Group's board of directors of a corporate policy on Conduct in Stock Markets
- Review in the CRR Committee meeting in December • Diffusion to all Group employees of the 60<sup>th</sup> anniversary of the Universal Declaration of Human Rights
- Launch of online course
- Drafting of CR reports in Argentina, Colombia, Chile, Mexico, Venezuela and Peru (verified)
- Annual survey of employees at Group level
- There have been 3 instances of reporting to the Steering Committee (Community Investment Plan for LatAm, Strategic Plan and Eco-efficiency Corporate Plan)
- Involvement in the preparation of a comprehensive scorecard
- Launch of the consultation process in the USA
- No. traveling branch offices: 83 (78 locations). 67% increase in the number of visits (6,023)
- Introduction of the product line: Club Ábaco, exclusively for the Bank's shareholders
- 19% increase in the number of shareholders attending road-shows (7,720)
- Greater coordination between Investor Relations and CRR for improving the response to investors and analysts in sustainability matters
- More CR information on the Investor Relations website and inclusion of a CR section in the Quarterly Financial Reports
- Posting of 557 videos (+100%) • 188,803 visits recorded with 317,823 video viewings
- 18% of the news items deal with CRR • Implementation of Employee Care Service (SAE) in Peru
- Creation of the "Novedades" section on new developments on the CR website (76 news items posted) • Creation of the IP TV channel on the CR website (16 videos)
- Campaign with Unicef for customers of BBVA Colombia through ATMs • Customer and shareholder involvement in BBVA open-entry charity races
- Improved customer satisfaction in Chile and Colombia • Drafting of the Corporate Complaints Report • Implementation of quality indicators in banks in Latin America
- Launch of the "adaptabilidad/adaptability" campaign with products and services designed to help customers deal with the economic crisis in Spain
- 39% transactions online and 26% using ATMs • Launch of *You Matter* (Tú Cuentas) • AA scope of accessibility on corporate websites in Chile, Peru and Portugal
- Alliances in Colombia, Peru, Puerto Rico and Costa Rica • Education agreements with the Organization of Ibero-American States (OEI) and Spain's Open University (UNED) • Drafting of the Code of Corporate Governance for the Network of Microfinance Institutions
- South America: 400,000 more active private customers and a 18.1% increase in customer lending • New agreements to extend non-banking correspondents or correspondent ATMs in Colombia, Peru and Chile • Mexico: 500,000 more private customers and a 13.7% increase in customer lending
- Launch of new products • 22.5% market share in Spain
- Drafting by the Risk Area of the Group's new Handbook on social and environmental risk management in financing and guarantees (project finance, Eco-rating and defense industry) • The new handbook applies to all project finance operations regardless of their amount
- A boost has been given to the Money Laundering Risk Compliance Model through the adaptation of policies and procedures to regulatory changes, incorporating international best practices in these matters and fine-tuning the monitoring systems already in place.
- Approval for the comprehensive management of the BBVA *Staff Retirement Plan* (Plan de Empleo) in Spain with SRI criteria (€1.9m and 41,100 participants)
- Issue of the first exchange-traded funds (ETFs) on the new FTSE4Good Ibex index
- Trading in over 1 million tons of CO<sub>2</sub> • Launch of environmental advisory service for SMEs in Spain
- Line pursued in partnership with the Inter-American Investment Corporation for promoting energy efficiency amongst SMEs in Latin America
- Launch of *Housing Loan* (Ayuda Vivienda) within the BBVA *Family Plan* (Plan Familia) to help young people with low incomes to access mortgage loans (1,351 loans amounting to €163.18m) • New edition of the *New Baby Loan* (Préstamo Nacimiento)
- Conducting of the Group's new work climate survey that shows a 6% improvement
- Numerous activities have been undertaken in Time Management, Equal Opportunities, Personal and Family Projects, etc.
- Award of *EFR* certificate in Spain
- A decision was taken in December 2008 to apply a base rate in 2009 that was more advantageous than the one established in the corporate agreements for BBVA Spain under the items of in-company loans and sundry credit to staff
- Approval of the Group's CR training plan
- Inclusion of CR criteria in Spain, Argentina, Colombia, Peru, Puerto Rico and Mexico
- Dissemination amongst suppliers in Argentina (180), Colombia (694), Mexico (140), Peru (34), Puerto Rico (87), Venezuela (211) and the USA (100)
- Recruitment through special Job Centers for a value of €479,390
- ISO 14001 certification awarded to 5 buildings (3 in Spain and 2 in Mexico). Impact on 9,080 employees
- Launch of the Global Eco-efficiency Plan (PGE) 2008-2012 • Improvements in ecoefficiency in 2008: -4% reduction in paper consumption per employee and scope extended
- Increase in funds to a figure equal to 1% of the net attributable profit in South America and Mexico, which has meant a rise from €20m to €29.6m
- Increase in the number of scholarship holders from 18,000 to 47,000
- First edition of the BBVA *Fronteras del conocimiento* • Frontiers of Knowledge Awards endowed with €3.2m
- Use of London Benchmarking Group (LBG) methodology
- Progress in the drafting of the Community Investment Plan in Spain
- Launch of the Integra Plan and call for the Integra Prize in Spain • Master agreement in Spain with the following: Fundación ONCE, CONCENFE, FEAPS and FEACEM
- Launch of the financial literacy program in Mexico affecting 7,000 people
- Development of community service schemes in all the main operating countries, involving 3,617 volunteers

## GLOBAL GOALS, 2009

- Regular reporting to the board of directors in full and to its Risk Committee
- Foster and take part in schemes for the furtherance of CRR alongside other companies and institutions
- Set up the CRR committee in Spain, USA, Panama, Paraguay, Puerto Rico and Uruguay • Hold a total of 25 local CRR committee meetings
- Ratification of and participation in relevant international commitments
- Make further inroads in the dissemination of the MDGs and pursue BBVA projects that help to achieve them
- Make further progress
- Verify CR reports in Argentina, Colombia, Chile, Mexico, Peru and Venezuela • Draft CR report in the USA
- Employees: Assess and introduce action plans for improving indicators
- Customers and public opinion: extend the perimeter of analysis to Venezuela and the USA
- Implement regular reporting to the Steering Committee
- Continue extending the consultation perimeter
- Make further progress • Marketing of the *Tarjeta Ábaco* card
- Creation of a specific website for the *Club Ábaco* with a larger range of value added products for shareholders
- Extend communications actions to shareholders and investors worldwide, paying special attention to Mexico and the USA
- Distribute information related to the CR report when it is issued, via mailshots to BBVA analysts and investors
- Posting of a weekly digital magazine and an electronic media library with news items of relevance to the Group
- Expand the "Community Investment" section in the quarterly magazine for employees to "Corporate Responsibility and Reputation" • Implementation of the Employee Care Service (SAE) in Colombia and Venezuela
- 25% increase in the number of videos produced and posted on the CR website
- Arrange some form of community project involving shareholders and/or customers
- Define and implement a new procedure for reinforcing the transparency and clarity of the Group's advertising campaigns
- Foster the use of non-presential channel • Extend AA accessibility to other Group websites
- Launch of the technology platform for the network of microfinance institutions • New alliances and operating presence in Chile and possibly in Argentina and Brazil
- First joint investments with multilateral agencies • Development of microfinance training programmes
- Banking Penetration Plan for Latin America 2007-2010. Doubling of the loan portfolio, with 4 million new customers in Mexico and 3 million in South America
- Expansion of alternative distribution channels • Provide lower-income segments with credit cards in a responsible manner through the "*Tarjeta Prepagada*" (Prepaid Card)
- Consolidate the achievements made in 2008
- Approval and implementation throughout the entire Group of the new Handbook on social and environmental risk management in financing and guarantees
- Internal Audit to become involved in verifying the application of the Handbook on social and environmental risk management in financing and guarantees that will be approved in February 2009 • Launch of Ecorating in Mexico, Peru, Chile and Colombia
- Make further progress
- Performance of the first sustainability rating on the *BBVA Staff Retirement Plan* (Plan de Empleo) in Spain • Attendance of fora for fostering SRI in Spain
- Develop products with environmental criteria
- Develop products for special needs groups
- Develop new schemes in the *Calidad de Vida* (Quality of Life) plan
- Obtain *EFR* certification in Mexico and Chile
- Pursue other projects for the personal and professional development of employees
- Development of the Group's CR training plan
- Application of the suppliers' satisfaction survey in Mexico, Argentina, Chile, Colombia, Peru and Venezuela
- Sustainable procurement policy
- Encourage recruitment through special Job Centres in Spain
- Increase the scope in the number of employees pursuing the objectives of the Global Eco-efficiency Plan (PGE)
- Advance towards the specific objectives set forth in the objectives set forth in the PGE
- Consolidate the 1% in Mexico and in South America • Increase the number of beneficiaries of the *Children First* (Niños adelante) Scholarship Scheme
- Appraisal of the social impact of the *Children First* (Niños adelante) Scholarship Program
- Launch of the Community Investment Plan in Spain focusing on financial literacy
- Boosting lines of work for raising awareness and promoting the job integration of disabled people in Spain
- Boost for financial literacy schemes
- 33% increase in the number of volunteers

# BBVA COMPASS GOALS 2009

## LINES OF WORK

### CORPORATE RESPONSIBILITY POLICY

- Establish BBVA Compass CRR Department
- Establish BBVA Compass CRR Committee and hold first full meeting
- Develop plan for redesigned BBVA Compass CRR programs and policies with approval from CRR committee
- Implement regular reporting to the CRR Committee
- Draft 2009 CR Annual Report for BBVA Compass (verified)

### STAKEHOLDER ENGAGEMENT

- Conduct stakeholder engagement study
- Launch reputation tracking via RepTrak
- Collaborate with Global CRR team to expand communication and distribution of relevant information related to BBVA Groups' work in the areas of CRR to U.S. stakeholders
- Commit to keeping U.S. employees informed on a broad range of CRR activities across the U.S. footprint, including volunteerism, charitable giving, diversity and environmental initiatives
- Launch Phase I of the BBVA Compass CRR Internet content – including online application for community investment requests
- Launch Phase I of BBVA Compass CRR Intranet content - including tools to encourage employee volunteerism and community support

### CUSTOMER FOCUS

- Launch new brand promise focused on offering quality products and services tailored to meet customers' individual needs

### FINANCIAL INCLUSION

- Launch pilot Financial Literacy initiatives in select BBVA Compass markets
- Collaborate with BBVA Compass CRA team to develop and launch a full Financial Literacy program that supports CRA goals
- Develop proposal for launch of BBVA Compass' Adelante Education Support Program in 2010
- Sign onto local partnerships for banking the unbanked via "Bank on" initiatives
- Develop pilot programs with Community Development Financial Institutions (CDFIs) in BBVA Compass footprint to provide access to capital for low income communities, including affordable housing development and small business finance

### RESPONSIBLE FINANCE

- Work with risk management team at BBVA Compass on adoption of Defense Sector Finance Policy

### OTHER RESPONSIBLE PRODUCTS AND SERVICES

- Launch Compass for Your Cause<sup>SM</sup> product

### RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES

- Launch BBVA Groups' initiative Passion for People, which is focused on employees' active participation and feedback in the organization's internal value proposition
- Launch *Wellthy for Life* employee program
- Launch new employee benefits
- Conduct benchmark analysis for diversity policies and best practices at competitor banks

### RESPONSIBLE PROCUREMENT

- Assist supply chain management team with assessment of minority supplier and sustainable procurement programs

### ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

- Contribute to the advancement of specific objectives in the Global Eco-efficiency Plan (GEP)
- Increase the scope in the number of employees voluntarily pursuing the objectives of the Global Eco-efficiency Plan (GEP) through the formation of green teams
- Develop pilot of program for company-wide environmental sustainability activities

### COMMUNITY INVOLVEMENT

- Using deep assessment of current practices and benchmark analysis, launch Phase I of redesigned programs for the following:
  - Corporate charitable contributions
  - Employee giving
  - Corporate volunteer program
- Initiate BBVA Compass support of diverse groups and communities
- In partnership with the Marketing Department, commit to approved plan for managing BBVA Compass sponsorships

### CORPORATE VOLUNTEER WORK

- Redesign and relaunch BBVA Compass volunteer program with executive support and grassroots leadership in major markets; develop plan for launch in smaller markets
- Collect, track and report volunteer service hours and activities; provide special reporting for CRA team as needed for regulatory purposes

# adelante.

*If you would like to submit an opinion, inquiry or suggestion regarding the information contained in this report, please contact one of the following:*

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