

BBVA

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Corporate
Responsibility
Report
2006

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Corporate
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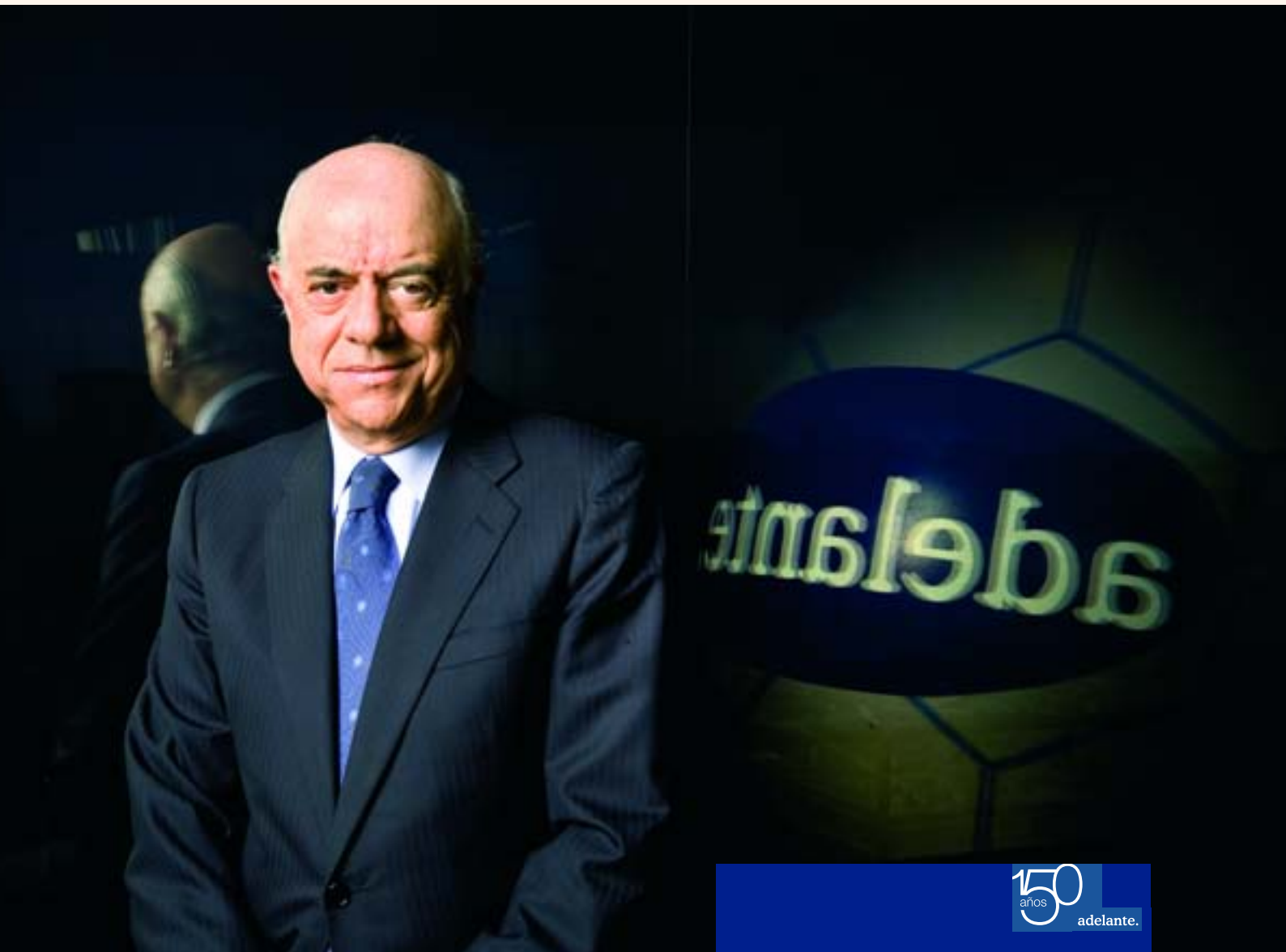
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LETTER FROM THE CHAIRMAN

“Such is the approach we have to our understanding of corporate responsibility: to respond in the best possible way to the expectations placed on our Group by each and every one of the segments with whom we are directly or indirectly involved”.

"One aspect of our quest for excellence is to strive daily to improve everything we need to do."

The present document –the fifth in a series that began in 2002– aims above all to report in a transparent and rigorous manner on the way in which we attend to our direct stakeholders and to the sum of societies in which we operate. Such is the approach we have to our understanding of corporate responsibility: to respond in the best possible way to the expectations placed on our Group by each and every one of the segments with whom we are directly or indirectly involved and who are affected by our operations. In other words, to engage them with the highest levels of quality, probity and transparency, seeking to provide them with the utmost value possible, whilst strictly upholding legal requirements and the recommendations made by regulators.

This involves a comprehensive –and complex– notion of corporate responsibility. It means extending it across the board to all our Group's units and operations, being of required application to all those aspects upon which our business has a bearing: in economic and legal terms, of course, but also in human, social and environmental areas. A way of understanding corporate management that strives for a balanced consideration of all the sectors and all the dimensions it touches.



An innovative impulse

These are aspects that are increasingly being required –of all major corporations– by stakeholders and public opinion alike. Yet in addition, and above all, it constitutes a driving-force

for the general enhancement of management and of the scope for growth and the generation of sustainable profit. An innovative impulse that any company with a long-term project and an awareness of reality should seek to implement out of both need and convenience; that is, out of intelligence. Yet one that it will develop –and exploit– so much better if it believes in it out of conviction. Such is the case of the BBVA Group, in which this way of understanding responsibility is fully consistent with its vision and core values.

It is undoubtedly a daunting task. One aspect of our quest for excellence is to strive daily to improve everything we need to do. We may well be falling short in some areas: the road is indeed a challenging one, in which obstacles are often of an immediate nature, whereas the progress made may sometimes become apparent only in the long term. What matters, nevertheless, is to forge ahead.

That is precisely what I believe we are doing. Proof of this is provided by the SustainAbility Institute, which has included our 2005 report in its highly respected list of the world's 50 best responsibility / sustainability reports.

This report aims to extend this line of continuous improvement. It has been drafted in accordance with the criteria of the 2006 version of the Global Reporting Initiative Guidelines and constitutes a balanced and reasonable presentation of our organisation's economic, environmental and social performance. Its drafting has also abided by the principles of the United Nations' Global

Compact and the Standard AA1000, with a view to ratifying the manner in which we embrace consultation, communication and dialogue with our stakeholders and their engagement in the definition of our priorities in matters of corporate responsibility.

Concerning the actual report itself, a detailed process has been undertaken for engaging the representatives of our direct stakeholders, as well as those of social organisations, experts, the media, entities within the sector and rating agencies. We sought their opinion on the quality and relevance of the document's content and its consideration for interested parties. We have made every possible effort to adopt their main –largely critical– conclusions, which have been summarised in this report. The overriding aim is to render it more than just a simple source of information, whereby it becomes a key feature of the multilateral dialogue that our organisation holds with our stakeholders.

It should be borne in mind, furthermore, that this document is a supplement to *BBVA's Annual Report 2006*, which contains information that is also central to our Group's corporate responsibility, and which is not featured here so as to avoid repetition. The information presented in this report focuses on its underlying purpose: to provide an account of how we have fulfilled our corporate responsibility throughout 2006. In other words, to report on the extent to which we have truly provided value –and not solely in economic or immediate terms– for our stakeholders.

Overview of the report

In accordance with the approach outlined above, the report is arranged into four main sections.

The first, of a more general nature, examines our Group's defining traits, detailing our stakeholders and the myriad channels of communication opened with them, and describing the core elements of our corporate responsibility. Inclusion is also made of a reference to those aspects of our operations that public opinion has deemed to be more questionable during the year, along with an explanation of the process for determining highlights and priorities. Priorities that in 2007 are to focus on specific facets within the following spheres: offer and service to customers, staff relations, the social and environmental impact of our operations and ethical conduct, within the framework of preferential attention to innovation and transparency. This section ends with a summary of the different types of value our Group provides, based on a strict quantitative analysis of the indirect value generated in the Spanish economy, which is one of the report's major new contributions.

The second section addresses the specific relationship BBVA has with its main direct stakeholders (shareholders and investors, employees, customers and suppliers), whilst the third reviews the more salient aspects of the relationship with its milieu: environmental impact and our community support policy. We are giving growing importance to both these aspects and allocating major funds to cooperation with the development of societies in which we have a broader presence. As from next year, this cooperation will be of special significance in Latin America.

"We shall not stray from this path in 2007: an important year for BBVA as it celebrates its 150th anniversary."

An effort has been made in all these areas to identify basic traits, those aspects our stakeholders consider to be more relevant, the main channels of communication involved with them, our strengths and areas of improvement, and priority lines of work in 2007 and the level attained in those determined for 2006. I understand that this effort constitutes one of the document's more noteworthy contributions.

Finally, section four covers the report's methodological aspects and essential references: the criteria used in its drafting, the aforementioned consultation process regarding its content, the degree of observance of GRI indicators and UN Global Compact Principles, and our commitment to the UN's Millennium Development Goals.

Inclusion is likewise made in this final section of the external verification certificate, in which its scope and depth have been further extended. Verification applies to the observance of GRI indicators, to all quantitative and qualitative information provided, to the reporting system itself, to the management systems with a bearing on corporate responsibility (both in Spain and in Latin America) and to the level of compliance with the Standard AA1000. Furthermore, and like last year, the Spanish version of the report has been subject to a further external examination, to which we attach the importance it deserves: the verification of the appropriateness of the language used, made by the *Fundación del Español Urgente* (Fundéu).

All this is part of the long road I mentioned earlier leading to progress in our corporate responsibility

policy. A road that we shall travel along in full awareness that our shortcomings are certainly numerous; yet also in the conviction that we are working steadfastly to reduce them, and in the certainty that, to a greater or lesser extent, we are being successful, thereby making BBVA one of the world's most highly respected financial entities in this field.

We shall not stray from this path in 2007: an important year for BBVA as it celebrates its 150th anniversary. Furthering our pledge to responsibility will be one of the ways of commemorating it.

Finally, I cannot end this letter without expressly acknowledging that everything achieved so far has been possible only thanks to the dedication, motivation, skills and responsibility of the Group's entire staff. They are the ones to be saluted for the all the good contained in this report, and it is to them that I express my foremost gratitude.



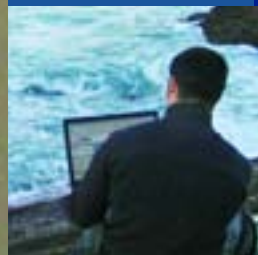
February 26 2007
Francisco González Rodríguez



I

**STRATEGY
AND
ORGANISATION**

Corporate
Responsibility
Annual Report 2006



1

BBVA
Group profile



2

BBVA stakeholders
management
and dialogue



3

BBVA's
corporate
responsibility
policy



4

Creating
value



BBVA GROUP PROFILE



Basic features

	2006	2005
No. countries	32	31
No. employees	98,553	94,681
No. customers (millions)	42.4	38.4
No. branches	7,585	7,410

Scope: BBVA Group,

Profile

Banco Bilbao Vizcaya Argentaria. S.A. (henceforth BBVA) is a financial entity headquartered in Spain. In addition to branches, the Group has shareholdings in a series of entities both in Spain and abroad. It is a global organisation of considerable size and recognised solvency that is present in Europe, the Americas and Asia, operating in financial markets throughout the world and occupying positions of leadership in its core business areas: Spain and Latin America.

Presence in 32 countries, 98,553 employees, 7,585 branches and 42.4 million customers.

Ranking by business share in the main countries in 2006

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

Scope: BBVA Group.

Profit and costs by country

(Million euros)	Net attributable profit ⁽³⁾			Costs by country ⁽²⁾		
	2006	2005	2004	2006	2005	2004
Mexico	1,711	1,334	847	(1,791)	(1,641)	(1,332)
Argentina	163	119	36	(262)	(244)	(198)
Chile	56	62	35	(210)	(183)	(171)
Colombia	117	66	28	(250)	(177)	(151)
United States ⁽¹⁾	64	36	44	(280)	(235)	(142)
Panama	22	19	18	(11)	(11)	(10)
Paraguay	14	10	9	(6)	(5)	(4)
Peru	62	59	32	(148)	(120)	(108)
Uruguay	8	(2)	(3)	(13)	(14)	(12)
Venezuela	85	57	85	(265)	(220)	(201)

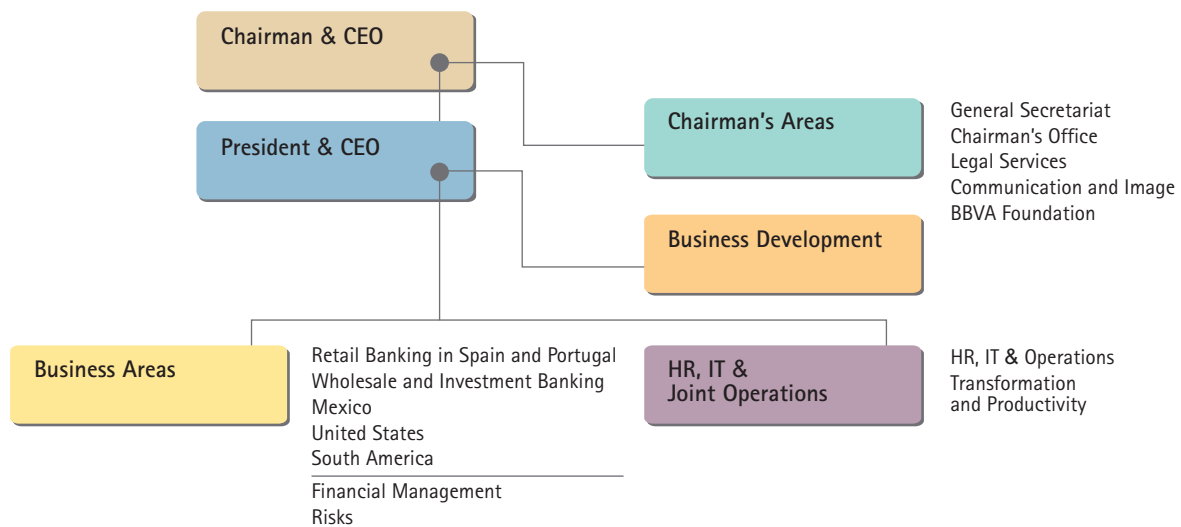
⁽¹⁾ Includes P. Rico.

⁽²⁾ Includes personnel costs, general expenses and amortizations and depreciations.

⁽³⁾ The figures for 2004 and 2005 have been drafted applying the same criteria and the same area structure as in 2006, thereby ensuring the consistency of year-on-year comparisons.

Scope: Latin America and the United States.

Governance and business structure



Note: The governance structure presented here is the one applicable throughout 2006. A new arrangement has been introduced on January 1st 2007 that involves a restructuring of the organisation. For more detailed information, see the *BBVA Annual Report 2006*.

Net attributable profit by area of business⁽¹⁾

(Million euros)	2006	2005	2004	Principal group products and services
Retail Banking in Spain and Portugal	1,498	1,317	1,194	Deposits, real estate investment trusts and mutual funds,
Wholesale and Investment Banking	1,282	873	658	pension plans, mortgages, credits, loans, cards, insurances,
Mexico and the United States	1,775	1,370	891	leasing, subsidy management, tax management,
South America	509	379	229	shareholdings, project finance, corporate banking, trade
Corporate Operations	(329)	(132)	(50)	finance, finance structuring, etc.

⁽¹⁾ The figures for 2004 and 2005 have been drafted applying the same criteria and the same area structure as in 2006, thereby ensuring the consistency of year-on-year comparisons.

Scope: BBVA Group.

Basic Group data⁽¹⁾

(Million euros)	2006	2005	2004
Earnings			
Ordinary revenues	15,701	13,024	11,120
Operating profit	8,883	6,823	5,591
Pre-tax profit	7,030	5,592	4,137
Net attributable profit	4,736	3,806	2,923
Balance sheet			
Total assets	411,916	392,389	329,441
Customer lending	262,969	222,413	176,673
Customer funds	425,709	401,907	329,254
Equity	22,318	17,302	13,805
Shareholders' funds	18,210	13,036	10,961
Business volume	688,678	624,320	505,927
Activity			
Number of countries involved	32	31	32
Number of shareholders	864,226	984,891	1,081,020
Number of customers (millions)	42.4	38.4	35.0
Number of employees	98,553	94,681	87,112
Number of branches	7,585	7,410	6,868
Number of suppliers	2,420	2,564	2,039

(Million euros)	2006	2005	2004
Other data			
Market capitalization	64,788	51,134	44,251
Earnings per share	1.39	1.12	0.87
P/BV (Price /Book Value; times)	3.6	3.9	4.0
Dividend yield	3.49	3.52	3.39
ROE-Return on equity	37.6	37.0	33.2
Efficiency incl. depreciations and amortization	42.6	46.7	48.6
Non-performing loan ratio	0.83	0.94	1.13
Business volume per employee	7.0	6.6	5.8
Dividends	2,220	1,801	1,499
Personnel costs	3,989	3,602	3,247
Corporate income tax	2,059	1,521	1,029

⁽¹⁾ The figures for 2004 and 2005 have been drafted applying the same criteria and the same area structure as in 2006, thereby ensuring the consistency of year-on-year comparisons.
Scope: BBVA Group.

USA
Employees 3,646
Branches 162

New York

Portugal
Employees 953
Branches 99

London
Paris

Mexico
Employees 32,847
Branches 1,977

Miami
La Habana

Puerto Rico
Employees 1,044
Branches 45

Dominican Republic

Venezuela
Employees 5,749
Branches 326

Panama
Employees 266
Branches 15

Ecuador

Colombia
Employees 6,408
Branches 432

Bolivia

Paraguay
Employees 108
Branches 8

Peru
Employees 4,191
Branches 236

Sao Paulo

Uruguay
Employees 151
Branches 8

Chile
Employees 4,068
Branches 257

Argentina
Employees 7,215
Branches 307

Foundations ★

- BBVA Foundation (Spain)
- BBVA Bancomer Foundation (Mexico)
- BBVA Banco Continental Foundation (Peru)
- BBVA Banco Provincial Foundation (Venezuela)
- BBVA Banco Francés Foundation (Argentina)



Pension managers ■

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

Group Banks ◆

- Spain**
- BBVA
- Banco de Crédito Local
- Finanzia
- Uno-e
- Latin America**
- BBVA Banco Continental (Perú)
- BBVA Banco Francés (Argentina)
- BBVA Banco Provincial (Venezuela)
- BBVA Bancomer (México)
- BBVA Chile
- BBVA Colombia
- BBVA Panamá
- BBVA Paraguay
- BBVA Puerto Rico
- BBVA Uruguay
- Remaining Group**
- BBVA Bancomer USA
- BBVA Portugal
- BBVA Suiza
- Laredo National Bank (United States)
- Texas State Bank (United States)

Legend

- ◆ Countries with BBVA Group banking operations.
- ★ Branches..
- Representation offices.
- ★ Foundations.
- Pension managers.

Main Group events in 2006

JANUARY

- Restructuring of the organisation.
- New innovation strategy in business areas.

FEBRUARY

- Strategic Plan in the area of Communication and Image designed to promote the BBVA brand and the value it contributes to the Group.

MARCH

- BBVA and Vega form a strategic alliance and create Próxima Alfa, a global alternative investment company.
- Divestment of Banc Internacional d'Andorra and Banca Mora.

APRIL

- Purchase of 51 % of Forum, the leading car financing firm in Chile.

MAY

- Divestment of the shareholding in BNL.
- Merger between BBVA Colombia and Granahorrar.
- Launch of Valanza, new capital risk and corporate shareholdings manager for Spain, USA, Mexico and rest of Latin America.
- New representation office opens in Singapore.

JUNE

- Divestment of the shareholding in Repsol.
- Purchase announced of two US banks: Texas State Bank and State National Bank.

JULY

- BBVA acquires full ownership of Uno-e.
- Reorganisation announced of the commercial networks in Spain.

AUGUST

- BBVA acquires the remaining 50 % of Advera and purchases Maggiore Fleet, for developing the consumer financing business in Italy.

SEPTEMBER

- New representation offices open in Seoul (South Korea) and Taipei (Taiwan).

OCTOBER

- BBVA opens a representation office in Sydney (Australia).
- BBVA launches its Master Plan for Social Action in Latin America.

NOVEMBER

- BBVA launches BBVA Codespa Microfinanzas, the first Spanish mutual fund in micro-finances.
- BBVA enters into a strategic partnership agreement with the CITIC Group in China and Hong Kong.

DECEMBER

- BBVA is authorised to open a representation office in Mumbai (India).



Brand

BBVA understands the brand to be the pledge that the entity makes to each and every one of its stakeholders and the experience the latter undergo in their relationship with it at each point of contact (branches, advertising, reports...). A strong brand requires consistency between these two components: the pledge (what is said) and the experience (what is done).

From this perspective, brand management at BBVA is inextricably linked to the culture, values and performance of employees, whereby a parallel may be drawn between brand and people/employees. This way of understanding the brand first made its appearance in 2003, being contained in the core document for its corporate culture: *La Experiencia BBVA – The BBVA Experience* (available at www.bbva.com).

Group positioning in its main markets

(Percentage)	Leadership		Innovation		Person-to-person	
	2006	2005	2006	2005	2006	2005
SPAIN						
BBVA rating (%)	82	85	63	69	57	58
BBVA's standing amongst its main competitors	1 st	1 st	2 nd	1 st	2 nd	2 nd
Highest rating in the sector (%)	82	85	68	69	75	74
MEXICO						
BBVA rating (%)	94	90	83	67	89	79
BBVA's standing amongst its main competitors	2 nd	2 nd	1 st	2 nd	1 st	2 nd
Highest rating in the sector (%)	95	94	83	70	89	83

Source: Monitoring of positioning involving a survey of bank-users.

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

- The figures for both 2005 and 2006 correspond to aggregate data from January to December.

Brand positioning

In 2003, the BBVA Group defined its corporate positioning for its brand, which focuses on three pillars: "Leadership", "Innovation" and "Person-to-person". These three pillars define the way in which BBVA wishes to be perceived by the market. The Group gauges the extent to which this is true in its operating markets.

Brand strength

One of the key factors underpinning brand strength is its familiarity amongst target audiences. BBVA is the best known financial entity in Spain and the first to be mentioned by the Spanish when they are asked which banks they know.

Yet in addition to being well-known, a strong brand needs to generate loyalty and commitment within its market. Considering the information

available, BBVA is one of the financial entities generating the highest level of commitment, in both Spain and Mexico.

More information on the BBVA brand is available at www.bbva.com.

Brand strength in 2006

	Spain	Mexico
Presence ⁽¹⁾	93	96
Commitment ⁽²⁾	13	28

Source: Brand strength surveys in Spain and Mexico.

⁽¹⁾ Presence: Percentage of people who are either customers of the bank or familiar with it.

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

No comparison is made with prior years here because the survey model has changed and the data, therefore, are not comparable.

BBVA's corporate responsibility ratings as awarded by specialist agencies

Entity	Dimension	2006		2005		2004	
		BBVA	Sector average	BBVA	Sector average	BBVA	Sector average
SAM	Brand management	75	24	94	35	35	27

Scope: BBVA Group.



BBVA STAKEHOLDERS: MANAGEMENT AND DIALOGUE

2

BBVA's pledge to its stakeholders

"To use each one of the myriad contacts with its stakeholders to convey a unique and distinguishable experience providing sustainable value".

Basic features: The BBVA Group's main stakeholders

Shareholders

Customers

Employees

Suppliers

Regulators

Society

Areas of improvement

- Consolidation of systems for listening and communicating at Group level.
- Consolidation of tools for detecting, measuring and assessing expectations at Group level.
- Development of the CRR Committee.

Strengths

- Systems for listening and communicating.
- Tools for detecting, measuring and assessing expectations.
- System for integrating expectations within management.
- Creation of the Corporate Responsibility and Reputation Committee.

Main lines of work in 2007

- Continue the uniform and regular measurement of priorities and perceptions amongst employees, customers and public opinion in Spain, Mexico, Argentina, Chile, Peru and Colombia, and assess the possibility of doing the same with leaders of opinion.
- Systemise the sharing of information with the aforementioned countries to analyse the results of the listening processes and assess possible means of improvement.
- Implement a formal monitoring system for projects forthcoming from the CRR Committee.
- Promote the creation of coordinating mechanisms with a similar role to that of the CRR Committee in the Group's main operating countries.
- Improve the stakeholder engagement process focusing on Corporate Responsibility management.
- Improve the content of the Group's climate survey.
- Use a standard report to provide the Steering Committee with regular information on stakeholder priorities and perceptions.

BBVA Stakeholders

BBVA defines its stakeholders as all those people, institutions or communities with a significant bearing on its activity and on its decisions and which, in turn, are affected by them. The concept of stakeholder is central to the way in which BBVA understands corporate responsibility, given that its core mission is to provide such groups with the maximum and most balanced value possible.

This chapter seeks to provide a highly synthetic view of the cycle of dealings BBVA upholds with its stakeholders, consisting of the following basic steps, consistent with the AccountAbility Institute's AA1000 and with the *Sustainability Reporting Guidelines* (GRI-G3):

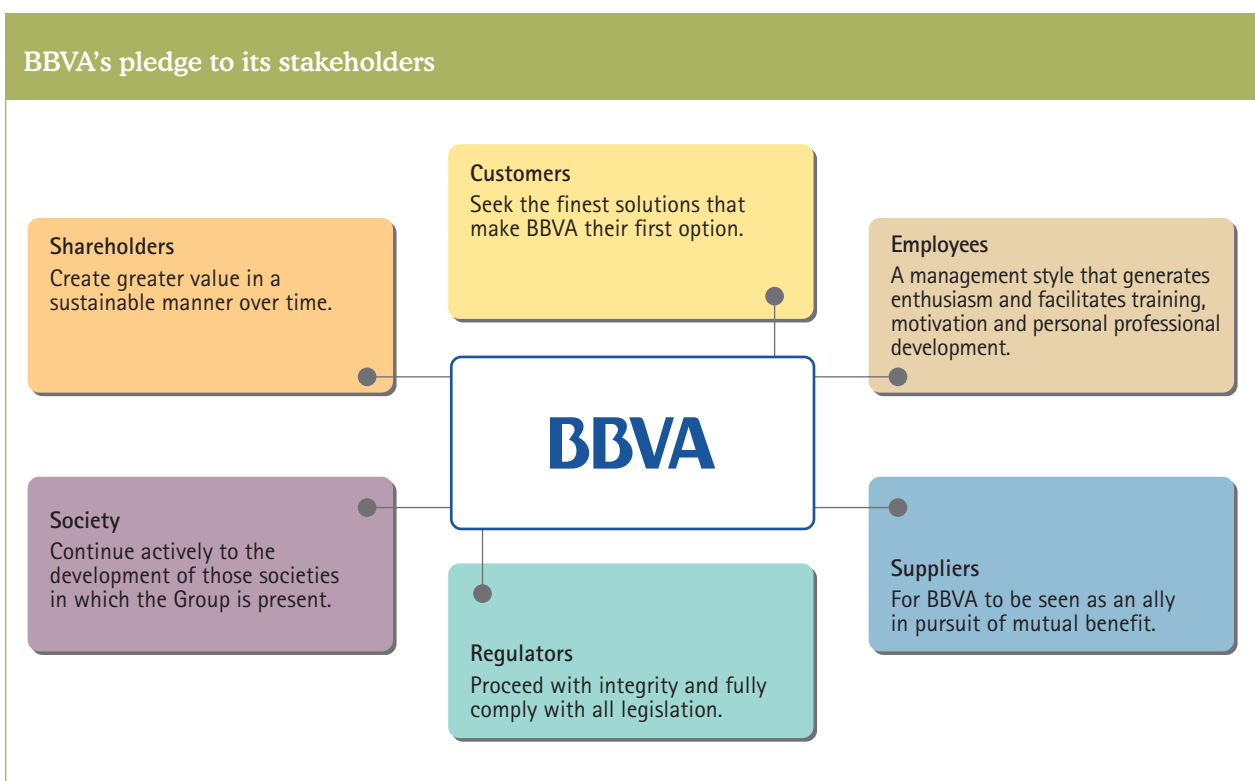
- Identification of stakeholders and arrangement of channels of dialogue with them.
- Integration within management of stakeholder expectations: identification of matters of relevance to them and analysis of the assessment they make of BBVA's management.
- Introduction of lines of action instigated by the listening process, taking into account the Group's values and strategy.
- Reporting to stakeholders on the actions undertaken.

Identification of stakeholders and channels of dialogue

Throughout 2006, BBVA has undertaken a systematic process for identifying its stakeholders and their component subgroups by means of meetings and workshops involving the senior management dealing more closely with them. The main criteria used for identifying a group or subgroup have been that the collective involved has similar expectations regarding BBVA and that these can be differentiated from other groups. The aim is to confirm and update the results of this process each year.

BBVA has set up channels of dialogue (for listening and communicating) with all stakeholders, with the dual purpose being to understand their expectations for the daily running of the organisation and relay information to them on BBVA strategy and operations, bearing in mind those aspects of greater relevance to them.

The main stakeholder groups and subgroups identified and the main channels of dialogue introduced are detailed in the table provided forthwith.



Channels of dialogue

Channels	Scope/ location of stakeholders involved
SHAREHOLDERS: Major shareholders, medium shareholders, small shareholders, employee shareholders, institutional investors, investment analysts and rating agencies.	
LISTENING CHANNELS	
Shareholders	
■ Questionnaire for understanding shareholder expectations.	Spain.
■ <i>Línea 900</i> (Freephone).	BBVA Group.
■ Consulting shareholders about corporate responsibility information.	Spain, Argentina, Colombia, Mexico and Peru.
■ System for monitoring reputation amongst shareholders.	Spain.
■ Two suggestion boxes (major shareholders and other shareholders).	BBVA Group.
Investors	
■ Investor satisfaction surveys/rankings.	BBVA Group.
■ E-mailbox.	BBVA Group.
COMMUNICATION CHANNELS	
Shareholders	
■ <i>Ábaco</i> magazine.	Spain.
Institutional investors and analysts	
■ Reporting significant events.	BBVA Group.
All	
■ Annual report.	BBVA Group.
■ Quarterly reports.	BBVA Group.
■ Website.	BBVA Group.
COMMUNICATION AND LISTENING CHANNELS	
Shareholders	
■ Regular meetings/road shows.	BBVA Group.
■ Shareholders' Management Unit. (Shareholders' Office and Major Investors' Management Unit).	BBVA Group.
Investors/Analysts	
■ Meetings with investors/road shows.	BBVA Group.
■ Investors' Open-day.	BBVA Group.
■ Department of Investor Relations.	BBVA Group.
All	
■ Annual General Meeting.	BBVA Group.
CUSTOMERS: individuals (personal banking customers, young people, migrants and other individual customers); companies (self-employed and small firms, large firms, large corporations, family concerns and global businesses) and institutions (Public administrations, international organisations and companies and dependent organisations at national, community and local level, and private institutions: NGOs/foundations and associations).	
LISTENING CHANNELS	
Individual customers	
■ BBVA help line.	BBVA Group.
■ Satisfaction surveys.	Each country conducts its own surveys.
■ Consulting customers about corporate responsibility information.	Spain, Argentina, Colombia, Mexico and Peru.
■ Reputation monitoring system involving customers.	Spain, Mexico, Argentina, Chile, Colombia and Peru.
Businesses and institutions	
■ Positioning studies.	These channels apply to Spain. The different countries in which BBVA operates have similar channels with client businesses and institutions.
■ Service quality studies – Customers' voice.	
■ Focus groups and workshops with customers to sound out their opinion on specific issues.	

Channels	Scope/ location of stakeholders involved
All	
<ul style="list-style-type: none"> ■ Customer Care Service (SAC). ■ Customer Ombudsman. 	These channels apply to Spain. Similar channels are used in the countries in which BBVA operates.
COMMUNICATION CHANNELS	
Institutions	
<ul style="list-style-type: none"> ■ <i>Manual del Alcalde</i> (Mayor's Handbook). 	Spain.
Individual customers	
<ul style="list-style-type: none"> ■ Mailings, telemarketing, SMS. ■ www.bluebbva.com, and <i>Blue joven</i> magazine (young people) ■ www.bbvadinerexpress.com (migrants) 	BBVA Group. Spain. Spain.
All	
<ul style="list-style-type: none"> ■ Advertising/media. ■ Website. 	BBVA Group. BBVA Group.
COMMUNICATION AND LISTENING CHANNELS	
<ul style="list-style-type: none"> ■ Channels for each unit: commercial networks (branches, counsellors, managers, agents, ATMs) - including a specific network for migrants in Spain: Dinero Express. ■ Transactional websites. 	BBVA Group. Spain.
EMPLOYEES: Management, other employees, trade union associations with representation in BBVA.	
LISTENING CHANNELS	
<ul style="list-style-type: none"> ■ Employee Care Service (Spain)/ Staff Administration (rest of the Group). ■ Satisfaction polls. ■ Consulting employees about corporate responsibility information. ■ Questionnaire on CR policy included in the course "Corporate responsibility: basic notions". ■ System for monitoring internal reputation. 	BBVA Group. BBVA Group (standardised survey). Spain, Argentina, Colombia, Mexico and Peru. Spain. BBVA Group.
COMMUNICATION CHANNELS	
All employees	
<ul style="list-style-type: none"> ■ <i>Buenos Días</i> daily newsletter. ■ <i>Adelante</i> magazine. ■ Employee Portal. ■ Internal Communication Department. 	BBVA Group. BBVA Group. BBVA Group. BBVA Group.
Management	
<ul style="list-style-type: none"> ■ Management Portal. 	BBVA Group.
COMMUNICATION AND LISTENING CHANNELS	
All employees and trade unions	
<ul style="list-style-type: none"> ■ Interviews for setting targets, identifying competencies and feedback. ■ HR Managers. ■ Dept. of Industrial Relations/Specific mechanisms for liaising with trade union associations. ■ Health & Safety committees. ■ Workers' committees. ■ European Workers' Committee. 	BBVA Group. BBVA Group. BBVA Group. Those countries in which legislation so requires. BBVA Group. BBVA Group Europe.

Channels	Scope/ location of stakeholders involved
Management	
■ Annual global management meeting.	BBVA Group.
■ Meetings for presentation of results.	BBVA Group.
■ Management School.	BBVA Group.
SUPPLIERS: Recurring approved suppliers, recurring non-approved suppliers and occasional suppliers.	
LISTENING CHANNELS	
■ Satisfaction surveys.	Spain, Peru.
■ Approval questionnaires.	BBVA Group.
■ Purchases e-mailbox.	Spain.
■ Consulting suppliers about corporate responsibility information.	Spain, Argentina, Colombia, Mexico and Peru.
COMMUNICATION AND LISTENING CHANNELS	
■ Regular meetings.	BBVA Group.
■ On-line tools for negotiation and procurement.	BBVA Group.
■ Purchases department.	BBVA Group.
REGULATORS: Sector regulators, privacy/data protection regulators, regulators for the prevention of money laundering, anti-trust watchdogs, securities' market regulators, other regulators within local, regional, national and supranational spheres with a bearing on the Group business.	
LISTENING CHANNELS	
■ Monitoring legislation.	BBVA Group.
COMMUNICATION AND LISTENING CHANNELS	
■ General Secretariat.	The names of these departments overseeing the relationship with regulators are specific to Spain. The same duties are carried out in all BBVA's operating countries by departments that may be called by another name.
■ Legal Services.	
■ Chairman's area (Duties of Compliance and Intervention).	
■ Institutional Relations.	
■ Chairman's Office.	
■ Internal Control.	
■ Risks.	
SOCIETY: Citizens and groups in civil society (NGOs, media, foundations, consumer associations, centres of learning and research, and leaders of opinion).	
LISTENING CHANNELS	
■ CRR e-mailbox	BBVA Group.
■ Consulting social and environmental NGOs about corporate responsibility information.	Spain, Argentina, Colombia, Mexico and Peru.
■ Public opinion survey on corporate responsibility information.	Spain.
■ System for monitoring reputation amongst public opinion.	Spain, Mexico, Argentina, Chile, Colombia and Peru.
■ Tracking of corporate responsibility.	Spain.
■ Monitoring studies on positioning before public opinion.	Spain, Mexico, Argentina, Chile, Colombia and Peru.
■ Other studies: MERCO, MERCO-Marca, barometer of trends.	Spain.
■ Appraisals by sustainability analysts.	BBVA Group.
■ Media.	BBVA Group.
COMMUNICATION CHANNELS	
■ Annual CR Report.	BBVA Group.
■ Participation in CRR events and fora.	BBVA Group.

Channels	Scope/ location of stakeholders involved
COMMUNICATION AND LISTENING CHANNELS	
■ Corporate Responsibility and Reputation Dept.	BBVA Group.
■ CRR coordinators in individual countries.	Spain and the Americas.
■ Corporate Communication Department.	BBVA Group.
■ Foundations.	Spain, Mexico, Argentina, Peru, Venezuela.
■ Research Department.	BBVA Group.
■ Direct dialogue with NGOs, media, experts and centres of learning and research.	BBVA Group.

Within the context of this report, three of these channels should be highlighted in view of their specific ties with corporate responsibility:

- The yearly consultation process on corporate responsibility information that stakeholders consider to be of relevance (see the epigraph: “Stakeholder engagement process”, included in the section “Supplementary information”).
- The inclusion of questions on CR in surveys targeting Spanish public opinion, for identifying those issues of greatest interest to the public at large within this sphere of BBVA Group operations.
- The questionnaire included in the on-line course “Corporate responsibility: basic notions”- launched in 2006 to sound out staff opinion on the Group’s policy and initiatives in corporate responsibility.

System for integrating stakeholder expectations in management

Many of the above tools for dialogue are supervised directly by the departments in closest contact with each stakeholder. Each department outlines its action plans on the basis of the outcome of the listening process. Information on many of these plans is to be found in each one of the chapters in this report.

In addition, in 2006 BBVA has carried out a comprehensive analysis of the results of the opinions and priorities of the following stakeholders: customers, employees, society, management and experts, sustainability analysts and NGOs. The perceptions and appraisals forthcoming from these groups have been analysed in terms of the following fields: offer or relationship with the customer, job/working environment, citizenry, ethics, leadership, innovation and financial results.

Comprehensive analysis of stakeholders and their priorities⁽¹⁾

	Public opinion	BBVA customers	BBVA employees	NGOs	Management and experts	Sustain. analysts	Priority action
Offer	1	1	2	n/a	1	4	1
Work	2	2	1	n/a	4-5	2-3	2
Ethics	3	3	4	n/a	2-3	2-3	4
Leadership	4	4	3	n/a	7	n/a	5
Citizenry	5	7	6	n/a	2-3	1	3
Innovation	6	5	7	n/a	6	5	6
Finances	7	6	5	n/a	4-5	6	7

⁽¹⁾ As reflected in the chapter “BBVA’s corporate responsibility policy”, as well as in the respective chapters devoted to shareholders and suppliers, the BBVA Group has mechanisms for listening and attending to the expectations of these two stakeholder groups. Nonetheless, as may be seen, the information gleaned from these two groups has not been included in the comprehensive analysis of stakeholders performed in 2006, given that when the table was compiled there was not enough information to carry out the analysis in the appropriate manner. In 2007, the Group intends to extend this comprehensive analysis to include shareholders.
n/a: Not available.

Listening tools used at the first meeting of the CRR Committee

At the first meeting of the CRR Committee and at subsequent work sessions, use has so far been made of structured information provided by the following tools (as these are the ones furthering the most comprehensive and standardised information on different stakeholders):

- The employee satisfaction poll, which gauges satisfaction, motivation and the organisation's image amongst employees on a uniform basis throughout the Group every two years.
- Reptrak, which monitors confidence in the organisation and its reputation amongst different stakeholders in the main countries in which the Group operates. Reputation amongst customers and public opinion is gauged on a continuous monthly basis. Regarding employees, it is measured through the climate survey, with the same frequency. Shareholders and suppliers are surveyed annually in Spain.
- The tracking of corporate responsibility, focusing on the appraisal made by Spanish public opinion of BBVA's social and environmental management with regard to other companies.
- Continuous monitoring via tracking of BBVA's positioning, which measures the degree to which customers and public opinion in the Group's main operating countries associate BBVA with the desired positioning.
- The constant barometer of trends in Spanish society and in BBVA's overall image with regard to its main competitors.
- Annual studies drawn up by third parties containing information on the perception different stakeholders have of BBVA, amongst which mention should be made of MERCO (Spanish Monitor of Corporate Reputation) which gauges the opinions of senior management, NGOs, financial analysts, consumer associations and trade unions, or MERCO-MARCA, which measures brand reputation amongst public opinion. Both apply solely to Spain.
- The annual appraisals of responsibility/sustainability analysts, largely those of SAM, VIGEO, OEKOM, EIRIS, SIRI, Fundación Empresa y Sociedad (Business and Society Foundation) and the CSR Observatory. They highlight those aspects of corporate responsibility with the greatest potential for Group-wide improvement.

Using the information provided by numerous listening and research tools, a matrix has been compiled for each one of the countries in which the Group operates. It reflects the importance stakeholders attribute to each one of these spheres, the appraisal they make of BBVA with regard to other companies and the trend in this appraisal; that is, whether or not BBVA has improved over the period in question.

The enclosed table corresponds to the analysis made for Spain and points to the main opportunities for improvement according to each stakeholder (red), as well as the main strengths (green) and the more pertinent aspects for enhancing reputation with each stakeholder. The order of importance of these aspects for each group is shown by the number in brackets.

Considering the significance each stakeholder has for BBVA, as well as the importance and assessment they give to each sphere, a series of priority areas for improvement have been identified. Specifically, four action contexts have been singled out: customer-focus, the working environment, citizenry (which includes action in society and the environment) and ethics. Given their overriding importance for stakeholders, these are the areas with greatest potential for improvement in the BBVA Group and, accordingly, the ones that have been deemed priority focal points for concentrating efforts.

The findings of these analyses were presented at the first meeting of the Corporate Responsibility and Reputation Committee, where BBVA's main operations are represented through senior management (see the chapter: "BBVA's corporate responsibility policy"). The underlying purpose of this committee is precisely to arrange an efficient process for continuous improvement across the board, based on stakeholder priorities and perceptions.

Lines of action in response to stakeholder requirements

The BBVA Group defines its performance priorities according to the above process for listening to stakeholders, taking into account the BBVA vision and its values, the Group's strategic priorities, engagements entered into and the main risks and opportunities, both from a general standpoint and from the perspective of responsibility. The detailed process and the priorities set for 2007 can be seen in the chapter "BBVA's corporate responsibility policy".

Reporting to stakeholders

The reporting of the actions the BBVA Group undertakes in response to stakeholder expectations and requirements largely involves the following channels:

- Daily interaction between departments and their associated stakeholders.
- Corporate reporting through the media and advertising campaigns.
- Website, Annual Report and Corporate Responsibility Report.

The main purpose of the Annual Corporate Responsibility Report is to present stakeholders with

a review of the work carried out during the year and of the results obtained, including both achievements and opportunities for improvement. Accordingly, it addresses issues that have been earmarked as important for stakeholders, both through the numerous listening channels and through the engagement process strictly related to corporate responsibility, and in particular with information of interest to stakeholders.

Formal contact has been made in 2006 with all those involved in the engagement process about the *Corporate Responsibility Report 2005*, explaining how their contributions were taken into account.

BBVA's corporate responsibility ratings as awarded by specialist agencies

(Scale: 0 to 100)		2006		2005		2004	
Entity	Dimension	BBVA	Sector average	BBVA	Sector average	BBVA	Sector average
SAM	Engagement and dialogue with stakeholders	94	54	95	60	84	58

Scope: BBVA Group.

BBVA reputation according to its stakeholders

Scale: (0-100)	Spain		Mexico		Argentina		Chile		Peru	
	2006 ⁽¹⁾	2005 ⁽²⁾	2006 ⁽¹⁾	2005 ⁽²⁾	2006 ⁽¹⁾	2005 ⁽²⁾	2006 ⁽¹⁾	2005 ⁽²⁾	2006 ⁽¹⁾	2005 ⁽²⁾
Employees ⁽³⁾	n/a	76,8	n/a	79,1	n/a	78,0	n/a	60,8	n/a	80,4
Customers	76,2	74,4	69,2	69,4	72,1	74,1	71,2	70,7	73,5	70,5
Public opinion	71,3	67,9	64,1	66,0	67,5	71,3	62,2	67,3	68,5	66,0

Sources: Reprtrak, Monitor of corporate reputation, Reputation Institute and employee satisfaction poll.

Notes:

⁽¹⁾ The 2006 data for customers and public opinion refer to the period running from January to December 2006.

⁽²⁾ The 2005 data for customers and public opinion refer to the period running from June to December 2005, as this was when the survey was first introduced.

⁽³⁾ The data for employees are taken from the employee satisfaction poll conducted every other year.

n/a: not applicable.



BBVA'S CORPORATE RESPONSIBILITY POLICY

3

The BBVA pledge to corporate responsibility

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

Basic features

Meeting stakeholders' expectations.

Key component of our corporate culture.

Catering for all business dimensions.

Integral approach.

Degree of progress in the main lines of work in 2006

Coordination of corporate responsibility and reputation strategies. ③

Information coordination and management. ②

Depth and scope of verification. ②

Meeting stakeholder expectations in Annual Corporate Responsibility Report. ②

Integration of CR criteria in HR, Business, Risks, Compliance, Purchases and Channels. ②

Development of the model for monitoring corporate reputation ③

In-house training in CR. ②

① Scarcely significant, ② Significant, ③ Very significant.

Strengths

- International undertakings.
- Corporate Governance System.
- Code of Conduct and procedural codes.
- Rating in specialist indices and agencies.
- International recognition of the Annual Corporate Responsibility Report.
- System for stakeholder consultation and dialogue.
- Comprehensive notion of CR in the management of all Group areas and entities.
- Model for monitoring reputation.
- Community support policy.

Aspects of CR information regarding policies and strategy deemed to be of greater significance by stakeholders

- Definition and monitoring of CR strategy.
- Declarations, principles and values.
- Risk identification and management.
- Instruments for ethical risk management.
- Stakeholder involvement.
- Description of the Corporate Governance System.
- Engagements with outside initiatives.
- Third-party appraisal of CR reports and policies.
- Accessibility and distribution of the information contained in the Annual Corporate Responsibility Report.
- Comparability of information.

Main channels of dialogue for consultation on basic CR policies

- Research into expectations and perception.
- CRR department and CRR coordinators in Latin America.
- Compliance department.
- General Secretary.

Note: Further channels of dialogue are covered in the chapter "BBVA Stakeholders".

Areas of improvement

- Further integration of decision-making processes on CR in Governing bodies.
- Enhanced coordination between different Group banks.
- Greater advancement of dialogue with stakeholders.
- More in-house training in CR.
- Greater development of organisational strategy in CR in support and business areas.
- Better CR information regarding Group banks in Latin America.
- Development of the CRR department in Latin America.

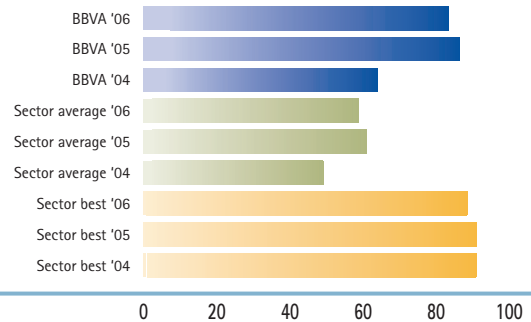
Main lines of work in 2007

- Progress in the system of consultation and dialogue with stakeholders.
- Progress in the model for monitoring corporate reputation.
- Progress in the integration of corporate responsibility and reputation policy in overall strategy and in the support and business areas: consolidation of the CRR committee.
- Development of the lines of work approved by the CRR committee.
- Progress in the coordination with Group banks in Latin America and in their CR organisational structure.
- Ratification of international undertakings.
- Drafting of CR reports by Group banks in Latin America.
- Progress in in-house CR training.
- Progress in the depth and scope of verification.
- Progress in meeting stakeholder expectations in the Annual CR Report.

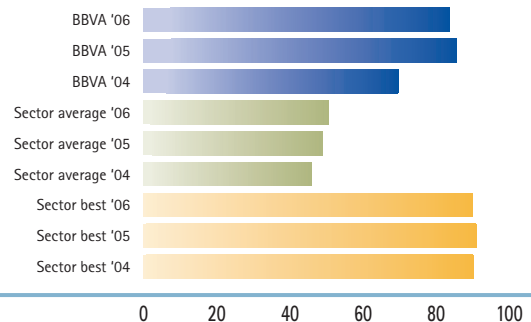
Pertinent information

Rating in Dow Jones Sustainability Index

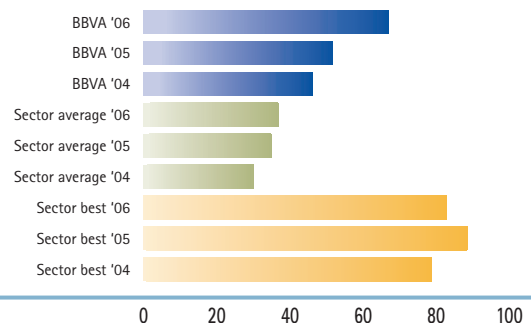
Economic dimension



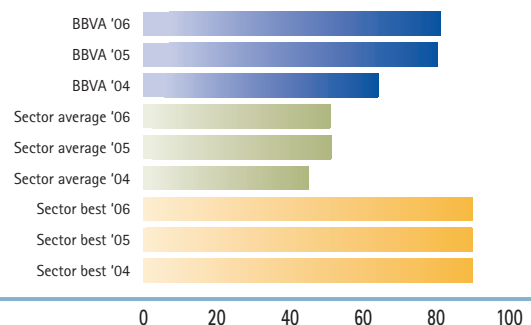
Social dimension



Environmental dimension



Overall score



BBVA's corporate responsibility ratings as awarded by specialist agencies

(Scale: 0 to 100)		2006		2005		2004		Observations
Entity	Dimension	BBVA	Sector average	BBVA	Sector average	BBVA	Sector average	
SAM	Inclusion in the indexes	Yes		Yes		Yes		- BBVA has been included in DJSI World since 2001. - BBVA has been included in DJSI STOXX since 2005.
	Economic dimension	85	60	88	62	65	50	
	Environmental dimension	62	34	48	32	43	28	
	Inclusion in the index	78	47	80	46	65	43	
	Overall score	76	48	75	48	60	42	
EIRIS	Inclusion in the index	Yes		Yes		Yes		- BBVA has been included in FTSE4Good since 2003.
SIRI	Inclusion in the analysis	Yes		Yes		Yes		- Analysis performed in Spain by International Sustainability Analysts.
VIGEO	Inclusion in the indexes	Yes		Yes		Yes		- BBVA has been included in ASPI Eurozone. - BBVA has been Indices (ESI).
OEKOM	Inclusion in the index	Yes		Yes		Yes		- BBVA is rated as "Prime" in the comparison of the world's best banks, "Best in Class".

The data corresponding to the Vigeo and Oekom agencies, which are contained in the *Corporate Responsibility Report 2005*, cannot be included in this edition, as the ratings corresponding to 2006 had not been notified when this report went to press.
Scope: BBVA Group

Resources allocated to basic policies of corporate responsibility in the BBVA Group

(Million euros)	2006	2005	2004
In-house training	35.6	34.3	34.3
Community support ⁽¹⁾	56.4	46.5	38.3
R&D ⁽²⁾	53.0	52.0 ⁽³⁾	47.0
TOTAL	145.0	132.8	119.6

⁽¹⁾ This figure is itemised and analysed in the chapter "BBVA and community support".

⁽²⁾ The figure for R&D refers solely to projects undertaken in Spain, although given their scope some of them are implemented globally. Application is made of the provisions of current legislation for the accounting of costs related to projects involving research, development and innovation. The nature of the innovative solutions addressed in these projects are as follows: a) advanced software developments: development of complex encryption algorithms for data protection, pilot models based on the latest technologies; b) solutions that use technology for substantially improving existing products and services (greater efficiency, task automation, removal of operational risk); c) development of new products and services (providing hitherto non-existing or unavailable operating procedures and service). The figure for 2006 is the closest estimate available at December 31st applying criteria of maximum prudence.

⁽³⁾ The final figure for 2005 amounted to €52m, whereas the estimate quoted in the *Corporate Responsibility Report 2005* was €50m.

Key indicators of corporate responsibility

	2006	2005	2004
Economic			
Earnings per share (euros)	1.39	1.12	0.87
Market capitalisation (million euros)	64,788	51,134	44,251
Independent directors (%)	73.3	66.7	66.7
Economic Value Added (million euros) ⁽³⁾	14,333	10,951	9,641
Socially responsible mutual funds with regard to total investment funds managed (%)	1.57	1.53	1.83
DJSI rating for economic dimension	85	88	65
Social			
Average number of days taken to resolve a complaint	18	15	18
Women in management posts (Steering Committee and corporate managers/Management) (%)	8.48/16.61	4.73/15.82	4.09/15.36
Diversity men-women (%)	53/47	55/45	57/43
Undesired turnover in workforce (%)	6.55	3.52	4.54
Hours of training per employee	39	43	43
Resources allocated to community support over pre-tax profit (%)	0.80	0.83	0.93
Resources allocated to community support over net attributable profit (%)	1.19	1.22	1.31
Supplier satisfaction index (scale: 1 to 5) ^{(1) (2)}	4.1	–	3.7
Customer satisfaction index (%) ⁽²⁾	70.2	67.9	67.6
Employee satisfaction index (%) ^{(1) (2)}	–	61.1	–
DJSI rating for social dimension	78	80	65
Environmental			
Electricity consumed per employee (GJ)	23.9	21.2	22.3
Total CO ₂ emissions per employee (t)	3.2	2.9	3
Paper consumed per employee (t)	0.13	0.11	0.14
Scope of ISO 14001 certifications over total employees (%)	2.1	1.8	0.3
Loans with environmental benefits (million euros)	676.4	301.7	295.7
Progress in the implementation of the Equator Principles	yes	yes	no
DJSI rating for environmental dimension	62	48	43
General indicators			
Overall DJSI score	76	75	60
Presence in FTSE4Good (yes/no)	yes	yes	yes
Reputation index amongst public opinion in Spain (scale: 0-100) ⁽³⁾	71.3	67.9	–
Reputation index amongst public opinion in Mexico (scale: 0-100) ⁽³⁾	64.1	66.0	–

Scope: BBVA Group.

⁽¹⁾ Biennial survey.

⁽²⁾ Data for Spain.

⁽³⁾ Calculated as per the methodology developed by SPI-Finance, 2002.

Prizes and awards in corporate responsibility received in 2006

- For the sixth year in succession, BBVA is acknowledged to be the Spanish financial entity with the best corporate reputation.
- BBVA is awarded the Prize for the best CSR report in Spain for 2004.
- The BBVA *CR Report 2004* is shortlisted for the ESRA Awards.
- BBVA is acknowledged for having the second best CSR report in Spain for 2004.
- BBVA's *CR Report 2005* deemed to be "in accordance".
- BBVA receives the Fuinsa Prize in the category of CSR for companies that have cooperated in creating the National Cardiovascular Research Institute (CNIC).
- BBVA Banco Continental, recognised as the most sustainable and ethical bank in Peru.
- BBVA Colombia, acknowledged to be one of the three banks in Latin America with the highest ratings in sustainability, ethics and social responsibility.
- BBVA, acknowledged as the first Spanish bank to join the list of the 50 best CSR reports in the world, standing in 34th place.
- BBVA receives the jury's special Plurifestival Prize 2006 for the company that best incorporates social values into its marketing strategy.
- MERCO.
- AECA and AECJCE.
- European Sustainability Reporting Awards.
- CSR Observatory.
- Global Reporting Initiative.
- Health Research Foundation (Fuinsa).
- *Management & Excellence* and *Latin Finance*.
- *Management & Excellence* and *Latin Finance*.
- The Report *Tomorrow's Value*, by SustainAbility.
- *Festival Internacional de la Publicidad Social* (International Festival of Social Advertising).

Corporate responsibility at BBVA

Corporate vision, identity and principles

The BBVA Group defined its vision in 2003: "Working towards a better future for people". In order to enshrine this vision in its operating procedures, BBVA has embraced seven corporate principles, which constitute the pillars of its corporate culture.

The BBVA Group wishes to be a company that listens to its stakeholders and includes their needs and expectations within all operational areas. This stems from the very definition itself of its vision and principles, which are the result of a "listening" process and of integrating the expectations, values and aspirations of BBVA's main stakeholders. This is the result of defining "what we seek to be" (listening to management and employees), "what we should be" (listening to stakeholders) and "what we are" (the Group's history, strengths and weaknesses).

Corporate principles underpin BBVA's vision regarding each one of its stakeholders and synthesise its core values and the way it understands its nature and business as a company. Each one implies specific pledges and approaches, and together they respond to BBVA's three lines of differentiated identity (innovation, leadership and person-to-person), constituting the pillars upon which its brand and reputation are built.

Detailed information on this matter is available in the document *La Experiencia BBVA – The BBVA Experience* (www.bbva.com).

Corporate principles

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

Process for identifying relevant aspects and priorities

This commitment is expressed both internally and externally: in the way of understanding and managing corporate responsibility; in the response to the main trends and challenges in its business sector; in the extension of its conduct and operations to include the concerns of stakeholders and social expectations of greater import; in the manner in which it deals with the impacts its operations have on society, and in the internal and external engagements assumed in matters of corporate responsibility. Based on an analysis of these items, BBVA identifies and manages its main risks and opportunities, delimits those aspects of greater significance with a bearing on its corporate responsibility and defines the basic lines of its strategy and its priorities over the short and medium term.

This is all filtered through a general criterion that governs both the Group's overall management and its specific management of corporate responsibility:

respect for the precautionary principle, based on risk assessment criteria that are prudent, consistent and well-grounded.

All these aspects are addressed throughout this chapter.

Corporate responsibility and stakeholder engagement

The BBVA Group understands corporate responsibility to be a comprehensive pledge to provide the utmost value possible on a balanced basis to all its direct stakeholders (shareholders, customers, employees, suppliers) and to the sum of societies in which it operates: listening and striving to provide the best response to their expectations, in strict compliance with the law and with the requirements and recommendations of regulators and upholding the most stringent levels of integrity and transparency.

A pledge that, accordingly, addresses all facets of the business (legal, financial, human, social and environmental), being identified with the pursuit of excellence: of an improvement in the quality of the dealings that the Group enters into with all its stakeholders and, therefore, in all its operations. A pledge, therefore, that aspires to sustainability as a company and fosters sustainable development.

This pledge responds to a twin conviction held by the BBVA Group: the verification that there is an ever-growing demand in society for companies to pursue responsible conduct and criteria, and the parallel certainty that such conduct contributes

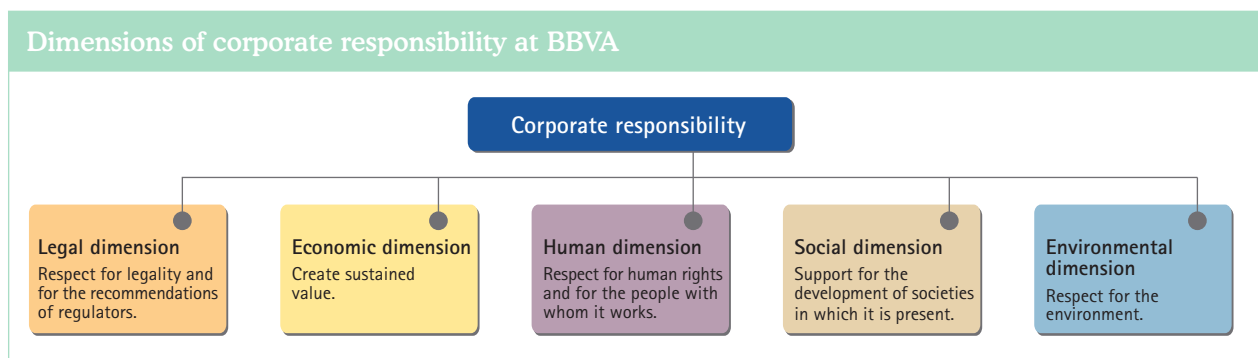
significantly to the creation of value and to business sustainability: it guarantees a better acceptance of the company by its direct stakeholders and society at large, reinforcing reputation, improving management and overall quality and driving differentiation and competitive capacity.

Corporate responsibility for the BBVA Group is, therefore, a key element for consolidating a management style firmly rooted in the credibility and trust of all its stakeholders and in the establishment of stable, solid and mutually beneficial relations with all of them. Based, in short, on the generation of shared value with all stakeholders: something the BBVA Group considers essential for optimising the sustained growth of earnings.

A pledge, furthermore, that BBVA resolutely seeks to integrate within its main strategic lines, in all the Group's operations, areas and entities, as well as in all the societies in which it operates, making it part of both internal procedures and available resources and of those actions directed outside the organisation.

From this standpoint, the present report is structured according to the more relevant and priority aspects forthcoming both from BBVA's vision, identity and principles and from the evaluation of stakeholder concerns and expectations, as well as from the consideration of the most important issues for the sum of financial entities that comprise its business sector, and for international bodies, analysts and rating agencies.

The report highlights the Group's more noteworthy actions related to its corporate



Regarding the sphere of Legal Services in Spain in 2006, no legal or administrative claims have been filed involving the imposition of relevant sanctions (monetary or otherwise) for non-compliance with legislation or regulations.

responsibility throughout 2006, with a central focus being given to the relations upheld over these twelve months with all its stakeholders, to the degree of fulfilment of the commitments undertaken with them and to the value added it has managed to provide them, as well as to the systems of engagement, consultation and dialogue it has developed with them and to the manner in which it has introduced their opinions and requests within its strategy, management and reporting. The aim is, in time, to report on these aspects for the Group as a whole, in the most comprehensive manner possible and include information referring to all its operations and the countries in which it has a significant presence.

In this report, BBVA has sought to respond to the opinions of its stakeholders regarding the materiality and relevance of its content, striving to open channels of engagement, both in the drafting of the report's content and in the design of its actions, always listening to its stakeholders. Finally, every attempt has been made in its drafting to uphold the foremost international standards: most especially those recommended by the GRI, by Standard AA1000 and by the UN Global Compact. A detailed breakdown of these is provided in the sections headed "Report Criteria" and "Stakeholder engagement process".

Trends, risks and opportunities

As noted above, the process of identifying those aspects of greatest relevance and the priorities in its corporate responsibility process has meant that the BBVA Group pays permanent attention to those issues considered of greatest import by the leading entities in the financial sector, international organisations operating in this field and analysts and rating agencies. The issues identified accordingly point towards the more salient trends affecting the financial sector and reflect upon the main challenges financial entities will have to face in the medium term in matters of sustainability.

In accordance with this widespread consensus, the following are the issues deemed to be of greatest relevance for the sector (in no particular order of importance):

1. Upholding and enhancing customer trust.
2. Ethical conduct and statutory compliance:

prevention of corruption and money laundering, focusing especially on emerging countries.

3. Financial exclusion.
4. Impact on the environment and, in particular, on climate change.
5. Socially responsible investment.
6. Management of ethical, social and environmental risks.
7. Codes of Conduct aligned with ethical principles and statutory compliance.
8. Corporate Governance.
9. Transparency.
10. Fulfilment of employee expectations: non-discrimination, diversity and reconciliation of work and family life.
11. Social perceptions of financial activity.

Overall, these are matters that constitute, for financial entities with a transnational presence such as BBVA, a clear indication of their principal risks, albeit also of their principal opportunities, in terms of medium-term corporate responsibility. They are aspects that need to be addressed to ensure both their economic viability and their social acceptance and, in a word, their sustainability. Those entities that fail to do so efficiently will have to pay a high price for such a shortcoming, whereas those who do so better and more swiftly will find themselves firmly ensconced on the road to differentiation, competitiveness and growth.

For the BBVA Group, such priority concerns in the sector constitute an essential component for the definition of its strategy, policy and specific priorities in terms of corporate responsibility, and they go a long way to explaining the external and internal commitments that it has chosen to embrace in this field. To this extent, they are issues that are being increasingly integrated into its management, as revealed throughout this report, and which are taken into consideration in its risk management system, governed by a precautionary principle that gives growing importance to risks of this nature.

Strategic lines

The BBVA Group has marked out strategic lines within a medium-term horizon to meet its business targets, respond to its stakeholders' concerns and expectations, deal with trends in its business sector, mitigate risks and exploit opportunities; lines enshrined in its vision, identity and principles and whose development is governed by criteria of responsibility and the pledges assumed by BBVA.

The following are its priority strategic lines:

- Continuous improvement in the organisation through structural transformation and cultural evolution, making business units responsible for their own strategy, forging a new relational model between the corporate hub, the corporate units and the business units.
- Sound management of the business portfolio, with the allocation of more economic capital to those operations with greater growth potential.
- Implement of a business model based on the Group's skills and strengths in the management of distribution networks, in efficiency and in risk management.
- Introduce strict capital discipline, with a high yield that permits the self-financing of growth and suitable earnings for shareholders.
- Organic and non-organic growth. In this latter case, solely by means of operations that add value to the Group over a reasonable period of time.
- Pay priority attention to innovation: in the business, in operations and in the development of new business models. Differentiation is sought through innovation, focusing especially on three spheres:
 - Financial accessibility for segments with low banking usage (young people, migrants, the elderly and low-income segments).
 - Accessibility to high-value products that were hitherto beyond the reach of certain segments (portfolio management).
 - New products and services (non-financial, professional and administrative services, health, housing and leisure).
- Consolidate both presence and operations in key geographical areas (Spain and Latin America) and develop new growth areas: Europe, US and Australasia.
- Become a group that generates person-to-person services.
- Become one of the ten largest benchmark groups in the global financial industry within five years.

Precautionary principle

A basic criterion underpinning policy on corporate responsibility and the comprehensive management of the BBVA Group is to uphold the principle of precaution, with the risk management playing a

central role in its application basing its performance on risk assessment criteria that are prudent, consistent and well-founded.

The BBVA Groups considers risk management to be an intrinsic part of the banking business and a fundamental source of its competitive edge. It therefore deploys a global risk management system, that makes it possible to ensure the compatibility of customer needs and the expectations of shareholders and remaining stakeholders, as well as the requirements of regulators. The system emanates from the board of directors, which determines the Group's risk policy through the Executive Committee and the Risks Committee, being managed at corporate level by the area of Risks.

The following are aspects of the BBVA Group's risk management that are directly related to the precautionary principle:

- Support for the stability of the financial system in its operating countries, thereby contributing to their development. Two key elements play a vital part in this support: the internal implementation of advanced risk management models fully aligned with the New Capital Accord, known as Basel II, and the close cooperation with public institutions and regulators in the genesis of the regulations related to risk management.
- The application of policies based on strictly technical aspects related to risk and performance that are standardised and coordinated for the Group's entire theatre of operations, with no differences or discrimination for reasons of geography or of any other kind.
- Consideration of ethical, social and environmental criteria in risk analysis:
 - Within the social sphere, preferential criteria are considered for products and services targeted at underprivileged or special-needs groups: low income, migrants, large families, young people, the elderly...
 - Within the environmental sphere, work is proceeding on the drafting of an environmental risk map, which will classify the entire lending portfolio according to this criterion. At the same time, a methodology is being developed for considering environmental factors in the loan risk assessment of all kinds of projects and businesses, with it already being applied in large investment projects (particularly in the project finance format). In

addition to all this, the Group is providing committed support for the financing of environmentally-friendly projects (renewable energies, water treatment, infrastructures, etc.).

– Within the ethical sphere, the BBVA Groups has clear and well-defined policies governing the management of all kinds of risks, which include rules of integrity and good corporate governance, and are transparent for all users. All staff in the area of Risks are subject to stringent internal codes of conduct (articulated in the Basic Principles of Risk Management), as expounded in the risk manuals approved by the board's Risks Committee. All risk policies are underscored by uniform and objective criteria regardless of the customer or their place of origin.

▪ Furthermore, the Group has developed an advanced methodology for the analysis, measurement, mitigation and management of fiduciary risk (based on the protection of a customer's interests in management on behalf of third parties) and reputational nature, and whose identification and assessment also consider social, environmental and ethical aspects.

A detailed explanation of the Group's risk management system and policy may be found in BBVA's *Annual Report 2006*.

In addition, the BBVA Group is subject to the dictates of the Sarbanes-Oxley Act, which as of 2006 requires management to undertake an annual assessment of risks and the degree of effectiveness of the internal control system used to generate financial information, as well as the drafting of a report that details the outcome of this assessment. In order to draw up this report, since 2004 BBVA has been conducting a project to describe the procedures followed in the Group as a whole, document controls and evaluate their effectiveness. It is a project that goes beyond the letter of the law, as it reinforces levels and systems of control with a view to consolidating a unique culture of internal corporate supervision. The documentation stage for the model has been completed in 2006, with the identification of critical risks and the testing of associated controls. The Internal Control department is responsible for monitoring the project's implementation, with Internal Auditing holding the tests for validating the mitigation of the weaknesses detected.

Impacts, significant aspects, priorities and management systems

Main impacts: relevant aspects and sensitive issues

In order to delimit the main impacts regarding the Group's sustainability, the aim has been to refrain from any internal subjectivity, with attention being paid above all to the view held accordingly by BBVA stakeholders and public opinion. A two-pronged criterion has therefore been applied: on the one hand, the systemisation of those more significant aspects identified by BBVA stakeholders, and on the other, an objective process has also been undertaken to detect the year's most sensitive issues. All this has been checked by the entity charged with this report's verification analysis.

The systemisation of those aspects of greater significance according to stakeholder opinion has, in turn, meant a twin procedure: those perceived by the main channels of consultation and dialogue (see the chapter "BBVA stakeholders") and those thrown up by the specific consultation undertaken for the Corporate Responsibility Report (see the epigraph "Stakeholder engagement process", included in the section "Supplementary information").

A. Those detected through the main channels of consultation and dialogue.

Independently of the assessment each stakeholder makes of the BBVA Group's management, the issues they consider to be of greatest importance are:

- Private customers: capacity for response, focus on their specific needs, good service, ethical conduct, transparency and good internal organisation.
- Business customers:
 - SMEs: appropriate price and procedures for the services provided.
 - Large companies: support for their growth requirements.
 - Institutions: financial terms and adjustment to their needs.
- Employees: career development and employee engagement with BBVA (respect, encouragement for the suggestion ideas, equal opportunities, transparency and climate of trust).

- Suppliers: fulfilment of contractual obligations, personal treatment, flexibility in the negotiating, tender or contracting process, level of service provided.
- Shareholders: reporting transparency and ethical conduct, leadership and management quality, customer focus, creation of value for shareholders.
- Public opinion: good customer service, quality and quality/price ratio, focus on their needs, proper complaints management and competent staff.
- Regulators: strict compliance with legislation, fluent dialogue and transparency.

B. Those detected through the specific consultation process for the Corporate Responsibility Report.

The following are the more significant aspects (focusing on information) identified from this perspective, grouped together in ten sets of topics and arranged in order of importance as decided by stakeholders:

1. Responsibility in the offer (products and services, customer care and risk policy): 91 points.
2. Responsibility in staff relations: 61 points.
3. Environmental responsibility: 46 points.
4. Corporate responsibility strategy and policy: 44 points.
5. Quality, transparency and dissemination of information: 44 points.
6. Ethical conduct: 36 points.
7. Community support policy: 29 points.
8. Stakeholder involvement: 13 points.
9. Corporate Governance: 9 points.
10. Purchasing policy: 6 points.

The scoring system is explained in the aforementioned epigraph “Stakeholder engagement”.

From another perspective, and in order to provide an equally objective view of the potentially negative effects on sustainability of the Group’s operations, it has been considered that a good indicator may reside in those issues that public opinion has deemed most controversial throughout the year. A specialist agency (JD Comunicación) has therefore been commissioned to select those items that have had the most negative impact on the Group from a selection of Spanish media sources (eleven frontline newspapers). The impact has been

gauged by rating the value of the media appearances in terms of intensity, frequency, duration and audience.

The most notable problems brought to light by this procedure (by order of importance according to the number of impacts): are those listed below.

1. BBVA rules out a takeover bid in Italy . . .35.0
2. Incidence of nationalisation measures in Bolivia25.5
3. Security problems in a BBVA branch office6.4
4. Rumours about possible takeover bids6.4
5. Legal proceedings involving former directors of BBVA6.3
6. Remuneration of the board of directors . . .5.6
7. Possible compensation for directors in the event of a takeover bid4.0
8. BBVA share divestment2.0
9. Possibility of new tax legislation for the financial sector1.8
10. Controversy over the possible financing of an industrial project in Uruguay1.5

The scores are the percentage of total negative impacts.

Priorities and advances

The BBVA Group has a comprehensive and sweeping corporate responsibility policy, which aims to have a bearing on all lines of business and on all Group units. Nonetheless, it outlines certain clear priorities, consistent with the Group’s values, nature and positioning, as well as with its overall strategy, albeit also with the views of its stakeholders and public opinion.

Paying special attention to those geographical areas in which the Group is most heavily deployed (Spain, Mexico and the rest of Latin America), the preferential fields of action of a strategic nature in corporate responsibility are (in no particular order of importance) the following ten:

1. Vision, identity and corporate principles.
2. Corporate Governance.
3. Compliance: respect for legality and integrity.
4. Systems of communication and dialogue with stakeholders and public opinion.
5. HR management and staff relations.
6. Risk management.
7. Business operations.
8. Supplier dealings.

9. Environment.
10. Community support.

In keeping with this strategic decision and with the consultation system with stakeholders (described in the chapter “BBVA stakeholders”), the main priorities that BBVA has opted for in its corporate responsibility policy for 2007 are:

1. Offer:
 - Greater focus on customer needs
 - Differentiated attention for the needs of especially underprivileged groups or those experiencing financial exclusion.
2. Employees:
 - Greater clarity and systemisation in career development policy.
 - Advances in policies on gender equality and the reconciliation of work and family life.
 - Development of a Corporate Voluntary Service Scheme.
3. Citizenry (social and environmental impact of the business):
 - Differential attention to the needs of especially disadvantaged groups.
 - Consideration of environmental and social factors in credit risk analysis.
 - Improvement in the application, monitoring and reporting of the Equator Principles.
 - Advances in the policy of certifying environmental quality.
 - Consideration of the job insertion of disabled people.
4. Ethics:
 - Formulation of a comprehensive human rights’ policy.
 - Advances in the accreditation of the processes involved in the BBVA Group’s Code of Conduct.
5. In general terms:
 - Ongoing commitment to innovation in all its facets, as a cornerstone of Group strategy
 - Continuous improvement in reporting transparency, as a key feature of corporate responsibility.

The Corporate Responsibility and Reputation committee plays a decisive role in establishing these priorities, and its core duty is to gauge the opinion of stakeholders and introduce lines of action in matters of corporate responsibility in all Group areas (see the section “System of corporate responsibility and reputation” in this same chapter).

Such priorities are developed in detail, being complemented with more concrete ones, in the specific lines of work in the Group’s main operational areas envisaged for the coming year, which constitute the priority objectives in matters of corporate responsibility throughout 2007. They are set out in the initial lead-in to each chapter in this report (“Main lines of work in 2007”). The definition of these lines has taken into consideration the significant aspects and sensitive issues outlined, the main priorities mentioned and the opinion of each area of activity.

Regarding the progress made in the year covered by this report with regard to the priorities set for 2006, this is also addressed in the lead-in to each chapter (“Degree of progress in the main lines of work in 2006”).

Main processes and management systems with a bearing on corporate responsibility policy

In the light of the above, corporate responsibility for BBVA is an indivisible part of its strategy and its everyday business: a way of striving towards continuous improvement in all its activities, in other words, towards excellence. An aspiration driven by an advanced management model, to which all Group units contribute, yet one in which certain systems and processes take centre stage. Some of these will also perform a particularly vital role with regard to corporate responsibility policy. In addition to these, the Group deploys systems that specifically zero in on specific aspects of this policy.

From the approach prevailing in this report (consideration for stakeholders), it is important to classify those systems into two categories: those specifically aimed at the relationship with a specific stakeholder and those of a mainstream nature.

The former are the prime focus of this report. They basically consist of the areas of service to shareholders and investors, the areas of business dealings with customers and suppliers, the area of Human Resources, the areas of patronage and foundations and those most directly dedicated to environmental respect. A detailed account is given of these in the chapters in parts II and III of this report.

Systems of a mainstream nature are those that affect all or several operational areas, and which

play a basic supporting role, whereby they become vital components in the best performance of the former and, accordingly, in the strictest possible compliance with the pledges undertaken with stakeholders. Information is provided on the more outstanding of these in the *BBVA Annual Report 2006*. Given their special significance for corporate responsibility, there follows a description of the systems of Corporate Governance, Compliance, and Corporate Responsibility and Reputation.

Corporate Governance System

The Corporate Governance system lies at the very heart of BBVA's operations. It defines the structure and operations of its governing bodies in the interest of both the entity and its shareholders, seeking to bring the organisation's objectives in line with the expectations of other stakeholders. The corporate governance system for BBVA is, accordingly, a key feature of its corporate responsibility. It is addressed in detail in *BBVA's Annual Report 2006* (which contains a detailed chapter dedicated to this matter) and on the corporate website (www.bbva.com), which includes a Corporate Governance Report in pursuance of legal requirements. The website has a special direct access section that contains all information deemed to be of relevance to the subject.

Compliance System

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

A core feature of the system is the BBVA's Code of Conduct (www.bbva.com), which defines and expounds upon the basic precepts of ethical conduct and the procedural guidelines required for upholding one of its main sources of value creation, namely, corporate integrity. It allocates the Compliance process the role of promoting development and safeguarding the effective observance of the necessary rules and procedures for ensuring:

- Compliance with applicable legislation and standards of ethical conduct that affect each one of the Group's businesses and operations, as

well as the criteria and procedural guidelines contained in this Code.

- The identification of possible non-compliances and the appropriate management of the risks that may be forthcoming accordingly.

In accordance with the criteria of the Bank for International Settlements (BIS), the compliance process organises its operations around three focal points:

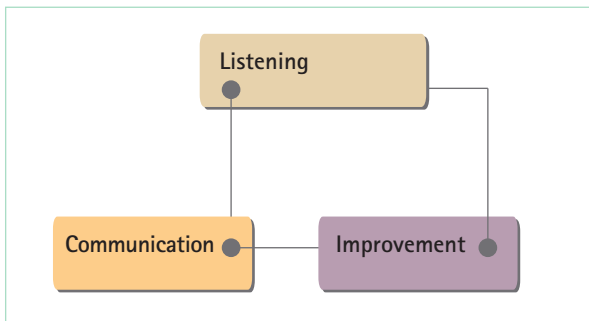
- Faced with changes in legislation, it promotes the adoption of policies and procedures, and oversees their implementation.
- It ensures that future developments in products and businesses fall in line with corporate policies and include the necessary elements to identify and assess possible compliance risks.
- It pursues activities involving the monitoring and testing of critical processes, identifying and assessing risks and proposing corrective measures, as well as taking part in the drafting of instructional content and its subsequent dissemination.

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

Corporate Responsibility and Reputation System

System managed by the department of Corporate Responsibility and Reputation (CRR), attached to the Communication and Image area, with the latter being a member of the Group's Steering committee. The system has two separate roles, which nonetheless are clearly linked and complement each other: the management of reputation and the coordination of policy in corporate responsibility.

Overall, its operations are materialised around three lines of action that feed off each other: monitoring and evaluating stakeholder opinion (listening); propounding responsible criteria, policies and procedures in all operational areas (improvement), emanating largely from the listening process; and communication and dialogue regarding the actions undertaken (communication).



The proper management of these processes and their optimum integration within corporate strategy and within the lines of action of all Group areas has, since 2006, befallen the Corporate Responsibility and Reputation committee. Set up for the purpose of fostering responsible criteria, actions and policies throughout the organisation, it consists of a dual platform of:

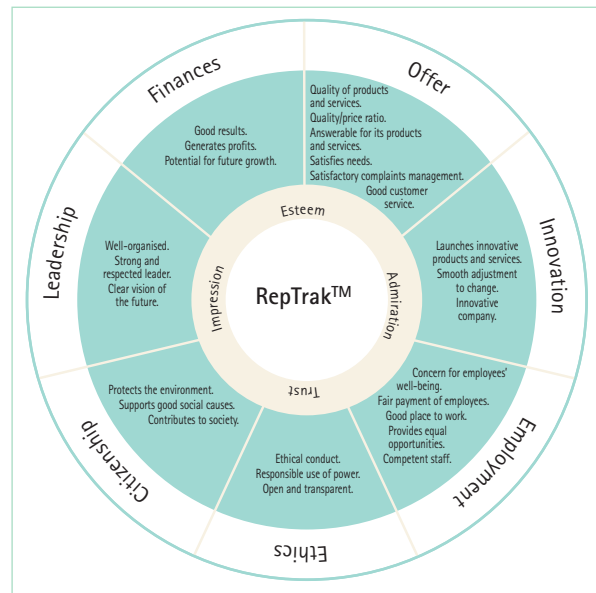
- Communication and assessment of the opinions of BBVA stakeholders and identification of the weaknesses, threats and opportunities that these opinions uncover.
- Furtherance of improvements and good practices (with special consideration for the sphere of corporate responsibility) that address weaknesses, mitigate risks and enable opportunities to be suitably exploited.

Created at the behest of the Steering Committee in May 2006, it met for the first time on October 3rd 2006. The areas involved in the committee (represented by senior decision-making executives) are: Chairman's Office, Compliance, Human Resources, Quality, Innovation and Development, Risks, Retail Banking, Wholesale and Investment Banking, South America, Mexico, United States and Communication and Image (whose director, and member of the Steering Committee, is charged with chairing the committee). The committee's administration and secretariat befall the department of Corporate Responsibility and Reputation.

In addition, the CRR department has the support of a highly capillary network for gathering information and channelling ideas, criteria and lines of action, with liaisons in all areas and national coordinators in each one of the Group's ten banks in Latin America.

Listening process

This focuses on the monitoring and assessment of the expectations and perceptions of different stakeholders with a view to embedding them in management,



whereby they can be addressed in a pre-emptive, systematic, balanced and proper manner. This enables corporate positioning to be reinforced with regard to its stakeholders. Accordingly, BBVA uses the information garnered by myriad listening tools, some of which are managed directly by the CRR department, while others are controlled by other Group areas (see the chapter "BBVA stakeholders").

Particularly worth mentioning is the model developed by BBVA for measuring and gauging reputation: a model closely linked to the management of responsibility and directed towards the creation of value for the Group, being administered directly by the CRR department. Its main tool is known as Reptrak, which made its first appearance in 2005 as a result of a joint project between the Corporate Reputation Forum (of which BBVA is a founding member) and the Reputation Institute, and has become an international benchmark standard. Reptrak gauges reputation as an index that includes the impression, esteem, admiration and trust that stakeholders have in business organisations. The model breaks this index down into a series of specific attributes, grouped into seven dimensions (offer, employment, citizenship, ethics, innovation, leadership and finances), whose analysis allows for overall reputation to be managed and improved regarding each stakeholder.

The seven dimensions that comprise reputation constitute the BBVA Group's seven corporate principles, which it implements in all Group operations and which it conveys to its stakeholders through its channels and means of communication and dialogue.

Main actions undertaken in 2006 in the listening process

Creation of the Corporate Responsibility and Reputation committee.

Improvement of Reptrak, with a view to ensuring the possibility of direct comparison between countries and allowing for extending the use of the model to public opinion and customers in Colombia and to suppliers and shareholders in Spain.

Introduction of standard reports for regularly reporting on the state of reputation and image.

This measurement model allows BBVA:

- To ascertain the perception each stakeholder group surveyed has of the entity, and, specifically, its weak and strong points both in absolute terms and in relation to other companies both inside and outside the sector.
- To understand the degree of relevance and priority of each aspect for each stakeholder, which permits greater efficiency in the concentration of efforts to integrate the expectations of each group into management.
- To facilitate involvement across the board of the different Group areas in the undertaking of action plans that reinforce corporate responsibility and reputation.

Improvement process

Its aim is to act as a driving-force for continuous improvement and as a guide for internal changes within the organisation for responding to stakeholders, by encouraging the introduction of best practices within the sphere of responsible criteria, policies and actions.

The following are the main duties of the CRR department regarding improvement:

- Coordinating the Group's corporate responsibility policy and actions, promoting its integration at corporate level in line with overall strategy. It is a process in which the Corporate Responsibility and Reputation committee has played a central role since 2006.
- In-house awareness, instruction and guidance.

The following are some of the highlights undertaken in this field in 2006:

- Award of grants to 55 Group employees to attend the course “CSR and civil society: voluntary service in business” (Madrid, September 12th-14th, in cooperation with Spain's Open University and Economists without Borders).

- Advanced course on the application and monitoring of the Equator Principles for analysts and senior management in the areas of Risks, Wholesale and Investment Banking, Business Development, Legal Services and CRR department (Madrid, November 16th).
- E-learning course (via the internal platform Conoce – Get to know) on “Corporate Responsibility: basic notions”, open to all Group staff in Spain. At 31st December, 2,067 employees had enrolled on the course and 1,399 had completed it.

- Advanced course on procedures in information, certification and verification in matters of corporate responsibility for the CRR department (November and December 2006).

▪ Environmental management: designed to coordinate information, dialogue with social agents and Group actions within this field (see the chapter “BBVA and the environment”). It is framed within the Group's Environmental Policy. Set up in 2004, the Environmental Policy committee has a key role to play in this process.

- Community support: focusing on coordinating information, dialogue with social agents and Group actions within this field, with the CRR department also being involved in direct actions (see the chapter “BBVA and community support”).

Communication process

It caters for the management of Group information in matters of corporate responsibility, as well as for direct communication and dialogue with specific stakeholders. Its more significant content is as follows:

- Design, planning, requesting, gathering, processing, appraisal and checking (which includes external verification) of information on corporate

BBVA's corporate responsibility ratings as awarded by specialist agencies

(Scale: 0 to 100)

Entity	Dimension	2006		2005		2004	
		BBVA	Sector average	BBVA	Sector average	BBVA	Sector average
SAM	Social reporting	98	59	98	56	86	50
	Environmental reporting	100	48	75	45	59	34

Scope: BBVA Group.

responsibility directed outside the Group.

Substantial progress has been made throughout 2006 in the computerised Internet-based system that BBVA has been using since 2005.

- Drafting of communication of an internal (with a highlight being a specific portal on BBVA's intranet) and external nature (amongst which mention should be made of that targeting the media, direct consultations, questionnaires, corporate website, Annual Report and Annual Corporate Responsibility Report). There has been a significant improvement in 2006 in the corporate responsibility information available on the website.
- Active presence in public or private fora on corporate responsibility.
- Direct dialogue with specific social agents: basically, rating agencies, NGOs, academic institutions and research centres, experts and the media.

Basic pledges

Core principles and policies

BBVA has materialised its pledge to all its stakeholders in the pillars of its corporate culture (see the section "Vision, identity and corporate principles"), extending it to the whole organisation and to all its operations. All this is undertaken within the framework of a notion of financial business that considers the mainstay of its strategy to be the trust generated amongst stakeholders and which, accordingly, considers integrity, professionalism, credibility and corporate responsibility to be essential values.

In addition to the aforementioned corporate principles, the key elements upon which this agenda is based are:

- Code of Conduct.
- Specific codes in operating areas.

- Supplementary policies.
- International agreements subscribed.

Code of Conduct

The BBVA Group's Code of Conduct, approved by the board of directors in December 2003, defines the fifth principle in BBVA's corporate culture: "Ethical conduct and personal and professional integrity as a way of understanding and developing the business." It constitutes the document in which public disclosure is made of the Group's commitment to society. Available in full on the BBVA website (www.bbva.com), it is of application to all those entities that form part of the Group and is binding for all their employees, being extended also to any other person or entity that has dealings with the Group whenever, given the nature of this contact, their modus operandi may have a bearing on BBVA's reputation. Accordingly, it acts as a steadfast code of conduct that allows for upholding the highest standards of integrity, ethics and honesty, constituting a vital component for the preservation of the Group's corporate integrity. Its compliance is a source of security and trust for shareholders, customers, employees, suppliers and society at large, underpinning the Group's desire and ability to fulfil the commitments forthcoming from its operations. The Code explicitly refers to the commitment undertaken by the BBVA Group through the application of the provisions of the Universal Declaration of Human Rights, the United Nations' Global Compact and of other agreements and treaties involving international bodies, such as the OECD and the International Labour Organisation, paying special attention to those ethical values that are essential to the Group's culture, among which the following should be singled out:

- Respect for an individual's dignity and their inherent rights.

Corporate integrity in the BBVA Group's Code of Conduct

■ **Relational integrity:** referring to the relations that BBVA establishes with its stakeholders. Certain relevant points are:

- Confidentiality and transparency in customer relations.
- Criteria and aspects related to the recruitment, management, development and health and safety of staff.
- Criteria related to the selection and management of suppliers.
- Criteria related to the prevention of money laundering and the financing of criminal and terrorist activities, as well as those referring to political neutrality and social and environmental commitment as the mainstays of its relations with society.

■ **Integrity in markets:** whereby BBVA pledges to foster integrity and openness on those markets in which it operates, developing suitable procedures to avoid the manipulation of markets and the improper use of privileged information, together with a commitment to free competition and to transparency in reporting to the market.

■ **Personal integrity:** concerning the guidelines for individual conduct to be observed by all Group employees, which include, amongst other matters, criteria for preventing personal conflicts of interest and for the management of personal assets, as well as rules on the acceptance of gifts and gratuities. In addition, procedures have also been implemented whereby any employee may report breaches of the code, with a total guarantee of confidentiality and the assurance that no reprisals will be taken.

■ **Organisational integrity:** wherein a definition is made of the specific duties and bodies charged with the proper safeguarding of the code's content and effectively upholding corporate integrity: the Corporate Integrity Management and Compliance Process committees.

BBVA's corporate responsibility ratings as awarded by specialist agencies

(Scale: 0 to 100)		2006		2005		2004	
Entity	Dimension	BBVA	Sector average	BBVA	Sector average	BBVA	Sector average
SAM	Codes of Conduct/ Compliance/Bribery and Corruption	76	58	76	59	67	55

Scope: BBVA Group.

- Respect for equality amongst people and their diversity.
- Strict legal compliance.
- Professional objectivity.

In order to further an understanding of the Code's content, all BBVA employees have been given a copy and have attended formal instruction sessions in which clarification has been made of its core elements. Furthermore, as permanent support features for its dissemination and for clarification of possible grey areas, a dedicated portal has been created with an intranet training course, which is available to all staff. Progress has continued to be made in 2006 with these mechanisms for communicating and disseminating the code and with its developments, reinforcing and standardising its content and accessibility within the Group, with a view to ensuring that, from the very moment new staff are hired by BBVA, and regardless of the jurisdiction within which they are, they will have easy access to such resources.

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

dedicated to the "Acceptance of Gifts and Gratuities" and to the "Delivery of Gifts and Organisation of Events". Insofar as 2006 is concerned, worth mentioning is the approval of a new updated general framework for procedure in BBVA's procurement process, which replaces the former Ethical Code for the Purchases Area with a new document designed to develop the principles specifically applicable to the purchasing process contained in the Group's Code of Conduct and, in turn, lay down the general principles for the Group's procurement model. Considering the nature and geographic location of the investments the BBVA Group has made during the year, no significant risks have been detected regarding human rights, whereby no specific analysis has been made of compliance with such rights.

Specific codes for operating areas

- Director's charter: it regulates possible conflicts of interest between the BBVA Group and each board member, their relatives and those entities with which they are connected, establishing the procedures to be followed in such cases to avoid

the occurrence of conduct that may be detrimental to the Group's interests. They are rules designed to ensure that board members conduct themselves in a strictly ethical manner, in accordance with applicable legislation and abiding by the principles that constitute the essential values of the BBVA Group.

- **Code of Conduct on Stock Markets:** it contains rules, procedural and operating guidelines designed to ensure compliance with the rules of conduct on stock markets, specifically regarding the prevention of the misuse of privileged information and of conduct involving the manipulation of share prices, as well as regarding matters involving the prevention and treatment of conflicts of interest that may arise within this sphere. It is applicable to board members in Group companies belonging to the Group, as well as to those management staff and employees who, either through their position or because their duties are directly related to the stock markets, should be subject to it. It was updated early in 2006 to include the applicable criteria and guidelines contained in Royal Decree 1333/2005, of November 11th, on market abuse, and throughout the first half of 2006 it has been implemented in each one of the BBVA Group entities operating in the securities' markets. A highlight amongst the tasks for disseminating this new code is the development in 2006 of a new on-line course, of an interactive nature and available to all Group employees.

With regard to company analysis, and in step with their approval both at home and abroad, BBVA has been adopting stringent standards on conduct based on rules issued in the USA. (Rule 2711 on conflicts of interest involving analysts; Regulation AC) and, more recently, on the aforementioned Royal Decree on Market Abuse. Accordingly, BBVA analysts are barred from investing in those companies upon which they issue recommendations and in each one of their reports they expressly undertake to ensure that the opinions expressed in them faithfully reflect their personal opinion, declaring that they have not received, do not receive and will not receive any consideration whatsoever for a specific recommendation. Likewise, analysis reports reveal those conflicts of interest that have been legally defined as relevant for disclosure to those investors receiving the report. The department of Compliance reviews the analysis reports prior to publication,

verifying the application of internally established procedures and rules.

- **Code of Ethics for the Recruitment of Personnel:** a set of criteria designed to uphold equal opportunities, non-discrimination, independence, objectivity, professionalism and confidentiality in personnel recruitment processes, as well as the right befalling all participants to avail themselves of all appropriate information regarding the progress of their application.

- **Principles Applicable to those parties involved in the BBVA Procurement Process:** a series of values and general procedural guidelines that govern the decision-making process involved in Group procurement and its relationship with both its internal and external suppliers, included amongst which are respect for legality and BBVA's commitment to integrity, objectivity, transparency, confidentiality and corporate responsibility.

- **Code of Ethics for the Real Estate Business:** a set of principles that ensure the operations pursued in this area uphold compliance with legality, integrity, transparency, working with irreproachable collaborators and the rejection of clauses that compromise BBVA.

- **Basic Principles of Risk Management:** a series of criteria on independence, comprehensiveness, objectivity, decentralisation and differentiation of an integral and active nature in risk management, as well as procedural and instrumental criteria together aimed at upholding the Group's solvency, developing a risk policy aligned with its strategic goals and helping to ensure that the decisions taken in the area are designed to create value for shareholders, within a framework of profitability tailored to risk. They are available in greater detail in the Risk Management Policies Manual.

- **Internal Audit Statute:** a series of criteria on objectivity, impartiality, independence, process differentiation, confidentiality and sufficiency of information that guide the actions of BBVA's internal auditors.

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

Supplementary policies

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

International agreements subscribed

- United Nations Global Compact: ratified by BBVA on a Group basis in 2002, it involves a commitment to uphold its principles concerning human rights, employment legislation, environmental protection and anti-corruption measures. In 2004, four of the Group's banks in Latin America specifically ratified the Compact (BBVA Banco Francés, BBVA Banco Continental, BBVA Bancomer and BBVA Colombia). Furthermore, in that same year BBVA joined the Executive Committee of the Spanish Global Compact Association (ASEPAM) (www.pactomundial.org), a position it has maintained since then. In 2006, BBVA has drafted a Progress report on the entity's compliance with the Compact in accordance with ASEPAM criteria (available at www.bbva.com and whose overview is included in the section "Supplementary information" in this report).
- United Nations Environmental Programme Finance Initiative (UNEP-FI): ratified by the

BBVA Group in 1998. Its aim is to rally the efforts of financial institutions in order to foster environmental protection and their cooperation in sustainable development, laying down the core principles for responsible environmental management (www.unepfi.org). In 2006, the Group has taken part in the pilot version of the course on the analysis of environmental and social risks under the academic supervision of INCAE in Costa Rica. Likewise, it took part in face-to-face workshops and the annual meeting of the Latin American working party held in Bogotá.

- Equator Principles: promoted by the International Finance Corporation (an agency attached to the World Bank). Their aim is to establish stringent environmental and social criteria for the financing of investment projects (under the format of project finance). They were reviewed in June 2006, and since then they apply to projects exceeding \$10m irrespective of the country. BBVA was (in 2004) the first Spanish bank to adhere to them, and in 2006 it ratified its support for the revised Principles (www.equator-principles.com).

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

Main associations

In addition to international agreements subscribed in matters of corporate responsibility, the BBVA Group is a member of many of the leading international organisations or associations in the financial sector, with some of the more noteworthy being:

- The Conference Board.
- European Financial Services Roundtable.
- Institut Européen d'Etudes Bancaires.
- International Monetary Conference.
- World Economic Forum.
- Centre for European Policy Studies.

Finally, the various Group entities are also active members of the more representative business and sectorial organisations in those countries in which the Group has a significant institutional presence.



CREATING VALUE

4

BBVA's pledge to value creation

"Pursuing its operations to create value for shareholders and remaining stakeholders".

Introduction

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

macroeconomic development, as well as being essential agents of value creation: a value that financial institutions provide above all to their direct stakeholders (shareholders, employees, customers and suppliers), yet also to the sum of societies in which they pursue their operations.

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

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

which it operates through its effect on all the other economic units. Accordingly, a quantitative analysis is provided of the indirect and induced economic value the BBVA Group generates in the Spanish economy.

Tangible direct value

This section synthesises and quantifies the main paths BBVA takes in order to generate direct economic value for each one of its stakeholders. It also proceeds to compute the direct economic value

generated and distributed, according to the methodology developed by GRI.

The total sum of economic value added in 2006 amounted to €16,821m (a 27 % increase on the prior year). Purely for the purpose of illustrating the importance this has (and disregarding for a moment the inappropriateness of the comparison in macroeconomic terms), it is worth noting that this figure accounts for 1.72 % of Spain's overall GDP in 2006.

Creation of direct tangible value: detail according to each stakeholder Group⁽¹⁾

(Million euros)		2006	2005	2004
Shareholders	Dividends	2,220	1,801	1,499
Employees	Personnel costs	3,989	3,602	3,247
Customers	Interest and assimilated charges	11,216	8,932	6,448
Suppliers	General expenses ⁽²⁾	2,342	2,160	1,851
Society	Corporate income tax	2,059	1,521	1,029
	Resources the Group and its foundations allocate to community support	56	46	38

⁽¹⁾ Data obtained from the Group's annual consolidated income statement.

⁽²⁾ This item has been selected as a suitable estimate of the payments made to third parties under the heading of purchases and services rendered.

Economic value generated and distributed

(Million euros)	2006	2005	2004
Economic Value Generated (EVG)	16,821	13,227	11,602
Net interest income	8,374	7,208	6,160
Net fee income	4,335	3,940	3,413
Income from insurance business	650	487	391
Other ordinary income ⁽¹⁾	2,473	1,514	1,283
Other net income/losses	989	77	355
Economic Value Distributed (EVD)	10,991	9,463	7,921
Dividends	2,220	1,801	1,499
Minority interests	235	264	186
Suppliers and other administrative expenses (excluding wages and salaries)	2,488	2,275	1,961
Tax	2,059	1,521	1,029
Personnel costs	3,989	3,602	3,247
Economic Value Retained (EVR= EVG-EVD)	5,830	3,763	3,681
Reserves	2,516	2,006	1,424
Provisions, depreciation and amortization ⁽²⁾	3,314	1,757	2,257

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

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

Intangible direct value

The BBVA Group not only provides immediate financial value for its stakeholders: through the services it renders, it also provides them with extremely important intangible value, which is expressed in operating opportunities and capabilities, which are ultimately realised in economic benefits for receiver groups. It is, to this extent, a value that is channelled through the quality of the service provided and through the dedication shown to each stakeholder. A value, therefore, that is substantiated by the differential quality of service, being one that is extremely difficult to quantify. A large part of one of the chapters in this Report dealing with the relationship between the BBVA Group and its stakeholders is concerned with its analysis.

Indirect and induced value

This is the sum of positive effects that the BBVA Group's business operations trigger in those societies in which it is present. The term induced value refers to the indirect value specifically generated through the income arising from the indirect employment fostered by the business (in this case, the BBVA Group). They are, as a whole, effects that operate through the activity stimulated in customers working with the Group in accordance with the service and products made available to them and in the suppliers it works with as a result of operations contracted with them. Yet these effects also extend to even more indirect impetuses within the overall environments in which the entity operates, stemming from its more general contributions to the soundness and dynamism of economic activity.

The following are some of the more significant indirect effects of this latter value (applicable to any bank of a similar size, international projection, efficiency and management quality):

- Contribution to the configuration of solid, sound and secure financial systems.
- Furtherance of technological innovation and development.
- Furtherance of macroeconomic stability and growth.

These are effects that have a particularly significant bearing on developing countries with insufficiently mature financial systems and which, in the case of the BBVA Group – given its market share and the intensity of its deployment in the area – have a special meaning in Latin America.

Analysis of the BBVA Group's indirect and induced value within the Spanish economy

It is extremely difficult to quantify all these effects. Yet it is possible to do so with the more tangible amongst them: those generated through the activity stimulated amongst customers and suppliers. There follows an overview for the Spanish economy of one of the major ways in which the BBVA Group creates value: the impact of the Group's operations (covering solely those undertaken in Spain) through its interaction with all other economic sectors.

The BBVA Group provides a series of essential financial services for the pursuit of business activity in other sectors and, in turn, its operations require goods and services from numerous productive sectors. By following this path, it is possible to quantify the positive indirect effects generated for both its customers and its suppliers.

The quantification of these positive effects has involved the use of information gleaned from the latest input-output table¹ for the Spanish economy compiled by the National Institute of Statistics, updating its figures to 2005 and inserting the BBVA Group as one more sector in the economy. Accordingly, the Group's accounting data have been adapted to the structure of the national accounts, based on the purchases and sales between sectors. The application of this input-output methodology has given rise to the figures set out forthwith².

The BBVA Group has used a series of goods and services provided by numerous productive sectors to cater for its own operations and, by means of its own production, it has helped other sectors to realise theirs. In order to satisfy Group demand, production and employment have been generated in other sectors within the Spanish economy. These sectors, in turn, require more goods and services from their suppliers with a view to expanding their output, whereby the positive effects spread to offer and demand in other sectors.

¹ An input-output table is the most complete snapshot of an economy. It reveals the purchases required for production by all sectors, including imports. At the same time, it specifies the destination of the sales made by all sectors (other economic sectors, consumers, the government, investments and exports). Finally, it quantifies the salaries, profits and taxes in all the sectors to provide an overall product. Revenue in the financial sector is booked as the sum of interest accrued above the reference interest rate and fees charged.

² A document outlining the methodology used in this analysis is available at www.bbva.com.

In other words, the Group's operations have a multi-pronged impact on all the other sectors in the economy, which initially involves an increase in the output offer of its suppliers and in the sale of its services to all other economic sectors, thereby enabling them to produce. The impact is subsequently multiplied through the interactions existing between the purchases and sales among all the other economic sectors.

Consequently, the indirect effect the BBVA Group has on the economy consists of the sum of all such impacts generated in the productive sectors. Its estimated influence on Spain's economy in 2005 amounted to €1,878m. No estimates have been provided for 2006 data, as when this report went to press the Spanish Statistics Office (Instituto Nacional de Estadística) had yet to publish the official figures for the National Accounts.

Furthermore, the achievement of this increase in production required close to 16,500 jobs in the sectors involved. Specifically, the sectors more heavily influenced by this indirect effect were corporate activities (which includes mainly legal and accounting services, advertising, technical consultancy in architecture and engineering, research and security and cleaning), financial brokerage (excluding BBVA), IT activities, the real estate business and postal services and telecommunications, which together received 65 % of the total for these positive effects.

Moreover, all the jobs created, both directly and indirectly, by the operations of BBVA-Spain have meant an increase in income for Spanish households, thereby leading to greater spending power, which has bolstered production in numerous sectors. Accordingly, the BBVA Group's operations once again have a positive bearing on the economy through an increase in the income forthcoming from more employment, in what is referred to as an induced effect. The sum of this effect in 2005 was exceeded €5,700m in effective production in other sectors, which resorted to more than 45,300 people to cope with the increase in demand.

Overall, BBVA-Spain's total impact on the Spanish economy exceeded €13,600m in effective production, which constituted 0.8 % of total production in Spain. In addition, more than 93,000 jobs were directly or indirectly created by BBVA-Spain's operations, which accounted for nearly 0.5 % of all employment in the Spanish economy that year. The overall effect was shared out amongst all the

sectors comprising the country's economic structure, albeit of special consequence for the sectors of corporate activities, the real estate business, financial brokerage (excluding BBVA) and catering.

Finally, the importance of the BBVA Group within the Spanish economy can be seen through its knock-on effects (the drive applied to entities or sectors through the use of products and services provided by other entities or sectors). The Group's knock-on effects in the economy are of greater significance in those sectors that purchase its products and services than in those sectors that sell its goods or services. Specifically, and considering solely the importance of its activities for productive customers as compared to other economic sectors (ie, excluding households), BBVA-Spain is amongst the 50 sectors (out of a total of 74) with the greatest drive behind all the other sectors in Spain's economy, ahead of such significant activities as construction, fisheries, the hospitality industry or the leather and footwear industry. In other words, the services rendered by the BBVA Group alone have a greater bearing on the economy than many other entire sectors (constituted by numerous companies).

These data (admittedly of a partial and somewhat approximate nature) provide an objective view of the importance the BBVA Group has in Spain's economy as a whole. To illustrate this, the sum of the indirect, induced and direct values generated by the BBVA Group in the Spanish economy in 2006 accounted for 0.8 % of effective domestic output.

Indirect and induced economic value and employment generated by the BBVA Group in the Spanish economy

(Million euros)	2005
1. Indirect value	1,878
2. Indirect employment promoted (no. people)	16,500
3. Induced value	5,730
4. Induced employment promoted (no. people)	45,300
5. Sum of indirect and induced value (1+3)	7,608
6. Sum of indirect and induced employment (no. people) (2+4)	61,800
7. Estimated effective production	6,071
8. Direct employment	31,154
9. Total value generated (5+7)	13,679
10. Total employment generated (6+8)	92,954

Scope: BBVA Spain.

II

DIRECT STAKEHOLDERS

Corporate
Responsibility
Annual Report 2006

150 años

adelante.



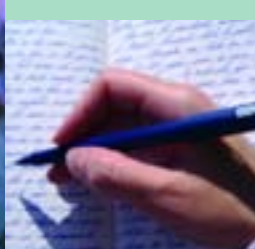
5
BBVA and
its shareholders



6
BBVA and
its employees



7
BBVA and
its customers



8
BBVA and
its suppliers





BBVA AND ITS SHAREHOLDERS

5

BBVA's commitment to its shareholders

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

Basic features

	2006	2005
Shareholders	864,226	984,891
Shares (millions)	3,552	3,391
Share ownerships as % of Capital:		
Individuals	33.22	12.78
< 4,500 shares	10.41	37.28
> 4,500 shares	22.81	24.50
Board of Directors	1.08	1.12
Institutional investors	63.56	9.87
Domestic	10.49	59.10
Non-domestic	53.07	49.23
Employees	2.14	2.50
TOTAL	100	100

Strengths

- Quality in business management, thereby leading to a higher and more consolidated performance.
- Loyalty and broad base of individual shareholders.
- Information platforms that go beyond financial reporting.
- Solvency and reputation in markets and highly positive appraisal by analysts.
- Major engagement between the management team and shareholders.

Degree of progress in the main lines of work in 2006

- Advance in the coordination of the Group's different areas in order to benefit shareholders. ③
- Attraction of non-deposit holding investors. ②
- Advances in information channels. ②
- Increase in the group attended to by the Shareholders' Management Unit. ②
- Advance in the globalisation of the Group's shareholder structure. ②
- External visibility of shares (Investor Portal). ③
- Extended knowledge on the investor base. ②

① Scarcely significant, ② Significant, ③ Very significant.

Areas of improvement

- Ongoing improvement in consideration for private and institutional shareholders and for investors and analysts.
- Extended knowledge on shareholders and their interests.
- Development of new channels of dialogue.
- Loyalty scheme and offer of specific products for shareholders.

Aspects deemed to be of greater significance by shareholders

- Reporting transparency and ethical conduct.
- Leadership and management quality.
- Customer-focus.
- Creating value for shareholders .

Aspects of CR information regarding shareholders deemed to be of greater significance by stakeholders

- Transparency in financial information.
- Description of the system of Corporate Governance.
- Increase in the Group's international information.
- Detail of the Group's governance structure.

Main channels of dialogue with shareholders

- Shareholders' Management Unit.
- Department of Investor Relations.
- Annual General Meeting.
- *Ábaco* magazine.
- Surveys on expectations and perceptions.

Note: Further channels of dialogue are covered in the chapter «BBVA Stakeholders».

Main lines of work in 2007

- Greater quality in attending to shareholders.
- Greater coordination with the Group's various business areas.
- Better access to share-related information. Transparency and consistency.
- Upholding the highest standards of communication with investors and analysts: quality of dialogue, attaining the highest level possible.
- Facilitating shareholder cooperation in the Group's social engagement.
- Greater attraction of non-deposit holding investors.
- Consolidating the Shareholders' Management Unit, streamlining communication platforms to ensure more fluent and effective dialogue with shareholders.
- Greater knowledge on the investor base according to its geographical distribution.
- Greater efficiency in conveying the Group's circumstances and potential to analysts and institutional investors.
- Advance in the process of globalising the Group's shareholder base.

Sustained growth in value

BBVA aims to create the utmost value for its shareholders in a sustained manner over time: a value that is defined as comprehensive shareholder remuneration (dividends plus variation in the market price). The generation of sustainable value is a key priority, framed within a policy underpinned by the stringent criteria of ethics, transparency and equity that constitute the institution's corpus of Corporate Governance. The system focuses the structure and workings of its governing bodies in the interest of the entity and its shareholders, in accordance with the expectations of all its other stakeholders, with the aforementioned purpose of ensuring the maximum sustained growth of earnings. It is understood as a dynamic process, in step with the entity's evolution, with the results forthcoming in its development, with the regulations that may be introduced and with the recommendations that may be made regarding the best market practices adapted to its business circumstances.

In order to further knowledge on this system, BBVA includes a detailed chapter on the matter in its Annual Report and presents a Corporate Governance Report in accordance with legal requirements on its website (www.bbva.com), supplemented accordingly with all relevant information on the subject.

Main data on the BBVA share

	2006	2005
Earnings per share (euros)	1.39	1.12
Price/book value (times)	3.6	3.9
PER (price/earnings; times)	13.7	13.4
Market capitalisation (million euros)	64,788	51,134

Scope: BBVA Group

Lines of progress in 2006

The following are the highlights of the various shareholder-related schemes introduced in 2006:

- Creation of the Shareholders' Management Unit, for streamlining the identification of private shareholders and improving the service provided to them.
- Continuation of the Dividend Reinvestment Plan, as an attractive way of enlarging a BBVA share portfolio. Even when not a deposit holder, a shareholder may choose the reinvestment period and the percentage of dividends to be reinvested. It is arranged through an account exempt from management fees and accruing a special rate of interest.
- Increase in the content available on the Acción BBVA (BBVA Share) Portal on the Bank's intranet, with a view to improving the service to shareholders and offering them products under the best possible terms.
- Inclusion of special offers enabling Group employees to acquire BBVA shares, within the project *Pasión por las personas* –Passion for People (see the chapter «BBVA and its employees»).

One of the highlights of the investor-related schemes introduced in 2006 was the creation of a specific corporate website.

Scope: BBVA Group.

Channels of dialogue

BBVA has reinforced its dealings with shareholders throughout 2006, attending to the comments and requests they have made and seeking to provide them with the best possible service. With its sights set firmly on making an impression amongst its shareholders, it has intensified its relationship with the investor community as a whole and with analysts in particular. A key feature in all cases has been the quest for reporting transparency, pursued through the blend of personalisation and the proximity of relations, with an improvement in the means of communication used and the ever-increasing application of cutting-edge technologies.

Since 2005, and alongside the more salient aspects of the Group's financial situation and the performance recorded by the various business areas, each quarterly financial report covers those actions most directly related to its corporate responsibility.

Regarding its dealings with shareholders, investors and analysts, BBVA has units specialising in attending to different segments using different communication channels, as listed forthwith.

Shareholders' Management Unit

This constitutes the standing body for communication between BBVA and its shareholders. Created in 2006 and reporting to the Group Chairman's Office, it combines the Major Investors' Management unit with the Shareholders' Office and Shareholders' Administration. Its purpose is to improve the service rendered to private shareholders and make it easier to distinguish them from their institutional counterparts; a separation that has been

requested by shareholders at many of the meetings the entity has held with this group, as an avenue for hearing and addressing their opinions.

Within the department, the Major Investors' Management Unit is based on a management model that focuses on meeting shareholders' specific needs, with a view to providing the best possible service, ensuring compatibility between those actions forthcoming and the objective of creating sustained value, as the mainstay of the BBVA Group's entire strategy. Consistent with these principles, the duties undertaken by the former Major Investors' Management unit were further developed throughout 2006. These shareholders will have discovered that the new arrangement provides continuity regarding previous practices and suitably caters for their requests, ensuring better and more efficient personal attention and a more direct relationship, with differentiated approaches that focus directly on their particular needs. In short, the following major lines of action may be singled out:

- Individual visits to shareholders requiring personal attention.
- Meetings with shareholders in each one of Spain's provincial capitals and major cities. Seventy-seven presentations were held in 2006.
- Activities with shareholders and potential investors in Mexico, which have paved the way for the consolidation of a robust investment platform for BBVA shares.
- Greater consideration for shareholder expectations, with new products that constantly provide the most appropriate financial alternative in accordance with market conditions at any given moment.

Shareholder management model: operating principles

To further the objectives of:

- Enhancing the loyalty of the scheme's target shareholder segment.
- Geographically extending and diversifying the shareholder base.
- Increasing the levels of bank usage.

Exploiting the following competitive advantages:

- Pioneering unit in the Spanish financial system.
- More and better knowledge of shareholders.
- Enhanced capacity for generating business to the advantage of shareholders.

The result is to group together, within unity of action and criteria, the different departments that directly or indirectly take part and intervene in attending to shareholders.

Scope: BBVA Group.

Enquiries attended to by the Shareholders' Office: service channels

	2006	2005	2004
902 help line	5,550	5,199	4,353
Dedicated mailbox	12	53	40
Letter	34	84	200
Telephone	1,938	2,786	2,434
e-mail	1,767	785	480
Personal enquiry	29	37	150
Ábaco magazine competition	2,535	2,753	3,080
TOTAL	11,865	11,697	10,737

⁽¹⁾ The figure for 2005 includes enquiries answered regarding the dividend reinvestment campaign held during the year.

⁽²⁾ The figures for 2004 and 2005 include the items features under the heading "Club" in prior years.
Scope: BBVA Group.

This operational stratagem, the first of its kind in the Spanish financial sector, has led to:

- Closer ties between both the Chairman and the CEO with major shareholders. These encounters, held in several cities, have substantially improved communication with this group, an aspect that has been helped by the dedication of a series of specialist managers, who have progressed towards an increasingly clearer differentiation between the status of customer and the status of shareholder.
- Increasing the weight and importance of major shareholders in BBVA.
- Consolidating investor interest in the entity, based on the results the Group has posted and the trend ensuing in the BBVA share price on the stock markets.

Enquiries resolved by the Shareholders' Office

	2006	2005	2004
Dividend	1,509	814	1,015
Share price	950	817	699
Share	1,121	788	863
Operating procedure / securities	211	133	81
Dividend reinvestment	705	479	554
Campaigns / VIP	318	1,978	235
Financial	64	42	41
Complaint / suggestion	42	38	42
Income tax	270	56	59
AGM	914	1,738	1,595
Reports	302	182	396
Group and product information	173	546	1,245
Significant events	199	98	189
Requests for past share records	428	100	110
Cultural events	90	8	98
Ábaco magazine	979	1,126	915
Ábaco magazine competition	2,535	2,735	2,600
Sundries	1,055	19	0
TOTAL	11,865	11,697	10,737

Scope: BBVA Group.

- Greater knowledge amongst the BBVA network's business managers. The information they provide to their customers is therefore sounder and more useful.
- Progress in the sense of attachment to the entity experienced by shareholders.

Specific enquiries regarding the Annual General Meeting

	2006	2005	2004
Requests for legal documentation	30	39	28
Requests for AGM agreements	3	5	-
Requests for the Company's bylaws	3	6	12
Card not received	238	453	410
Incorrect data / no. shares	108	205	370
Requests for gift	289	496	122
Complaint at no gift if no delegation is made	30	71	120
Wrong branch for collection	61	102	59
Privanza-BBVA Patrimonios			
Director remunerations	-	-	15
Preferential subscription right	-	5	30
Dividend policy	8	16	50
Directorship requirements	21	36	160
Search for website information	1	4	6
Electronic vote	16	30	35
Investments in Latin America	40	72	-
Early retirements policy	2	2	10
Others	2	3	-
TOTAL	914	1,738	1,595

Scope: BBVA Group

In turn, the Shareholders' Office is responsible for communication and dialogue with individual shareholders. It is a two-way channel that provides them with information on Group and share trends

and perspectives, as well as attending to all kinds of enquiries, suggestions and opinions that shareholders might submit on these issues. In addition, it publishes and distributes *Ábaco*, a magazine specifically designed for BBVA shareholders.

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

The study Trends 2006: Good Practices in Corporate Reporting by PriceWaterhouseCoopers considers the BBVA Group to be one of the five Spanish companies amongst the 46 businesses worldwide with the best reporting to shareholders.

Department of Investor Relations, Rating Agencies and Analysts

It designs and implements the strategy for reporting to financial markets both at home and abroad, upholding permanent communication with its main players, with due care for providing transparent and seamless information to investors, analysts and rating agencies regarding the Group's situation, evolution and outlook. In addition to the Group's financial information, organisational strategies and operational lines, the investor community is provided with any other pertinent operational or organisational data. This collection of data favours the formulation of realistic prospects regarding the share, thereby helping to suitably value the price of the BBVA share and of other assets issued by the Group. This strategy ensures that the BBVA share is one of those most highly recommended by analysts both in Spain and elsewhere, consolidating the strength of the entity's market price, with the third largest volume of capitalisation on the Spanish stock market, by the end of 2006.

Operating data involving analysts and investors

	2006	2005
Number of investors contacted	298	283
Requests for information attended to by e-mail	1,082	1,015
Overall contacts with analysts	730	660
Actions for the Annual General Meeting		
Delivery of documentation	320	315
Requests for information	80	108

Scope: BBVA Group.

Prizes and awards received in 2006

- In 2006, the "IR Perception Study" by *Institutional Investor* has chosen BBVA as the most highly rated bank by investors in Spain and second in Europe. The same publication has rated BBVA as the second most shareholder friendly bank in Europe.
- In the *Exte/ Survey*, BBVA has been voted the favourite amongst Spanish banks and third overall amongst all Spanish companies.

Alcance: Grupo BBVA.

Amongst its other duties, the department is also responsible for keeping BBVA's Steering Committee duly informed about the opinion analysts have of the Group or about any other specific matter that may affect the share price.

The department has been extremely busy in 2006 in its dealings with investors, analysts and agencies, which may be summarised in the following actions:

- Meetings with investors and analysts in the foremost financial centres in Europe, the United States and Asia.
- Open disclosure of quarterly results through Internet webcasting.
- Regular submission of information to pre-registered analysts and investors.
- Meetings with analysts and rating agencies, institutional presentations and involvement in the application process for the delegation of voting rights at the AGM.
- Attendance of the main banking sector conferences held worldwide.
- Cooperation in processes of due diligence in fixed-income issues and subsequent involvement in road shows.

Corporate website (www.bbva.com)

Published in both Spanish and English, it constitutes a tool of special significance in the BBVA Group's reporting policy regarding all its stakeholders and, specifically, shareholders, investors, analysts and rating agencies.

Permanently updated, the website contains all relevant financial, strategic and commercial information for the aforementioned groups. Communication is fluent and interactive, as it involves the most advanced technological tools in financial information, including internet webcasting systems.

Key features of the corporate website (www.bbva.com)

- Easy access to information.
- Clear site map, with search tool.
- Option of subscribing to the real-time news service.
- Alerts service for subscribers to receive information via e-mail, SMS and RSS.
- Advanced graphics for monitoring the BBVA share price.

Scope: BBVA Group.



BBVA AND ITS EMPLOYEES

6

BBVA's commitment to its employees

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

Basic features

	2006	2005
Total no. employees	98,553	94,681
By region (%)		
Spain	31.0	32.9
Mexico	33.3	32.9
Rest of the Americas	33.8	32.2
Other countries	1.9	2.0
Men/women (%)	53/47	55/45
Average age	37.6	38.1
Average length of service	12.3	13.2

Strengths

- Development of human capital
- Training
- Professional development
- Communication and dialogue with employees
- *Pasión por ti* and *Pasión por el equipo* projects.

Degree of progress in the main lines of work in 2006

Promoting measures to reconcile work and family life and creating the Committee for Equal Opportunities with trade union representation. ③

Integration of the disabled. ①

Design and approval of the Corporate Voluntary Work Plan. ③

New training programme in the School of Management. ③

① Scarcely significant, ② Significant, ③ Very significant.

Areas of improvement

- Formalising commitments made regarding Human Rights.
- Reconciling work and family life.
- Integrating the disabled.
- Practical development of voluntary work programmes.

Aspects deemed to be of greater significance by employees

- Possibilities for professional development.
- Organisation's commitment regarding employees (respect, encouragement for generating ideas, equal opportunities, a climate of trust based on transparency).
- BBVA's capacity to create economic value.

Aspects of CR information regarding employees deemed to be of greater significance by stakeholders

- Workers' fundamental rights.
- Development of responsible Human Resources policies.
- Improvements in working conditions.
- Health and safety.

Main channels of dialogue with employees

- Customer care service
- Work climate survey /perceptions
- Intranet (employee portal, bulletins...)
- Human Resources Managers
- Department of Internal Communication
- The magazine *adelante*.

Note: Further channels of dialogue are covered in the chapter «BBVA Stakeholders».

Main lines of work in 2007

- Promoting measures to reconcile work and family life.
- Integrating the disabled.
- Practical development of voluntary work programmes.
- Formalising a human rights policy.
- Developing measures for the professional and personal improvement of employees.

Employees' profile

BBVA sees the relation with its employees as a key element for creating value and corporate responsibility. It consequently avails of a global and integrated model for human capital management, in order to foment continuous improvement in ethical standards, equal opportunities, personal and professional development, teamwork, work climate and employee satisfaction. In charge of these aspects is the Human Resources department.

Employees by countries

	2006	2005	2004
Spain	30,582	31,154	31,056
The Americas	66,146	61,604	54,074
Argentina	7,215	6,851	6,664
United States	3,646	2,066	157
Chile	4,068	3,630	3,560
Colombia	6,408	6,849	4,562
Mexico	32,847	31,146	28,623
Panama	266	245	230
Paraguay	108	99	97
Peru	4,191	3,377	2,853
Puerto Rico	1,044	1,120	1,093
Uruguay	151	145	145
Venezuela	5,749	5,653	5,653
Rest of the Americas	453	423	437
Other countries	1,825	1,923	1,982
Andorra	-	238	233
Portugal	953	891	902
Switzerland	110	88	93
Others	762	706	754
TOTAL	98,553	94,681	87,112

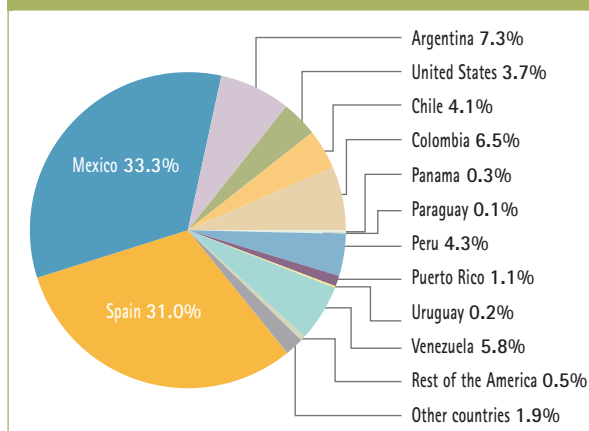
Scope: BBVA Group.
Staff at 31 December.

Age of workforce

	2006	2005	2004
Spain	41.3	41.9	41.6
Mexico	34.4	34.5	34.3
Rest of the Americas	37.0	37.4	37.7
Group average	37.6	38.1	38.1

Scope: BBVA Group.

Percentage of employees by countries (2006)



Employees by professional categories

(Percentage)	2006	2005	2004
Steering Committee and corporate managers	0.33	0.29	0.31
Management	1.69	1.58	1.68
Team heads and technicians	48.34	48.42	48.36
Office, general services staff and others	49.63	49.71	49.66

Scope: BBVA Group.

Average length of service of workforce

(Años)	2006	2005	2004
Spain	17.5	18.5	19.3
The Americas	9.4	9.8	9.7
Group average	12.3	13.2	13.3

Scope: BBVA Group.

Workforce by age groups

(Percentage)	2006			2005		
	<25	25-45	>45	<25	25-45	>45
Spain	2.6	52.9	44.5	2.5	51.2	46.2
Mexico	14.8	74.2	11.0	11.8	76.7	11.5
Rest of the Americas	7.8	73.2	19.1	5.8	74.7	19.5
Group average	8.5	66.3	25.3	6.6	66.2	27.1

Scope: BBVA Group.

BBVA's corporate responsibility ratings as awarded by specialist agencies

Entity	Dimension	2006		2005		2004	
		BBVA	Sector average	BBVA	Sector average	BBVA	Sector average
SAM	Labour practice indicators	97	61	90	62	65	54
	Development of human capital	100	36	100	39	85	51
	Attracting and retaining talent	60	43	56	44	61	48
	Health and safety at work	70	29	60	30	28	24

The data corresponding to Vigeo, which are contained in the *Corporate Responsibility Report 2005*, cannot be included in this edition, as the ratings corresponding to 2006 had not been notified when this report went to press.

Scope: BBVA Group.

Work climate

Every other year, BBVA carries out surveys through which all the Group's professionals can express their opinion on their working conditions and professional experience. The survey is one of the most important participation channels and helps promote actions aimed at improving working conditions and work climate. Thus, for example, the results of the previous edition of the survey provided one of the sources for the *Pasión por las Personas* (Passion for People) project. With an aim to guaranteeing maximum confidentiality, the survey is carried out by an external firm of consultants and each employee is given a random personal code.

The findings of the Work Climate Survey 2005 place rates of satisfaction, motivation and image at a historically high level and was completed by over 55 % of the employees. The results are due, in part, to the evolution of Human Resources policies and the development of its tools, which have led to significant progress in matters relating to professional development and autonomy. The Human Resources department distributes detailed reports to each area and unit, identifying the priority aspects, which have been defined in plans for action in 2006.

Competency-based management, professional development and rewards

BBVA is aware that human capital is one of the most important assets in order to maintain its leadership and be positively rated by all of its stakeholders. The Group has therefore opted for new management models that respond to the principles and pledges defined in the Group's corporate culture.

- **Competency-based management:** the Appraisal of Competencies Process is launched every two years at the same time in all the countries in which the Group is present. The basis of the model is the comparison between functional profiles and professional profiles. A comparison between both permits the identification of the individual's gap and to arrange for the application of Human Resources management policies in a more personalised manner.

- **Appraisal:** at BBVA, all employees are covered by a standardised process for evaluating performance. The staff evaluation tools can be broken down into two types:

- **Evaluation of the results:** it refers to the level of attainment of the objectives in a year. In the case of the evaluation of results, each head values the

Work climate survey

(Percentage)	Participation		Satisfaction		Motivation		Image	
	2005	2003	2005	2003	2005	2003	2005	2003
BBVA Spain ⁽¹⁾	47.1	47.5	61.1	60.4	70.4	70.7	76.2	73.7
BBVA Bancomer (Mexico)	60.7	73.2	76.0	74.4	84.9	84.3	86.7	84.6
BBVA Banco Francés (Argentina)	65.4	61.6	65.2	62.1	74.7	71.3	75.1	66.1
BBVA Chile	55.5	64.1	59.0	61.9	69.1	73.1	63.4	67.3
BBVA Banco Continental (Peru)	75.3	82.8	66.9	66.2	79.9	80.6	84.6	82.8
BBVA Banco Provincial (Venezuela)	50.3	69.4	75.4	70.9	85.9	81.7	86.3	85.2
BBVA Colombia	74.8	73.5	72.0	72.5	81.8	82.7	85.0	81.9
BBVA Uruguay	72.8	75.3	64.5	61.2	73.8	73.0	62.8	62.9
BBVA Panama	76.4	77.7	63.4	68.2	78.5	81.0	74.2	75.7
BBVA Puerto Rico	47.3	76.1	71.9	68.2	85.4	82.6	76.6	73.3
AFJP Consolidar (Argentina)	69.8	71.8	64.9	66.6	74.3	75.0	77.7	80.1
AFP Horizonte (Peru)	81.2	96.9	72.8	70.5	82.6	80.5	84.6	83.5
AFP Horizonte (Colombia)	99.9	96.9	80.7	80.0	89.1	89.6	86.5	85.6
AFP Previsión (Bolivia)	58.3	77.6	67.0	71.2	75.7	83.4	76.4	87.0

⁽¹⁾ Includes BBVA Portugal.
Periodicity: Every two years.
Scope: BBVA Group.

Promotion

(Percentage)	2006	2005	2004
People promoted out of total workforce	17.4	11.9	12.7

Scope: BBVA Group.

achievements of their collaborators and holds an interview with each individual. The result of the evaluation is likewise linked to professional development, rewards and remuneration.

– Appraisal of competencies: it refers to the employee's professional profile. In the case of skills, it rates the level of development reached, and, in the case of knowledge, it rates the level of mastery of the technical knowledge considered relevant for performing a given function properly.

- Professional development: a personalised training plan is laid down for each employee on the basis of an appraisal of competencies. Employees can consult the specifications required for each position on the intranet, which imbues the model with transparency and enables each employee to steer their professional development towards the duties most suited to their interest. The model is completed by the Apunto (I note down) tool, designed so that the Group's staff can record their professional interests and preferred positions, and the “Development Guide”, aimed at professional development.

A majority of employees of the BBVA Group are hired in their country of origin and a high

Reward based on performance evaluation in relation to total remuneration⁽¹⁾

(Percentage)	2006	2005	2004
Steering Committee and corporate managers	46	30	n.a.
Management	39	26	25
Team heads and technicians	19	13	12
Office and general services staff	6	3	3

⁽¹⁾ Excluding pension schemes and social welfare benefits.

n.a.: not available.

Scope: BBVA Spain.

Annual minimum salary for new recruits by country⁽¹⁾

(In local currency)	2006
Spain	22,048
Mexico	70,560
Puerto Rico	14,560
Venezuela	22,000,000
Panama	3,900
Colombia	27,976,000
Paraguay	28,000,000
Peru	21,405
Uruguay	213,050
Chile	700,000
Argentina	23,100

⁽¹⁾ Annual minimum salary level (fixed salary) for new recruits with full-time employment contract (excluding job placement contracts and the like).

Scope: BBVA Group.

Variable remuneration based on the company and/or the individual's performance

(Percentage)	2006		2005		2004	
	Company	Individual	Company	Individual	Company	Individual
Steering Committee and corporate managers	37	63	36	64	n/a	n/a
Management	37	63	32	68	26	74
Team heads and technicians	27	73	31	69	26	74
Office and general services staff	25	75	40	60	40	60

* Excluding schemes and social welfare benefits.

n/a: Not available.

Scope: BBVA Group.

percentage of management staff is native of the country where they work.

- Rewards: they are established according to the level of responsibility of the position, the professional evolution of each employee and the fulfilment of objectives, avoiding any discrimination for reasons of sex, race or of any other kind, and guaranteeing compliance with the law and collective bargaining agreements applicable to the sector. The wage ratio is therefore one-to-one between men and women, for the equality of all the aforementioned. Furthermore, customer satisfaction indicators and conduct in line with the principles of corporate culture, including commitment to corporate responsibility, are important for the variable remuneration of each member of staff.

Communication and dialogue with employees

The internal communication tools that BBVA places at the disposal of its employees aim at creating a climate of trust based on an open relationship, support for teamwork and transparent communication. They are organised through two lines of action: the line of management and corporate channels. In addition, it has set up the Corporate Responsibility (CR) portal, with an aim to involving employees in the different measures carried out by the Group in this field. An analysis of internal communication was carried out in Spain in 2006. Employees gave the *Buenos Días* and *adelante* channels a score of 7.46 as opposed to 7.24 in the last analysis carried out in 2004. 2006 saw a significant rise in the news published in the different

Main corporate channels for internal communication in BBVA

<i>Buenos Días</i>	Daily newsletter included as fixed content in home page of the <i>Espacio</i> intranet. Such measures implemented by the Group as are considered of general interest are summarised in this newsletter. Likewise, it provides the point of view of the Group's staff members on a daily basis through its <i>Tribuna</i> .
Activity report	This report provides a monthly summary of the achievements and the most interesting experiences of each area, so that all employees can have a complete and up to date view of the activity being developed around them.
<i>Canal BBVA</i>	On a periodic basis, significant information on the organisation's economic data, campaigns or important projects.
<i>Carrusel</i>	This medium includes news on the different areas and posts other messages and notices of general interest for all employees.
Employee Portal	It helps in the management of processes and provides information on the human resources management systems –wages, social benefits, loans and other financial services for employees–, allowing access to training courses and other services.
Employee care service (SAE)	See detailed description in this chapter.
<i>Adelante</i> magazine	A quarterly publication, it comes with <i>Crónica</i> , the local magazine that is distributed to all employees of the BBVA Group. Strategic projects are described in detail, an overview is given of the most newsworthy events of recent months and there is an account of the different functions or areas. 120,000 copies of each issue are distributed throughout the entire Group.

Scope: BBVA Group.

Employee care service (SAE)

Aim: Attend to employees' doubts and complaints.

Procedure: The Employee Care Service (SAE) is a multiple communication channel (intranet, telephone, and e-mail), which the Human Resources department places at the disposal of BBVA's active employees, early retired and passive workers, in Spain.

Worthy of mention is the fact that 82 % of basic queries are dealt with on the spot and the remainder, on average, within two days. Added to these are the accesses made to diverse information contained in the SAE portal in general, almost 14,000 a month, as well as the accesses to the FAQ section in particular, recording over 8,000 a month, making it the primary channel for information for the employee. In the employee care process, resource to the SAE is not the only possibility that they have for dealing with their query or complaint. In this respect, employees are entitled to submit a communication to the Human Resources department, and will receive the opportune reply.

The SAE has already started to render service to the employees of the Group's other companies, with an aim to shaping a single employee care service for the entire BBVA Group in Spain. The experience accumulated in Spain has helped to evaluate its expansion to other countries, with projects already underway.

In order to contrast the quality of the service, the SAE carries out anonymous surveys among employees. The last to be carried out was in June 2006, with an overall rating of 6.86 in the case of employees, and 7.90, in the case of the early retired and retired workers.

Scope: Spain.

Internal communication channels⁽¹⁾

	2006	2005	2004	2003
Buenos Días	262	256	236	226
adelante	5	4	4	4
Activity	11	11	11	11
Other channels	25	n/a	n/a	n/a

⁽¹⁾ Number of annual issues.
n/a: Not available.
Scope: BBVA Group.

Queries processed by the SAE

Number	2006	2005
By telephone	79,968	78,840
By email	9,370	9,094
TOTAL	89,338	87,934

Scope: Spain.

SAE service quality poll

Scale: 1 to 10	2006	
	Active	Early retired & retired
Treatment received	7.07	8.01
Quality of response	6.59	7.70
Rapidity of response	7.11	7.76
Overall rating	6.86	7.90

Scope: Spain.

channels: with 1,207, as opposed to 808 in 2005, of which 310 corresponded to the Americas, as opposed to 226 in 2005.

There are other channels of communication and dialogue with employees. A significant case is the *Pasión por las personas* (Passion for people) project, which combines face-to-face meetings, audiovisual meetings and other actions. Other channels are the satisfaction polls, dialogue with trade union representatives and initiatives for the management of knowledge, which are explained in more detail later on in this chapter.

Social welfare systems

This section encompasses retirement, death and disability cover, as well as the systems for instrumenting them. In Spain, BBVA was pioneer in the transfer of ownership of economic rights to its workers, by instrumenting the majority of its commitments in employees' pension schemes. Likewise, the universalisation principle has been applied to the entire staff, over and above the requirements of the collective agreement itself. Employees are implicated in the management bodies of said schemes through their representatives.

In the sphere of socially responsible investment, in 2005, the use of criteria of corporate social responsibility compatible with criteria of security, profitability, diversification and adequacy of terms was included in the document on the investment policy of the BBVA Employees' Pension Plan. Furthermore, the process for their inclusion in rest of the Group's employees' pension schemes in Spain got underway. Similarly, in March 2006, it was added to the investment policy document for the corporate pension plans of the BBVA Group Portugal.

As far as the rest of the Group's banks and companies outside Spain are concerned, worthy of mention is the Latin American area, where there are

Social welfare systems for employees

(Million euros)	2006		2005		2004	
	Volume managed	No members	Volume managed	No. members	Volume managed	No. members
Spain	8,897	66,341	8,235	66,316	8,158	65,671
The Americas	1,440	57,000	1,450	55,000	1,420	53,000
TOTAL	10,337	123,341	9,685	121,316	9,578	118,671

Scope: BBVA Group.

public social welfare systems which are privately administered and have individual capitalisation (AFPs). Contribution to such systems is obligatory for companies and employees alike. The Group's companies voluntarily provide a complement to cover death and disability, and, in some cases, retirement. In addition, 2006 saw the implementation of the framework for the management of social welfare systems at corporate level, keeping ahead of changes that may take place in the future regarding systems management.

□ Social benefits and other initiatives for employees

All the social benefits enjoyed by staff are the result of collective agreements and depend on the different origins of the companies leading to the constitution of the BBVA Group. All part-time and full-time employees in Spain have the same social welfare benefits, and this also generally applies to temporary staff. The exceptions are those benefits of a specific nature, such as long-term loans, which were collectively agreed to be of application solely to staff with open-ended contracts.

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

Across-the-board treatment of social benefits and its possible updating is subject to a process of collective bargaining in BBVA, not concluded at the end of 2006.

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

In 2006, 13,225 people enjoyed a stay at a holiday residence in Spain (5,595 entitled persons and 7,630 relatives) and 918 employees occupied subsidised.

Social benefits

(Thousand euros)	2006	2005	2004
Education allowances	5,855	5,761	6,379
Loans	215,268	180,991	189,654
Vouchers	10,318	9,881	9,451
Allowances for employees	57	41	53
Assignment of care funds	1,110	998	947

Scope: Spain.

Implication of employees in the strategy: "Pasión por las Personas"

The *Pasión por las personas* (Passion for People) project is aimed at raising customer and employee satisfaction throughout the Group. It is a project built upwards from below in which suggestions for improvement are made on the basis of opinions and conclusions offered by both customers and employees. Two of the project's lines of action are directed at staff:

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

Throughout 2006, over a further 150 *Pasión por las Personas* measures were developed in the BBVA Group. Intervention was greatest in the banks of the Americas.

Passion for people initiatives

	2006		
	Por tí (For you)	Por el equipo (For the team)	Por el cliente (For the customer)
TOTAL	86	41	31

Alcance: Grupo BBVA.

The initiatives, which have centred mainly on the *Pasión por tí* and *Pasión por el equipo* programmes, are related to health, the family, recognition, sport, leadership, professional development and the offer of products and services under special terms for employees.

Employment and recruitment

Recruitment areas follow a global policy and a code of procedure aimed at guaranteeing equal opportunities and attracting talent in their recruitment processes. The selection process starts with recruitment activities. In Spain, BBVA is involved in a series of programmes with the main universities and business schools in the country. Furthermore, BBVA avails of tools for implementing the selection model, such as the *e-preselec* tool, which is based on the functional profile defined for each position, with an aim to selecting the best candidates. Moreover, the Recruitment department is totally independent and confidential, thus ensuring that all the candidates receive similar treatment, and go through the same processes in order to join the Group, and, likewise guaranteeing that there is no discrimination for reasons of sex, race, family relationship or of any other kind other than the actual requisites specified for the position.

BBVA employs disabled people who satisfactorily perform their duties. Aware of the fundamental rights of this group and their integration in the labour market, in 2005 BBVA set up a Committee on Disability which involves the departments of Human Resources, Purchases and Corporate Responsibility and Reputation. In 2006, the Group continued with the initiatives launched the previous year: contact with associations of disabled persons in order to inform them of job and recruitment opportunities in the BBVA Group and establish contact with special employment agencies to detect possible ways to collaborate.

Early retirement

- In 2006, BBVA managed the early retirement of almost 1,900 employees in Spain and in its global areas. During that same period, it took on over 2,000 people. The early retirements were a result of the transformation of its commercial networks with an aim to increasing proximity to the customer and simplifying current structures while gaining in efficiency and commercial efficacy.
- Of the total number of recruitments, approximately 80 % are university graduates, and, by gender, 60 % are women and 40 %, men.

Scope: Spain.

Recruitment of employees

	2006	2005	2004
Spain	2,054	1,741	1,758
The Americas	12,051	6,966	4,428
Rest of the world	230	148	124
TOTAL	14,335	8,855	6,310

Scope: BBVA Group.

Discharges of employees

	2006	2005	2004
Spain	2,956	1,655	2,093
Retirements and early retirements	1,893	710	1,426
Incentivated discharges	69	47	35
Voluntary discharges (resignations)	489	413	253
Others	505	485	379
The Americas	9,330	4,925	5,924
Retirements and early retirements	98	94	8
Incentivated discharges	514	482	445
Voluntary discharges (resignations)	5,374	2,860	3,667
Others	3,344	1,489	1,804
Rest of the world	146	195	188
Retirements and early retirements	9	5	6
Incentivated discharges	29	42	60
Voluntary discharges (resignations)	87	64	37
Others	21	84	85
TOTAL	12,432	6,775	8,205
Retirements and early retirements	2,000	809	1,440
Incentivated discharges	612	571	540
Voluntary discharges (resignations)	5,950	3,337	3,957
Others	3,870	2,058	2,268

Scope: BBVA Group.

Undesired turnover of staff

	2006	2005	2004
Spain	1.57	1.33	0.81
Mexico	12.52	10.36	11.08
Rest of the Americas	5.67	4.62	6.74
Rest of the world	4.52	3.89	2.24
Group average	6.55	3.52	4.54

Scope: BBVA Group.

Presentations of BBVA job offers			
	2006	2005	2004
No. presentations in universities	22	30	19
No. presentations in business schools	4	5	6
No. employment fora	18	19	11

Scope: Spain.

Attraction and retention of talent ⁽¹⁾			
(Percentage)	2006	2005	2004
Spain	89.0	77.9	80.5
The Americas	72.4	84.1	78.4
Rest of the world	82.1	78.2	79.3
Group average	80.8	81.8	79.2

⁽¹⁾ Percentage of young graduates who remain in the Group after two years.
Scope: BBVA Group.

Training and knowledge management

The Annual Training Plan is implemented by means of an annual process, which gets underway with the identification of the needs of each unit. The plan offers integrated solutions, at corporate level as well as specific solutions for each country and individual ones for each employee, deriving from the competency-based management model and integrated in the Individual Development Plan (*PDI*) for each member of staff.

Training in BBVA is undertaken through three channels: classroom, distance and e-learning, with a common model for the entire Group. Similarly, the plan seeks to establish employees' knowledge according to international standards, by means of certification. In this respect, as at 31 December 2006, 6,267 of the Group's employees held some sort of certification of their knowledge in matters such as financial advisory services –2,988 EFPA (European Financial Planning Association) certifications–, languages –2,275 BULATS (Business Language Testing Service) certifications– or in technical knowledge related to the auditing or risk functions.

The BBVA Business School is a key element for training and developing talent. It is organised along different lines of work: the School of Management, for developing managerial skills, the School of Finances, the School of Languages and the School of Technology. In 2006, it tackled an ambitious training programme directed at senior management, with the organisation of 17 editions of diverse corporate programmes, in which over 500 senior managers of the Group took part with the intervention of the Chairman, the COO and the members of the Group's Steering Committee.

Moreover, the high level of commitment of senior management to the training of its teams has to be underlined. It is apparent in the regular presence of the Chairman, the COO and members of the Steering Committee in each and every one of the corporate training programmes. The purpose of the said programmes is to create encounter fora for sharing opinion, generating debate and offering an overall view of the Group's progress. In 2006, the 60 fora held in the School of Management were attended by almost 600 participants.

Another type of forum is the breakfast for small groups: 15 throughout the year, which both the Chairman and the COO held with 120 people from different levels of the organisation.

In addition, 2006 marked the beginning of a trend in which the e-learning channel, *Conoce* (Get to know), became the main distance-learning channel. It became a reality for all of the Group's employees in 2006, as it was available in all of the countries in which BBVA operates. Almost 130,000 people participated in the different courses offered by the Group by means of this channel. *Conoce* is a global e-learning network, aimed at providing common training solutions in line with the Group's strategy. What's more, this new platform contributes to organisational learning with facilities for group work, such as fora, virtual classrooms and tutorials.

New recruits are provided with a Welcome Plan –which includes information on Corporate Responsibility policy– and a specific portal on the intranet, which, in the case of new recruits in commercial banking, is completed with a special training programme called Commercial School.

In the case of specific training in corporate responsibility, the corporate intranet offers a specific course on *Diversity and Integration*, and, in addition,

BBVA Commercial School

Aim: to help young qualified people who have recently joined the commercial banking area to adapt to their position in the first 16 months in the Group, and lay the bases for their professional career in the BBVA's commercial network.

Procedure: training is provided through three training channels: classroom, e-learning and self-training with the help of a communications portal. This portal, the link between the Training department and new recruits, is where the training activities are developed and where new employees can make queries, take part in forums, monitor their training plan and contact their colleagues.

The Commercial School attaches great importance to attention to the activities developed in the actual job position. Consequently, the figure of the tutor is particularly relevant, as they are the ones who act as a reference and provide support for the new recruit within the office itself.

The new employee thus gains the skills and knowledge necessary, including information on compliance with regulations –Code of Conduct, protection of personal data, prevention of money laundering and financing of terrorist activities, among others– and principles and pledges undertaken by BBVA.

Scope: Spain

2006 saw the launch of a course entitled *Corporate Responsibility: basic notions* which is open to, but not obligatory for, all of the employees in Spain. By 31 December 2006, 2,067 employees had registered for the same, and of these 1,399 had completed it.

Information on special training in matters relating to the prevention of money laundering is contained in the chapter «BBVA and its customers». Last of all, it is worth mentioning that BBVA received training subsidies from the Tripartita Foundation (*FORCEM*) to a total of €3,124,120 in 2006.

Students doing job placements in BBVA

BBVA has subscribed a large number of agreements with academic institutions and others institutions so that students receive training that is suited to the function they fulfil, and remuneration as financial aid for their studies. Once the placement period has ended, a meeting is held with each student, at which they are asked to give their assessment of the practical training undergone; the average score was 8.30 out of 10 in Spain in 2006.

Training

	2006	2005	2004
Total investment in training (thousand euros)	35,549	34,302	34,315
Investment in training per employee (euros)	375	373	393
Hours of training provided (thousands)	3,821	4,082	3,744
Spain	1,287	1,760	1,639
The Americas	2,534	2,323	2,105
Hours of training per employee	39.0	43.1	43.0
Spain	42	56	53
The Americas	38	38	39
Training activity via e-learning (percentage)	14	12	9
Spain	15	16	9
The Americas	13	8	4
Satisfaction rating of training (out of 5)	4.4	4.2	4.1
Employees who have received training during the year (percentage)	73.0	68.0	70.0

Scope: BBVA Group.

Training activities

(Percentage)	2006	2005	2004
Hours spent			
Customer service	68	73	70
Skills	17	13	17
Languages	10	7	7
Technology	5	7	6
Resources assigned			
Customer service	63	63	60
Skills	16	17	22
Languages	16	15	14
Technology	5	5	4

Scope: BBVA Group.

Virtual fora in operation

	2006	2005	2004
Number of virtual fora in operation	790	796	347

Scope: BBVA Group.

Training: breakdown

(Percentage)	2006	2005
Hours on global needs	21	24
Hours on business-country specific needs	65	64
Hours for individual development needs	14	12

Scope: BBVA Group.

Students who have had job placements with BBVA

	2006	2005
Spain	354	339
The Americas	630	882
Rest of the Group	47	41
TOTAL	1,031	1,262

Scope: BBVA Group.

Knowledge certifications⁽¹⁾

(Number of employees with certification)	2006	2005	2004
EFPA (European Financial Planning Association)	2,988	2,534	1,956
CIA (Certificate Internal Auditors)	130	52	17
CFA (Chartered Financial Analyst)	416	308	212
FRM (Financial Risk Management)	146	100	16
Six Sigma	312	-	-
BULATS (Business Language Testing Service)	2,275	2,025	2,025

⁽¹⁾ Accumulate figure.

Scope: BBVA Group.

Training: channels

(Percentage)	2006	2005	2004
Classroom training	66	60	69
Distance training	20	28	22
Training via e-learning	14	12	9

Scope: BBVA Group.

Fora for Communication and Development of Corporate Culture (CDCC)

	2006		2005		2004	
	Sessions	Participants	Sessions	Participants	Sessions	Participants
School of Management	60	595	32	1,338	30	734
Breakfasts with senior management	15	120	22	166	24	144
TOTAL	75	715	54	1,504	54	878

Scope: Spain.

The BBVA Group scrupulously complies with prevailing labour legislation, international agreements and other legal and statutory labour rules, and there is no record of the existence of legal or administrative proceeding resulting from non-compliance or breaches relating to this matter during 2006.

Human rights

The financial industry's activity is characterised by having a large percentage of highly qualified human capital, implying that it is unlikely to have problems related to human rights, such as child labour and forced labour or freedom of association, among others. In any case, in its third section called "Ethical values", the Code of Conduct expressly mentions BBVA's commitment to human rights, strictly respecting ethical values and non-discriminatory practices in its operations in all countries. Furthermore, the BBVA Group has included in its Code of Conduct its commitment to the Universal Declaration of Human Rights, the United Nations Global Compact and to other agreements and treaties by international bodies such as the International Labour Organisation.

The main monitoring mechanisms for guaranteeing compliance with the said commitments are:

- Corporate Integrity Management committees: they favour the implementation of the measures necessary to deal with ethically questionable behaviour, such as any breach of human rights. The said committees become aware of this behaviour either in the course of the development of the processes of the areas they represent, or as a consequence of the communications received.
- The Corporate Responsibility and Reputation committee: it has laid down the formalisation of a human rights policy as one of its main lines of work for 2007.
- The Progress Report on commitments to the Global Compact that BBVA draws up every year. BBVA is a member of the Executive Committee of the Spanish Association of the Global Compact, which it joined in 2002. Subsequently, four of the Group's banks in Latin America joined –Mexico, Argentina, Peru and Colombia–.
- Trade union representation and the different supervising committees and bodies existing help to ensure the said compliance.

- Moreover, employees are given special training on human rights on the corporate Intranet through a course called "Diversity and Integration".

With regard to the training of security personnel in aspects related to Human Resources, among the measures applied for informing and training internal and external security personnel are:

- Inclusion in the Manuals for Security Tasks and Procedures of a section on the rules that employees must observe in matters relating to human rights.
- Instructions to the different Security departments making up the BBVA Group through Technical Seminars on Security held annually in order to include agreements made on respect for human rights in their regulations and instruction manuals.
- During the Security area's technical visit to the Americas, instructions are given to the different security heads in order to ensure compliance with the agreements subscribed by BBVA in matters relating to the respect for human rights.

Freedom of association: trade union representation and settling of conflicts

The most important matters in the sphere of industrial relations are included in the different agreements and arrangements subscribed by each company with the corresponding trade union representatives of each country. BBVA respects the role and responsibility of trade union representatives, in accordance with prevailing legislation, particularly in matters relating to collective bargaining. In Spain, the Bank Collective Labour Agreement regulates the fundamental aspects for industrial relations between employees and finance companies of the sector.

The European Workers' Committee was set up in 2004 –within the framework of prevailing legislation

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

Contentious matters⁽¹⁾

	2006	2005	2004
Claims deriving from disciplinary files	35	35	40
Individual claims	139	149	179
Collective disputes	4	2	3
Actions taken by administrative bodies	68	124	129
TOTAL	246	310	351

⁽¹⁾ The figures for 2004 and 2005 have been drafted applying the same criteria and the same area structure as in 2006, thereby ensuring the consistency of year-on-year comparisons.
Scope: BBVA Group.

Disciplinary files

	2006	2005	2004
Disciplinary measures	90	97	139
Stays on proceedings	7	10	12
Sanctions	115	83	97
of which: discharges	66	41	53
TOTAL	212	190	248

Scope: BBVA Group.

in those countries within the European Economic Space in which the Group operates– and is now working normally, with the competencies defined in the collective labour agreement that gave rise to the same.

The Human Resources area offers legal assistance to employees on the rights and duties deriving from industrial relations with regard to third parties, which helps in the settlement of disputes. Likewise, familiarity with labour laws is encouraged and

disseminated, and strict compliance thereof, in order to avoid possible breaches of employment regulations or inappropriate procedure which could become the cause of liability for the BBVA Group or its employees. The Group also applies cross-board and objective coordination to disciplinary matters, paying special attention to prevention, with recognition of employee rights and assurances, while pursuing an ongoing policy of reinstatement. In this sense, all complaint submitted directly or indirectly are analysed and studied, with the most satisfactory solution for the Group and the employee being provided (out-of-court agreements). There shall only be recourse to law courts when the posture of both parties is irreconcilable. The Collective Bargaining Agreements applicable to BBVA do not generally specify a minimum period of prior notice regarding organisational changes in the entities. The specific changes made are analysed individually with a view to avoiding or mitigating negative impacts on employees and complying with current legislation.

Health & Safety at Work

The Service for the Prevention of Industrial Hazards is made up of two areas: the technical prevention and healthcare at work sections.

Trade union participation is a fundamental pillar of the BBVA Group's preventive system. The workers' representatives' participation goes beyond legal requirement and is strengthened by an agreement signed between the company and the trade unions represented in the Workers' Committee. The said agreement regulates the creation of territorial Prevention delegates, Health & Safety committees in large centres and a State committee for Health & Safety –which approves all agreements related to the health and safety of staff, its scope of application extending to 100 % of staff in Spain–.

Training in industrial health affects 100 % of the workers, with the types of courses varying from country to country and depending on prevailing legislation.

Absenteeism rate by country

(Percentage)	2006	2005	2004
Spain	2.74	2.80	2.79
Mexico	1.70	1.72	1.53
Puerto Rico	3.67	2.28	2.85
Venezuela	6.00	5.45	2.62
Panama	0.68	0.78	0.11
Colombia	1.14	0.89	0.80
Paraguay	0.30	0.55	0.36
Peru	0.93	1.15	1.30
Uruguay	2.88	2.44	3.01
Chile	4.90	4.86	4.10
Argentina	1.96	1.96	1.96

Scope: BBVA Group.

BBVA attaches maximum importance and support to training in this matter, and has a Health portal as well as special training (such as the basic course on the *Prevention of Industrial Hazards*, which is available to the entire staff) and the Manual on Industrial Hazards in Finance Companies, also available on the intranet. Diverse courses have been held on questions related to emergencies, fires and other risk situations, such as the prevention of psychosocial hazards and personal risk situations.

BBVA carries out risk assessment on all the organisation's workplaces, in relation to the conditions of safety at work, environmental hygiene, ergonomics and psycho-sociology. Mock evacuation drills in emergency situations involve BBVA staff as well as all external personnel and customers present, fire and civil protection personnel and local police. In all, and during different actions, over 7,413 employees in Spain alone were trained in the prevention of industrial hazards in 2006. Furthermore, BBVA collaborates in diverse studies and research on work-related stress in the banking sector and on the existence of risk of mental load in its workplaces.

With regard to the Healthcare at work area, monitoring and control of the health of the workers is the area's primary objective. In this respect, within the framework of preventive action, a total of 10,500 medical examinations were performed

throughout the year. Likewise, the special procedure protocol for pregnant women continued to be applied.

Likewise, and within the framework of preventive action, the Health Monitoring area has implemented a total of 250 measures, in cooperation with the technical department of the Joint Service for the Prevention of Industrial Hazards (BBVA Group) in order to bring the workstations into line. In addition, and with a view to complying with prevailing laws on protection for pregnancy and maternity, the technical department of the Service for Prevention has assessed the workstations of expectant mothers in order to take the necessary steps to facilitate their duties, in accordance with the medical protocol laid down in the Health at Work Portal.

In recent years, the BBVA Group has received diverse acknowledgements for health and safety at work, such as the National Award for the Prevention of Industrial Hazards and Health at Work and the Exemplary Company in the Prevention of Industrial Hazards and Health at Work International award.

Reconciliation of work and family life

In 2006, BBVA was involved in drawing up different studies and participated in a variety of measures to favour equal opportunities within the Group. On the

Women in management positions with children in their care

(Percentage)	2006	2005	2004
Spain			
Steering Committee and corporate managers	91.67	76.92	80.00
Management	54.05	54.01	54.47
The Americas			
Steering Committee and corporate managers	75.00	0.00	9.09
Management	37.98	25.00	26.55
Group average			
Steering Committee and corporate managers	89.29	76.92	81.82
Management	46.57	55.83	56.19

Scope: BBVA Group.

Distribution of functions by gender

(Percentage)	2006		2005		2004	
	Men	Women	Men	Women	Men	Women
Spain	59.38	40.62	61.65	38.35	62.64	37.36
Steering Committee and corporate managers	88.57	11.43	93.12	6.88	94.54	5.46
Management	85.49	14.51	86.94	13.06	88.04	11.96
Team heads and technicians	61.60	38.40	64.72	35.28	66.41	33.59
Office, general services staff	52.58	47.42	53.52	46.48	54.13	45.87
The Americas	49.33	50.67	51.19	48.81	52.57	47.43
Steering Committee and corporate managers	96.67	3.33	100.00	0.00	98.68	1.32
Management	80.09	19.91	78.76	21.24	78.63	21.37
Team heads and technicians	60.02	39.98	58.85	41.15	60.15	39.85
Office, general services staff	45.03	54.97	45.48	54.52	46.20	53.80
Group average	53.03	46.97	54.99	45.01	57.18	42.82
Steering Committee and corporate managers	91.52	8.48	95.27	4.73	95.91	4.09
Management	83.39	16.61	84.18	15.82	84.64	15.36
Team heads and technicians	60.94	39.06	61.62	38.38	63.12	36.88
Office, general services staff	46.67	53.33	47.40	52.60	48.16	51.84

Scope: BBVA Group.

Contracts by gender

(Percentage)	2006			2005			2004		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent or regular full-time	49.85	42.22	92.07	51.66	40.21	91.88	52.48	39.36	91.85
Permanent or regular part-time	0.48	0.97	1.45	0.61	0.82	1.43	0.64	0.78	1.42
Temporary	2.28	3.08	5.36	2.30	3.20	5.50	2.30	3.03	5.33
Others	0.41	0.71	1.12	0.42	0.77	1.19	0.46	0.94	1.40

Scope: BBVA Group.

one hand, it collaborated on the *Por la Diversidad Activa* (For Active Diversity) project, on vertical diversity within the framework of the EQUAL initiative (European Union initiative promoted by the European Commission), whose objective is to promote new practices in the fight against all kinds of inequality in the labour market. In addition, BBVA started to participate in the *Óptima* programme, an initiative by the Women's Institute (Ministry for Labour and Social Welfare) and co-financed by the European Social Fund, whose aim is to foment equality of opportunities between men and women in companies.

On the basis of the commitment deriving from its subscribing the Agreement on the Reconciliation of Work and Family Life in 2005 with trade union representatives, a Committee for Equality of Opportunities was set up comprising trade union representatives and BBVA's Human Resources area –with the participation of the department of Corporate Responsibility and Reputation– in order to promote practices in favour of equality.

In line with the corporate culture proposals outlined in *La Experiencia BBVA*, an innovative project encompassing the entire corporation is

currently being developed. It is called Quality of Life in BBVA and aims at establishing an overall framework, for application throughout the Group, by defining quality of life principles around which initiatives, on a general as well as a local level, can be developed, aimed at facilitating the reconciliation and balance of employees' work and family life. People from different areas are involved in the development of the same, including Human Resources heads in Latin America, turning diversity into a competitive advantage for its progressive implementation at corporate level. Specific measures for promoting the reconciliation of work and family life within the Group are planned for 2007.

On the other hand, the *Senior* project aims at promoting the bank's link with employees beyond the

working stage. Its aim is the continuous improvement of the relation with employees at the close of their active stage, as well as their more direct relatives in the event of the decease of the employee. It is an active and dynamic programme that contemplates the creation of a special space on the internet with exclusive access, affording different ways for receiving information or news of the Group, exclusive bank products, non-financial products and services with discounts, cultural events and information on administrative proceedings peculiar to this group, among others.

Voluntary work

The voluntary work programmes foment the participation of BBVA staff in social and solidarity

Voluntary work		
Country	Initiative	Remarks
Spain	<i>Euro Solidario</i>	Donation of a euro from each salary for Entreculturas Foundation educational projects in Latin America. Further information in the chapter entitled "BBVA and community support".
	Free transfer of computers	Transfer to charitable organisations. The transfer was possible thanks to the work of volunteers from the Transformation and Productivity department.
	<i>Juntos Project</i>	Collaboration of employees in the Risk area on a Manos Unidas project for improving communication channels in Peru.
Bolivia	Free transfer of computers	Transfer to public institutions. It was possible thanks to the work of volunteers from the Computer area.
Chile	Toys and educational elements	To complement the Social Plan of Action, a campaign was held to provide 40 playschools with toys and educational elements.
Colombia	Solidarity with those affected by the winter	The Group's employees in Colombia made donations in cash or kind for people with reduced means and affected by the cold spell.
	Christmas gifts	Employees were invited to give Christmas gifts to children with reduced means.
Mexico	Full/Integral Empowerment Centres	Integrated in BBVA Bancomer's programme in Education, they provide a voluntary educational and social service to communities with reduced means, through 24 centres funded by the BBVA Bancomer Foundation.
Peru	Fight against cancer	Participation in the annual collection of the Peruvian League in the Fight against Cancer.
Puerto Rico	Wages in solidarity with Fondos Unidos	Employees deduct the amount they wish directly from their salary to donate it to Fondos Unidos, an association of 154 NGOs.
	<i>Adelante es aprender</i>	A plan for financial education in elementary schools.
	Guidance workshops for the elderly	Guidance workshops on aspects of banking suited to their needs.
Venezuela	<i>Papagayo Project</i>	Participation in this project managed by the BBVA Banco Provincial Foundation, whose purpose is to encourage literary creativity and education in values.

initiatives. Though the different companies in the Group had been promoting voluntary work programmes among their employees, in December 2006, a Corporate Voluntary Work Plan of a general nature was passed and it is expected to be applied in 2007. Based on a wide-ranging process of consultation with senior management, employees and passive personnel and in keeping with the Group's values, position and strategy, the plan defines a common framework for the entire Group, as well as specific lines for Spain. The actual programmes –which are open to any active

employees, early retired and retired employees who so wish– shall be defined according to each country, and taking into account that in Latin America these programmes are particularly linked to the BBVA Group's Master Plan for Social Action in Latin America (see “BBVA and community support”). On this subject, BBVA organised a course in collaboration with the *UNED* (Spanish Home University) and Economists without Borders (Madrid, September 2006) whose audience was made up of a large percentage of employees.



BBVA AND ITS CUSTOMERS

7

BBVA's commitment to its customers

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

Basic features

	2006	2005
No. customers (millions)	42.4	38.4
Customer satisfaction (Spain) (%)	70.2	67.9
No. branches	7,585	7,410
Total number of projects analysed according to the Equator Principles	33	16
Total volume SRI funds with regard to total investment funds managed (%)	1.57	1.53

Strengths

- Adapting to the needs of migrants.
- Easing loan access in Latin America.
- Products and services for public and private institutions.
- Social and environmental criteria in real estate projects.
- Measures to prevent money-laundering and the financing of terrorist activities.
- Products for underprivileged or special-needs groups.

Degree of progress in the main lines of work in 2006

- Development of the San Jeronimo (Mexico) and Underserved projects, both aimed at easing loan access to the low-income segment in Latin America. ③
- Introduction of the *Tarjeta Negocios Bancomer* (Bancomer Businesses' Card) into other countries. ②
- Development of procedures for applying the Equator Principles. ②
- Progress in considering environmental factors in lending risk analyses. ②
- BBVA Bancomer's introduction of new products and services for migrants in the United States. ③

① Scarcely significant, ② Significant, ③ Very significant.

Areas of improvement

- Greater level of bank usage by, and loan access for low-income groups and micro-businesses.
- Special attention to micro-finance.
- Further development in socially responsible investment.
- Improvement in the application of the Equator Principles.
- Taking environmental factors into consideration in evaluating lending risk.

Aspects deemed to be of greater significance by customers

- Extent to which the organisation's response level meets expectations.
- Focus on meeting specific customer needs and on treating them well.
- Ethical and transparent conduct.
- A well-organised entity.
- High quality in the products and services offered, and their quality/price ratio.

BBVA's corporate responsibility ratings as awarded by specialist agencies

(Scale: 0 to 100)	Dimension	2006		2005		2004	
		BBVA	Sector average	BBVA	Sector average	BBVA	Sector average
SAM	Risk and crisis management	96	65	94	83	89	76
	Customer relations management	91	57	100	70	95	66
	Anti-crime measures/policies	93	61	82	61	71	62
	Added social value: financial inclusion	75	32	75	34	70	24

The data corresponding to the Vigeo agency, which are contained in the *Corporate Responsibility Report 2005*, cannot be included in this edition, as the ratings corresponding to 2006 had not been notified when this report went to press.
Scope: BBVA Group.

Aspects of CR information regarding customers deemed to be of greater significance by stakeholders

- Financial products that encourage corporate responsibility.
- Accessibility of financial products.
- Measures against corruption.
- Fair treatment of customers.
- Direct and indirect social and environmental impacts of financial activities.
- More extensive information on the Group's international activities.
- Measures against money laundering.
- Responsible marketing and communication.

Main channels of dialogue with customers

- Branch network and transactional websites.
- Customer Care Service.
- Research into expectations and perception.
- Customer Ombudsman.
- Publications and websites for specific segments.

Note: Further channels of dialogue are covered in the chapter «BBVA Stakeholders».

Main lines of work in 2007

- Projects aimed at easing loan access to low-income groups in Latin America.
- Progress in applying the Equator Principles.
- Progress in considering environmental factors in evaluating lending risk.
- Development of micro-finance.
- Improvements in the model for preventing money-laundering and the financing of terrorist activities.

Service channels

The main service channels comprise the branch network and self-service (ATMs) network, along with telebanking, e-banking and internet banking services, allowing customers to do their banking 24 hours a day, 365 days a year. All efforts have been made to ease access to e-banking for the disabled.

In 2006 BBVA opened a new service channel known as Fuvex. This channel is located in shopping centres and other popular meeting places, with the aim of offering products and services in a closer and more direct manner. This marketing channel is particularly adapted to the young, to migrants and to the disabled and is therefore most suitable for the marketing of products designed especially for such groups (loans for the disabled, for young people, *Préstamo Nacimiento* (Birth Loan), payment channels, etc.).

Quality, satisfaction and customer service

The 2006 Quality Plan for Spain continued along the path laid out by the *Proyecto Cliente* (Customer Project), the idea being to firmly establish high quality service as the fulcrum for improved sales productivity. Quality service is also expected to generate confidence as the basis for the Bank's business relations with customers. In fact, BBVA regards this as an essential ingredient in attaining a satisfactory long-term business relation with its customers. This concept includes thorough knowledge of the customer, the appropriate explanation of products to customers, the application

of proactive considerations in advising customers, transparency in fees and the prompt correction of mistakes. BBVA continues with the positive trend set in 2005, improving from a score of 6.62 out of 10 to 6.88 in the confidence indicator in Spain.

BBVA also made progress in delegating responsibility to, or empowering, branches y regional management units. These branches were granted complete autonomy for the implementation of specific plans for improving quality indicators, along with greater control over the treatment and resolution of complaints.

A new department, named TRATO, was created in order to raise customers' perception of complaint management quality. This unit was given the task of providing support for branches in their handling of complaints, as well as monitoring that handling and suggesting corrective measures. These activities helped to streamline responses and improve customers' evaluations.

The new Service Quality Management Model for the Technology and Operations support areas is based on an ongoing customer-focus culture. The goal is to promote continuous improvement in the rendering of services. In 2006 this model was extended to banks in the Americas. The model is structured into a number of different spheres which influenced its progress over the course of the year:

- **Metrical Project:** with the goal of determining the quality of service that the Technology and Operations area offers its internal as well as external customers. The project uses a method that takes into consideration all the aspects of the life cycle of each service quality indicator in this area.
- **Progressive application of the Service Quality Agreements (ACS)** which apply to all services rendered by Technology and Operations. The ACS define the relational framework (and level of compliance) between Technology and Operations and the business areas, as well as formalising and evaluating the service rendering commitments made between the different departments that support the customer-supplier chain.
- **Benchmarking** is employed by Technology and Operations as an ongoing, systematic process for focusing activity while identifying levels of competitiveness and quality. Other methodologies and tools used to boost continuous improvement include *PUIR* and *AGORA*, as well as survey-based diagnoses.

Meanwhile, in 2006 Technology and Operations implemented the Service Level Model for the Americas in the Group's banks in that part of the world. This model comprised four areas of activity:

- **Customer Service Perception:** focused on those processes that customers regard as of critical importance, this aspect was implemented in Argentina, Chile, Colombia, Peru, Puerto Rico, Mexico, Venezuela and Panama. The aim of the measurements is to discover all technical, operative and business factors that could be detrimental to customer-focused service.
- **Internal Service Perception:** this part of the model specifies the parameters needed for establishing levels of commitment and for evaluating compliance, using tools such as Technical Quality Agreements, Technical Service Indicators and Service Rendering Agreements.
- **Improving Service Quality in Incident Management:** a model was constructed for reporting incidents and relevant events, so that the various users of business as well as technical areas can clearly perceive any deviation from acceptable levels of service and suggest corrective measures.
- **Quality of Performance:** the results from all of these ratings are used for evaluating compliance, and are applied to the variable remuneration system used by Technology and Operations in the Americas.

BBVA Bancomer (Mexico)

One of the objectives pursued by BBVA Bancomer involves continuous improvement in the quality of the service it provides over the counter. Based on the installed capacity of its branch network, full implementation was made in 2006 of a new service model using cutting-edge technologies, with a view to improving preferential service. This has meant a sharp increase in customer satisfaction regarding waiting times.

The process of segmentation has streamlined the procedures for business service and the sale of products to customers. This has led to the following achievements in 2006:

- An improvement of 14 basis points in customer ratings on the perception of waiting times.
- An increase in the percentage of customers attended to by each segment.

BBVA Banco Continental (Peru)

Winning Peru's National Quality Prize in 2005 created a commitment for BBVA Banco Continental to promote the Business Management Excellence Model on a larger scale. In 2006 the bank sponsored and organised a number of different events focused on promoting business quality within Peruvian society, sharing experiences with international experts and major organisations in the Peruvian business community. Activities in 2006 were focused on further improving the satisfaction level of external customers, the implementation of a new computer program used for evaluating the internal customer-supplier chain, as well as on extending the 68 Service Quality Agreements made between support areas and business units. On another front, a strong effort was made to improve the Corporate Complaint Servicing Module. This module, which facilitates the comprehensive management of customer dissatisfaction, showed excellent results, helping BBVA Banco Continental attain its status as one of the banks with the lowest number of complaints before the Peruvian banking authorities.

In 2006 the bank also made all the adjustments needed to comply with the “Regulations covering information transparency and contracting with users of the Peruvian financial system”, successfully meeting all requirements contained therein.

BBVA Banco Francés (Argentina)

BBVA Banco Francés has put quality into the forefront in its effort to distinguish itself from its competitors. The bank managed to do this by offering attractive products highly valued by customers, backed up by excellent after-sales service. BBVA Banco Francés is organised into a chain of service between all areas of the bank, all focused on achieving and maintaining satisfied customers. This organisation falls into two management models: the

Central Areas Service Model and the Branch Service Model.

BBVA Banco Francés' adherence to the Code of Good Bank Practices led it to raise its level of commitment to prompt responses to customer complaints and other procedures. This effort involved reviewing processes and improving the after-sales system. Criteria used in handling complaints were unified in order to streamline that management. This reduced response time for customers by homogenizing the criteria used by all areas –an effort based on analysing over 400 different types of complaints associated with the products and services marketed by the bank.

BBVA Colombia

After its merger with Banco Granahorrar in 2006, BBVA Colombia took on the task of integrating its Customer Service Model. The goal was to assure information clarity and transparency in management throughout the period of change, thereby keeping to a minimum any effect on customers and assuring satisfactory levels of response. As a result, BBVA Colombia received higher-than-sector-average scores in the Customer Satisfaction survey on 67 % of the evaluated items. This reinforced the positive trend maintained over recent years.

BBVA Chile

In 2006, BBVA Chile kicked-off eight Quality Projects that helped the bank achieve highly satisfactory levels of progress. These projects formed part of the Chile Quality Map Project, aimed at producing an improvement tool that offers a comprehensive and ongoing view of relations and processes of critical importance to customers. These projects, which will be fully implemented during 2007, will place BBVA Chile as the reference of excellence in management within Chile's financial system.

The BBVA Group complies with antimonopoly legislation and regulations. Within the sphere of the Legal Services of Retail Banking and Distribution, it was certified that, during 2006, Banco Bilbao Vizcaya Argentaria S.A. committed no breach or infringement of the said legislation, as declared by virtue of a final judgement.

ISO certifications

	2006			2005			2004		
	ISO 9001	ISO 14001	Total	ISO 9001	ISO 14001	Total	ISO 9001	ISO 14001	Total
Spain	17	3	20	20	2	22	19	2	21
Argentina	21	-	21	18	-	18	14	-	14
Mexico	7	-	7	4	-	4	7	-	7
Rest of the world	8	-	8	13	2	15	20	2	22
TOTAL	53	3	56	55	4	59	60	4	64

Scope: BBVA Group.

Number of claims filed with the banking authorities⁽¹⁾

	Total claims			Total claims/activity ⁽²⁾		
	2006	2005	2004	2006	2005	2004
Spain	237 ^(a)	248 ^(a)	259 ^(a)	0.88	1.04	1.24
Mexico	257	159	240	4.12	2.65	4.97
Argentina	32	55	-	6.08	11.40	-
Peru	50	73	93	7.96	13.87	21.27
Colombia	2,121 ^(b)	592 ^(b)	599	300.57 ^(b)	147.21	215.18
Chile	373	447	581	36.03	49.75	77.35
TOTAL	3,070	1,574	1,772	355.64	225.92	320.01

⁽¹⁾ Each country has a different way of regulating the criteria for admitting claims before the national banking authority.

⁽²⁾ Per every thousand million euros of activity (loans and receivables + managed assets).

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

^(b) The increase is due to the merger with Banco Granahorrar. In comparable terms, within the merger scenario in 2005, it would have registered 2,044 claims, whereas with the Rolling Annual Rate (RAR) it will present a slight increase of 4 %, and the ratio of claims to business activity would have fallen by 27.43 %.

Scope: BBVA Group.

Complaints submitted to the Customer Care Service in Spain⁽¹⁾

	2006	2005	2004
Adjudged fully in favour of the customer	2,366	1,721	910
Adjudged partially in favour of the customer	608	485	447
Adjudged in favour of the bank	3,138	2,600	1,552
Pending response at 31/12	359	231	418
Rejected for statutory reasons	208	30	0
TOTAL	6,679	5,067	3,327

⁽¹⁾ According to BBVA Group's Ombudsman Regulations for Spain, all formal claims must first be addressed by Customer Care Service. Customer Care Service works for 22 Group companies in Spain.

Scope: Spain.

Complaints (causes thereof) in Spain

(Percentage)	2006	2005	2004
Charges and costs in accounts and deposits	19.6	17.2	20.0
Services (direct debit, ATM operations, etc)	17.6	18.2	16.0
Commercial lending products (terms, repayments, etc)	14.9	16.4	13.0
Information and response to customers	11.6	15.2	13.0
Payment channels (credit cards)	8.8	7.3	7.0
Financial and social provision products (guidance and profitability)	8.0	6.2	5.0
Others	19.5	19.5	27.0

Scope: Spain.

Customer Ombudsman in Spain. Rating of the briefs according to outcome⁽¹⁾

	2006	2005	2004
Total submitted	1,441	1,297	2,443
Rejected for statutory reasons	45	91	216
Concluded	1,352	1,206	2,227
Amicable solution	493	278	931
Rejected	651	736	1,061
Formal resolution (in favour of the claimant)	196	189	223
Failure to reply (request for further documentation)	12	3	12
Pending resolution on 31 December	44	-	-

⁽¹⁾ The decrease in the number of claims is primarily due to the 2004 approval of the BBVA Group's Ombudsman Regulations for Spain, which states that all formal claims must first be addressed by Customer Care Service.

Scope: Spain.

Average number of days taken to respond to a complaint

	2006	2005	2004
Internal complaints (SAC)	18	15	18
Customer Ombudsman	11	11	18

Scope: Spain.

Individual customer satisfaction surveys									
	Spain			Mexico			Argentina		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
External multi-brand survey	70.2	67.9	67.6	5.82	5.76	5.78	8.23	5.77	5.61
Source: FRS Inmark	Scale 1-100			Scale 1-7			Scale 1-7		
Own external ratings C.A.C.O.	7.85	7.63	7.67 ^a	8.74	8.64	8.62	8.34	8.24	7.57
	Scale 1-10			Scale 1-7			Scale 1-7		
External multi-brand survey	5.59	5.77	5.58	n/a	5.73	5.57	83.0	85.8	83.1
Source: FRS Inmark	Scale 1-7			Scale 1-7			Scale 1-100		
Own external ratings C.A.C.O.	4.09	4.18	4.08	80.5	77.2	76.8	3.79	4.22	3.98
	Scale 1-5			Scale 1-100			Scale 1-5		

^(a)The questionnaire was modified in 2005. Using this new questionnaire, the figure for 2004 would have been 7.37.
^(b) Source: Tecnología y Gerencia (FRS not used)
 Scope: BBVA Group.
 C.A.C.O.: Branch Customer Care Questionnaire.
 n/a: not available.

Customer Ombudsman

This independent figure has the role of protecting and defending the customers' interests, if and when they believe that their rights have been transgressed in some way by the Bank. The Ombudsman offers the customer a free and independent review of their complaint after the response of Customer Care Service, should that customer remain unsatisfied with the first resolution. The Ombudsman's rulings, which are binding on the BBVA Group, are applied to the different units involved.

The Ombudsman's activities apply to all current units of the BBVA Group and its subsidiary companies in Spain.

Transparency, advertising and labelling

Given the high level of customer concern over transaction fees, BBVA offers those customers a single-fee payment, by means of its *Cuentas Claras* (Clear Accounts) program. This product, which covers different banking services and includes loyal customer discounts, was chosen by *Actualidad Económica* as one of the most innovative ideas in the Spanish financial sector for 2005.

Regarding product information and labelling, BBVA rigorously complies with the regulations in all the countries in which it operates. All advertising campaigns are subject to the supervision and

The BBVA Group complies with all legislation and regulations regarding product information and labelling, as well as regarding merchandising and advertising. Within the sphere of the Legal Services of Retail Banking and Distribution, it was certified that, during 2006, Banco Bilbao Vizcaya Argentaria S.A. was imposed no sanction nor fine for any infringement or non-compliance of said legislation.

External information events

	SP	ARG	CHI	COL	MEX	PAN	PER	P.RI	URU	VEN	TOTAL
Press conferences	52	1	6	4	35	15	21	2	9	4	149
Business	18	0	3	1	16	4	8	1	2	0	53
Corporate, institutional and socio-cultural	34	1	3	3	19	11	13	1	7	4	96
Conferences and other informational activities (interviews, columns, signings, etc.)	475	483	239	51	330	90	125	8	102	133	2.036
Press releases	151	47	15	60	92	25	67	14	57	81	609
Business	65	8	4	20	46	5	35	9	3	31	226
Corporate, institutional and socio-cultural	86	39	11	40	46	20	32	5	54	50	383

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

authorisation of the pertinent organisation in each case –mainly the Bank of Spain and the Spanish Securities and Investment Board in Spain, and the different banking regulatory agencies in Latin America. BBVA belongs to such self-regulation organisations as *Autocontrol de la Publicidad* (Advertising Self-control), an entity specialised in advertising arbitrage, the rulings of which must be complied with. BBVA also belongs to advertising associations in each country where it operates, from where it promotes transparency and good practices in this area.

Products and services with corporate responsibility (CR) criteria

BBVA believes that corporate responsibility should especially be manifested in a company's business activity –through the application of social, environmental and ethical criteria to the firm's products and services. The goal is to have a positive impact (or reduce the negative impact) on society and the environment. The main areas of interest regarding this effort include providing access to banking products and financial services to those whose situation normally excludes them from such products and services, offering socially-responsible products, as well as applying social and environmental risk analyses to potential investment projects and to asset management.

Individual customers, SMEs and micro-enterprises

This category includes all those products and services adapted to the needs of certain groups, such as young

people, the elderly, families, the disabled, low-income people and migrants, among others. It also includes providing access to a home through special mortgages. BBVA has engaged in several different activities, depending on the needs of each country.

One of the most noteworthy of these projects is the *Plan Familias BBVA* (BBVA Families Plan) –a social action initiative in support of family economies. Its main line of activity is the Family Financing Programme, focused on meeting basic family needs, primarily through free-of-cost products and services. BBVA has developed three products for this programme to date: the *Préstamos Joven, Nacimiento* and *Superación* (Youth, Birth and Bettering Loans –see chapter entitled “BBVA and Community Support”). Also worthy of note in 2006 was the launching of products and services for low-income groups. The idea is to promote their integration into the financial system by means of easy payment terms and instalments freezing or deferments. This also helps low-income families build up a credit record, making later access to other banking products and services possible. Progress was also made with products and services targeted at migrants, mainly through *Dinero Express* the *Hipoteca Fácil Universal* (Universal Easy Mortgage) programmes. In the analyses for granting the latter, the specific characteristics of migrants are taken into consideration.

BBVA also promotes its customers' collaboration with humanitarian organisations by means of such services as *Colabor@*, which lets customers make

donations to organisations and emergency relief campaigns through their on-line banking, and with products such as *VISA Cruz Roja* and *VISA Solidaridad Internacional* (Red Cross and International Solidarity) credit cards, which donate 0.7 % of payments to said organisations.

Taking environmental factors into consideration when analysing credit risk related to business customers is very important. Significant progress was made throughout 2006 in the development of a tool called Ecorating, which makes it possible to analyse and evaluate customers from an environmental perspective, as well as to draw up environmental risk maps from the loan portfolio (see the chapter entitled “BBVA and the environment”).

In Latin America, BBVA has chosen to promote bank use and easier access to financial services for large segments of the population. This has called for putting priority on consumer financing, as well as for the development of non-traditional business models. In this area, BBVA has proven to be a solid supplier of financing and banking services for SMEs, micro-enterprises and low-income households, offering specific loan products and methodologies for these markets. As an example of the Bank's acting on this priority, it has created a regional unit specialised in low-income groups. This unit was set up to more efficiently address the goal of offering consumer credit while helping to get the majority of the population involved

in the banking system. All of the Group's banks in the Americas worked on and developed products adapted to the needs of certain customers. The following are some examples that stood out in 2006:

- BBVA Bancomer (Mexico) continued in the development of its *Tarjeta Congelada* (Frozen Card) and *Tarjeta Negocios* (Retailers' Card), which have also been adapted and introduced into other countries in the region. The *Tarjeta Congelada* is especially designed for the most underprivileged; minimum earnings requirements are quite low, and this card can be obtained without any previous credit record in the system. The *Tarjeta Negocios* is a flexible, high electronic-use credit product adapted to the needs of small businesses. Pre-approved loans are granted for maximum amounts equal to the sales that the business registers each month. Also noteworthy is the subsidised housing programme, set up to reactivate mortgage activities in collaboration with the National Workers Housing Fund Institute (*INFONAVIT*).
- BBVA Banco Provincial (Venezuela) focused its efforts on serving micro-entrepreneurs with a number of different initiatives, including the Micro-entrepreneur Training Programme and the Micro-entrepreneur Visa BBVA Banco Provincial credit card. The card represents a simple and easy-to-use method of finance, offering instant access to resources without the need for additional

Products and services in different countries

Bank	Social Groups ⁽²⁾	Normally excluded from banking activities and low-income people	Homes and access to mortgages	SMEs and micro-enterprises
BBVA Spain ⁽¹⁾	✓	✓	✓	✓
BBVA Bancomer (Mexico)	✓	✓	✓	✓
BBVA Banco Francés (Argentina)	✓	✓	✓	✓
BBVA Chile	✓	✓	✓	✓
BBVA Banco Continental (Peru)	✓	✓	✓	✓
BBVA Banco Provincial (Venezuela)	✓	✓	✓	✓
BBVA Colombia	✓	✓	✓	✓
BBVA Uruguay	✓	✓	✓	✓
BBVA Panama	✓	✓	✓	✓
BBVA Puerto Rico	✓	✓	✓	✓
BBVA Paraguay	-	-	-	✓
BBVA United States	✓	✓	✓	✓

⁽¹⁾ Includes BBVA Portugal.

⁽²⁾ Adapting to special-need groups: the young, the elderly, families, the disabled and migrants, among others. Scope: BBVA Group.

Dinero Express and migrants

Aim: to develop products and services adapted to the needs of migrants, and to support their social and economic integration.

Procedure: an innovative chain of multi-service shops aimed at offering new solutions for the growing needs of migrants –financial (remittances, accounts, cards, loans, insurance, guarantees and mortgages, etc.) as well as non-financial (phone services, legal and labour advice, help with job and housing searches, travel agency, document and package shipping, etc.)– all of which helps in their integration. By the end of 2006, the chain boasted close to 60,000 customers and 90 outlets, having helped with migrant finances through almost 10,000 loans.

The staff of *Dinero Express* comprises mostly migrants –close to 350– from 20 different countries and all with indefinite work contracts.

Scope: Spain.

Bancomer Tarjeta Negocios - retailer's card (Mexico)

Aim: to provide micro-loans and other micro-finance products and services to businesses and others involved in business activity.

Procedure: a loan programme begun in 2003 in collaboration with the Secretariat of the Economy (which allocated a guarantee fund making it possible to offer credits on preferential terms) and the National Financing entity. Adapting to this segment called for the design of specific risk models for very small businesses. The programme was distributed around the country, allowing for the extension of loan access throughout the entire branch network.

Scope: Mexico.

Training Programme for Micro-enterprises (Venezuela)

Aim: to provide comprehensive assistance to micro-enterprises, easing access to financing and increasing their management capacity –thus boosting the country's economic and social development.

Procedure: this programme began in 2004 with the signing of an agreement between BBVA Banco Provincial and the Universidad Metropolitana (*UNIMET*) in Caracas. It is based on offering Business Initiation Workshops and Courses for micro-entrepreneurs. These workshops are focused on preparing those seeking micro-loans in terms of the concept and development of their business vision, as well as on strengthening the management skills. Given the tremendous importance of this sector in the country's economic and social development, two new agreements were signed with the Universidad Tecnológica del Centro (*UNITEC*) and the Universidad de los Andes (*ULA*) in 2005 –thus bringing this important initiative to the State of Carabobo and the Andean region. A total of 2,966 entrepreneurs have participated in the programme to date.

Scope: Venezuela.

paperwork. In 2006, BBVA Banco Provincial maintained its leadership position in the domestic market in the granting of micro-loans, with a significant portfolio increase over the previous year's figure.

- BBVA Banco Continental (Peru) launched the product *Préstamo hipotecario* (mortgage) with foreign remittances, giving Peruvians in Spain the possibility of purchasing a home in their country on the basis of the received remittances.
- BBVA Chile, working through BBVA Express –a consumer loan affiliate– continued to grant loans to people of up to 83 years of age. This credit for retirees is the only one of its kind in the local market, representing a milestone in the Chilean banking system, which until now had focused only on customers with demonstrable income.
- BBVA Banco Francés (Argentina), working within the framework of a plan by the Argentine

government to provide tenants with access to their own home, launched its *Línea Inquilino* (Tenant's Line) –a specific new line of mortgages that make it possible for current tenants to purchase or build their first home, with payments similar in amount to their rent payments– and all with special terms.

- Specific products were also developed in other countries, such as Colombia (with products for financing public housing) and Panama (with mortgage loans granted under the Law of Preferential Interest). This chapter also includes projects related with the Community Reinvestment Act (CRA), which affects BBVA Group activity in the United States and Puerto Rico. The CRA requires financial institutions to satisfy the loan needs of those communities in which they are present, particularly in low-income areas.

Socially responsible investment and social provision: investment funds, insurance and pension plans

Investment funds

BBVA defines socially responsible investment (SRI) as that which adds ethical, social and environmental criteria to the traditional criteria of profitability and risk, in order to invest in companies with the best sustainable, long-term performance, as well as those which donate part of their profits to socially beneficial organisations and causes.

BBVA uses the evaluations of ratings agencies specialised in the analysis of economic, environmental and social aspects when pre-selecting its traditional investment instruments. Companies earning the lowest ratings according to these agencies are excluded from the investment process, since they are regarded as very high-risk. The rest are considered in the fund according to their evaluation. At 31-Dec-2006, this process accounted for 11 % of the equity assets in mutual and pension funds managed. Furthermore, 31 % of the overall number of these mutual and pension funds applied socially responsible investment criteria.

According to the *Observatorio de la Inversión Socialmente Responsable en España 2006* (Observatory of Socially Responsible Investment in Spain), published by the People, Business and Society Institute of the ESADE business school, the funds from *BBVA Extra 5 II Garantizado* and *BBVA Desarrollo Sostenible* (BBVA Sustainable Development) together account for over 85 % of managed assets and 92 % of the number of sharers of the total SRI funds registered in Spain in 2005.

This earned them first and second place, respectively, in the rankings. In 2006 the BBVA Group launched a fund specialised in micro-finance entities. The Group also boasts such solidarity funds as *BBVA Solidaridad* and *BBVA Bolsa Biofarma* (which arose from the merger of *BBVA Biogen* and *BBVA Bolsa Biofarma*). It also markets other external SRI funds.

Insurance

BBVA Seguros offers its individual customers a wide range of insurance focused on savings as well as on risk coverage (home, life, etc.). In 2006 a new product –*BBVA Salud* (Health)– was introduced, aimed at covering most of its customers' insurance needs.

BBVA has also developed insurance policies aimed at the needs of special groups, such as those associated with the *Multiventajas Nómina Plus* and *Familia* for the elderly and families. These are joined by insurance for migrants, such as those offered in the *Cuentas Claras Internacional* (International Clear Accounts) and *Dinero Express*, as well as repatriation insurance.

BBVA publishes an annual report available at its website: www.bbvasseguros.com, which includes information on complaints, in particular, about assurance activity.

Pension plans

Pension plans are particularly important both in Spain and in Latin America, a region in which the Group is in a clear position of leadership.

The Group is present in almost all countries that have totally or partially privatised their pension systems, with a particularly important presence in

BBVA Codespa Microfinanzas, FIL

Aim: to offer micro-finance entities new sources of financing.

Procedure: Spain's first solidarity mutual fund specialising in micro-finance for Latin America. It is, moreover, the first hedge fund launched under the new regulations. The aim of the fund is to boost the development of micro-finances in Latin America, and, in turn, the region's social and economic development. It offers customers the chance to invest in projects that can have a profound social effect, by means of an investment that is at the same time profitable for those customers. BBVA has committed itself with a €20m investment.

The assets in which the euro-denominated fund invests are debt instruments of micro-finance organisations located in Latin America. BBVA was advised in the construction of this fund by Codespa and Blue Orchard (a specialist in micro-finance institutions, which will also collaborate in the choice of the organisations for investment).

One of the goals of the fund is to foster banking usage on the part of the most disadvantaged and of those who are normally excluded from basic financial services such as savings accounts, loans or insurance due to the inability to prove wages or the lack of sufficient assets.

The fund will help micro-finance organisations to diversify their financing sources by instalments, countries and currencies (and rapid access to same), with the added value of being able to finance in the local currency.

Scope: BBVA Group.

Customer pension plans

(Million euros)	2006		2005		2004	
	Volume	Members	Volume	Members	Volume	Members
Spain	16,291	1,900,000	15,091	1,900,000	13,501	1,800,000
Latin America	40,497	12,700,000	38,541	12,400,000	27,747	11,600,000

Scope: BBVA Group.

Chile, Mexico, Argentina, Colombia, Peru, Bolivia, Ecuador and the Dominican Republic.

BBVA has demonstrated its commitment with the development of pension funds as a tool in the service of wealth creation –a tool that promotes savings and investment while boosting the modernisation and strength of financial systems. Such funds generate mechanisms for channelling long-term savings, as well as the developmental capabilities of those countries in which the Group operates.

Socially responsible investment (SRI)

(Percentage)	2006	2005	2004
SRI funds / total managed funds	1.57	1.53	1.83
SRI funds / other customer funds	0.65	0.63	0.77

Scope: BBVA Group.

Funds with corporate responsibility criteria⁽¹⁾

(Million euros)	Name of fund	Vocation	Public utility purposes to which they are allocated	2006		2005		2004	
				Volume	Sharers	Volume	Sharers	Volume	Sharers
	<i>BBVA Extra 5 II Garantizado</i>	Guaranteed equity	The chosen companies are among those listed on the FTSE4Good index, which includes CR criteria in its selections.	785.20	29,244	814.00	30,067	842.0	30,958
	<i>BBVA Desarrollo Sostenible</i>	International equity	The chosen companies earn the highest ratings according to an external analysis ⁽²⁾ .	52.01	10,377	69.40	14,289	76.2	18,234
	<i>BBVA Codespa Microfinanzas</i>	Hedge fund	Invests in debt instruments for micro-finance entities.	20.55	6	-	-	-	-

⁽¹⁾ Add ethical, social and environmental criteria to the traditional criteria of profitability and risk when choosing to invest in those companies with the best long-term, sustainable performance.

⁽²⁾ The ratings are provided by a prestigious independent, international agency specialised in analysing companies according to the criteria of sustainability and corporate responsibility (economic, social and environmental).

Scope: BBVA Group.

Solidarity funds⁽¹⁾

(Million euros)	Vocation	Public utility purposes to which they are allocated	2006		2005		2004	
			Volume	Sharers	Volume	Sharers	Volume	Sharers
BBVA Bolsa Biofarma	International equity	The manager donates €15,000 each year to the Foundation for Applied Medical Research.	40.49	6,783	60.71	9,573	66.7	12,136
BBVA Solidaridad	Mixed fixed-income	Yearly donation of 0.55 % of managed equity, distributed among the associated NGOs, according to sharer's choice.	20.28	796	17.87	724	11.2	485

⁽¹⁾ Donations are made to socially useful entities, which are charged to the managers' income.
Scope: BBVA Group.

Large companies and project financing: the Equator Principles

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

groups or communities without resources, etc.) as well as environmental perspective (impact on biodiversity and specially protected areas, etc.). The Bank also uses general sustainability criteria in seeking to comply with the specific commitments that the Group has assumed with its signing of, among others, the Global Compact, the United Nations Environmental Programme (UNEP-FI) the Equator Principles, as well as with other

Categorisation of projects financed according to the Equator Principles

(Million euros)	Category	2006			2005		
		No. operations	Total amount	Amount financed by BBVA	No. operations	Total amount	Amount financed by BBVA
	A	0	0	0	0	0	0
Europe and North America	B	11	4,587.4	831.4	1	248.4	33.8
	C	7	1,946.0	357.8	4	833.5	253.1
TOTAL Europe		18	6,533.4	1,189.2	5	1,081.9	286.9
Latin America	A	1	103.5	19.5	0	0	0
	B	5	1,826.2	434.9	5	1,126.2	235.5
	C	2	56.0	38.0	6	432.8	299.2
TOTAL Latin America		8	1,985.7	492.4	11	1,559.0	534.7
Asia	A	0	0	0	0	0	0
	B	6	14,414.1	260.3	0	0	0
	C	1	1,196.3	49.2	0	0	0
TOTAL Asia		7	15,610.4	309.5	0	0	0
TOTAL GROUP		33	24,129.5	1,991.1	16	2,640.9	821.6

Category A: Projects having a significant negative impact that could affect an area larger than that occupied by the project.
Category B: Projects having a minor negative impact on the human population or on environmentally important areas.
Category C: Projects having a very small to negligible impact on the environment.
Scope: BBVA Group.

Categorisation of projects guided by the Equator Principles			
(Million euros)	Category	2006	
		No. operations	Total amount
	A	0	0
Europe and North America	B	4	1,613
	C	1	200
TOTAL Europe		5	1,813
Latin America	A	1	477.9
	B	4	971.6
	C	1	23.9
TOTAL Latin America		6	1,473.4
TOTAL GROUP		11	3,286.4

Category A: Projects having a significant negative impact that could affect an area larger than that occupied by the project.
 Category B: Projects having a minor negative impact on the human population or on environmentally important areas.
 Category C: Projects having a very small to negligible impact on the environment.
 Scope: BBVA Group.

commitments related to climate change and the Kyoto Protocol.

The year 2006 saw significant progress in the consideration of social and environmental aspects in project financing. BBVA actively participated in the review process that culminated in July in the approval of the new Equator Principles. BBVA's ratification of these Principles obliged the Bank to update the social and environmental risk management system that had been implemented in the Structured Finance department (which is responsible for the management of the principles). The social and environmental risk policy, the Equator Principles Manual and the social and environmental risk management procedure were all subject to changes based on the scope and requirements of the Equator Principles. Consequently, all financing of projects with a total investment amount in excess of 10 million dollars, as well as consulting activities managed by the Structured Finance department must comply with the requirements laid out in the principles. The following table lists the results of the categorisation of the projects managed by BBVA in 2006.

The social and environmental risk management procedure has incorporated the sector's best practices, including the development of a project categorisation tool and the choice of leading

independent consultants for help in the task of evaluating the social and environmental impact of projects.

Training is an essential part of this effort. Towards that end, 39 managers and executives from the Structured Finance, Risks, Legal Services and Corporate Responsibility and Reputation departments have been trained in the Equator Principles. These courses were given by trainers authorised by the International Finance Corporation.

Support for exporters and ADF

BBVA continued to add value to the exporting activities of SMEs and large corporations, supporting their internationalisation projects, supplying financial and consulting resources and experience, in addition to the most appropriate risk mitigation for each case. The Bank currently manages two operations portfolios related to developing countries, which together amount to €973m. BBVA also participates in the management of the Aid Development Funds (ADF), which allow for financing under special terms when this is impossible under market conditions. Most of these operations are quite socially important: basic infrastructures for development, education, health, water treatment, etc.

Other noteworthy initiatives include an agreement between BBVA and the Spanish Foreign Trade Institute (ICEX), which will offer financing and financial products and services with preferential terms to 4,500 member companies of the Foreign Promotion Initiation Programme (PIPE), along with consulting services in an effort to boost such activity at participating companies. Also worthy of mention was the debt restructuring operation in the Dominican Republic before the Club of London. This agreement helped that country overcome the serious economic and financial crisis it suffered in 2004 and 2005, recover its international ratings, improve its relations with creditors and normalise its primary micro- and macroeconomic indicators. BBVA received the *Deal of the Year Award* from *Trade Finance magazine* for this effort.

Public institutions

BBVA renders services to public and private institutions through its Institutional Banking area, which includes the Banco de Crédito Local (BCL).

The Group holds a position of clear leadership in this area of activity in Spain, and is heavily active in the financing of public administrations in such areas as transport, housing, education, health, the environment, etc. Such activities include formalising agreements with preferential terms (often with the intervention of international organisations).

Some of the most noteworthy initiatives with public institutions were:

- *Plan Fidels* (Financing for Sustainable Local Development): with the aim of providing local governments with a group of solutions for undertaking environmental projects. For more information, see the chapter “BBVA and the environment”.
- *Gobernalia Global Net*: a BBVA Group company specialised in the implementation of computing solutions based on open software designed to meet the needs of the public administrations and private institutions. In 2006 the Group unveiled the Electronic Local Administration Lab (*LAEL*), which began by offering all local Spanish governments a Comprehensive Municipal Management Platform. This application makes it possible for these governments to use all information, interconnect all programmes and offer complete service to their citizens.
- Yearly issuing of lines of preferential financing (ICO-IDAE). Institutional Banking arranges these lines in order to offer preferential financing for infrastructure projects related to sustainable development and energy saving.

Private, non-profit institutions

BBVA has entered into partnership agreements with some of the main players in the non-governmental organisation (NGO) and non-profit organisation (NPO) sectors, such as the Red Cross, Caritas, UNICEF, Manos Unidas, Intermón-Oxfam, Help in Action, Action Against Hunger, Spanish Cancer Association, Victims of Terrorism Foundation, Foundation for Combating Substance Abuse, Economists Without Borders, Doctors Without Borders, Entreculturas and many others. The BBVA Group places a unit staffed by specialists at their disposal for the sole purpose of developing a bank that is customised for these kinds of organisations, with a full range of banking products and services adapted to their needs. These include the search for

sources of financing both at home and abroad, facilities for advancing official subsidies as well as channelling the flow of funds from the European Union.

In addition, BBVA supports the disclosure of the work of many of these relief organisations through a programme of mail shots in the bank correspondence delivered to customers, containing information on their activities, emergency appeals or membership drives (see “BBVA and community support”).

Corporate and real estate holdings

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

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

Real estate projects: Anida

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

suppliers”, “BBVA and the environment”, and “BBVA and community support”.

BBVA Group establishments in offshore financial centres

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

As the result of this plan, the number of Group entities located in offshore financial centres dropped to 33 by the end of 2006. In addition, as of 31 December, 2006, these entities were either in the liquidation process (four), or had ceased all business activities (seven) as the initial phase of their final liquidation. Five of the latter seven only show liabilities with securities issued prior to the passing of Law 19/2003 of 4 July. The time of their effective liquidation will depend on the repurchase and/or amortization process. In summary, as of 31 December 2006, the number of Group offshore establishments continuing to carry out business activities was limited to eight entities registered in three jurisdictions (for more detailed information about these establishments see BBVA's *Annual Report 2006*).

Preventing money laundering and the financing of terrorist activities

As part of the Group's policy of preventing the criminal use of its products and services, it further consolidated its money laundering risk management model by completing implementation in all the Group's units around the world. The goal is to isolate the funds obtained by criminals, thus preserving the Group's corporate integrity. Consolidation of this model focused on the following aspects:

Monitoring systems

The Group continued to make improvements in its monitoring system, adjusting its tools to the recommendations of the Basel Committee on Banking Supervision of the Bank for International Settlements, as well as to current applicable legislation.

Implementation of a new operations monitoring platform in Mexico was completed in 2006, a process which joins that of Spain, finished the previous year. Implementation work also began in Venezuela and Chile, and will continue into Argentina and Colombia in 2007.

The Group also employs international transfer monitoring tools throughout its entire network.

Specialised systems for comparing the identity of customers with people that feature on official lists as linked to organised crime were implemented into the Group's non-banking companies, thereby further removing the risk of entering into business dealings with the aforementioned individuals.

All of these improvements in preventative tools and computer systems represented an investment of approximately €6m from 2004-2006. The Group is currently in the process of purchasing a new tool that will strengthen its ability to filter the identity of customers.

Training

BBVA continued the training process it began in 2005. Work in this area in 2006 had the same goal –to offer ongoing training to all employees and executives in the BBVA Group workforce. The Group paid special attention to training those employees and executives working in the highest risk areas.

Additionally, specific training workshops were organised throughout the BBVA Group for members of the departments focused on the prevention of money laundering and the financing of terrorist activities. These took place in Madrid (for BBVA Spain), in Europe for BBVA units there (Switzerland, United Kingdom, France, Portugal, Belgium and Italy), in Asia (Hong Kong, Japan and Singapore) and in Lima for all units located in Latin America. Around 50 % of employees received instruction in this matter in 2006.

Human Resources

The total staff of specialists operating in the different areas of money laundering and terrorist activity

Preventing money laundering and the financing of terrorist activities

	2006	2005	2004
Participants in training programmes focused on preventing money laundering	48,405	57,865	21,313
Persons specialised in activities related to the prevention of money laundering and the financing of terrorist activities	170	163	140

Scope: BBVA Group.

financing prevention stood at 170 –a 4.3 % increase over the previous year, and fully 21.42 % more than the 2004 number. The large increase of specialists in the new units acquired in the United States is especially noteworthy.

Throughout 2006, the Bank continued to issue rules related to the prevention of money laundering –either to adapt them to the organisation's best practices, or to reflect the regulatory changes that took place in different countries such as Mexico, Chile, the United States and Spain.

The BBVA Group continued to work closely with international organisations, governmental bodies and other institutions in the fight against organised crime, terrorism and other types of crime. The Group met with representatives from the World Bank, the Wolfsberg Group, and the United States Federal Reserve. The BBVA also participated as a representative of Spanish banks at European Banking Federation meetings, as well as in a large number of fora organised

by banking associations and governmental bodies from the various countries in which the Group is present.

Internal audit activities

In accordance with Basel Committee guidelines, the BBVA Group treats internal auditing as an ongoing, independent, impartial and objective activity of consultation and assessment of the organisation's internal control and risk management systems. Internal audits are the responsibility of the Chairman's office, subject to the control and supervision of the Audit and Compliance Committee of the board of directors.

In the area of fraud prevention, auditing efforts focus on identifying any weaknesses in control, as well as in the development, monitoring and analysis of potential fraud indicators. If necessary, complimentary research is done by means of off-site or on-site auditing procedures at the affected branches or units. The BBVA-Audit tool has been

Internal Auditing Activities

	2006		2005		2004	
	Spain and Portugal	Resident internal audits ⁽¹⁾	Spain and Portugal	Resident internal audits ⁽¹⁾	Spain and Portugal	Resident internal audits ⁽¹⁾
Complete branch network audits ⁽²⁾	634	1,186	748	1,189	1,100	1,664
Other special controls carried out in the branch network	99	383	97	476	84	118
Off-site audits: fraud prevention alerts and internal control	6,176	27,343	7,064	38,474	7,775	24,031
Financial information audits	2,117	4,027	2,442	5,558	2,303	10,250
Technology and process audits	44	188	60	224	76	330

⁽¹⁾ Resident internal audits are those located in the countries in which the group operates.

⁽²⁾ Include financial information, internal control, quality, prevention of money laundering and compliance with regulations.

Scope: BBVA Group.

Within the sphere of the Corporate Legal Department, there were no legal proceedings or administrative procedure for significant amounts related to customer privacy in 2006.

developed for this task, and was fully implemented by the end of 2006. Moreover, the implementation throughout the Group of its Recommendation Monitoring Module served to heighten the efficiency of work carried out. This module allows for real time information of the status of the recommendations issued by the auditor.

Regarding money laundering, compliance with the procedures established by the Group for the prevention of money laundering is verified in branch network audits as well as in the financial audits of other units. The staff entrusted with these tasks operates in accordance with the Code of Ethics and International Standards for the Professional Execution of Internal Auditing, as promulgated by the Institute of Internal Auditors, as well as with BBVA Group Audit Charter.

Business continuity, security and data protection

In line with its Corporate Master Plan, in 2006 the Group's Business Continuity department developed new plans as well as tests for those previously in place. All this activity is aimed at keeping the organisation prepared for any possible interruption in activity due to extraordinary circumstances. All of these guidelines are part of the Group's global

continuity strategy. The Corporate Continuity committee, which is in charge of this policy, works to assure that under any circumstances, the organisation continues to render its services, maintaining important commitments to customers and to society in general. The Committee is aware that any interruption of services or non-compliance with the Bank's commitments could have rapid negative consequences on the Bank's income statement and / or do serious damage to its corporate reputation.

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

Any private information about its customers and their operations held by BBVA is strictly confidential. BBVA has adopted standards and procedures for assuring the security of its computer systems, as well as to comply with personal data protection legislation. All BBVA Group entities in Spain are in line with the requirements set forth in the Personal Data Protection Law (*LOPD*) as well as the Group's own Code of Conduct. In order to inform and clear up any doubts that employees may have concerning these issues, a special portal and course have been set up on the BBVA's intranet.

Similarly, 2006 saw improvements made in this area according to pre-established action plans related to files and data processing that occurred prior to the publication of the *LOPD*, so that they comply with that law by 24 October, 2007. Bi-yearly audits were carried out on the implemented security measures, as required by Royal Decree 994/99. No noteworthy deficiencies were uncovered in said audits.

The BBVA Group complies with the legislation and regulations regarding customer health and safety. Within the sphere of the Legal Services of Retail Banking and Distribution, it was certified that, during 2006, Banco Bilbao Vizcaya Argentaria S.A. committed no relevant scope breach or infringement of the said legislation declared by virtue of a final judgement.



BBVA AND ITS SUPPLIERS

8

BBVA's commitment to its suppliers

"For BBVA to be seen as an ally in pursuit of mutual benefit".

Basic features

	2006	2005
No. suppliers ⁽²⁾	2,420	2,564
Distribution of purchases (%) ⁽¹⁾		
Spain	41	44
Mexico	39	35
Rest of Latin America	18	19
Rest of the Group	2	2
% of purchases that have undergone the approval process ⁽²⁾	76	63
Supplier satisfaction index ⁽²⁾ (scale: 1 to 5)	4.1	-
No. of suppliers which have received the UN Global Compact ⁽²⁾	251	-

⁽¹⁾ Scope: BBVA Group.

⁽²⁾ Scope: Spain.

Strengths

- Supplier approval process.
- Procurement principles code.
- Control of suppliers operating in emerging countries.

Degree of progress in the main lines of work in 2006

- Implement the Code of Ethics on Purchases in order to extend it so as to include all those involved in the procurement process. ②
- Incorporation of new functions into the computing systems to manage the process of approval of suppliers. ①
- Increase in the number and scope of the social projects with suppliers. ②
- Extension of the electronic invoicing pilot scheme to new suppliers. ②
- Extension of the use of procurement tools to other countries. ②

① Scarcely significant; ② Significant; ③ Very significant.

Areas of improvement

- Incorporation of new functions into the computing systems that manage the process of approval of suppliers.
- Unification of the database including supply contracts in different countries.

Aspects deemed to be of greater significance by suppliers

- Compliance with contractual obligations.
- Swiftness in the negotiation, adjudication and contracting process.
- Personal treatment.

BBVA's corporate responsibility ratings as awarded by specialist agencies

(Scale: 0-100)

Dimension	2006		2005		2004	
	BBVA	Sector average	BBVA	Sector average	BBVA	Sector average
SAM Standards for suppliers	53	44	91	59	81	55

Scope: BBVA Group.

Aspects of CR information regarding suppliers deemed to be of greater significance by stakeholders

- Extension of CR to the supply chain.
 - Implication of suppliers in Corporate Responsibility criteria.
 - Integration of environmental factors in the supply chain.
- Instruments for risk management.
 - Conduct codes with respect to Purchases.

Main channels of dialogue with customers

- Approval questionnaires
- On-line tools
- Satisfaction survey
- Purchases Department

Note: Further channels of dialogue are covered in the chapter «BBVA Stakeholders».

Main lines of work in 2007

- Updating of the approval questionnaire based on the principles of the Global Compact and the SA 8000 standard.
- Diffusion of the Global Compact among suppliers.
- Progress in the extension of electronic tools to Latin America.
- Promotion of social projects with suppliers.

Organisational structure

The Procurements, Premises and Services Department has been overhauled and the new model is organised according to holding functions and country functions. This new organisation ensures continuity of the sustainable policy regarding the costs of procurement, improvement in, and transparency of, processes and an increase in the quality and services to the user.

The Procurements, Premises and Services Department is divided up into the following units:

- Premises and Services.
- Purchases Spain.
- Corporate Agreements.
- Production and Transformation.
- Management Control.

Procurement policy

Corporate Procurement Model

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

Main suppliers by country or region ⁽¹⁾

	€100,000-€300,000		€300,000-€1m		Over €1m		TOTAL Suppliers	
	2006	2005	2006	2005	2006	2005	2006	2005
Spain	750	704	414	353	239	231	1,403	1,288
Mexico	533	263	242	131	185	122	960	516
Rest of the Americas	466	260	234	144	132	46	832	450
Rest of the Group	92	32	36	25	6	8	134	65
TOTAL	1,841	1,259	926	653	562	407	3,329	2,319

⁽¹⁾ Number of suppliers classified according to turnover (€100,000 +).
Scope: BBVA Group.

Given the importance that relations with suppliers has for the management of the Group, BBVA has developed a Corporate Procurement Model whose basic elements are:

- Management of purchase activities according to processes
- Automatising processes for the entire BBVA Group
- Carrying out surveys on quality and level of service
- Procurement planning
- Selecting suppliers
- Professionalising purchasers
- Centralising the purchase process
- Overall negotiation with suppliers through specialist purchase teams
- Adjudication through Purchase Committees, promoting transparency and consensus
- Generating results.

Creating value and building a relationship with suppliers

The Group's volume of purchases reaches highly significant figures annually, and is concentrated mainly in technology services, infrastructure, supplies and services to business, professional services, marketing and advertising.

Two fundamental aspects stand out in the BBVA Group's relation with its suppliers:

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

In 2006, all contracts made with suppliers were paid under the terms agreed. The increasingly extended practice of electronic invoicing of orders placed with suppliers has significantly helped to speed up the administration and payment of bills.

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

Whenever the peculiarities of the different goods and services so permit, purchases are made through local suppliers, to approximately 60 % of the total.

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

Supplier satisfaction index⁽¹⁾

(Scale 1-5)	2006	2005	2004
	4.1	-	3.7

⁽¹⁾ Biennial survey.
Scope: BBVA Spain.

parties, with the ultimate aim to securing a solid and lasting relationship with them and one that affords stability and quality.

BBVA sets out control mechanisms when making purchases from certain suppliers with a turnover in excess of a given amount, and when these imply the subcontracting of products in emerging countries. In these cases, the subcontractor's premises in the emerging country are visited and the respect of human rights and prevailing laws is regulated through contracts.

Code of Ethics

With respect to relations with suppliers, the BBVA Group's Code of Conduct stipulates the following: "BBVA particularly values such suppliers as share the principles which uphold this Code and which have adopted the commitments of the United Nations Global Compact for the development of their activities"

The Purchases area has its own code of ethics which includes and develops the BBVA Group's Code of Conduct.

It was revised in 2006 and the new approved text will replace the area's previous code of ethics.

This new code of "Principles Applicable to those parties involved in the BBVA Procurement Process", drawn up in coordination with the Statutory Compliance department, lays down BBVA commitment to integrity, objectiveness, transparency, confidentiality and corporate responsibility

System for the approval of suppliers

Part of the Group's purchase policy is for suppliers to undergo an official approval process in order to ensure that they meet the Group's requirements regarding production, technical, financial, quality and commercial capacity.

Included in the supplier approval questionnaires are specific questions to suppliers on compliance with the United Nations Global Compact's ten principles relating to human rights, labour standards, the environment and anti-corruption measures.

They are likewise asked to submit a signed document stating their compliance with the said principles, and the fact that workers are hired in line with prevailing labour legislation.

A review of the items in the questionnaire relating to the Global Compact is planned for 2007, as well as its extension to cover all of the Group's banks where the survey is carried out.

Official approval of suppliers

	2006	2005	2004
Number of approved suppliers	559	522	368
% of purchases from approved suppliers	76	63	-
Number of non-approved suppliers (having failed the approval process)	13	11	7

Scope: BBVA Spain.

Procurement and management tools

The BBVA Group has several electronic tools aimed at creating an increasingly efficient and transparent procurement process:

- Electronic tools used internally: they allow for the management of the overall procurement process, in the case of internal users or to make requests through an electronic catalogue.
- Electronic tools used externally: BBVA has on-line tools for processing orders automatically.

Worthy of mention is the electronic connection of the BBVA systems with suppliers through Adqira, its e-commerce platform, which fosters accessibility, transparency and achieves:

- Higher level of the service delivered to internal customers.
- Shorter negotiation times.
- Integration of information into a single integral system.
- Greater transparency thanks to procedures that allow both users and suppliers to check the status of requests and orders, while also fostering suppliers' access to contract specifications in each negotiation process.
- Improved efficiency by ensuring contracts fulfilment.

Progress is also made in the implementation of electronic invoicing, which results in improved

Use of electronic tools

	2006	2005	2004
Number of electronic negotiations ⁽¹⁾	3,766	2,621	1,467
Number of electronic orders ⁽²⁾	29,085	21,253	12,971
Number of items requested from electronic catalogue ⁽²⁾	120,524	142,499	126,080

⁽¹⁾ Scope: BBVA Spain.

⁽²⁾ Scope: BBVA Group.

accounting efficiency and further simplification of processes.

Social projects with suppliers

The BBVA Group collaborates with its suppliers in social measures in Spain and abroad.

Among these measures, worthy of particular mention are:

- Hiring of services provided by disabled people through the ONCE Group, the Spanish Association for the Blind.
- Setting up of a working committee to work on the possibility of extending hiring in special employment centres.
- Access to the Adqira portal at a rate lower than that for the rest of the suppliers is available to the special employment centres, with the aim of favouring purchases from this type of supplier.
- BBVA aims at ensuring that the service companies contracted comply with the Act for the Social Integration of the Disabled.
- The purchase of the 2006 Christmas cards for the entire Group from UNICEF.
- In 2006, through one of its suppliers, BBVA collaborated in the Ecología y Desarrollo Foundation's "de sol a sol" project, aimed at publicising investment in photovoltaic energy.
- Adhesion of Anida –the Group's real estate subsidiary– to WWF/2000 Group, by means of which it upholds its commitment to require suppliers to use timber and paper certified by the Forest Stewardship Council (FSC). Furthermore, Anida purchases all its merchandising products through the Angeles Urbanos Foundation whose profits go to mentally handicapped people.
- BBVA provides training in matters relating to human rights for its Security personnel.



III **OUR
SURROUNDINGS**

Corporate
Responsibility
Annual Report 2006



9

BBVA and
the environment



10

BBVA
and community
support



BBVA AND THE ENVIRONMENT

9

BBVA's commitment to environment

"Our commitment is grounded in a belief in the compatibility between business and nature. It is reflected in the environmentally responsible behaviour of all components of the Group".

Basic features

	2006	2005
Paper consumed per employee (t)	0.13	0.11
Electricity consumed per employee (GJ)	23.9	21.2
CO ₂ emissions per employee (t)	3.2	2.9
Loans with environmental benefits (million euros)	676.4	304.7
Environmental patronage (million euros)	8.0	5.8
Fines, lawsuits and failure to comply with legal obligations ⁽¹⁾	0	0

Scope: BBVA Group.

⁽¹⁾ Scope: Spain.

Strengths

- Environmental policy affecting the entire Group.
- Monitoring of eco-efficiency indicators by the Premises Unit and introduction of ISO 14001 environmental management systems.
- Internal procedure for monitoring Equator Principles.

Degree of progress in the main lines of work in 2006

Ongoing certification of BBVA headquarters offices to ISO 14001:2004 standards. ②

Improvement in the system for evaluating environmental and social risks in large financing projects. ②

Extension of the scope of eco-efficiency indicators. ②

Setting specific environmental targets by areas and countries. ②

① Poco significativo; ② Significativo; ③ Muy significativo.

Areas of improvement

- Corporate environmental objectives.
- Development of new products and services with environmental criteria.
- Progress in introducing the environmental risk assessment tool.

Environmental aspects deemed to be of greater significance by stakeholders

- Environmental performance.
- Business opportunities through financial products and services.
- Environmental risks derived from financing projects.
- Environmental policy and Environmental Management System.

Aspects of information on the environment deemed to be of greater significance by stakeholders

- Environmental policies and management.
- Direct and indirect social and environmental impact of financial activity.
- Information on consumption.
- Measures to fight climate change.
- Information on waste and recycling.

Main channels of dialogue through which consultation on environmental issues is carried out

- Research into expectations and perception.
- Foundations.
- Survey of stakeholders regarding information on corporate responsibility.
- CRR Unit and CRR coordinators in Latin America.
- Institutional Communication Unit and Technical Secretariat.

Note: Further channels of dialogue are covered in the chapter «BBVA Stakeholders».

Main lines of work in 2007

- Extension of ISO 14001 certifications in the Group's buildings
- Improvement in system for evaluating environmental hazards
- Progress in implementing Equator Principles.

Environmental policy and Management System

Financial institutions play an ever more important role in contributing to sustainable development. The industry's environmental impact takes two forms:

- Direct: through consumption of natural resources
- Indirect: through its products and services, particularly project financing.

Since 2003, BBVA has had an environmental policy covering all the Group's institutions and activities. Its key aspects are:

- efficiency in the use of natural resources;
- compliance with legal requirements;
- inclusion of environmental criteria when analysing risk in financial operations;
- development of environment-related financial products and services;
- positive influence on the environmental conduct of stakeholders.

At the same time, the Group has been developing an Environmental Management System (EMS) for continuously improving environmental performance, which is intended to serve as an instrument for implementing the environmental policy.

BBVA's environmental commitments

United Nations Global Compact	The BBVA Group is a signatory to the United Nations Global Compact and has accepted its ten principles, of which three are related to the environment. Four of the Group's banks have signed up to the compact: BBVA Bancomer, BBVA Banco Francés, BBVA Colombia and BBVA Banco Continental (www.unglobalcompact.org).
UNEP-FI	Since 1998, BBVA has participated actively in the United Nations Programme for the Environment's Initiative for Financial Institutions. The aim of the programme is to promote environmental respect and sustainability at all levels of financial institution operations. BBVA sits on the "Latin America" and "Sustainability Information" work groups (www.unepfi.org).
Equator Principles	BBVA has been a signatory of the Equator Principles since 2004 and has introduced all the necessary internal procedures to comply with this voluntary commitment. In 2006 it signed up to the new amended principles (www.equator-principles.com).
AENOR	Since 2004, BBVA has participated in re-drafting the Spanish standard on Analysis and Assessment of Environmental Risk (UNE 150008:2000), promoted by the Spanish standardisation and certification association, AENOR).
CDP	Since 2003, BBVA has participated in the <i>Carbon Disclosure Project</i> , an initiative designed to encourage transparency in information on business involvement in climate change (www.cdproject.net).

Scope: BBVA Group.

BBVA's corporate responsibility ratings as awarded by specialist agencies

(Scale: 0 to 100)	Dimension	2006		2005		2004	
		BBVA	Sector average	BBVA	Sector average	BBVA	Sector average
SAM	Environmental Policy / Management	83	52	79	59	76	57
	Environmental conduct (eco-efficiency)	70	23	40	21	31	18
	Environmental reporting	100	48	75	45	59	34
	Business opportunities	54	22	46	22	46	20
	Project financing	64	43	52	45	47	42
	Advanced eco-efficiency	20	13	13	11	18	11

The data corresponding to Vigeo, which are contained in the *Corporate Responsibility Report 2005*, cannot be included in this edition, as the ratings corresponding to 2006 had not been notified when this report went to press.

Scope: BBVA Group.

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

Environmental certifications and environmental plans

In 2004 the project for certifying management systems to ISO 14001 standards came under reconsideration. Since then the following environmental management certifications have been obtained:

- 2005: ISO 14001 certification for Anida (BBVA's real estate subsidiary).
- 2005: ISO 14001 certification for BBVA's main operating head office in Madrid.
- 2006: certification of one of BBVA's headquarters in Bilbao.

By the end of 2006, nearly 7 % of employees in Spain were working in centres with environmental management systems, ahead of the target set in 2006 (6 % of employees).

In keeping with its basic premise of continuous improvement, the Group has set a range of environmental targets for 2007, framed within the buildings certifications. These include reductions in water consumption, replacement of harmful cooling agents and a viability study on the use of bio-diesel for heating.

BBVA Spain has also committed itself to ensuring that 25 % of the A4 paper it buys in 2007 is FSC (Forest Stewardship Council) compliant.

Scope of ISO 14001			
(Percentage)	2006	2005	2004
Group employees affected by ISO 14001	2.1	1.8	0.3

Scope: BBVA Group.

Environment committee			
	2006	2005	2004
Meetings held	4	2	1

Scope: BBVA Group.

Key environmental actions in the Group	
Spain	Plan for selective waste collection in office buildings Environmental assessment in principal buildings
Argentina	Preparation of environmental impact studies in buildings Reductions in energy consumption Paper recycling Reductions in water consumption
Mexico	Electricity monitoring and savings Savings in water consumption
Peru	Adaptation for compliance with environmental regulations Recycling and separation of waste Reduction in CO ₂ emissions
Puerto Rico	Plan for waste recycling
Venezuela	Energy monitoring in office buildings

Scope: BBVA Group

During 2006 the Group spent over €4.5m on environmental consultancy, waste management and on adapting facilities to reduce energy consumption and water (over 97 % of this figure corresponds to BBVA Spain).

Under the policy on ISO 14001 certifications, environmental audits will be carried out in the Group's main buildings in Spain in 2007, after which at least three headquarters premises will be certified. In Latin America, the Consolidar AFJP (Argentina) building will also be certified.

During 2006, the Premises and Services department extended the scope of its environmental

committee (established in 2005). The committee has now incorporated Procurements and taken on the functions of monitoring and managing environmental issues related to the Group's eco-efficiency.

Eco-efficiency figures

As BBVA's policy states, direct impact needs to be properly measured if it is to be properly tackled. Figures for power, water and fossil fuel consumption, waste management and emissions are regularly monitored and mechanisms are introduced for reducing them, framed within eco-efficiency plans.

Consumption of water and energy

	Spain		Mexico		Rest of Latin America		Rest of the world		Total	
	2006	2005	2006	2005	2006 ⁽³⁾	2005	2006 ⁽⁴⁾	2005	2006	2005
Energy										
Total direct energy (GJ)	827,579.2	737,461.2	747,898.2	736,573.5	748,822.4	547,103.8	63,485.6	28,136.7	2,387,785.4	2,049,274.9
Direct energy per employee (GJ)	27.1	23.7	22.8	23.7	25.6	19.6	13.8	24.9	24.6	21.9
Total electricity consumed (GJ)	796,584.3	695,159.7	728,855.4	723,798.1	737,965.1	536,438.8	63,014.2	25,566.5	2,326,419.0	1,980,963.1
Total gas consumed (GJ)	13,365.4	23,889.3	6.6	n.a.	4,772.6	534.8	0.0	0.0	18,144.6	24,424.1
Total diesel consumed (GJ)	17,629.5	18,412.3	19,036.2	12,775.2	6,084.7	10,130.1	471.4	2,570.2	43,221.8	43,887.7
Total indirect energy (GJ)	2,419,233.0	1,921,678.0	2,553,138.0	2,535,424.0	724,553.0	396,316.0	145,407.0	31,562.0	5,842,331.0	2,218,509.0
Other indirect energy consumption ⁽¹⁾ (GJ)	271,433.1	340,532.5	146,437.9	131,269.7	90,097.8	28,824.9	1,562.1	1,064.3 ⁽⁷⁾	509,530.9	501,691.4
Water										
Total water consumed ⁽⁶⁾ (m ³)	910,437.0	1,033,950.0 ⁽²⁾	937,567.0 ⁽⁵⁾	954,725.0	833,270.8	1,034,167.0	156,966.0	18,470.0	2,838,240.8	3,609,674.0
Water consumed per employee (m ³)	29.8	33.2	28.5	30.7	28.5	37.0	34.1	16.4	29.2	38.6

⁽¹⁾ Indirect energy calculated using the *Energy Balance Sheet, Energy Protocol* (GRI). Represents the energy consumed in flights and travel in vehicles not owned by the Group.

⁽²⁾ The difference compared to the figure given in the CR Report for 2005 is due to a change in the calculation methodology used.

⁽³⁾ The 2006 figures for Paraguay have been extrapolated from those for 2005.

⁽⁴⁾ The differences as compared to the figures for 2005 are due to the fact that the 2006 figures do not include Andorra. BBVA sold off Banc Internacional d'Andorra and Banca Mora during 2006. Likewise, 2005 figures did not include the United States, which has been included in 2006.

⁽⁵⁾ Of which 7.2 % is recycled water.

⁽⁶⁾ Water supplied by the mains except when recycled.

⁽⁷⁾ Only includes Portugal.

n.a.: non available.

Correction has been made of certain incorrect figures, published in the *CR Report 2005* due to a printing error.

Scope: BBVA Group.

Indirect energy consumption by primary source⁽¹⁾

(GJ)	2006	2005
Fossil fuels		
Coal	1,441,079	1,208,396
Natural gas	706,380	611,568
Oil products	3,268,202	1,496,328
Crude oil	760	28
Renewable and other sources		
Biomass	18,536	16,379
Solar	0	0
Wind	15,250	13,347
Geothermal	289,750	287,645
Hydroelectric	528,403	412,933
Nuclear	1,206,130	1,049,000

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

Correction has been made of certain incorrect figures, published in the *CR Report 2005* due to a printing error.

Scope: BBVA Group.

Paper consumption

	Spain		Mexico		Rest of Latin America		Rest of the world		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Paper										
Total paper consumed (t)	6,362.0	6,487.2	4,683.7 ⁽¹⁾	2,287.1	1,371.6 ⁽²⁾	1165.1	104.8	138.9	12,522.10	10,078.3
Total paper consumed per employee (t)	0.20	0.21	0.14	0.07	0.05	0.05	0.02	0.04	0.13	0.11
Paper type										
ECF paper consumed (kg)	3,323,300.0	2,566,931.0	0.0	0.0	0.0	3.9	0.0	0.0	3,323,300.0	2,566,934.9
Recycled paper consumed (kg)	2,748,763.0	2,853,908.2	0.0	0.0	0.0	133,214.0	0.0	0.0	2,748,763.0	3,175,662.2
Recycled paper as proportion of total paper consumed (%)	43.2	43.9	0.0	0.0	0.0	11.4	0.0	0.0	21.9	31.5

⁽¹⁾ The increase in paper consumption in Mexico over 2005 is due to an increase in the scope of the figures.

⁽²⁾ The 2006 figures for Paraguay have been extrapolated from those for 2005.

Correction has been made of certain incorrect figures published in the *CR Report 2005* due to a printing error.

Scope: BBVA Group.

Use of services related to paper saving in Spain

	2006	2005
Customers receiving virtual correspondence	126,909.0	81,029.0
Products with virtual correspondence	649,479.0	437,285.0
Accumulated cancellations of postal deliveries by product	47,235.0	21,260.0

Scope: BBVA Spain.

Waste management

	Spain		Mexico		Rest of Latin America		Rest of the world		Total	
	2006	2005	2006	2005	2006	2005	2006 ⁽²⁾⁽³⁾	2005	2006	2005
Waste managed⁽¹⁾										
Paper (kg)	534,428.0	409,960.0	208,000.0	492,750.0	588,862.0	643,334.0	95,821.9	97,285.1	1,427,111.9	1,643,329.1
Toner (kg)	23,100.0	24,000.0	53,992.0	33,962.9	3,022.3	529.0	n.a.	n.a.	80,114.3	58,491.9
Electrical and electronic appliances (kg)	128,370.0	84,290.0	13,171.0	23,806.6	37,376.0	5,088.0	4,707.2	5,305.1	183,624.2	118,144.6
Waste donated										
Furniture (Núm.)	187	73	0	n.a.	550	n.a.	102	58	839	131
Mobile phones (Núm.)	6,631	6,225	0	0	0	0	0	0	6,631	6,225
Electrical and electronic appliances (Núm.)	802	168	0	40	2,603	5,761	157	10	3,562	5,979

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

⁽²⁾ The differences between the 2006 and 2005 figures are due to the fact that BBVA sold off Banc Internacional d'Andorra and Banca Mora during 2006.

⁽³⁾ The 2006 figures for Portugal have been extrapolated from those for 2005.

Correction has been made of certain incorrect figures published in the *CR Report 2005* due to a printing error.

Scope: BBVA Group.

Atmospheric emissions^{(1) (2) (3)}

	Spain		Mexico		Rest of Latin America		Rest of the world ⁽⁵⁾		Total	
	2006	2005	2006	2005	2006	2005	2006 ⁽⁴⁾	2005	2006	2005
CO₂										
Total CO ₂ emitted (t)	113,884.1	106,489.1	129,090.8	125,740.8	54,179.8	37,356.4	9,726.5	3,518.9	306,881.2	273,105.2
Total CO ₂ per employee (t)	3.7	3.4	3.9	4.0	1.9	1.3	2.1	1.1	3.2	2.9
Direct CO ₂ emissions (t)	3,749.1	4,362.1	2,537.3	994.7	1,265.9	1,476.9	53.5	256.0	7,605.8	7,089.8
Indirect CO ₂ emissions (t)	110,134.9	102,127.0	126,553.6	124,746.1	52,914.2	35,879.4	9,672.9	3,262.9	299,275.6	266,015.4
CO ₂ from energy consumed (t)	95,100.2	83,816.8	120,026.9	118,747.8	47,861.1	34,871.8	9,601.6	3,378.0	272,589.9	240,814.4
CO ₂ from electricity consumed (t)	93,156.1	81,295.1	18,641.5	117,818.2	47,182.2	33,931.8	9,567.4	3,191.0	268,547.1	236,236.1
CO ₂ from natural gas consumed (t)	661.2	1,181.9	0.3	0.0	236.1	286.7	0.0	0.0	897.7	1,468.6
CO ₂ from diesel consumed (t)	1,282.8	1,339.8	1,385.2	929.6	442.8	653.3	34.3	187.0	3,145.1	3,109.7
CO ₂ from travel (t)	18,783.9	22,672.3	9,063.8	6,993.0	2,020.2	2,484.6	124.8	140.7	34,291.2	32,290.7
CO ₂ from aeroplane travel (t)	9,849.8	9,430.5	7,214.6	5,352.1	3,869.4	1,947.6	105.5	71.9	21,039.3	16,802.2
CO ₂ from road travel (t)	8,934.1	13,241.8	1,849.2	1,640.8	2,449.4	536.9	19.2	69.0	13,251.9	15,488.5
CO ₂ from bank-owned vehicles (t)	1,805.1	1,840.4	1,151.7	65.1	586.7	536.9	19.2	69.0	3,562.7	2,511.4
CO ₂ from non bank-owned vehicles (t)	7,129.1	11,401.4	697.5	1,575.7	1,862.7	n.a.	0.0	0.0	9,689.2	12,977.1
SO₂										
Total SO ₂ emitted (t)	2.5	2.6	2.6	1.8	0.8	1.3	0.1	0.4	6.1	6.1
Total SO ₂ per employee (g)	81.0	80.0	81.0	60.0	29.0	45.0	14.0	110.0	205.9	298.6
SO ₂ from natural gas consumed (kg)	13.0	20.0	0.0	0.0	4.7	5.7	0.0	0.0	18.1	25.7
SO ₂ from diesel consumed (kg)	2,468.1	2,577.7	2,665.0	1,788.5	851.0	1,256.9	66.0	359.8	6,051.0	5,982.9
NOx										
Total NOx emitted (t)	2.0	2.7	1.3	0.9	0.7	0.9	0.0	0.2	4.1	4.8
Total NOx per employee (g)	66.5	87.4	40.5	28.7	24.4	34.9	7.2	0.1	138.7	207.3
NOx from natural gas consumed (kg)	801.9	1,433.3	0.4	0.0	286.4	347.7	0.0	0.0	1,088.7	1,781.0
NOx from diesel consumed (kg)	1,234.1	1,288.8	1,332.5	894.3	425.9	628.5	33.0	179.9	3,025.5	2,991.5

⁽¹⁾ CO₂ figures were calculated using GHG Protocol, WBCSD and WRI methodology.

⁽²⁾ SO₂ and NOx figures were calculated using the factors in the Guidebook for Emission Inventories issued by the European Environment Agency.

⁽³⁾ In terms of the use of substances that damage the ozone layer, no installation in the BBVA Group's buildings contains CFCs.

⁽⁴⁾ The differences as compared to the figures for 2005 are due to the fact that the 2006 figures do not include Andorra. BBVA sold off Banc Internacional d'Andorra and Banca Mora during 2006.

⁽⁵⁾ Does not include data for the United States.

n.a.: non available.

Correction has been made of certain incorrect figures published in the *CR Report 2005* due to a printing error.

Scope: BBVA Group.

Videoconferences⁽¹⁾

	Spain		Mexico		Rest of Latin America		Rest of the world		Total	
	2006	2005	2006	2005	2006	2005	2006 ⁽²⁾	2005	2006	2005
Videoconferences	3,550	929	974	1,143	1,303	1,374	386	222	6,213	3,668
Rooms fitted for videoconferencing	310	251	12	11	27	18	12	13	361	293

⁽¹⁾ These figures reflect the total number of videoconferences and do not take into account possible duplications resulting from communication between the countries in which the BBVA Group operates.

⁽²⁾ The 2006 figures for the United States have been extrapolated from those for 2005.

Note: The BBVA Group encourages the use of videoconferences to reduce travel and thus contribute to a reduction in resulting atmospheric emissions. Scope: BBVA Group.

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

The chief environmental impact of a financial institution is indirect, ie, the impact of the environmental implications of its products and services, including financing projects.

Managing environmental risks

Assessing the indirect environmental impacts resulting basically from financing businesses and investment projects is a complex task, requiring specific methodologies for risk analysis.

Throughout 2006, the Group has continued to make progress in introducing the Equator Principles as a tool for analysing environmental and social risks in financing large investment projects.

Ecorating

In terms of the environmental risk of large companies and SMEs, introduction of the Ecorating tool will considerably enhance the Group's ability to analyse the implications of environmental aspects on the credit profiles of the companies' portfolio in Spain. A portfolio of over 250,000 companies in Spain has been analysed, containing 8,628 combinations of business type (National Economic Activities Code) and regional location (by autonomous community). Over 50 environmental variables were used in calculating environmental risk values, grouped into three principal blocks:

1. Emissions from the activities and consumption of resources.
2. Characteristics of the surroundings directly or indirectly affected by the activities.
3. Legal and tax pressure on certain environmental components.

With regard to the environmental risk inherent in the mining and energy industry, BBVA Banco Continental (Peru) verifies compliance with the country's Environmental Adaptation and Management Programme (*PAMA*) for requests for financing from all mining and energy companies, and preparation of an environmental impact assessment.

Assessment of environmental hazards*⁽¹⁾

(Percentage) Range of environmental risk values	Exposure	Customers
Low	92.0	96.0
Medium	6.0	3.4
High	2.0	0.6

Low: Activities with practically no environmental risk or environmentally harmless activities and low emissions.

Medium: Activities with moderate and high environmental risk. This group includes companies of all sizes and levels of economic solvency. In these groups, moreover, legislative pressure and tax on the environment may represent a significant risk.

High: Activities with a very high potential environmental risk. It is worth noting that the majority of the companies in this group are large enterprises, with a high level of economic solvency. They are best prepared to face the changes or constraints imposed under environmental conservation legislation.

⁽¹⁾ The analysis of customers' environmental risk included in this report was performed using methodology from Wolters Kluwer España, S.A. (Ecoiuris) and AGA-Q, S.L.

Equator Principles

In 2006 BBVA ratified its commitment to the revised Equator Principles, under which requirements are tightened, the scope of the principles is extended to all countries and the minimum cost of projects involved is lowered: all financing of projects of over \$10m must now meet the Principles' social and environmental requirements.

See the chapter "BBVA and its Customers".

Categorisation of projects guided by the Equator Principles

(Million euros)	Category	2006	
		No. operations	Total amount
Europe and North America	A	0	0
	B	4	1,613
	C	1	200
TOTAL Europe		5	1,813
Latin America	A	1	477.9
	B	4	971.6
	C	1	23.9
TOTAL Latin America		6	1,473.4
TOTAL GROUP		11	3,286.4

Category A: Projects having a significant negative impact that could affect an area larger than that occupied by the project

Category B: Projects having a minor negative impact on the human population or on environmentally important areas

Category C: Projects having a very small to negligible impact on the environment

Scope: BBVA Group.

Climate change

The organisation views climate change - as defined under the Kyoto protocol - to be both a major financial risk and also a considerable source of opportunity. For a financial institution, the risk of climate change is indirect and is dealt with using credit risk management procedures.

The operation begun in 2005 by the Tokyo branch of Global Corporate Banking (in conjunction with the Japan Bank for International Cooperation) continued in 2006. This will provide \$100m in funding for projects to reduce carbon emissions in five Central American countries.

In 2006 a collaboration agreement was signed with the Fundación Ecología y Desarrollo (Ecology and Development Foundation) to offset 1,000 tonnes of CO2 in a project framed within the Kyoto Protocol. Under the project, power and heat will be generated from biomass in the state of Karnataka, India.

Since 2003, BBVA has participated in the Carbon Disclosure Project, an international initiative designed to encourage transparency in information on business involvement in climate change.

Environmentally-related products and services

BBVA contribution to environmental conservation consists not only of financing projects, but also developing products and services of an environmental nature. During 2006, the Group continued some of its lines from the previous year as well as developing new ones. There follows a summary of some of the most important actions:

- Socially responsible investment funds (see chapter on "BBVA and its Customers").
- Launch of a new project involving investment in solar power for large holdings, in collaboration with Gamesa.
- A €200m credit line with the European Investment Bank for financing projects that strengthen productivity and the competitive position of Spanish SMEs, including R&D and environmental improvement projects.

Kyoto risk⁽¹⁾

(Percentage and €m)	2006	2005	2004
Total Kyoto risk (%)	2.08	1.38	0.74
Total Kyoto risk	6,367.0	3,492.0	1,465.0

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

Scope: BBVA Group.

Financing of photovoltaic panels

Aim: To provide funding to SMEs for installing photovoltaic panels.

Procedure: In view of the success of the pilot project, launched in the 2005, this product is now being offered to a much greater number of customers.

By means of an agreement with FAGOR, the project ensures "turnkey" installation, execution of the complete project, supply of components, administrative processing and commissioning of the equipment, application for a hook-up point from the power company, the engineering project and processing of possible grants.

BBVA offers four types of unit (5, 20, 50 and 100 kW), with standard financing. The loan is flexible to allow customers to adjust their cash flows to their outlay.

This product is intended to help maximise the customer's yield on their investment and facilitate environmental respect.

Scope: BBVA Spain.

Wind energy

(Million euros)	2006	2005	2004
Financing of wind energy	357.8	289.9	146.0

Scope: BBVA Group.

- A €200m credit line with the European Investment Bank for financing investment by public authorities in various areas, including energy saving and environmental protection.
- Financing of the Clean Development Mechanism in Central America, in collaboration with the Japan Bank for International Cooperation and the Central American Bank for Economic Integration (BCEIE).
- Financing of photovoltaic panels for SMEs, in collaboration with Fagor, combining profitability with a positive environmental impact.
- Ecological Credit from BBVA Colombia, for financing business projects geared towards environmental improvement. Created in 2004, the credit offers Colombian businesses access to resources for developing projects with a positive environmental effect, with a view to adapting and improving the company's ecological conditions.
- Financing wind power: according to a report drafted by Project Finance International, BBVA provides more financing for wind farms than any other any bank in the world.
- *Fidels* (Financing for Local Sustainable Development) Plan: BBVA Group offers local corporations a set of arrangements for promoting environmental projects.

Environmental financing

(Million euros)	2006	2005	2004
Loans with environmental benefits	676.4	301.7	295.7

Scope: BBVA Group.

- Credit line of \$30m signed by the IFC and BBVA Continental for projects that promote efficient energy use and/or sustainable forestation.
- Global corporate banking projects and investment projects with environmental criteria.

Environmental training and awareness enhancing

Training

The table below shows key initiatives in the area of environmental training during 2006.

Environmental training

(Hours)	2006	2005	2004
Training in environmental management (environmental awareness and ISO 14001)	504	926	-
Training in Equator Principles ⁽¹⁾	273	30	-
Risks area's environmental training promoted by UNEP-FI	63 ⁽³⁾	25 ⁽²⁾	-

⁽¹⁾ Training given by Sustainable Finance

⁽²⁾ Argentina and Colombia

⁽³⁾ Peru and Spain

Scope: BBVA Group.

Awareness

Since 2004, the Corporate Responsibility and Reputation Unit has edited and sent out a fortnightly newsletter of environmental information, entitled *Actualidad Ambiental*. It is intended to help enhance awareness and offer advice on the best way of integrating business and the environment. The newsletter is sent to over 400 of the Group's managers and employees.

The Research department regularly prepares reports (disseminated internally and externally) on economic aspects of the environmental issue, with

Environment newsletters

	2006	2005	2004
Number of internal newsletters on the environment	23	23	10

Scope: BBVA Group.

subjects such as climate change and renewable energy sources. These are intended to contribute to analysis, awareness and dissemination in these fields.

Entities submitting environmental information for this chapter



Environmental patronage
BBVA Group offers extensive environmental patronage. Although this work is largely carried out through the Group's foundations in Spain and Mexico, its business units also participate (primarily Anida). During 2006, this contribution came to €8m, up 36.87 % on 2005. For more information, see the chapter "BBVA and Community Support".

Environmental patronage

(Million euros)	2006	2005	2004
Amount earmarked	8.0	5.8	5.0

Scope: BBVA Group and foundations.





BBVA AND COMMUNITY SUPPORT

10

BBVA's commitment to society

"To generate wealth and thus contribute to the social and economic well being of the societies in which it operates and to develop and encourage not-for-profit initiatives intended to satisfy basic social needs and promote development".

Basic features

Priority beneficiaries:

- Underprivileged families and families with special needs.
- Underprivileged sectors.
- Emergency causes.
- Humanitarian organisations.
- Educators, families in need of support in education and education centres.
- Researchers, universities and research and knowledge centres.
- Artists and centres of art and culture.
- Environmental conservation centre
- Vulnerable family groups.

Strengths

- Volume and quality of community support policies.
- Development of social action through financial products.
- Importance of scientific, environmental, cultural and educational patronage.
- Importance of Foundations, and of the Economic Research department.
- BBVA Group's Master Plan for Social Action in Latin America.

Degree of progress in the main lines of work in 2006

- Progress in assessing the external and internal impact of community support policies. ②
 - Coordination and alignment of community support policies in Latin America. ③
 - Development of the *Programa de Financiación Familiar* (Family Financing Scheme) within the *Plan Familias* (Families Plan). ②
 - Establishment of the Youth Centre. ①
 - Development of a corporate policy of encouraging voluntary work. ③
 - Progress in coordinating relations with humanitarian organisations. ②
- ① Scarcely significant; ② Significant; ③ Very significant.

Areas of improvement

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

Aspects of community support deemed to be of greater significance by stakeholders

- Educational projects.
- Collaborating in public health and healthcare projects.
- Aid to less developed countries and communities.
- Support for beneficial organisations and social aid projects.
- Sponsorship of cultural, sports and leisure activities.

Aspects of information regarding community support deemed to be of greater significance by stakeholders

- Description of philanthropic and patronage actions.
- Description of procedures for developing philanthropic and patronage actions.
- Direct and indirect social and environmental impact of financial activity.

Main channels of dialogue through which consultation on community support is carried out

- Research on expectations and perception.
- Foundations.
- Survey of stakeholders regarding information on corporate responsibility.
- CRR Unit and CRR coordinators in Latin America.
- Institutional Communication Unit and Technical Secretariat.

Note: Further channels of dialogue are covered in the chapter «BBVA Stakeholders».

Main lines of work in 2007

- Launch of the Social Action Plan in Latin America
- Improvements in evaluating external and internal impact in community support policies
- Launch of Corporate Voluntary Work Plan.
- Progress in the BBVA *Familias* (Families) Plan:
 - New Family Loans.
 - Establishment of the Youth Centre.
- Development of micro-finance activity.

General outlook

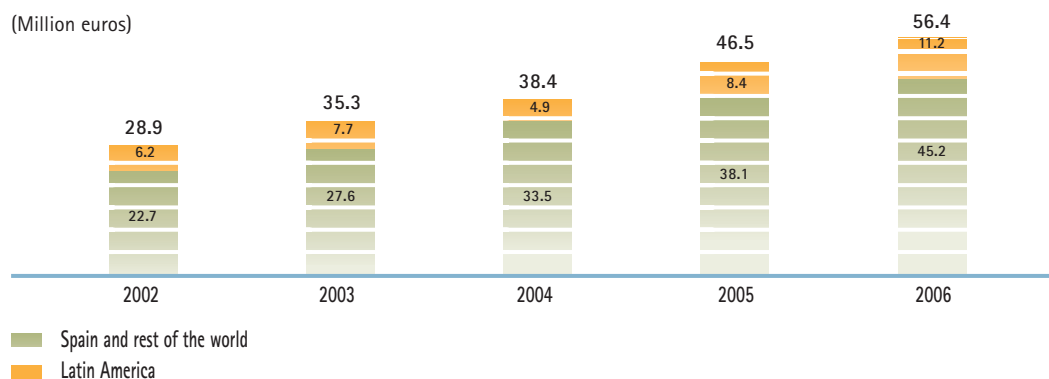
The BBVA Group's helps develop and improve the quality of life of societies in which it operates, essentially through its regular business activities: contributing value to all its stakeholders and generating growth and employment, while also marketing products and services with a particularly positive social impact or ones that are especially suitable for needy and underprivileged groups. The Group also carries out intensive work to benefit those societies in which it operates. This takes the form of actions with no direct profit, intended to satisfy basic needs, alleviate inequity and promote development and well being.

These are the actions that make up the BBVA Group's community support policy, which encompasses what is generally called corporate philanthropy, sponsorship, patronage and social action. The actions relate back to a common strategy and their aim is to promote comprehensive development and improvement in living conditions. They are not limited to disadvantaged groups. This policy is a key feature of the Group's corporate responsibility. It offers advantages in terms of strategy and synergy, in that it creates value in the medium and long term, for society and the Group itself, actively contributing to a greater social acceptance and more harmonious integration in the societies where it operates. This policy reflects the Group's commitment to a business model in which the corporation plays an active, cooperative and positive role in its area of operation, and is a sign of its sincere desire to be a good corporate citizen. It is, in short, a policy that is driven by a desire to contribute effectively to the common good of the societies in which it operates.

The main instruments through which the policy is channelled are:

- Actions of sponsorship and patronage by different units in the Group
- The activities of the Group's foundations
- Activities involving special products and services: financial (free loans, credit cards and solidarity funds) and non-financial (Economic Research department)
 - Transfer of assets (computer material and furniture).
 - Encouragement of voluntary work among employees
 - Encouragement of collaboration by customers in humanitarian causes.

Community support: resources provided by BBVA Group and its foundations



Economic indicators: community support, resources allocated by the BBVA Group and its foundations⁽¹⁾

(Thousand euros)	2006	2005	2004		2006	2005	2004
BBVA Group in Spain and Portugal ⁽²⁾	24,648.91	21,080.57	18,886.18	Social Care	7,088.26	4,891.88	4,537.51
BBVA Group in the Americas ⁽²⁾	6,176.18	4,617.74	1,598.35	Education	8,218.43	7,223.04	4,814.42
BBVA Foundation (Spain)	20,599.00	16,970.00	14,570.00	Culture	9,064.80	10,949.10	9,242.19
BBVA Bancomer Foundation (Mexico)	4,631.16	3,405.19	2,934.10	Health	5,275.23	4,883.03	1,343.67
BBVA Banco Provincial Foundation (Venezuela)	114.49	225.31	197.89	Social Sciences	12,250.81	8,796.73	10,002.66
BBVA Banco Francés Foundation (Argentina)	178.61	152.76	99.96	Environment	7,957.76	5,814.25	5,038.14
BBVA Banco Continental Foundation (Peru)	77.10	34.21	31.60	Promotion of corporate responsibility	2,052.04	479.05	302.92
TOTAL	56,425.45	46,485.77	38,318.06	Other fields and structural expenses of the foundations	4,518.11	3,448.70	3,036.55
				TOTAL	56,425.45	46,485.77	38,318.06

(1) The resources allocated by the Group and its foundations in years 2004 to 2006 include:

- Regarding foundations, the funds include the expenditure made by each entity for its own purposes as well as each foundation's administrative and structural costs.
- Regarding the BBVA Group, this includes the financial contributions made, plus a valuation of the amount of work-time staff have dedicated to activities of a social nature, the premises used and contributions in kind.
- The valuation of *Préstamos Familiares* (Family Loans) has considered direct costs (operating costs, financing costs and dissemination costs).
- Under no circumstances does this include the social welfare benefits stipulated in collective bargaining agreements for Group employees or their family members and bursaries and work placements within the Group.
- Finally, regarding the conversion of the data for Latin American countries into local currency, application has been made of average exchange rates against the euro for each year in turn.

(2) Does not include foundations.

The level of resources devoted to community support by the BBVA Group and its foundations has increased very considerably over recent years. In the 2006, the figure was €56.43m, up 21.38 % on 2005. This represents an accumulated growth of 95.09 % since 2002.

The BBVA Group uses four types of indicators to measure and assess its community support policy.

They are:

- Indicators of activity (see "Analysis by theme area")

- Economic indicators: quantitative figures for resources provided
- Assessment indicators: specific evaluations awarded by leading assessment agencies and other organisations specialising in this type of inspection

- Indicators of perception: public opinion on the actions carried out (see "Analysis by theme area"). The key indicators in this area are shown in a number of tables throughout this chapter.

BBVA's corporate responsibility ratings as awarded by specialist agencies

(Scale: 0 to 100)

Organisation	Dimension	2006		2005		2004	
		BBVA	Sector average	BBVA	Sector average	BBVA	Sector average
SAM	Community Support / Philanthropy	87	33	87	34	65	32

The data corresponding to Vigeo, which are contained in the *Corporate Responsibility Report 2005*, cannot be included in this edition, as the ratings corresponding to 2006 had not been notified when this report went to press.

Scope: BBVA Group.

Indicators of perception in Spain: various sources

	2006 ⁽¹⁾		2005 ⁽²⁾	
	BBVA	Average ⁽³⁾	BBVA	Average ⁽³⁾
RepTrak - Support for good social causes. Scale: (0 - 100) ^(a)	62.7	62.5	63.2	61.7
RepTrak - Contributes positively to society. Scale: (0 - 100) ^(a)	64.4	66.7	69.7	69.0
Merco Marcas - Support for social causes. Scale: (1-10) ^(b)	5.7	5.8	5.3	5.5
Merco - Evaluation of community commitment and CSR. Scale: (1-100) ^(c)	48.0	46.0	42.5	44.0

Sources:

(a) RepTrak: Corporate Reputation Tracker, Reputation Institute - Kantya. Survey of public opinion.

(b) Merco Marcas, Análisis e Investigación and Villafañe y Asociados. Survey of bank-using population.

(c) MERCOC, Spanish Corporate Responsibility Monitor, Análisis e Investigación & Villafañe y Asociados. Survey of NGOs.

(1) January-November 2006.

(2) Figures for 2005 refer to the second half of the year, when BBVA began using this tool.

(3) The averages are as follows: in Reptrak - the average of the ten companies with the best reputation in Spain including BBVA and two of its competitors not among those ten companies; in MERCOC - the average of the financial institutions operating nationwide in Spain; in MERCOC - the average of companies with the best reputation based on this ranking.

Scope: Spain.

Indicators of perception in Spain: GIMARK

Rating / Score

Place awarded by the public (from among the companies analysed) for BBVA's community support policies in the areas of:

- Cultural activities: 4th
- Support for less developed countries: 1st
- Support for aid organisations and social aid projects: 1st
- Public health and healthcare projects: 2nd
- Educational projects: 1st

Source: GIMARK. Traking RSC, December 2006

Scope: Spain.

Observations / Remarks

Six-monthly comparative analysis of public perception of the corporate social responsibility policies of ten large Spanish companies, at the head of their respective industries.

The table shows all aspects of the community support policies covered by the study.

Indicators of public perception in Latin America

Support for good social causes (scale of 0 to 100)	2006 ⁽¹⁾		2005 ⁽²⁾	
	BBVA	Average ⁽³⁾	BBVA	Average ⁽³⁾
Mexico	61.1	65.2	64.0	66.6
Argentina	61.2	66.1	66.2	70.3
Chile	56.3	63.5	59.2	66.4
Peru	65.9	67.3	63.5	66.8

Contributes positively to society (scale of 0 to 100)	2006 ⁽¹⁾		2005 ⁽²⁾	
	BBVA	Average ⁽³⁾	BBVA	Average ⁽³⁾
Mexico	63.1	66.6	65.8	70.5
Argentina	64.9	70.4	68.9	74.5
Chile	62.6	66.9	66.2	71.6
Peru	66.6	68.3	66.1	68.7

Source: RepTrak: Corporate Reputation Tracker, Reputation Institute - Kantya. Score: 0-100

⁽¹⁾ Period January-November 2006

⁽²⁾ Figures for 2005 refer to the second half of the year, when BBVA began using this tool

⁽³⁾ The average of the ten companies with the best reputation in each country including BBVA and two of its competitors not among those ten companies.

Scope: BBVA Group.

The BBVA Group's foundations

The BBVA's foundations are non-profit making organisations, created with the specific goal of contributing to the comprehensive development of society. Their primary areas of operation are: science, culture, education, health, environment and community support.

BBVA foundation: media presence in 2006

Total number of references (news items related to the BBVA Foundation)

Press: 1,777 news items Television: 92 news items

Radio: 140 news items Internet: 816 news items

Impact of dissemination in press: 129 million copies

Audience impact (readership/spectators): 739 million

- Source for audience impact and dissemination: SOFRES / EGM / OJD
- Definition of variables:
 - Number of items: news items related to the BBVA Foundation
 - Impact of dissemination in press: accumulated impact based on number of copies for each item (Source OJD)
 - Audience impact in press: accumulated impact based on readership for each item (Source EGM).

Scope: Spain.

BBVA Group foundations

- BBVA Foundation (Spain)
(<http://www.fbbva.es>)
- BBVA Banco Continental Foundation (Peru)
(<http://www.bbvabancocontinental.com>)
- BBVA Banco Francés Foundation (Argentina)
(<http://www.fundación@bancofrances.com.ar>)
- BBVA Bancomer Foundation (Mexico)
(<http://www.bancomer.com.mx/fundación/index.asp>)
- BBVA Banco Provincial Foundation (Venezuela)
(http://www.provincial.com/fundación/fp_1.html)

Basic areas of action

- Social sciences
- Biomedicine, health and healthcare system
- Environmental sciences
- Education
- Art and Culture
- Social care
- Education
- Social care
- Art and Culture
- Promotion of business activity and corporate responsibility
- Education
- Social care
- Art and culture
- Environment
- Education
- Social care
- Art and culture

BBVA Foundation: basic indicators of activity

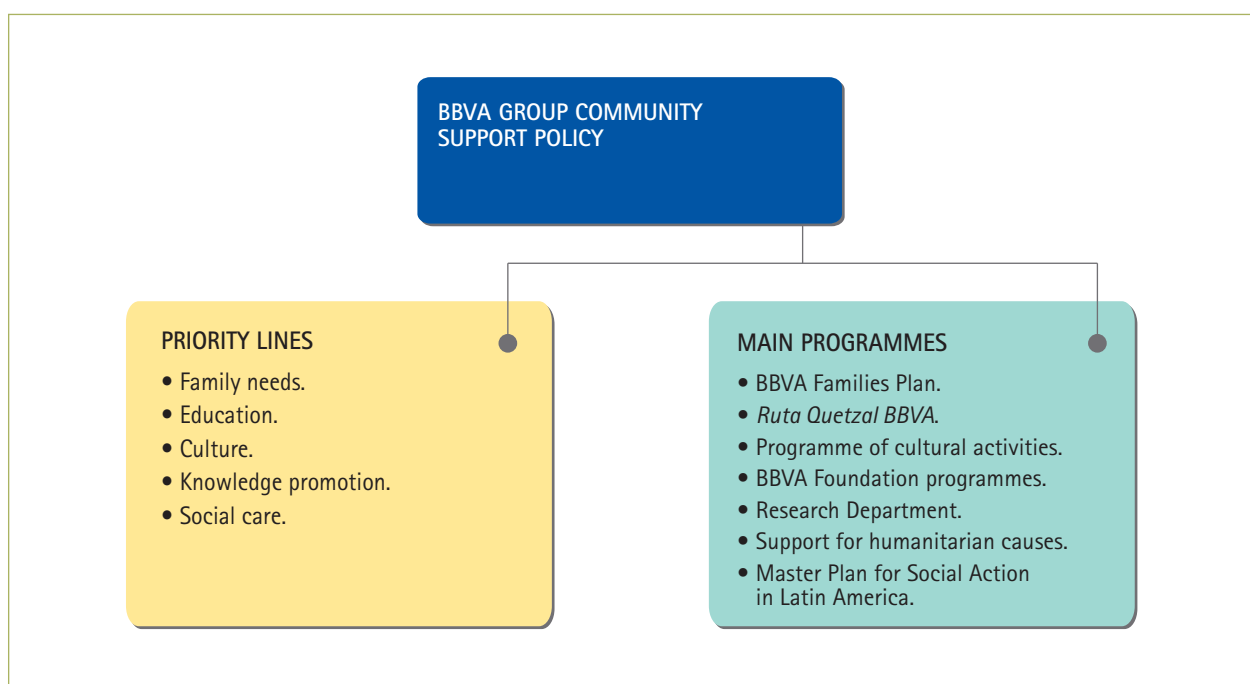
	2006	2005
Number of collaborators	2,108	1,045
Number of research projects	184	178
Advanced training (grants, courses, awards, etc.)	32	21
Number of specialist meetings and seminars	31	35
Number of general lectures	56	40
Number of publications (including co-publications)	59	36
Number of hits on the BBVA Foundation portal site	17,937,644	14,669,179
Number of speakers (active)	250	244
Number of people attending the different activities	8,985	6,422
Number of libraries receiving publications	819	643
Number of academic journals receiving publications	35	31
Number of receivers of publications from BBVA Foundation	19,076	20,522
Dissemination of published material (brochures, notebooks, etc.)	208,700	227,200
Number of hits from registered users on the website	164,699	139,995

Scope: Spain.

Priority lines of community support policy

The BBVA Group operates an intensive community support policy in all societies where it has a significant presence, especially Spain and Latin America. The policy is developed through a range of channels, and takes the form of numerous lines of activity designed to tackle priority needs.

The diagram below shows the priority lines and principal programmes. The BBVA Families Plan, *Ruta Quetzal BBVA*, the Programme of Cultural Activities and the Master Plan for Social Action in Latin America are described in detail hereafter. The activities of the BBVA Foundation, the Economic Research department and community support work are examined in the section "Key Actions: Analysis by Theme Area".



Plan Familias BBVA (BBVA Families Plan)

Approved at the end of 2003, the plan establishes a clearly differentiated strategy, involving a considerable proportion of the organisation. It gives aid to families to cover basic needs, with particular attention to the most needy families and most

vulnerable family groups (children, young people, elderly people, women, etc.). Structured around the four programmes listed below, the activities of the BBVA Families Plan are channelled through financial initiatives, aid to organisations working in this field and educational, analysis and dissemination actions.

Plan familias BBVA (BBVA families plan) in 2006

Family Finance Scheme

For the time being, the main feature of this scheme is the Préstamos Familiares (Family Loans) line: small free loans intended to cover specific family needs (€3,000 over three years, free of interest and commissions).

(Million euros)	No. loans awarded	Investment
Birth Loan, 3rd campaign (May-September) Targeted at mothers with new-born or recently-adopted children.	7,919	23.3
Préstamo Joven (Youth Loan) (October-December; in operation until February 2007) Targeted at young people (up to 29) who are studying or have recently completed their studies.	2,997	8.4

Programa de Mecenazgo Familiar (Family Patronage Scheme).

Projects for the Future: actions in the areas of training and youth, of which the most important are the teaching prizes (*Premios a la Acción Magistral*) (in collaboration with the *Fundación de Ayuda contra la Drogadicción* (Aid against Drug Addiction Foundation) or FAD.

Family Initiatives: sponsorship of projects being carried out in the field of the family by leading institutions (*FAD, Fundación +Familia* (More Family Foundation), *Acción Familiar Vizcaína* (Bizkaia Family Action), *Centro de Educación Familiar Especial* (Special Family Education Centre), etc.).

Employees Scheme.

Voluntary work. From 2007 this will be incorporated into the *Plan de Voluntariado Corporativo* (Corporate Voluntary Work Plan) approved in December 2006 (see table later in this chapter). The most important is the *Euro Solidario* project (see table later in this chapter).

Scope: Spain.

Euro Solidario Project

Aim: collaboration with the *Entreculturas-Fe y Alegría* Foundation on educational projects for highly underprivileged sectors in Latin America. The collaboration began in 2005, with the *Escuelas Rurales* (Rural Schools) project, in Río Loco (Peru), substituted since September 2006 (after the planned financial needs had been covered) with the creation of a community development centre in Cali (Colombia).

Procedure: since September 2005, BBVA has been promoting a campaign over the intranet which allows anyone who so wishes to donate one euro a month. The amount is automatically deducted from their pay packets. BBVA then matches the amount donated by its employees euro for euro. *Entreculturas* provides documentation, which is disseminated internally, and takes charge of the monitoring, running and economic management of the project.

Situation at 31 December 2006: 4,708 employees were signed up. Over the year, employees contributed €57,762. BBVA matched this contribution, giving a sum total of €115,524.

Scope: Spain.

Corporate Voluntary Work Plan

In December 2006, the BBVA Group approved a Corporate Voluntary Work Plan to be launched in 2007. The aim is to define a common framework for all the Group's voluntary work initiatives; based on a broad process of consultation with management staff, employees and passive personnel, on the Group's strategy, vision and values. Each country will set out its specific schemes. See the chapter «BBVA and its employees».

Scope: BBVA Group.

Ruta Quetzal BBVA

A training scheme that combines education, culture and adventure, *Ruta Quetzal BBVA* offers 16 and 17-year olds from Europe and the Americas, selected by means of a previous essay competition, an opportunity to discover the human, geographical and historical dimension of Latin American culture. The experience is intended not only to augment the knowledge of the young people involved, but also to develop values such as solidarity, co-operation, respect for diversity, hard work and intellectual curiosity.

Its central activity consists of an annual expedition through Latin America and Spain, backed by numerous training activities, games, sports and experiences of coexistence. BBVA has organised and sponsored the

scheme since 1993. It is considered by UNESCO to be a project of global interest and has collaboration from the Spanish Ministry of Foreign Affairs and the Office of the Secretary General for Latin America.

The twenty-first expedition, held in 2006, was entitled "The Forests of the Feathered Serpent. The Lost Cities of the Mayans". The participants, from 53 countries, travelled through areas of Guatemala, Belize, Mexico and Spain (where they were received by the king, queen and prime minister).

An exhibition was held from May to July 2006 in the Group's headquarters in Madrid, entitled "Twenty Years of the *Ruta Quetzal BBVA*".

For further information, please contact: www.rutaquetzal.com.

Ruta Quetzal BBVA 2006: Basic indicators

Budget: €1.3m.

Essays submitted: 4,500.

Collaborating teachers (from various universities throughout the world): 40.

Participants: 350 (children of BBVA Group employees: 50).

Countries of origin: 53.

Hits on the website: 500,000.

Visitors to the exhibition «Twenty Years of the Ruta Quetzal BBVA»: 4,000.

Virtual visits to the exhibition: 10,000.

Scope: BBVA Group.

Programme of Cultural Activities

The BBVA Group does intensive work to encourage culture and art in Spain and Latin America. Its main line of action is its cultural activities scheme, operated in Spain (though it also has actions in the Americas). This works in three different areas:

- Visual Arts: organisation of its own exhibitions, dissemination of the BBVA collection, collaboration with leading arts centres (the Prado and Guggenheim museums: and the Joan Miró Foundation) and sponsorship of external exhibitions.
- Conservation and restoration of Spanish historical and artistic heritage.
- Promotion of music.

Programme of Cultural Activities in 2006

Exhibitions	Places and dates	Visitors
THE MASTERS OF COLLAGE	Barcelona, Joan Miró Foundation, 24/11/05-26/2/06	73,596
RUSSIA!	Bilbao, Guggenheim Museum 28/3-3/9/06	621,188
SPANISH TWENTIETH CENTURY ART IN THE BBVA COLLECTION	Madrid, Palacio Marqués Salamanca, 19/4- 4/6/06	13,773
	Valencia, IVAM, 22/6-27/8/06	57,570
	Oviedo, Campoamor Theatre and BBVA hall 13/9-29/10/06	17,000
	La Coruña, Quiosco Alfonso, 16/11/06-7/1/07	13,769
JOAN MIRÓ 1956-1983	Barcelona, Joan Miró Foundation, 23/11-11/2/07	38,278
19TH AUDIOVISUAL EXHIBITION	Bilbao, San Nicolás Hall (BBVA), 27/9-14/06	2,232
SPANISH STILL LIFES FROM THE NASEIRO COLLECTION	MADRID, Prado Museum, 19/4-4/6/06	73,346
FOUR CENTURIES OF EUROPEAN PAINTING IN THE BBVA COLLECTION. 1485-1790	Bogotá (Colombia), National Museum, 5/12-4/3/07	7,513
Restoration of the artistic collection		Introduction
HIGH ALTARPIECE FROM THE CHURCH OF LA CARIDAD (SEVILLE)		March 2007
TAPESTRIES BY GOYA FROM THE CATHEDRAL OF SANTIAGO DE COMPOSTELA		June 2006
Promotion of music		
SPONSORSHIP OF THE ALBÉNIZ FOUNDATION (REINA SOFIA HIGHER SCHOOL OF MUSIC: (BBVA chair in viola studies).		
SPONSORSHIP OF THE ASOCIACIÓN DE AMIGOS DE LA ÓPERA DE BILBAO (BILBAO ASSOCIATION OF FRIENDS OF THE OPERA)		

Scope: BBVA Group.

BBVA Group's Master Plan for Social Action in Latin America

Approved in 2006 and officially presented in Mexico in October, the plan represents a qualitative and quantitative step forward in the Group's community support policy in Latin America; involving an increase in 2007 of more than €7m in the resources given over to this field in the region. Priority given to education (infant's, primary or secondary) for highly underprivileged sectors. The Group has committed itself to giving at least 0.7 % of its profits in the region to this area (nearly €15m in 2007). Applies to the ten countries in the region where the Group has a banking presence; the plan has a common framework, but it is developed in different ways in each country. Each one has one star programme:

Forecast total investment by the BBVA Group in social action in Latin America

(Million euros)	2007 ⁽¹⁾
Master Plan for Social Action	14.9
BBVA <i>Integración</i> Scholarship Scheme	8.2
Other educational activities	3.6
Culture and Community Support	3.1
Other actions	0.8
Resources earmarked for Latin America by BBVA Spain and BBVA Foundation	4.7
TOTAL	20.4

⁽¹⁾ Estimate.

Scope: Latin America.

the BBVA *Integración* Scholarship Scheme, which will have over €8m for 2007, to be used to fund over 16,000 scholarships.

BBVA integración scholarships scheme: target destinations



Key actions: analysis by geographical area

The chief scenarios of the BBVA Group's community support policy are Spain and Latin America:

- In Spain, the main actions are run by the BBVA Foundation, the BBVA Families Plan, *Ruta Quetzal BBVA*, the Cultural Activities Programme and the Economic Research department, although the Group also carries out extensive sponsorship work (basically for organisations, humanitarian causes and cultural initiatives) and Anida, which

does important work in the area of environmental patronage.

- In Latin America, activities largely centre on promoting education and culture, although the work of the various centres of the Economic Research department and the resources given over to community support and support for business initiatives are also important. The work carried out in Mexico is particularly relevant and is essentially channelled through the BBVA Bancomer Foundation.

Analysis by geographical area

	Key programmes and projects
Spain	BBVA Families Plan. <i>Ruta Quetzal BBVA</i> . Programme of Cultural Activities. BBVA Foundation programme. Support for humanitarian causes. Economic Research department. Anida's Environmental Patronage Scheme.
Argentina (Consolidar AFJP, BBVA Banco Francés, BBVA Banco Francés Foundation)	Prizes for entrepreneurs showing a spirit of solidarity (in collaboration with the Ecumenical and Social Forum) and for agricultural entrepreneurs. <i>Paso a paso</i> (Step by step), educational scheme with the <i>Leer</i> (Read) Foundation. ConsolidAR, aid project for tackling poverty. Programme of conservation and dissemination of the Badii collection.
Bolivia (AFP Previsión)	National Novel Prize, in collaboration with the Bolivian Arts Ministry and the publishing house, Santillana.
Chile (AFJP Chile, BBVA Chile)	Social Security chair, with the University of Chile.
Colombia (AFJP Horizonte Colombia, BBVA Colombia)	BBVA art gallery: programme for stimulating Colombian art, with exhibitions of selected works at the Banco de la República head offices.
Mexico (BBVA Bancomer, BBVA Bancomer Foundation)	BBVA <i>Integración's: Por los que se quedan</i> (For those who stay behind) Scholarships Scheme, targeted at areas of high emigration and initial application of the BBVA Group's Master Plan for Social Action in Latin America. BBVA Bancomer en la Educación (BBVA Bancomer in Education), a scheme for educational support, in collaboration with the Office of the Secretary of Public Education.
Panama (BBVA Panama)	<i>Escuelas rancho por escuelas dignas</i> (Country Schools for Suitable Schools) scheme: backed by the Office of the President of the Republic, benefiting indigenous communities in situations of extreme poverty.
Paraguay (BBVA Paraguay)	Ophthalmologic and nutritional assistance for children from economically disadvantaged groups.
Peru (AFP Horizonte, BBVA Banco Continental, BBVA Banco Continental Foundation)	<i>Aprendo</i> (I learn) scheme, for education in economic and financial subjects for children and young people, backed by micro-loans. <i>Leer es estar adelante</i> (Reading means keeping ahead) scheme, for promoting reading. Sponsorship of the Cuzco Museum of Pre-Columbian Art.
Puerto Rico (BBVA Puerto Rico)	<i>Adelante es Aprender</i> (Forward means Learning) scheme, with support from the government's education department, offering economic and financial education for schoolchildren.
Dominican Republic (AFP Crecer)	Seminar on Principles of Labour Law, organised by the Dominican Association of Labour Law and Social Security.
Uruguay (BBVA Uruguay)	Collaboration with the Pereira Rosell Children's Hospital, with material support and voluntary work by employees.
Venezuela (BBVA Banco Provincial BBVA Banco Provincial Foundation)	Training scheme for micro-entrepreneurs <i>Papagayo</i> Project, educational scheme for promoting values education through reading and creative writing.
Portugal	Collaboration with COTEC to promote business competitiveness through technological innovation.
United States	Scholarship scheme for students with limited resources, in collaboration with the University of Texas.

Analysis by theme area
The most important theme areas in the BBVA Group's community support policy are: social

assistance, education, culture, health, social sciences, environment and promotion of corporate responsibility (CR).

Social care in 2006

Basic aspects

Aim: to alleviate the basic needs of disadvantaged groups and support humanitarian causes.

Resources used: €7.09m.

% variation compared to 2005: 44.90 %.

Priority mechanisms: contributions and donations to humanitarian organisations and direct aid.

Key projects

Spain:

- BBVA Families Plan.
- *Euro Solidario* project, in collaboration with participating employees, benefiting the *Entreculturas Fe y Alegría* Foundation.
- Direct aid to humanitarian organisations.
- Pro-Kids project for genetic identification of missing children, in collaboration with the University of Granada.
- Project work on a protocol of automatic action for special campaigns to deal with emergency humanitarian situations.
- *Colabor@* service, introduced in BBVANet, which allows customers to make contributions to humanitarian organisations.
- Free provision of computer material and furniture to aid organisations.

Latin America:

- Support for the *Quiera* Foundation to help homeless children, by BBVA Bancomer (Mexico).
- Support for FUNDADES, the *Asociación de Hogares Nuevo Perú* (New Peru Homes Association) by BBVA Banco Continental (Peru).
- ConsoliDAR aid scheme for tackling poverty by AFPJ Consolidar (Argentina).
- Donation of toys for children from disadvantaged groups by BBVA Banco Provincial (Venezuela).
- Assistance to children with limited resources by BBVA Paraguay.
- Support for the *Club del Pensionista* (Pensioners' Club) by AFP BBVA Horizonte (Peru).

Scope: BBVA Group.

Encouragement of collaboration by customers in humanitarian causes

Collaboration agreements

Inserts scheme: 500,000 brochures per action.

BBVANet's *Colabor@* service: allows customers to contribute (simply and without commissions) to humanitarian organisations.

Priority is given to special campaigns for emergencies.

Scope: Spain.

Beneficiary Organisations

Altogether, eleven different actions were carried out: Manos Unidas, Intermón Oxfam, Médicos Mundi, Red Cross, Anesvad, Entreculturas Foundation, Cáritas and UNICEF.

By the end of the year thirty-nine institutions, national and international, were in a position to obtain donations. Throughout the year a total of €101,451.35 was deposited.

Indicators of perception in Spain

(Scale 0 to 100)

Support for aid organisations and social aid projects

2006		2005	
BBVA	Average ⁽¹⁾	BBVA	Average ⁽¹⁾
25.6	18.0	31.5	22.2

Source: GIMARK, CSR Tracking, December 2006. Percentage of those surveyed who felt that BBVA largely matched the description.

⁽¹⁾ Average of the ten large companies from different industries assessed in the study.

Scope: Spain.

Education in 2006

Basic aspects

Aim: promotion of educational work and aid to education, with particular emphasis on underprivileged sectors.

Resources used: €8.22m.

% variation compared to 2005: 13.78 %.

Priority mechanisms: support for educational projects, prizes, scholarships and support through financial products.

Key projects

Spain:

- *Ruta Quetzal BBVA*.
- Youth Loan, which falls within the family loans offered under the BBVA Families Plan.
- Francisco Giner de los Ríos prizes for quality in education, in collaboration with the ministry of education and science.
- Prizes for Teaching Actions, in collaboration with the *Fundación de Ayuda contra la Drogadicción*.
- *Blue Joven* Prize for Young Entrepreneurs from Andalusia, in collaboration with the regional government of Andalusia.
- Training and dissemination activities for local civil servants.

Latin America:

- BBVA Bancomer *Integración's* "For those who stay behind" scholarship scheme and BBVA Bancomer in Education scheme (Mexico).
- *Papagayo* Project educational scheme by the Banco Provincial Foundation and training scheme for micro-entrepreneurs by BBVA Banco Provincial (Venezuela).
- BBVA Panamá *Integración's* Country School for Good Schools scholarships scheme, supported by the Office of the President of the Republic.
- *Aprendo* and *Leer es estar adelante* schemes by BBVA Banco Continental (Peru).

Scope: BBVA Group.

Indicators of perception in Spain

(Scale 0 to 100)

Educational projects

2006		2005	
BBVA	Average ⁽¹⁾	BBVA	Average ⁽¹⁾
19.3	13.3	21.6	15.1

Source: GIMARK, CSR Tracking, December 2006. Percentage of those surveyed who felt that BBVA largely matched the description.

⁽¹⁾ Average of the ten large companies from different industries assessed in the study.

Scope: Spain.

Four key educational initiatives in Latin America

Mexico

■ BBVA Bancomer in Education:

Ongoing programme carried out by the BBVA Bancomer Foundation in collaboration with the Public Education Secretary's Office (*SEP*), the Institute for Technological and Higher Studies of Monterrey (*ITESM*) and environmental institutions, including various lines of action:

- *SEP's Olimpiada del conocimiento infantil* (Children Knowledge's Olympics) competition, with scholarships for secondary education (in 2006, 550 scholarships were awarded and since the scheme began, 2,823 have been awarded) and high school (10 scholarships awarded in 2006).
- Grants for environmental education courses and workshops, for students in primary education at public schools (8,126 grants awarded in the 2006).
- Excellence scholarships for academically high-performing young people with great economic needs: for high school education in the *ITESM* (60 scholarships were awarded in 2006, and 300 have been awarded since the scheme began).
- Scholarships for university studies at the *ITESM* (150 scholarships awarded since the scheme began).
- School Preventative Education Scheme (*PEPE*). Aimed at preventing addiction in public primary schools, in collaboration with the Spanish *Fundación de Ayuda contra la Drogadicción* (Foundation of Aid against Drug Addiction) (*FAD*) and the *SEP*. One hundred and fifty monitor teachers were trained in 2006. In 2007 it will be introduced in 4,500 schools in Mexico City.
- Integral Empowerment Centres: 24 centres throughout the country providing basic and technical education for adults without resources, attended by Bancomer volunteer workers (employees, retired people and BBVA Bancomer family members). In 2006, 5,700 adults and 570 children were attended under the scheme.

■ BBVA Integración's "For those who stay behind" scholarship scheme:

This is the first application of the BBVA Integración Scholarship Scheme under the BBVA Group's Master Plan for Social Action in Latin America. It is oriented towards areas of high emigration, and is intended to reduce levels of school abandonment by offering scholarships for schoolchildren from families with very limited resources. In 2006, the programme had a budget of €176,018 and awarded 600 scholarships. In 2007 it is forecast that these figures will rise to €1,730,840 and 5,000 scholarships.

Four key educational initiatives in Latin America (cont.)

Venezuela

■ Papagayo Project educational scheme:

Ongoing scheme run by the BBVA Banco Provincial Foundation. Set up in 1998, it is intended to encourage values education among schoolchildren in sixth grade of primary education, through reading and creative writing. It has been classed by UNESCO as an innovative project for Latin America.

Papagayo Project educational scheme: activities and forecasts

Academic courses	Teachers/Schools involved (one teacher is trained for each school)	Pupils
Completed in 2006	199	5,820
Accumulated 1998/2006	715	21,550
Forecast for 2007	150	4,457

Since it was set up, it is estimated that 111,325 people throughout Venezuela have benefited indirectly from the scheme.

■ Training Scheme for Micro-entrepreneurs:

Developed by BBVA Banco Provincial as a complement to its micro-loan policy; the aim is to provide comprehensive training to micro-entrepreneurs with a view to facilitating access to financing and strengthening their management capacity. The scheme is run through alliances with the Universidad Metropolitana (UNIMET), the Universidad Tecnológica del Centro (UNITEC) and the Universidad de los Andes (ULA) (see the chapter "BBVA and its Customers").

Scope: BBVA Group.

Culture in 2006

Basic aspects

Aim: to promote cultural creativity, training and dissemination, with particular emphasis on the visual arts.

Resources used: €9.06m.

% variation compared to 2005: -17.20 %.

Priority mechanisms: own schemes of cultural patronage and sponsorship of other key initiatives.

Key projects

Spain:

- Cultural Activities Programme (visual arts, heritage conservation and restoration and musical promotion).
- Sponsorship of cultural initiatives by public authorities, academic centres and the media.
- Collaboration with the Ministry of Defence on research and restoration of historical collections and on unique editions.
- Sponsorship of cultural publications distributed in popular libraries, through the *Instituto Cervantes* and prison institutions.
- BBVA Historical Archive and Museum.

América Latina:

- BBVA Bancomer (Mexico) fund for the arts.
- BBVA Art Gallery, BBVA Colombia.
- Libero Badii Museum and Casa Alsina Museum run by BBVA Banco Francés (Argentina).
- AFP Previsión (Bolivia) National Novel Prize.
- Programme of own exhibitions and sponsorship for the Cuzco Museum of Pre-Columbian Art by BBVA Banco Continental Foundation (Peru).
- Programme of own exhibitions by the BBVA Banco Provincial Foundation (Venezuela).

Scope: BBVA Group.

Indicators of perception in Spain

(Scale 0-100)

Sponsorship of cultural, sports and leisure activities

2006		2005	
BBVA	Average ⁽¹⁾	BBVA	Average ⁽¹⁾
22.6	22.6	27.4	27.5

Source: GIMARK, CSR Tracking, December 2006. Percentage of those surveyed who felt that BBVA largely matched the description.

⁽¹⁾ Average of the ten large companies from different industries assessed in the study.

Scope: Spain.

Health in 2006

Basic aspects

Aim: support for research, knowledge, training, debate and information in the field of health and direct aid for initiatives in the healthcare field.

Resources used: €5.28m.

% variation compared to 2005: 8.03 %.

Priority mechanisms: BBVA Foundation schemes in health sciences and the healthcare system (see table) and direct aid to key institutions in this field.

Key projects

Spain:

- BBVA Foundation programme in bio-medicine, health and the healthcare system.
- Sponsorship of the Pro CNIC Foundation (Spanish Cardiovascular Research Centre).
- Season of medical lectures, in collaboration with the Abril Martorell Foundation.
- Scholarships and subsidies for researchers, in collaboration with the Pi i Sunyer Foundation.

Latin America:

- Ophthalmologic and nutritional assistance for children from disadvantaged groups, in collaboration with the *Cooperadora para la Nutrición Infantil* (CONIN), BBVA Paraguay.
- Collaboration with the Pereira Rosell Children's Hospital, with material support and voluntary work by employees BBVA Uruguay.
- Educational scheme to fight addiction by BBVA Bancomer (Mexico).
- Support for healthcare centres and sponsorship for the *Mejor es prevenir* (Prevention is Best) healthcare training and accident prevention scheme in schools by BBVA Banco Francés (Argentina).
- Upkeep of the Caldas hospital by BBVA Colombia.
- Prevention of drug dependence, in collaboration with the Central University of Venezuela, BBVA Banco Provincial.
- Aid to the Muscular Dystrophy Association from BBVA Puerto Rico.

Scope: BBVA Group.

Indicators of perception in Spain

(Scale 0-100)

Collaborating in public health and healthcare projects

2006		2005	
BBVA	Average ⁽¹⁾	BBVA	Average ⁽¹⁾
12.5	11.0	14.6	12.6

Source: GIMARK, CSR Tracking, December 2006. Percentage of those surveyed who felt that BBVA largely matched the description.

⁽¹⁾ Average of the ten large companies from different industries assessed in the study.

Scope: Spain.

Social sciences in 2006

Basic aspects

Aim: promotion of research, knowledge, training, debate and information in the field of social sciences, particularly economics.

Resources used: €12.25m.

% variation compared to 2005: 39.27 %.

Priority mechanisms: activities of social interest run by the BBVA Group's Economic Research department and programme of activities in social sciences by the BBVA Foundation in Spain (see table). Also direct aid to key institutions in this field.

Key projects

Spain:

- BBVA Foundation programme in social sciences (socio-economics, demographics, values, public opinion, knowledge society and information technology).
- Activities of social interest run by the Economic Research department.
- Sponsorship from Anida for courses, seminars and symposia on land use planning and the property industry.

Latin America:

- Activities of social interest run by the Economic Research department in Latin America.
- Aid to various universities, institutions and economic forums in different countries.
- BBVA Chile sponsorship of the chair in social security at the University of Chile.
- Collaboration by BBVA Colombia with the University of the Andes.
- Sponsorship from BBVA Colombia for activities by the CEGA Foundation (Centre of Arable and Livestock Studies).
- Sponsorship for the seminar "Principles of Workers' Rights" organised by the Dominican Association of Labour Rights and Social Security by AFP Crecer (Dominican Republic).

Scope: BBVA Group.

BBVA group's economic research department

The department has centres operating under unified corporate management in Spain, Argentina, Colombia, Chile, the US, Hong-Kong, Mexico, Peru, Puerto Rico and Venezuela. Altogether, it forms one of the most important business information and economic research platforms in the world.

As well as providing internal advice, it also does important work through its publications, reports and research, which are widely distributed free of charge, and can be found on its own website (<http://serviciodeestudios.bbva.com>). In 2006 it published 46 periodicals: 15 in Spain, 1 in Portugal and 30 in the Americas (Colombia, 2; Venezuela, 2; Chile, 2; Argentina, 2; Peru, 3; Mexico, 10, and the US, 9).

The economists also perform active work in the area of dissemination and debate on a wide range of fora throughout the world, and in the media and specialist publications. The Economic Research department also organises frequent seminars and sessions for reflection and debate.

Budget earmarked by the Economic Research department in 2006 for activities of social interest: €1.46m.

Scope: BBVA Group.

Environment in 2006

Basic aspects

Aim: promotion of research, knowledge, training, debate and information in the field of environmental sciences and environmental protection.

Resources used: €7.96m.

% variation compared to 2005: 37.24 %.

Priority mechanisms: BBVA Foundation's programme of activities in environmental sciences (see table) and direct aid for key institutions in this field.

Key projects

Spain:

- BBVA Foundation's programme on the Environment, focusing particularly on Conservation Biology.
- Anida's Programme of Environmental Patronage, and advice from WWF/Adena:
 - Protection of the Iberian bear, with the *Fondo Asturiano para la Protección de Animales Salvajes* (Asturian Wildlife Protection Fund), *FAPAS*.
 - Conservation of the Iberian lynx and recovery of salt marshes in Doñana nature park, with the Doñana Foundation.
 - Collaboration with the Red Cross to encourage awareness on responsible consumption of water and energy and waste separation.

Latin America:

- Ajusco Medio Environmental Conservation and Education (Mexico) by BBVA Bancomer Foundation (Mexico).
- Collaboration with the Pro Islas Foundation (Peru) by BBVA Banco Continental Foundation (Peru).
- Aid for urban development in Bogotá by BBVA Colombia.

Scope: BBVA Group.

Environment. Indicators of perception in Spain and Latin America

Scale: (0 -100)	2006 ⁽¹⁾		2005 ⁽²⁾	
	BBVA	Average ⁽³⁾	BBVA	Average ⁽³⁾
Spain	62.5	61.1	63.5	61.5
Mexico	56.5	61.5	59.2	63.6
Argentina	58.2	64.0	63.6	68.5
Chile	54.1	59.9	59.4	64.0
Peru	62.7	64.6	60.9	63.9

Source: RepTrak: Corporate Reputation Tracking, Reputation Institute - Kantya. Score: 0-100.

⁽¹⁾ Period: January-November, 2006.

⁽²⁾ Figures for 2005 refer to the second half of the year, when BBVA began using this tool.

⁽³⁾ The average of the ten companies with the best reputation in each country including BBVA and two of its competitors not among those ten companies.

Scope: BBVA Group.

BBVA foundation's knowledge promotion programmes

Activity in this area is oriented towards promoting knowledge, through encouraging research, scholarships, prizes, advanced training, organisation of meetings, courses, seminars, seasons of lectures and intensive publishing work. There are three priority areas of interest:

Social Sciences: centres on three areas:

- Socio-economics, demographic change, the family, social integration and European studies:
 - Numerous reports, publications and dissemination and debate events.
- Values, education and public opinion:
 - Francisco Giner de los Ríos prizes for improvement in education quality, in collaboration with the ministry of education and science.
 - Summer courses at the University of the Basque Country.
 - Specialist journalism course, School of Journalism, Autonomous University of Madrid /El País.
 - Survey of Spanish university students.
- Knowledge society and information technology (seasons of lectures and symposia)..

Biomedicine, health and healthcare system: centres on two key programmes. The leading projects in 2006 were:

- Biomedicine (Epidemiology, Oncology, Biocomputing and Molecular Medicine):
 - BBVA Foundation Chairs in Bio-medicine.
 - Project of applied research targeting the development and assessment of new strategies for controlling malaria, monitored by the World Health Organisation, with participation by institutions such as the Bill and Melinda Gates Foundation.
 - Oncology research programme (metastasis) in collaboration with the *Instituto de Investigación Biomédica*, Barcelona.
- Health and the healthcare system (promotion of a health culture among the population):
 - Education scheme for families into long-term diseases, in coordination with the Clinic Hospital, Barcelona.

Environment: leading projects in 2006 in the area of conservation biology included:

- Second BBVA Foundation Prizes for Biodiversity Conservation.
- Fourth Grants for Environmental Research Projects.
- Activity of the environmental research centre backed by the foundation in Cap Salines (Balearic Islands).
- "Felinos Sudamericanos" (South American Big Cats) project (in collaboration with the Institute of Biology and Experimental Medicine, the Higher Council of Scientific Research and the University of Castilla-La Mancha).
- *Cuadernos Campo de Doñana (Campo de Doñana Notebook)* Project (in collaboration with the CSIC).

In all areas public calls are made for applications for aid to excellence research and scholarship schemes are organised offering scholarships in Spain for Latin American specialists, in collaboration with the Carolina Foundation.

Budget given over to all of these areas by the BBVA Foundation in 2006: €20.6m.

Scope: Spain.

Promotion of corporate responsibility in 2006

Basic aspects

Aim: encouragement and dissemination of corporate responsibility.

Resources used: €2.05m.

% variation compared to 2005: 328.36 %.

Priority mechanisms: initiatives by the Group and collaboration and support for external initiatives intended to promote and encourage a philosophy, criteria and practices of responsible management.

Key projects

Spain:

- Numerous initiatives for promotion of CR and collaboration with a wide range of institutions, including: ESADE, EOI, UNED, the Red Cross, Economists without Borders, the Carolina Foundation, the Codespa Foundation, the Entorno Foundation and Iberdrola.
- Member of organisations promoting CR: *Foro de Reputación Corporativa* (Corporate Reputation Forum), *Empresa y Sociedad* (Business and Society) Foundation, Carolina Foundation, + *Familia* Foundation, Codespa Foundation, AECA and Center for Business and Public Sector Ethics.
- Signatory to international CR agreements: United Nations Global Compact, Spanish Association of the Global Compact (on whose executive committee it sits), the United Nations Programme for the Environment's Initiatives for Financial Institutions (UNEP-FI) and the Equator Principles.

Latin America:

- BBVA Banco Francés (Argentina), BBVA Bancomer (Mexico), BBVA Banco Continental (Peru) and BBVA Colombia have signed the UN Global Compact.
- Promotion of the Ecumenical and Social Forum and collaboration in the *Emprendedor Solidario* awards for Agricultural Entrepreneurs by BBVA Banco Francés (Argentina).
- Collaboration with the *Centro Mexicano para la Filantropía* (Mexican Centre for Philanthropy (Socially Responsible Company)) by BBVA Bancomer (Mexico).

Scope: BBVA Group.



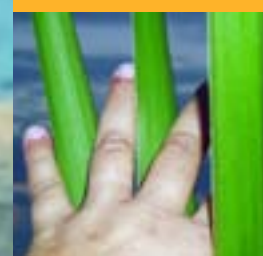
IV

SUPPLEMENTARY INFORMATION

Corporate
Responsibility
Annual Report 2006



11
Report criteria



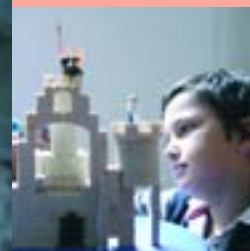
12
Stakeholder engagement process



13
Assurance report



14
GRI indicators



15
The United Nations Global Compact



16
The Millennium Development Goals





REPORT CRITERIA



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

BBVA has been drawing up annual corporate responsibility reports since 2002. The present report includes information relevant to the BBVA Group as a whole in 2006, and seeks to give the fullest, truest picture possible. It includes information on all countries and sectors in which the Group has a significant presence, and also provides reference data for 2004 and 2005 to enable trends to be assessed more objectively (except in the chapter entitled “BBVA and the environment” where, for reasons of space, only 2005 and 2006 figures have been included). Whenever relevant, efforts have been made to highlight any cases in which the limits of the information provided may differ.

The contents of this report have been selected in an effort to strike the right balance between

consistent, sufficient information and reasonable length. In determining the relevance and materiality of the content to be included, special attention has been paid to the opinions of the BBVA Group's leading stakeholders. To that end, the stakeholder engagement process begun last year has been extended in line with the recommendations of the *Sustainability Reporting Guidelines* (version 3, 2006) of the Global Reporting Initiative (GRI) and the AccountAbility AA1000. The purpose of this process is to ensure that more attention is devoted to those aspects and indicators that stakeholders consider most relevant and most material. For more information, see the “Supplementary information” section of this report.

To ensure that the contents of the report are aligned as closely as possible with GRI criteria, the *Principles for Defining Report Content* of Version 3

of the *Sustainability Reporting Guidelines* (2006) have been applied. To that end, a report has been drawn up that details the various checks carried out. This report has been checked by our auditing firm. The information can be found in the Assurance Report, also classed under “Supplementary Information”.

In this regard it must be noted that this report is supplemented by the BBVA Annual Report 2006 (which provides detailed information on the system of corporate governance along with other pertinent information on corporate responsibility at the Group), and by the information available on the corporate website at www.bbva.com.

Two points affecting the figures in this report must be highlighted:

- As from 2005, the financial information of the BBVA Group has been drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and Bank of Spain circular 4/2004. This has resulted in major changes in accounting policies, evaluation criteria and the way in which financial statements are presented as compared with the previous regulations. For the sake of consistency, the data on 2004 are presented in accordance with the same criteria. This means that they differ from the data published during that financial year.
- In some cases, the figures for 2004 and 2005 may differ from the data on those years provided in previous reports. This is due to improvements in the methods used to quantify and measure the variables affected. In these cases explanations are included in the tables themselves to facilitate their comprehension.

Basic references and international standard

This report sets out to comply strictly with the principles and requirements for information of the Global Reporting Initiative, which has rated BBVA as a reporter “in accordance“ with its criteria since 2003. In that regard, the report takes into account not only the general criteria contained in the *Sustainability Reporting Guidelines* (version 3, 2006) but also the specific guidelines for the financial sector contained in the *Financial Services Sector Supplement: Social Performance* (November 2002) and the environmental guidelines contained in the *Financial Services Sector Supplement: Environmental*

Performance (pilot version 1.0, March 2005). (www.globalreporting.org)

It also seeks to give proper account of compliance by BBVA with the principles of the United Nations Global Compact and its commitment to the United Nation's Millennium Goals. More details on these points can be found in the specific sections on the adaptation of the Report to these two initiatives under “Supplementary Information”. The report also takes into consideration numerous national and international standards and recommendations on information concerning corporate responsibility. The many sources consulted include the following:

- SPI-Finance, *Social Performance Indicators for the Financial Industry, Draft Final Report*, 2002 (www.spifinance.com).
- The Global Compact, *A Practical Guide to Communication on Progress*, 2005 (www.unglobalcompact.org).
- AccountAbility, *AA1000 Guidelines*, 1999.
- The recommendations of *Observatorio de Responsabilidad Social Corporativa* (CSR Observatory) contained in its annual reports on guidelines for corporate responsibility reporting, particularly the one entitled *La Responsabilidad Social Corporativa en las memorias anuales de las empresas del Ibex 35, Análisis del ejercicio 2005* [Corporate Social Responsibility in the annual reports of Ibex-35 companies. Review of 2005] (the document for financial year 2006 had yet to be published at the time of completion of this report) (www.observatoriorsc.org).
- AECA, *Límites de la información de sostenibilidad: entidad, devengo y materialidad* [Limits of information on sustainability: substance, accrual and materiality”] (2005) (www.aeca.es).
- The EQUAL project for active diversity, *Un modelo para integrar la diversidad de género en la responsabilidad social empresarial* [A model for integrating gender diversity into SR], (January 2007).

Rigour and verification

BBVA has numerous instruments for assuring the quality and accuracy of the data provided in this report. On the one hand it has business areas that specialize in the systemising and management of information that provide a sound source of content for the Corporate Responsibility and Reputation

Department. Those areas are also subject to supervision, checking and auditing (internal and external) according to the usual processes of the Group. Secondly, in 2006 the Corporate Responsibility and Reputation Department improved its information management system with the acquisition of a new on-line IT application that outperforms the previous application in terms of both quality and scope of information, and with enhanced verification on the part of an external auditor. The

system currently has close to 150 users world-wide. Both the information collected and set out in the report and the information system itself have been checked by an independent auditor, as detailed in a specific section of the report.

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



		2002 In Accordance						
		C	C+	B	B+	A	A+	
Mandatory	Self Declared						✓	
	Third Party Checked		Report Externally Assured		Report Externally Assured		✓	
Optional	GRI Checked							

In line with the protocol laid down by GRI (see attached table), BBVA submitted its self-assessment to the auditing firm Deloitte for checking. This firm subsequently confirmed the rating as A+ . This is the highest grade awarded to reports of this type.



STAKEHOLDER ENGAGEMENT PROCESS

12

BBVA responds:

It has sought to make reasonable inclusion of requests for information from its stakeholders.

Consultation as part of the system of stakeholder management and dialogue at BBVA

In addition to the range of activities that form part of the BBVA stakeholder management and dialogue system (described in Chapter 2), in 2005 BBVA engaged in a specific process of dialogue with its stakeholders for the second consecutive year, seeking to steadily improve the quality of the content of its annual corporate responsibility report.

The object of this process, known as the 2006 Stakeholder Engagement Process, was to assess the quality of the information in the *Corporate Responsibility Report 2005*, to identify those points concerned with the BBVA Group that were considered to be particularly significant, and to establish a process for including them in the next report.

As in 2005, the work carried out in 2006 was headed by an independent consultant, and took into account the principles, criteria and recommendations of international standards, in this case Version G 3 (October 2006) of the *GRI Sustainability Reporting Guidelines* and Standard AA1000 of the AccountAbility Institute.

The consultation process took place between July and October 2006, and involved key informants and representatives of the various BBVA stakeholders from the main territories where the Group operates. Relevant information from the international financial sector and the criteria applied by sustainability assessment agencies were also analysed, as well as the opinion of acknowledged experts in corporate social responsibility.

The process included representatives of direct stakeholders (employees, shareholders, suppliers and customers) and of organisations linked to social and environmental actions. Informants from Argentina, Chile, Colombia, Spain, Mexico, Peru, Uruguay and Venezuela took part to a greater or lesser extent.

The method used to consult stakeholders from the financial sector and sustainability assessment agencies entailed indirect consultation through the analysis of leading annual corporate responsibility reports from the Spanish and international banking sectors and examination of questionnaires from leading assessment agencies.

The work involved a total of 77 informants at six face-to-face workshops in Spain for stakeholders of BBVA and 45 interviews with key informants representing stakeholders in America and media organisations specialising in corporate responsibility. To supplement and enrich the conclusions drawn from these analyses, a working group was set up comprising acknowledged experts in corporate responsibility.

Assessment of the BBVA Corporate Responsibility Report 2005

Part one of the Engagement Process centred on the stakeholders' assessment of the *Corporate Responsibility Report 2005*, with the view to incorporating their conclusions into the 2006 report insofar as possible.

In general terms there was broad agreement that the report was well-structured and an improvement on the previous year's document, and that it was helpful to stakeholders in forming a general opinion of the BBVA Group and all its activities (particularly those outside the strictly economic and financial sphere).

[A] Assessment of the form of the report

- In terms of clarity, the 2005 report was rated more highly than its 2004 counterpart. However, it was still found to be difficult to understand, as might be expected in view of the many different facets and fields of knowledge that it covers, which non specialist readers may find problematical.

- As a result, there was widespread consensus among the stakeholder groups consulted that the content of the report should be expressed in simpler, shorter, more accessible terms.
- A lack of balance was perceived in the different lengths of the chapters, in terms of relative volume compared to the rest of the document and of the degree of detail in the information provided.
- The stakeholders consulted indicated that the tone of the report was sometimes too technical and too detailed. To make it more readable as a whole, they recommended changing the balance of the document so as to make the chapters more consistent and simpler.
- It was proposed that a shorter report should be drawn up to make the document overall easier to read.

[B] Assessment of the substance of the report

- In general the report was considered not to be self-critical enough. The stakeholders considered this to be one of the main stumbling blocks for the credibility of the report.
- More information was requested to explain certain quantitative data, particularly when those data showed a change of trend or were unfavourable for the Group. The stakeholders believed that extending such information would make the report clearer and more credible.
- In general terms, the BBVA Group's *Corporate Responsibility Report 2005* was adjudged to contain the information required to form opinions concerning the performance of the company in the areas covered.
- Although there was broad consensus that the report was too long, almost all stakeholder groups also called for more information on specific points that concerned them directly.
- As a major area for improvement with a view to considering the report as exhaustive, the informants consulted called for more information concerning the Group's business in Latin American countries.
- Another point where improvements were called for was the comparability of indicators and significant quantitative data. Stakeholders indicated that to interpret the indicators

provided in the report they needed more information for comparison with the financial sector in general and the performance of the Group in previous years.

- It was suggested that the objectives set should be reviewed, that new, quantifiable objectives broken down by management areas should be introduced, and that actions related to each objective should be included to enable comparisons to be drawn at the end of each financial year between the objectives set and the results actually obtained.

[C] Assessment of the channel of information used

Another of the main conclusions (and indeed contradictions) drawn from the Engagement Process concerns the recipients of the reports. The company sees its principal stakeholder groups as priority recipients, but almost none of those groups sees itself as such.

One of the main reasons indicated by stakeholder groups for this view is a perceived failing in the current system of distribution of the report. The vast majority of informants indicated that the first time they had had access to the report was on the occasion of this process. Many of them were even unaware of its existence.

In general, the stakeholders consulted considered the report to be relatively ineffective as a channel for distributing information on corporate responsibility at the BBVA Group. They argued that they had each more powerful, more effective channels of communication which they used in their regular relationships with the company, and that it should use those channels to provide them with information of this type.

Significant issues agreed upon following the engagement process

The second part of the process focused on the principle of relevance / materiality as set out in the latest version of the GRI-G3 *Sustainability Reporting Guidelines*¹ and AccountAbility Standard AA1000.

¹ Principle of materiality: the information in the report should cover those aspects and indicators that reflect the significant impacts (social, environmental and financial) of the organisation or those that may exert a substantial influence on the assessments and decisions of stakeholders.

Thus, the following significant issues, listed in order of importance, emerged from our dialogue with our stakeholders.

The scores awarded to each issue were determined by a numerical assessment of the degree of consensus on each one expressed by the various stakeholders².

Procedure for selecting the content deemed as significant in the Stakeholder Engagement Process

In line with the principles set out in GRI-G3, to determine which issues are significant for inclusion in a CR report one must combine internal and external factors such as the mission and competitive strategy of the organisation, the concerns expressed by stakeholders, the broadest social expectations, the influence of the organisation on the economic cycle and the basic assumptions contained in the international agreements and regulations with which the organisation is expected to comply.

There are many different ways of detecting significant issues for inclusion in the report, but it is necessary in any event to draw up a method capable of coping with any discrepancies and contradictions that may exist between the demands of the different stakeholders and limitations and requirements of the context in which a company operates.

BBVA has opted for a method that guarantees the basic premises of comparability of information with other firms in the sector, relevance of issues in the context of sustainability and the consonance of those issues with the Group's strategy.

This method enables the issues that our stakeholders consider important, including those that result from the engagement process, to be integrated into a broader context, thus making the procedures used to draw up annual reports more coherent and more dynamic. In short, it is a method that opens the

² Two sets of numbers were considered in allocating scores: (i) the degree of within-group consensus on each issue: this varies between two and three, and quantifies the degree of consensus within each stakeholder group consulted; (ii) the degree of across-group consensus: in each of the issues identified, this figure indicates how many times a point is mentioned by more than one group. To highlight the importance of the fact that a point appears in two or more areas of analysis, it was decided to double the weight allocated to the degree of across-group consensus. This means that the formula used for the overall analysis of consensus is as follows: degree of agreement on each issue = [i] + 2*[ii].

Significant issues

		Score
1	Financial products that encourage corporate responsibility	29
2	Accessibility of financial products	25
3	Definition and monitoring of CR strategy	20
4	Fair treatment of customers	18
5	Fundamental rights of employees	17
6	Development of responsible human resources policies	16
7	Descriptions of philanthropic actions and patronage	16
8	Declarations, principles and values related to the company	16
9	Instruments for managing ethical risks	15
10	Improvements in working conditions	15
11	Environmental management and policies	15
12	Measures against corruption and bribery	13
13	Stakeholder involvement	13
14	Description of procedures for carrying out philanthropic actions and patronage	13
15	Transparency in financial reporting	13
16	Employee health and safety	13
17	Direct and indirect social and environmental impacts of financial activities	12
18	Information on consumption	11
19	Identification and management of risks	9
20	Description of the company's corporate governance system	9
21	More extensive information on the Group's international activities	8
22	Measures against money laundering	8
23	Responsible marketing and communication	8
24	Detailed organisation chart of the Group	8
25	Extension of CR to the supply chain	6
26	Commitment to external initiatives	6
27	Accessibility and distribution of the information contained in the CR report	6
28	Third party assessment of CR policies and reports	6
29	Measures to assist in the fight against climate change	6
30	Comparability of information	5
31	Information on waste and recycling	4

door to innovation and the search for new paths forward in the context of dialogue with stakeholders.

It can be summed up step-by-step as follows:

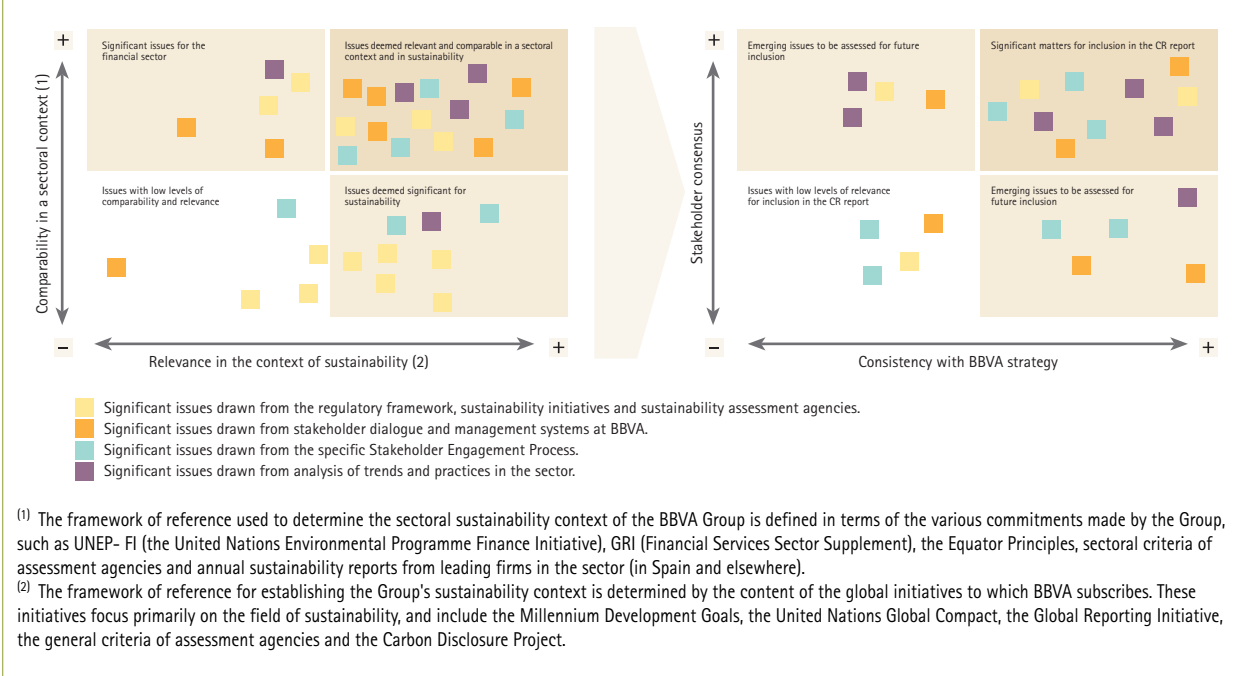
1. The first step was to draw up a matrix in which the issues detected are grouped by categories. These issues may result from the systems in place for stakeholder management and dialogue at BBVA, from the significant issues obtained in the 2006 Stakeholder Engagement Process, from points identified in analyses of trends and practices in the sector and finally, from issues arising from the regulatory framework, international sustainability initiatives and the criteria of assessment agencies¹.

2. Secondly, a two-fold analysis is carried out which is both comparative (in the context of the sector) and based on relevance criteria (in the context of sustainability).

3. Finally, all the points remaining after these filters have been applied, ie, those that have proved themselves relevant and comparable, are used to analyse the degree of consensus between the various stakeholder groups consulted in regard to significance. The result of this analysis is linked to the principal objectives of the Group's strategy in an attempt to determine on a consistent basis what issues should be included in BBVA's *Corporate Responsibility Report 2006*.

¹ The assessment agencies considered in the 2006 Engagement Process were SAM, SIRI Company, EIRIS, OEKOM Research and VIGEO. All these agencies assess the non-financial performance of the BBVA Group, and some of them handle sustainability indices in which BBVA is included.

Procedure used to determine the contents of the report



To the management of BBVA,

From June to November 2006, the *Consultation with stakeholders 2006* was held for the BBVA Group, with the aim of evaluating the *2005 Corporate Responsibility Report* and, at the same time, to determine which subjects are relevant for the Company's stakeholders in relation to the activity it undertakes and with the information which it provides on that activity in its annual reports.

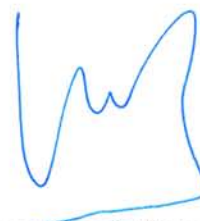
Guided by the principles contained both in the October 2006 version of the *Sustainability Reporting Guidelines* of Global Reporting Initiative (GRI-G3) and also in AA1000 Assurance Standard proposed by AccountAbility, the consultation process is inserted in and provides continuity for a line of work developed by BBVA for improving the quality of its annual reports, a line which has already begun with the *Materiality Diagnosis* conducted during 2005.

On this occasion, in-person workshops have been held in Spain with representatives of direct and indirect stakeholders of the Company and experts in corporate responsibility, along with telematic interviews with representatives of BBVA stakeholders and the communications media in Latin America, with a total number of seventy-seven participants, distributed between Spain and Latin American countries in which the Group is present. In addition, and as secondary sources of information, the annual reports on corporate responsibility of leader companies in the international financial sector have been analysed, along with questionnaires from the main specialised evaluation agencies which analyse the performance of the BBVA Group in the field of sustainability and corporate responsibility.

The information obtained by means of the applied methodology has permitted an exhaustive evaluation of the Group's *2005 Corporate Responsibility Report*, along with the identification of the priorities of the groups that were consulted with regard to the matters which concern the activities undertaken by BBVA.

Madrid, 30th January 2007

Responsables Consulting, S.L



Juan García Moreno
CEO



150 años adelante.

**ASSURANCE
REPORT**

13

INDEPENDENT ASSURANCE REPORT ON THE BBVA CORPORATE RESPONSIBILITY ANNUAL REPORT 2006

(Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails)

To Management of BBVA:

Scope of the engagement

We have performed the verification of the following matters relating to the 2006 Corporate Responsibility Report of the BBVA Group ("BBVA"):

- The adherence of the content of the Corporate Responsibility Report to the GRI Guidelines version 3.0 (G3) for the preparation of Sustainability Reports and to the financial services sector supplements on social and environmental performance and the verification of the indicators proposed in the aforementioned guidelines and supplements.
- The information included in BBVA 2006 Corporate Responsibility Report relating to the application of the principles of materiality, completeness and responsiveness set out in AccountAbility AA1000 Assurance Standard.
- The information furnished on the degree of progress in, and compliance with, the Corporate Responsibility lines of work for 2006 proposed in the 2005 Corporate Responsibility Report.

The preparation and content of the Corporate Responsibility Report is the responsibility of BBVA's Corporate Responsibility and Reputation Department, which is also responsible for defining, adapting and maintaining the internal control and management systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in the limited review.

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

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

- Meetings with BBVA personnel to obtain significant information on the management principles, systems and approaches applied in Corporate Responsibility. These meetings were held with executives of the BBVA Group and of its Foundations in Spain, Mexico, Colombia and Peru.
- Analysis of the processes used to gather and validate the data presented in the 2006 Corporate Responsibility Report.
- Review of the minutes of the Corporate Responsibility and Reputation Committee and Environmental Committee meetings in 2006.
- Review of the steps taken in relation to the identification and consideration of the stakeholders throughout the year through the analysis of the internal information and third-party reports available.
- Analysis of the materiality and completeness of the information included in the Corporate Responsibility Report on the basis of BBVA's understanding of the stakeholder's expectations of significant matters.
- Checking that the content of the Corporate Responsibility Report does not contradict any significant information furnished by BBVA in its Annual Report and its Corporate Governance Report.
- Analysis of the adherence of the content of the Corporate Responsibility Report to that recommended in the GRI G3 Guidelines.
- Verification that the GRI core indicators and the financial services sector indicators included in the 2006 Corporate Responsibility Report correspond to those recommended by the aforementioned standard and that the indicators that are not applicable and not available are identified.
- Testing on a sample basis the calculation of the quantitative and qualitative information of the GRI indicators included in the 2006 Corporate Responsibility Report and the adequate compilation thereof based on the data furnished by BBVA's information sources.

Since the scope of a limited review is substantially less in scope than a reasonable assurance engagement, we do not provide reasonable assurance on BBVA 2006 Corporate Responsibility Report.

Independence

We conducted our work in accordance with Deloitte's independence standards, which meet the Code of Ethics of the International Federation of Accountants (IFAC). Also, following BBVA procedures, our arrangement letter was approved by the Audit Committee.

Conclusions

- The BBVA 2006 Annual Corporate Responsibility Report was prepared in accordance with the GRI Guidelines version 3.0 (G3) for the preparation of Sustainability Reports and with the financial services sector supplements on social and environmental performance at Application Level A+. The Contents and GRI Indicators included in Chapter 14 detail the indicators reviewed and the scope thereof and identify the indicators which do not cover all the matters indicated by GRI. Our limited review did not disclose any other matter that would lead us to believe that the matters described are materially misstated.
- Except for the matters described in Chapter 14, the work performed did not disclose any circumstance that would lead us to believe that the information included in the BBVA 2006 Corporate Responsibility Report relating to the application of the AA1000 Standard principles of materiality, completeness and responsiveness to the stakeholders is materially misstated.

- Also, the review procedures performed did not disclose that the information furnished on the degree of progress in, and compliance with, the Corporate Responsibility lines of work for 2006 proposed in the 2005 Corporate Responsibility Report is materially misstated.

Recommendations

Additionally, we presented to BBVA's Corporate Responsibility and Reputation Department our recommendations relating to the areas in which improvements can be made in order to consolidate the processes, programmes and systems associated with Corporate Responsibility management. The key recommendations refer to the following:

- Enhancement of the identification of matters relevant to stakeholders, and extension and consolidation of the dialogue and consultation systems in business areas located in Mexico and South America.
- Establishment of systems for the control and monitoring of compliance with the Group's general and specific codes of conduct.
- Improvement of the implementation of Corporate Responsibility data gathering systems through the inclusion of information that is currently unavailable in certain areas and countries, especially with respect to the financial services sector indicators.

This report was made solely in the interests of BBVA, in accordance with our letter of engagement.

Madrid, 26 February 2007

DELOITTE, S.L.



Helena Redondo



GRI INDICATORS

14

Profile

	Pages
1 Strategy & Analysis	
1.1 Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	3-5
1.2 Description of key impacts, risks, and opportunities.	22-23, 28-31
2. Organizational Profile	
2.1 Name of the organization.	8
2.2 Primary brands, products, and/or services.	9-13
2.3 Operational structure of the organization.	9-11
2.4 Location of organization's headquarters.	8
2.5 Number of countries where the organization operates.	8,10-11
2.6 Nature of ownership and legal form.	8
2.7 Markets served.	8-11
2.8 Scale of the reporting organization.	8-11
2.9 Significant changes during the reporting period.	14, 126-128
2.10 Awards received in the reporting period.	26, 51

Profile (Cont.)

3. Report Parameters		Pages
Report profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	126-128
3.2	Date of most recent previous report (if any).	126-128
3.3	Reporting cycle (annual, biennial, etc.)	126-128
3.4	Contact point for questions regarding the report or its contents.	Inside back cover
Report scope and boundary		
3.5	Process for defining report content.	26-28, 126-127
3.6	Boundary of the report.	126-128
3.7	State any specific limitations on the scope or boundary of the report.	126-128
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	126-128
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	127
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	126-128
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	126-128
GRI content index		
3.12	Table identifying the location of the Standard Disclosures in the report.	138-148
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	126-128
4. Governance, Commitments, and Engagement		Pages
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	9, CGR (7-10, 26-32)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	CGR(18-19)
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organization defines 'independent' and 'non-executive'. This element applies only for organizations that have unitary board structures.	25, CGR(8-10)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	48-51, 57-60, 64, 65
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	55-57, CGR(14-16)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	CGR(34-36)
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	CGR(16-18)
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	26, 36-39
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. Include frequency with which the highest governance body assesses sustainability performance.	26-32, 33, 36-39, CGR(25-34, 46-48)
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	CGR(16-18)
Commitments to external initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	29-30
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	39

Profile (Cont.)

4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	39
Stakeholder engagement		
4.14	List of stakeholder groups engaged by the organization.	14-21, 129-134
4.15	Basis for identification and selection of stakeholders with whom to engage. This includes the organization's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage.	14-21
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	14-21
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	14-21, 26-32

AR: Annual Report 2006.

CGR: Corporate Governance Report 2006.

(1): BBVA understands that this indicator is reflected throughout the report.

Management Approach and Performance Indicators

	Pages
Economic-Disclosure on Management Approach	8-12, 24, 28-30, AR
Economic Performance	8-12, 28-30, 41, AR
Market Presence	8-13, 28-30, AR
Indirect Economic Impacts	28-30, 40-43, 108-120, AR
Environmental-Disclosure on Management Approach	94-104
Materials	99
Energy	98
Water	98
Biodiversity	121
Emissions, Effluents and Waste	99-100
Products and Services	102-103
Compliance	94
Transport	Na2(a)
Overall	28-32, 97
Social-Disclosure on Management Approach:	
-Labor Practices and Decent Work-	28-32, 52-69
Employment	52-60, 62, 67
Labor/Management Relations	17-18, 57-58, 64-65
Occupational Health and Safety	65-66
Training and Education	55-56, 61-63
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Corruption	36-39, 84-87
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Management Approach and Performance Indicators (Cont.)

Anti-Competitive Behavior	36-39, 73
Compliance	27, 33, 36-39, 64-65
-Product Responsibility-	70-87
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Product and Service Labeling	29-32, 76-77
Marketing Communications	30-34, 76-77
Customer Privacy	28-32, 87
Compliance	28-30, 73, 76, 87

Performance Indicators

(C/A)*	Economic	Perimeter	Assurance Scope	Pages	Question asked through a dialogue channel
	Aspect: Economic Performance				
C	EC1. Direct economic value generated and distributed.	BBVA GROUP	(1)	41	✓ (D)
C	EC2. Financial implications and other risks and opportunities for the organization's activities due to climate change.	BBVA GROUP	Verified	102	✓ (I)
C	EC3. Coverage of the organization's defined benefit plan obligations.	BBVA GROUP	Verified	Financial Statements (Note 29 y 2.2.e)	✓ (D)
C	EC4. Significant financial assistance received from government.	BBVA SPAIN	Verified	62	-
	Aspect: Market Presence				
A	EC5. Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	BBVA GROUP	(2)	56	✓ (I)
C	EC6. Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	BBVA GROUP	Verified	88-91	✓ (D)
C	EC7. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	BBVA GROUP	(3)	56-57, 60	✓ (I)
	Aspect: Indirect Economic Impacts				
C	EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	BBVA GROUP	Verified	59, 108-120	✓ (I)
A	EC9. Understanding and describing significant indirect economic impacts, including the extent of impacts.	BBVA GROUP	Verified	40-43	✓ (I)
	Aspect: Environmental⁽¹¹⁾				
	Aspect: Materials				
C	EN1. Materials used by weight or volume.	BBVA GROUP	(4)	99	✓ (I)
C	EN2. Percentage of materials used that are recycled input materials.	BBVA GROUP	(4)	99	✓ (I)
	Aspect: Energy				
C	EN3. Direct energy consumption by primary energy source.	BBVA GROUP	Verified	98	✓ (I)
C	EN4. Indirect energy consumption by primary source.	BBVA GROUP	Verified	98	✓ (I)
A	EN5. Energy saved due to conservation and efficiency improvements.	BBVA GROUP		n/a (b)	✓ (I)
A	EN6. Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	BBVA GROUP		n/a (b)	✓ (I)
A	EN7. Initiatives to reduce indirect energy consumption and reductions achieved.	BBVA GROUP	(5)	101	✓ (I)

Performance Indicators (Cont.)

(C/A)*	Environmental ⁽¹¹⁾	Perimeter	Assurance Scope	Pages	Question asked through a dialogue channel
Aspect: Water					
C	EN8. Total water withdrawal by source.	BBVA GROUP	Verified	98	✓ (I)
A	EN9. Water sources significantly affected by withdrawal of water.			Na2(c)	✓ (I)
A	EN10. Percentage and total volume of water recycled and reused.	BBVA GROUP	Verified	98	✓ (I)
Aspect: Biodiversity					
C	EN11. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.			Na2(d)	✓ (I)
C	EN12. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.			Na2(d)	✓ (I)
A	EN13. Habitats protected or restored.			Na2(d)	✓ (I)
A	EN14. Strategies, current actions, and future plans for managing impacts on biodiversity.			Na2(d)	✓ (I)
A	EN15. Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.			Na2(e)	✓ (I)
Aspect: Emissions, Effluents and Waste					
C	EN16. Total direct and indirect greenhouse gas emissions by weight.	BBVA GROUP	Verified	100	✓ (I)
C	EN17. Other relevant indirect greenhouse gas emissions by weight.	BBVA GROUP	Verified	100	✓ (I)
A	EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved.	BBVA GROUP	(5)	101-102	✓ (I)
C	EN19. Emissions of ozone-depleting substances by weight.	BBVA GROUP	Verified	100	✓ (I)
C	EN 20. NOx, SOx, and other significant air emissions by type and weight.	BBVA GROUP	Verified	100	✓ (I)
C	EN 21. Total water discharge by quality and destination.			Na2(c)	✓ (I)
C	EN22. Total weight of waste by type and disposal method.	BBVA GROUP	Verified	99	✓ (I)
C	EN23. Total number and volume of significant spills.			Na2(c)	✓ (I)
A	EN24. Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.			Na1(d)	✓ (I)
A	EN25. Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.			Na2(C)	✓ (I)
Aspect: Products and Services					
C	EN26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	BBVA GROUP	Verified	101-103	✓ (D)
C	EN27. Percentage of products sold and their packaging materials that are reclaimed by category.			Na1(a)	✓ (I)
Aspect: Compliance					
C	EN28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	BBVA SPAIN	(6)	94	✓ (I)
Aspect: Transport					
A	EN29. Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.			Na1(a)	✓ (I)
Aspect: Overall					
A	EN30. Total environmental protection expenditures and investments by type.	BBVA GROUP	Verified	97	✓ (I)

Performance Indicators (Cont.)

(C/A)*	Perimeter	Assurance Scope	Pages	Question asked through a dialogue channel	
Social: Labor Practices and Decent Work⁽¹²⁾					
Aspect: Employment					
C	LA1. Total workforce by employment type, employment contract, and region.	BBVA GROUP	Verified	52-54, 67	✓ (I)
C	LA2. Total number and rate of employee turnover by age group, gender, and region.	BBVA GROUP	Verified	60	✓ (I)
A	LA3. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	BBVA GROUP	Verified	59-60	✓ (D)
Aspect: Labor/Management Relations					
C	LA4. Percentage of employees covered by collective bargaining agreements.	BBVA SPAIN	(6)	64-65	✓ (I)
C	LA5. Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	BBVA GROUP	Verified	65	-
Aspect: Occupational Health and Safety					
A	LA6. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	BBVA SPAIN	(6)	65-66	✓ (I)
C	LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	BBVA GROUP	(7)	66	✓ (I)
C	LA8. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	BBVA SPAIN	(6)	66	✓ (I)
A	LA9. Health and safety topics covered in formal agreements with trade unions.	BBVA SPAIN	(6)	65-66	✓ (I)
Aspect: Training and Education					
C	LA10. Average hours of training per year per employee by employee category.	BBVA GROUP	Verified	62-63	✓ (D)
A	LA11. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	BBVA GROUP	Verified	61-63	✓ (D)
A	LA12. Percentage of employees receiving regular performance and career development reviews.	BBVA GROUP	Verified	55-56	✓ (D)
Aspect: Diversity and Equal Opportunity					
C	LA13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	BBVA GROUP	Verified	54, 66-67, CGR(7)	-
C	LA14. Ratio of basic salary of men to women by employee category.	BBVA GROUP	Verified	57	✓ (I)
Social: Human Rights⁽¹³⁾					
Aspect: Investment and Procurement Practices					
C	HR1. Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	BBVA GROUP	Verified	37	✓ (D)
C	HR2. Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	BBVA GROUP	(3)	90-91	✓ (D)
A	HR3. Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	BBVA SPAIN	(6)	61, 64	✓ (I)

Performance Indicators (Cont.)

(C/A)*	Social: Human Rights ⁽¹³⁾	Perimeter	Assurance Scope	Pages	Question asked through a dialogue channel
	Aspect: Non-Discrimination				
C	HR4. Total number of incidents of discrimination and actions taken.	BBVA GROUP	(3)	64-65	✓ (D)
	Aspect: Freedom of Association and Collective Bargaining				
C	HR5. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	BBVA GROUP	Verified	64-65	✓ (D)
	Aspect: Child Labor				
C	HR6. Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	BBVA GROUP	Verified	64	✓ (I)
	Aspect: Forced and Compulsory Labor				
C	HR7. Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	BBVA GROUP	Verified	64	✓ (I)
	Aspect: Security Practices				
A	HR8. Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	BBVA GROUP	Verified	64	✓ (I)
	Aspect: Indigenous Rights				
A	HR9. Total number of incidents of violations involving rights of indigenous people and actions taken.	BBVA GROUP	Verified	64	✓ (II)
(C/A)*	Social : Society ⁽¹⁴⁾	Perimeter	Assurance Scope	Pages	Puestion asked through a dialogue channel
	Aspect: Community				
C	S01. Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	BBVA GROUP	Verified	33-36, 111-122	✓ (D)
	Aspect: Corruption				
C	S02. Percentage and total number of business units analyzed for risks related to corruption.	BBVA GROUP	Verified	84-87	✓ (I)
C	S03. PPercentage of employees trained in organization's anti-corruption policies and procedures.	BBVA GROUP	Verified	85-86	✓ (I)
C	S04. Actions taken in response to incidents of corruption.	BBVA GROUP	Verified	65, 85-87	✓ (I)
	Aspect: Public Policy				
C	S05. Public policy positions and participation in public policy development and lobbying.	BBVA GROUP	Verified	36-39	✓ (I)
A	S06. Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.			Nd(f)	✓ (I)
	Aspect: Anti-Competitive Behavior				
A	S07. Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	BBVA SPAIN	(6)	73	✓ (I)
	Aspect: Compliance				
C	S08. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	BBVA SPAIN	(6)	27	✓ (I)
(C/A)*	Social: Product Responsibility Performance Indicators ⁽¹⁵⁾	Perimeter	Assurance Scope	Pages	Puestion asked through a dialogue channel
	Aspect: Customer Health and Safety				
C	PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	GRUPO BBVA	(3)	76-77, 86-87	✓ (I)

Performance Indicators (Cont.)

(C/A)*	Social: Product Responsibility Performance Indicators ⁽¹⁵⁾	Perimeter	Assurance Scope	Pages	Question asked through a dialogue channel
Aspect: Customer Health and Safety					
A	PR2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	BBVA SPAIN	(6)	76	✓ (I)
Aspect: Product and Service Labeling					
C	PR3. Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	BBVA GROUP	Verified	76-77	✓ (D)
A	PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	BBVA SPAIN	(6)	76	✓ (I)
A	PR5. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	BBVA GROUP	Verified	71-76	✓ (D)
Aspect: Marketing Communications					
C	PR6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	BBVA GROUP	Verified	76-77	✓ (I)
A	PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	BBVA SPAIN	(6)	76	✓ (I)
Aspect: Customer Privacy					
A	PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	BBVA SPAIN	(6)	75, 87	✓ (I)
Aspect: Compliance					
C	PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	BBVA SPAIN	(6)	76	✓ (I)

(1): This includes values accrued during the year, independently of the moment when they are collected or paid for. The only tax included is Corporate Income Tax, which appears in the consolidated Profit and Loss account (not as a country-by-country breakdown).

(2): Information refers only to the minimum annual salary for new BBVA employees.

(3): Only qualitative information is provided.

(4): Verified for BBVA Spain.

(5): The information herein refers exclusively to initiatives because the necessary data to calculate falls in consumption is not available.

(6): This information refers exclusively to BBVA Spain.

(7): Only the absenteeism rate is reported.

(8): No reference is made here concerning disabled employees.

(9): Once verified the BBVA Group's General Policies also applicable to its insurance activity.

(10): Once verified the number of customer complaints concerning insurance services provided by BBVA Seguros in Spain.

(11): The areas responsible for these aspects are: Risk Management, Premises and Services, Corporate Responsibility and Reputation and the business areas.

(12): The main area responsible is Human Resources.

(13): The main areas responsible are: Human Resources and Compliance.

(14): The main areas responsible are: Corporate Responsibility and Reputation and Compliance.

(15): The main areas responsible are: Communication and Image, Compliance and the business areas.

AR: Annual Report 2006.

CGR: Corporate Governance Report 2006.

*(C) Core indicator; (A) Additional indicator.

Na1: This situation does not exist or has not been recorded during the period being reported herein.

Na2: Aspect not identified in the process of determining the incidence and response for this report (see pages 129-134).

n/a: Not Available.

(a): The Group's activity does not give rise to physical products.

(b): Energy savings will be quantified once the implementation of energy efficiency measures has been concluded. Information concerning this indicator will be provided in the CR Report 2007.

(c): The BBVA Group's premises/headquarters are located in urban areas, therefore both the water used and discharged as waste uses the urban network.

(d): The BBVA Group's premises/headquarters are located in urban areas and do not, therefore, have any impact on protected natural areas and/or on biodiversity.

(e): By virtue of its business activities, the BBVA Group does not generate any of the waste products included in said Agreement.

(f): The Code of Conduct stipulates neutrality in this kind of operations with political parties.

(g): Up to the publication date of this report, BBVA does not hold any voting rights on environmental issues.

(h): Information is not provided for this indicator specifically broken down as indicated.

(D): A direct question asked through a dialogue channel exists.

(I): An indirect question asked through a dialogue channel exists.

--: No question through a dialogue channel.

Financial Services Sector Supplement

		Perimeter	Assurance Scope	Pages	Question asked through a dialogue channel
CSR MANAGEMENT SYSTEM					
CSR 1	CSR Policy	BBVA GROUP	Verified	24-39	✓ (I)
CSR 2	CSR Organisation	BBVA GROUP	Verified	33-36	-
CSR 3	CSR Audits	BBVA GROUP	Verified	127-128	-
CSR 4	Management of Sensitive Issues	BBVA GROUP	Verified	30-32, 84-87	✓ (I)
CSR 5	Non-Compliance	BBVA SPAIN	(6)	27, 64, 65, 73, 76, 87, 94	-
CSR 6	Stakeholder Dialogue	BBVA GROUP	Verified	14-21, 129-134	✓ (I)
INT INTERNAL SOCIAL PERFORMANCE					
INT 1	Internal CSR Policy	BBVA GROUP	Verified	52-69	✓ (I)
INT 2	Staff Turnover and Job Creation	BBVA GROUP	Verified	60	-
INT 3	Employee Satisfaction	BBVA GROUP	Verified	55	✓ (D)
INT 4	Senior Management Remuneration	BBVA GROUP	Verified	56 & CGR(12-13, 62-66)	-
INT 5	Bonuses Fostering Sustainable Success	BBVA GROUP	(3)	55-56	-
INT 6	Female-Male Salary Ratio	BBVA GROUP	Verified	57	✓ (I)
INT 7	Employee Profile	BBVA GROUP	(8)	53-54, 66-67	✓ (I)
SOC PERFORMANCE TO SOCIETY					
SOC 1	Charitable Contributions	BBVA GROUP	Verified	108	✓ (D)
SOC 2	Economic Value Added	BBVA GROUP	Verified	25	-
SUP SUPPLIERS					
SUP 1	Screening of Major Suppliers	BBVA SPAIN	Verified	88-89	✓ (D)
SUP 2	Supplier Satisfaction	BBVA SPAIN	Verified	88,90	✓ (D)
RB RETAIL BANKING					
RB 1	Retail Banking Policy (socially relevant elements)	BBVA GROUP	Verified	77-82	✓ (I)
RB 2	Lending Profile	BBVA GROUP	Verified	77-83	-
RB 3	Lending with High Social Benefit	BBVA GROUP	Verified	77-83	✓ (I)
IB INVESTMENT BANKING					
IB 1	Investment Policy (socially relevant elements)	BBVA GROUP	Verified	82-84	✓ (I)
IB 2	Customer Profile: Global Transaction Structure	BBVA GROUP	(3)	82-84	-
IB 3	Transactions with High Social Benefit	BBVA GROUP	Verified	82-84	✓ (I)

Financial Services Sector Supplement (Cont.)

		Perimeter	Assurance Scope	Pages	Question asked through a dialogue channel
AM	ASSET MANAGEMENT				
AM 1	Asset Management Policy (socially relevant elements)	BBVA GROUP	Verified	80-84	✓ (I)
AM 2	Assets under Management with High Social Benefit	BBVA GROUP	Verified	80-84	-
AM 2	SRI Oriented Shareholder Activity	BBVA GROUP	Verified	80-82	✓ (I)
INS	INSURANCE				
INS 1	Underwriting Policy (socially relevant elements)	BBVA SPAIN	(9)	80, 36-39	✓ (I)
INS 2	Customer Profile	BBVA SPAIN	(3)	80	-
INS 3	Customer Complaints	BBVA SPAIN	(10)	80	✓ (D)
INS 4	Insurance with High Social Benefit	BBVA GROUP	Verified	80	✓ (I)

Environmental Services Sector Supplement

		Perimeter	Assurance Scope	Pages	Question asked through a dialogue channel
F 1	Description of environmental policies applied to core business lines.	BBVA GROUP	Verified	95, 96, 101-103	✓ (I)
F 2	Description of process(es) for assessing and screening environmental risks in core business lines.	BBVA GROUP	Verified	101-103	✓ (I)
F 3	State the threshold(s) at which environmental risk assessment procedures are applied to each core business line.	BBVA GROUP	Verified	101-103	-
F 4	Description of processes for monitoring clients' implementation of and compliance with environmental aspects raised in risk assessment process(es).	BBVA GROUP	Verified	101-103	-
F 5	Description of process(es) for improving staff competency in addressing environmental risks and opportunities.	BBVA GROUP	Verified	83, 103	✓ (I)
F 6	Number and frequency of audits that include the examination of environmental risk systems and procedures related to core business lines.	BBVA GROUP	Verified	96, 97	-
F 7	Description of interactions with clients/investee companies/business partners regarding environmental risks and opportunities.	BBVA GROUP	Verified	121	✓ (I)
F 8	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has engaged on environmental issues.	BBVA GROUP	Verified	101-103	-
F 9	Percentage of assets subjected to positive, negative and best-in-class environmental screening.	BBVA GROUP	Verified	82-83, 102	-

Environmental Services Sector Supplement (Cont.)

		Perimeter	Assurance Scope	Pages	Question asked through a dialogue channel
F 10	Description of voting policy on environmental issues for shares over which the reporting organisation holds the right to vote shares or advise on voting.			n/a(g)	-
F 11	Percentage of assets under management where the reporting organisation holds the right to vote shares or advise on voting.			n/a(g)	-
F 12	Total monetary value of specific environmental products and services broken down according to the core business lines.	BBVA GROUP	Verified	101-103	✓ (I)
F 13	Value of portfolio for each core business line broken down by specific region and by sector.	BBVA GROUP		n/a(h)	-

(1): This includes values accrued during the year, independently of the moment when they are collected or paid for. The only tax included is Corporate Income Tax, which appears in the consolidated Profit and Loss account (not as a country-by-country breakdown).
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AR: Annual Report 2006.
CGR: Corporate Governance Report 2006 .
n/a: Not available.

Relevance of G3 indicators for stakeholders according to Reprtrak

Topics	G3 Indicators	Public Opinion Spain	Public Opinion Mexico	Customers Spain	Employees Spain	Employees Mexico
1 Direct and indirect economic impacts	EC1, EC6, EC8, EC9, SO1, SOC1, SOC2	Medium	High	Medium	Low	Medium
2 Channels of communication and information, marketing and advertising of products and services	PR3, PR4, PR6, PR7, CSR6	Medium	Medium	High	Medium	Medium
3 Stakeholder satisfaction	PR5, INT3, SUP2	High	High	High	Medium	Medium
4 Processing and resolving stakeholder complaints	PR8, INS3	High	High	Medium	n/a	n/a
5 Management of sensitive issues (corruption, money laundering and donations to political parties) and non-compliance in legal matters	EC4, SO2, SO3, SO4, SO5, SO6, SO7, SO8, PR9, CSR4, CSR5	High	High	High	Medium	Medium
6 Health and safety of products and services	PR, PR2	High	High	High	High	Medium
7 Health and safety at work	LA6, LA7, LA8, LA9,	Low	Low	Medium	High	Medium
8 Employee pay	EC5, LA14, INT4, INT5, INT6,	Low	Low	Medium	Medium	High
9 Other aspects of HR management	EC3, EC7, LA1, LA2, LA3, LA4, LA5, LA10, LA11, LA12, LA13, HR5, INT1, INT2, INT7	Medium	Medium	Medium	High	High
10 Human rights and discrimination	HR1, HR2, HR3, HR4, HR6, HR7, HR8, HR9, SUP1	Low	Low	Low	Medium	Medium
11 Eco-efficiency and environmental impacts of products and services	EC2, EN1-EN30	Low	Medium	Low	Low	Low
12 CR policy in business areas	CSR1, CSR2, CSR3, RB1, RB2, RB3, IB1, IB2, IB3, AM1, AM2, AM3, INS1, INS2, INS4	High	Medium	High	High	High

n/a: Not available.



THE UNITED NATIONS GLOBAL COMPACT

15

In 2002, the BBVA Group agreed to uphold the United Nations Global Compact. Since then, it has worked tirelessly to implement the Compact's 10 principles within the organisation.

In addition, four Group banks ratified the Compact in 2004: BBVA Banco Francés, BBVA Bancomer, BBVA Colombia and BBVA Banco Continental. Furthermore, BBVA has been a member of the

executive committee of the Global Compact's Spanish Association (*ASEPAM*) since it was set up in 2004. A Progress Report has been drafted for this association in 2006, detailing the specific actions and policies the Group pursues for developing each one of the principles.

The report is available in Spanish at:
www.pactomundial.org

BBVA & The United Nations Global Compact

Categories	Principles	GRI indicators (direct relevance)	GRI indicators (indirect relevance)
Human Rights	Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	HR1-9	LA4, LA13, LA14 ;S01
	Principle 2. Businesses should make sure they are not complicit in human rights abuses.	HR1-2, HR8	
Labour Standards	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5; LA4,LA5	
	Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR7	HR1-3
	Principle 5. Businesses should uphold the effective abolition of child labour.	HR6	HR1-3
	Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	HR4;LA2, LA13,LA14	HR1-2; EC5, EC7;LA3
Environment	Principle 7. Businesses should support a precautionary approach to environmental challenges.	4.11	EC2
	Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN2, EN5-7, EN10, EN13-14, EN18, EN 21-22, EN26-27, EN30	EC2; EN1, EN3-4, EN8-9, EN11-12, EN15-17, EN19-20, EN23-25, EN28-29; PR3-4
	Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5-7, EN10, EN18, EN26-27	
Anti-corruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	S02-4	S05-6

Source of the equivalences between Global Compact principles and GRI indicators: Draft of the report *Making the Connection*, by GRI and Global Compact (www.globalreporting.org).



THE MILLENNIUM DEVELOPMENT GOALS

16

In 2000, the United Nations (UN) issued its Millennium Declaration setting forth the eight Millennium Development Goals (MDGs) to be achieved by 2015, not only through the involvement of governments and international organisations, but also through the engagement of the private sector.

The BBVA Group fully embraces the challenge thrown down by the United Nations and pursues different lines with a view to achieving the MDGs:

- By means of business activities, implementing or supporting schemes related to one or more of the goals, or which have a bearing on closely-related aspects. References may found in the following chapters in this report “BBVA and its

employees”, “BBVA and its customers”, “BBVA and the environment” and “BBVA and community support”.

- By means of a campaign for the dissemination, awareness and promotion of the Millennium Development Goals developed by the Corporate Reputation Forum (fRC), an association of which BBVA is a founding member. It is the largest communication project undertaken by an intersectoral group of companies at the service of the UN and of Governments, targeting the stakeholders of fRC companies operating in over 100 countries. The campaign conveys its message through a little girl, Joana, who lends her name to



the project “2015, a better world for Joana” (see <http://www.2015unmundomejorparajoana.com/en/>). The plan is designed on a scalable basis, beginning with the employees of the forum's member companies –around 700,000 people– with a view to subsequently spreading to all other stakeholders. The final stage of the project involves the development of business models focusing on the base of the pyramid to continue fostering the MDGs with specific measures adopted by companies.

▪ By means of policy lines in community support focusing specifically on certain MDGs. Such is the case of goals 1, 6 and 7 (for more information, see the chapter “BBVA and community support”) and, above all, goal 2. It should be stressed accordingly that education constitutes a priority area within community support policy, and its qualitative and quantitative importance will grow most significantly in 2007 with the Master Plan for Social Action in Latin America (see the chapter “BBVA and community support”).

The Millennium Development Goals at BBVA

Millennium Goals	Main BBVA initiative ⁽¹⁾
1. Eradicate extreme hunger and poverty.	BBVA <i>Codespa Microfinanzas</i> - micro-financing mutual fund for Latin America
2. Achieve universal primary education.	BBVA Master Plan for Social Action in Latin America
3. Promote gender equality and empower women.	Agreement on Equality and Reconciliation of work and family life.
4. Reduce child mortality.	Research programme for controlling malaria monitored by the World Health Organisation
5. Improve maternal health.	(No specific initiatives)
6. Combat HIV/AIDS, malaria and other diseases.	Research programme for controlling malaria monitored by the World Health Organisation
7. Ensure environmental sustainability.	Management of indirect environmental impact through the Equator Principles
8. Develop a global partnership for development.	Campaign by <i>fRC</i> for disseminating the Millennium Goals

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

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

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