



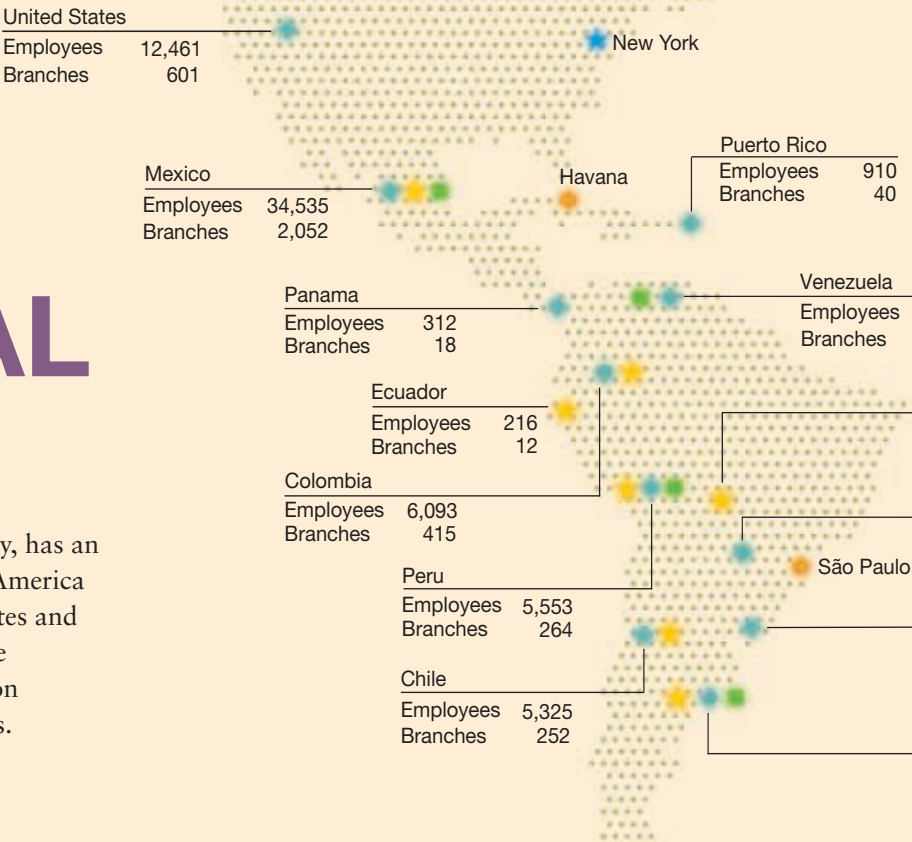
## BBVA, working towards a better future for people

Corporate Responsibility Report 2008



BBVA,  
A GLOBAL  
GROUP

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

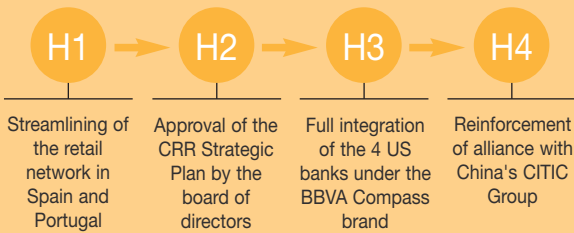


Basic Group Data

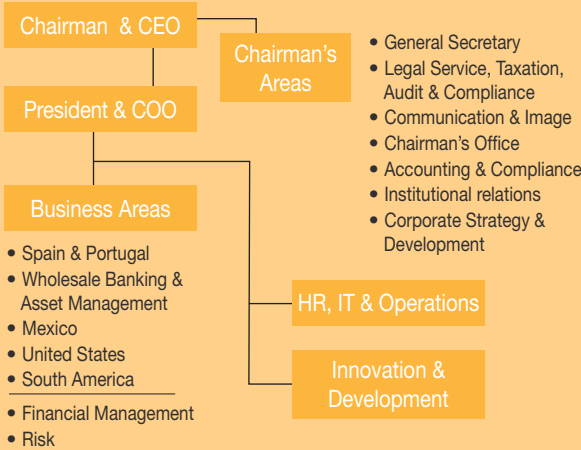
Earnings (million euros)	2008	2007	2006
Gross income	18,978	17,271	15,143
Net operating income	10,523	9,441	8,340
Pre-tax profit	6,926	8,495	7,030
Net attributable profit	5,020	6,126	4,736
Operations			
Number of operating countries	32	31	32
Number of shareholders	903,897	889,734	864,226
Number of customers (millions)	48.2	47.4	42.4
Number of employees	108,972	111,913	98,553
Number of cards (debit and credit) millions	44.69	40.99	35.02
Number of branches	7,787	8,028	7,499
Number of major suppliers	3,493	3,248	3,329
Other data			
Market capitalisation (million euros)	32,457	62,816	64,788
Earnings per share	1.35	1.70	1.39
P/BV(Price/ book value)	1.2	2.5	3.6
ROE-Return on Equity	21.5	34.2	37.6
Cost-to-income ratio	44.6	45.3	44.9
NPA	2.12	0.89	0.83
Business volume per employee (million euros)	7.7	7.2	7.0
Dividends	1,878	2,717	2,220
Personnel costs	4,716	4,335	3,989
Corporate income tax	1,541	2,080	2,059

Scope: BBVA Group

The Group's major milestones in 2008



Governance Structure





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

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

Scope: Spain and Latin America

### Net attributable profit by business area

	2008	2007	2006
Spain and Portugal	2,625	2,381	1,884
Wholesale Banking & Asset Management	754	896	859
Mexico	1,938	1,880	1,711
United States	211	203	64
South America	727	623	509
Corporate Activities	-1,235	142	-291
<b>Total</b>	<b>5,020</b>	<b>6,126</b>	<b>4,736</b>

Scope: BBVA Group

### Group banking companies

Spain
BBVA
Banco de Crédito Local
Finanzia
Uno-e
<b>Latin America</b>
BBVA Banco Continental (Peru)
BBVA Banco Francés (Argentina)
BBVA Banco Provincial (Venezuela)
BBVA Bancomer (Mexico)
BBVA Chile
BBVA Colombia
BBVA Panamá
BBVA Paraguay
BBVA Puerto Rico
BBVA Uruguay
<b>Rest of the group</b>
BBVA Compass Bank (United States)
BBVA Portugal
BBVA Suiza

Branches	Representative offices
Brussels	Havana
Düsseldorf	Moscow
Frankfurt	Mumbai
Hong-Kong	Beijing
London	São Paulo
Milan	Seoul
New York	Shanghai
Paris	Sidney
Singapore	Taipei
Tokyo	

### Foundations

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

### Pension managers

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

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

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



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This is the BBVA Group’s seventh corporate responsibility report, and it contains information on the Group’s performance in this matter in 2008. As in 2007, the information is presented according to a structure centred on those issues deemed to be of significance by our stakeholders and reviewed in the light of the current global economic situation. This approach focuses debate and more clearly addresses the nature of the Group’s main commitments and operations. Furthermore, the scope of the data has been extended to include BBVA Compass, unless express mention is made otherwise.

This report has been rated A+ by GRI-G3, including the financial sector supplement. With a view to enhancing the reading experience, this year’s report is also available in digital magazine format at <http://rrc.bbva.com> in a single document that presents abundant supplementary information along with supporting videos.



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Supplementary information in the corresponding chapter at <http://rrc.bbva.com>



Supporting video on CRR TV at <http://rrc.bbva.com>

# DIALOGUE WITH THE CHAIRMAN

“THE MORE  
YOU DO FOR  
SOCIETY,  
THE MORE  
YOU GET BACK  
FROM IT”

Francisco González, Chairman of BBVA



This year, the BBVA has decided to replace the usual “Chairman’s Letter” that traditionally heads its Annual Corporate Responsibility Report with an interview with the Chairman of the BBVA, Francisco González. The interviewer is Gustavo Herrero, an internationally renowned academic in the area of corporate responsibility and executive director of Harvard Business School’s Latin American Research Center. González and Herrero speak about the complex current economic and financial situation, its implications for BBVA’s policy on corporate responsibility and the Group’s groundbreaking approach to financial inclusion, through the BBVA Microfinance Foundation.

The interview, a sizeable extract of which is reproduced below, was held via telepresence in Madrid and Buenos Aires on 17 February 2009.

**G.H.: Mr González, my first question would be: what, in your opinion, are the causes of the financial crisis we are undergoing all over the world?**

**E.G.:** There are many different causes, but if I had to sum up, I’d say there are two essential factors. Firstly, international capital markets were not being properly regulated. Depending on the sector you work in, regulation has been either too lax or quite simply non-existent. And secondly, you had the vast amount of leverage being used by certain entities —a reckless amount, which in some institutions was probably associated with excessive greed.

Those were the two most important causes, but there were other factors too, such as very low interest rates and a certain disregard for liquidity. There came a point when people believed liquidity was unlimited. The net result of all of these different factors is that this is probably one of the worst crises we’ve ever seen.

**G.H.: Do you believe the worst is over or are we still going to be talking of complex situations from this point on?**

**E.G.:** To be honest, we don’t know, because this is a very profound crisis and it’s going to last quite a bit longer than people originally thought. The entire world is now in recession. This is a global crisis, the first in living memory. There are some exceptions, of course, essentially in Latin America, where some countries have not yet gone into recession.

How the US reacts will be very important; it’s the world’s largest economy, and they’re injecting huge sums of money into it. How the States emerges from this crisis will determine how other regions perform. If I were to hazard a guess, I’d say we should bottom

out at the end of this year or the beginning of 2010. From there on, we'll see the beginning of a slow recovery. Whatever happens, though, that recovery will take the form of small spurts of growth; it won't be like before. What we are doing is de-leveraging the economy and that is a process that takes time. That will mean we'll see smaller, but more stable, growth and a more prudent and more realistic financial system.

**G.H.: From the perspective of Corporate Responsibility, an area in which BBVA is one of the world leaders, what impact has the crisis had within your Group and how does this affect the strategic plan that you presented in May 2008?**

F.G.: Naturally, the crisis is affecting BBVA, but in relative terms, the Group is one of the clear winners in this situation. We now have the third-highest profits of any bank in the world and we're seventh in terms of capitalisation (based on data at 30 December 2008), so in relative terms we've taken a giant step forward.

We need to use the crisis to bolster the concepts underpinning corporate responsibility. Clearly some companies will fall by the wayside, either because they don't have the resources or because they didn't start out with the right vocation. But BBVA has both, a permanent vocation and sufficient resources; not only to do things the way we planned, but to do them a bit better. Society is going to demand more and more from us; increasingly it's going to demand more collaboration, more proximity, better principles, better practice, long term relations, and so on.

As for our corporate responsibility plan, we are clearly making progress because there is a larger team of people working in the area in BBVA than before and we have a much greater understanding and much more involvement than in the past. So the crisis should not work to the detriment of all our corporate responsibility plans, but quite the opposite.

**G.H.: Over the coming months, are you going to be able to stick to the objectives you set with regard to Corporate Responsibility for 2008?**

F.G.: We've met the targets we set ourselves for 2008 and I have no doubt we're going to go on meeting them. There is no reason why we shouldn't. Last year we launched our Eco-efficiency Plan and we have also consolidated a plan which I think is really fabulous; the Community Investment Plan for Latin America, where we now have over 47,000 children with scholarships. We've been working in the area of socially responsible investment, too, and making progress. In other words, the Group has more resources than it did before; we have a lot of faith in the management staff who are in

charge of this specific area. A company like ours, with global aspirations, has to be in very close contact with society. It has to try to provide solutions that make society more just and ways in which companies can create more value for all stakeholders.

**G.H.: We have been observing that the creation of a new paradigm in corporate responsibility is coming into being, whereby objectives of social value creation are being internalised and are being aligned with strategic corporate objectives; what you at BBVA call strategic harmony, if I am not mistaken. How do you see the co-existence of these two phenomena of value creation, economic value, on the one hand, and social value, on the other, simultaneously?**

F.G.: Not only do I think they can co-exist well, I think it's vital that they do. Making money is not incompatible with being socially responsible. On the contrary, I think you can make money by facing up to society, not by turning your back on it. In this respect, we're absolutely convinced in the BBVA Group that the more you do for society, the more you get back from it. I think you can say the same thing about social responsibility as about ethics: not only is it desirable; it is also very profitable.

**G.H.: Some time ago I had an opportunity to have a talk with one of your executives in Latin America. One of the vehicles that have proved effective in combating social problems and, at the same time, generating economic value is that of microfinance. We were talking about the BBVA Microfinance Foundation and he remarked that the aim for 2012 is to have more microfinance customers in Latin America than traditional commercial banking customers. Do you feel this is an attainable target?**

F.G.: I don't know. Right now we have 47 million customers around the world, and in microfinance we've reached a figure of 350,000; so we've still got a long way to go. What I do know is that the BBVA Microfinance Foundation can set a milestone in this area. Why? Because it's not just trying to have resources; it's got something that is essential in any area in the twenty-first century, the intelligent use of technology. One of the foundation's key points will be to provide itself with a technological platform that can be transferred from one country to another, which means that it can offer microloans at a much lower unit cost than heretofore. So this is probably this foundation's most important strategic point. We're also bringing in the team that worked in the bank, which has a very good understanding of risks and procedures, and we're signing agreements with a large number of international institutions.



So this is going to be a huge success. I don't know whether we'll manage to have more microfinance customers by 2012. In any event, though, this is a long-term project that is aimed at the base of the pyramid, which comprises four billion people, in contrast to traditional banking, which targets the top 900 million. There are many more customers, though obviously they don't have the same economic worth. Evidently, though, what microfinance can do for our society is extraordinary. It's not enough just to provide education or medicine; that's a consequence of poverty. It's very important to provide resources to start up new businesses; that's the whole aim of microfinance. I think BBVA has positioned itself very well; time will tell. Quite honestly, I think this is one of the biggest things this firm has ever done.

**G.H.:** Around this specific question of microfinance an almost ideological debate is taking place between those who uphold principles that are more associated with philanthropy and who denounce the existence of high interest rates –the Nobel Peace Prize winner Muhammad Yunus finds himself in this camp–, and those who sustain that the greater the profits, the more will be the capital coming in to this business and that, therefore, what will make the interest rates fall is competition. How do you perceive this debate, Mr González?

**E.G.:** I think both positions are positive. They're both fighting usury, albeit there are differences between them. Although some entities are working with very high interest rates, really those rates are lower than any of the other alternatives the users of that entity might turn to. So this is good news. Obviously, we want to align ourselves as much as possible with Yunus, but we also want to make sure the business is sustainable. I mean, the BBVA foundation is a not-for-profit organisation, but in order to extend its work to millions of people, you have to have sustainability. And in order to be sustainable, you have to charge the right interest rates so that the people asking for the loans can get ahead, and the societies in which the foundation is operating can continue to function. The money has to stay in the entities so that it can flow back into the market naturally.

**G.H.:** In the USA there is a saying, Walk the Talk, to the effect that one should test out in action what one preaches. I am pleased to see that at BBVA your efforts are indeed channelled in a search for that strategic harmony where targets of corporate responsibility are in line with those of the core business, that is to say, the main business of the bank, which is obviously to make money through the provision of financial services. It has been a pleasure to have this talk with you. Many thanks.

**E.G.:** Many thanks to you



# CR PRINCIPLES AND POLICY

WITHIN TODAY'S ENVIRONMENT OF FINANCIAL AND ECONOMIC CRISIS, AS WELL AS IN VALUES, THE BUSINESS MODEL BASED ON RETURN ADJUSTED TO PRINCIPLES IS MORE APPROPRIATE THAN EVER AND IS ONE OF BBVA'S CLEARLY DISTINCTIVE COMPETENCIES FOR GENERATING VALUE IN A SUSTAINED MANNER OVER TIME FOR ALL ITS STAKEHOLDERS.

## VISION, CORPORATE PRINCIPLES AND POSITIONING

**VISION.** Within the current context of global crisis, BBVA's premise of *Working towards a better future for people* becomes even more meaningful, whereby it seeks

to forge emotional ties that generate trust and support in its dealings with its target audiences, with the ultimate aim being to create a better future for all its stakeholders.

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

**CORPORATE PRINCIPLES.** The BBVA Group strives to be a company that listens to its stakeholders and embraces their expectations in the finest way possible in all facets of its operations. This begins with the very definition of its vision and principles, which are the outcome of a “listening” process and the integration of the expectations, values and

aspirations of BBVA's main stakeholders. The result of defining *what it wishes to be* (management and staff), *what it should be* (other

stakeholders) and *what it is* (the Group's track record, strengths and weaknesses).

The BBVA Group's corporate principles epitomise the company's vision as regards each one of its stakeholders, summarising the basic values that guide its actions and the way it understands its role in society. These principles lie at the heart of BBVA's corporate culture.

## The BBVA Group's 7 corporate principles

### 1. Customer

The customer as the focus of our business.

### 2. Creation of value

The creation of value for our shareholders through our business.

### 3. Team

The team as the powerhouse for value creation.

### 4. Management style

A management style that generates enthusiasm.

### 5. Ethical

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

### 6. Innovation

Innovation as a lever for progress.

### 7. Social responsibility

Corporate social responsibility as a pledge to development.





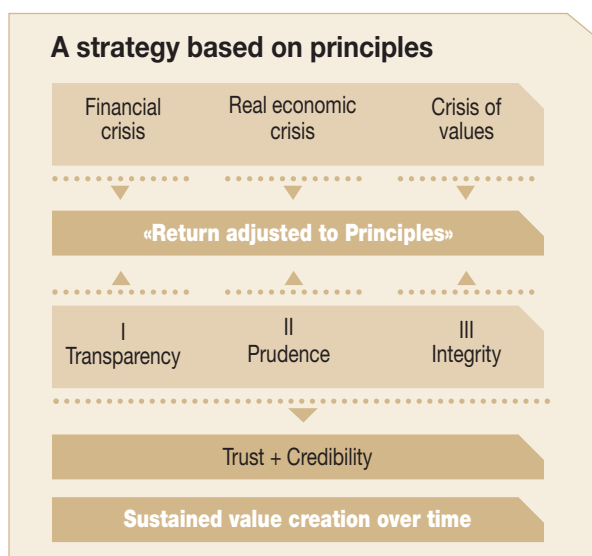
**POSITIONING.** The identity and positioning of the BBVA corporate brand are defined by the combination of three main focal points that sum up the Group's vision, being the pillars upon which its business strategy, brand and reputation rest, namely, its corporate principles, prioritizing innovation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

#### BUSINESS STRATEGY

The principles are the mainstays of the BBVA project. Its management

model not only relies upon *Risk-adjusted Return* (RaR) as the tool for measuring the value the Group creates, but goes even further, applying strict ethical criteria: integrity, transparency, prudent risk management and best practices. Its strategy and business model are therefore based also on return adjusted to principles.

Within the prevailing environment of financial and economic downturn and crisis in values, this model is more pertinent than ever and constitutes one of BBVA's clearly defining traits for building up credibility and trust. For BBVA, this is the key that ensures the sustained creation of value over time for each and every one of its stakeholders.



In 2008, the Group further developed its Innovation and Transformation plan, whose overriding goals are:

- To generate an offer designed to cater for the needs of each individual or community.
- To pave the way for new segments of the population to access financial services.
- To extend the business offer to other non-financial products and services.

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

#### CORPORATE RESPONSIBILITY AT BBVA

**AIMS.** Corporate responsibility (CR) at BBVA has been reinforced in the light of recent events. Within

a crisis setting, corporate responsibility should be a differentiating factor. The aim of BBVA's policy, therefore, continues to be to define commitments and foster behaviours that create value for all its stakeholders (social value), as well as for BBVA itself (reputational value and direct economic value).

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

The main commitments the Group seeks to fulfil through its Corporate Responsibility Policy are as follows:

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

#### MANAGEMENT AND GOVERNMENT OF CORPORATE RESPONSIBILITY POLICY.

Major progress has continued to be made in 2008 in integrating corporate responsibility within the

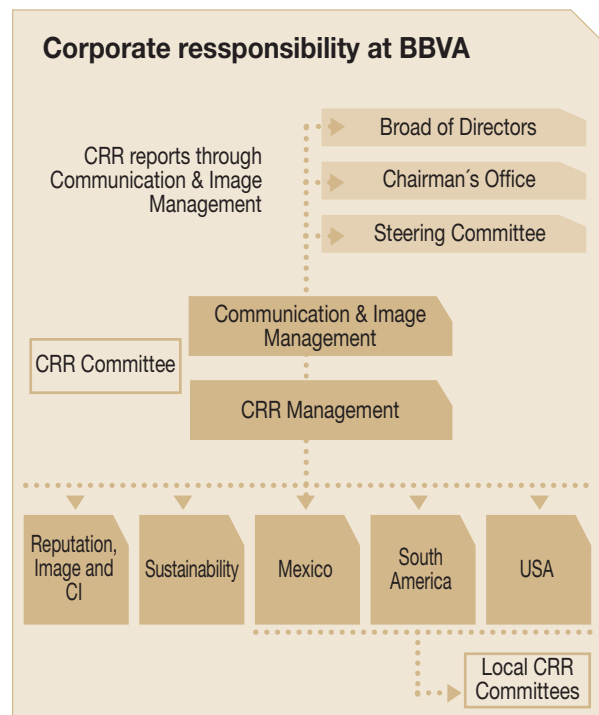
Group's business strategy. Highlights have been the approval by the board of directors of CR policy and the Corporate Responsibility and Reputation Strategic Plan (CRR) Strategic Plan in February and May, respectively.

In addition, the CRR committee has also been consolidated through four meetings in 2008. This committee is the body charged with driving the integration of CR criteria, activities and policies throughout the Group's business and support areas. Set up in 2006, its members are senior executives from the following areas: Mexico, Spain and Portugal, South America, United States, Risk, Chairman's Technical Office, Compliance, Human Resources, IT & Operations, Procurements, Premises & Services, Innovation & Development and Finance Division. In turn, local CRR committees have been set up in six countries in 2008 (Mexico, Colombia, Argentina, Peru, Argentina and Venezuela), with them all adopting the same approach to the Group's CRR. All the committees are chaired by the country manager in each location and are made up of the senior executives from the aforementioned areas. A total of 10 local CRR committee meetings have been held in 2008.

The principal body responsible for the management of corporate responsibility and reputation is the CRR department, which has two roles that, although separate, are connected and complement each other: the coordination of

Corporate Responsibility Policy and the management of reputation. These two roles are pursued through three lines of action:

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



Group CRR Committee march 2008

## **CRR STRATEGIC PLAN**

In May 2008, the board of directors approved the CRR Strategic Plan whose mission is to define how corporate

responsibility is the lever for differentiating BBVA before all its stakeholders, thereby reinforcing the Group's reputation and positioning.

The CRR Strategic plan will also serve the following purposes:

- Constitute a driving force for innovation and transformation in the Group, helping to achieve the strategic goals set forth in the Strategic plan for Innovation and Transformation.
- Provide the finest response to the new competitive context in which social, environmental and reputational issues are generating new risks and opportunities.
- Engage all Group areas for the progressive development of CRR in the business.

The plan has been drawn up considering two basic criteria. Firstly, it has been important to define the prime focus of action. Although an institution such as BBVA should provide the best possible response to the expectations held by all its stakeholders, efforts also need to be marshalled to exploit synergies and achieve a greater and better impact. Secondly, a "glocal" approach has been adopted. It is just as important to have a global framework to guide the entire Group as it is to ensure that the actions are undertaken in all the communities in which BBVA is present and that they adapt to each one's idiosyncrasies.

The CRR committee has overseen the entire process of drawing up the plan, which has involved more than 70 senior executives from all the Group's business and support units.

The plan lays down the lines of work in CRR matters that the Group is to continue developing. They are all arranged by relevant topic as in this report.

A twin-pronged approach has been selected for prioritising efforts:

- Education, also including financial literacy.
- Financial inclusion/accessibility.

These two priorities are clearly consistent with BBVA's vision, corporate principles and positioning.

Education helps people to integrate and it is a traditional line of work at BBVA. Financial literacy is a commitment with a high social value in that it

seeks to promote informed decision-making amongst customers and non-customers alike. An informed decision is a way of enhancing one's personal financial situation, improving risk management for financial institutions, encouraging saving and strengthening the overall financial system. An informed decision leads to more responsible borrowing and to more consistent saving. (For more information, see the chapter "Community Involvement").

Financial inclusion is another priority that BBVA has been focusing on for some time with a view to providing new segments of the population with access to financial services. (For more information, see the chapter "Financial Inclusion").

## **CORPORATE GOVERNANCE SYSTEM**

The principles and elements comprising the BBVA's Corporate Governance System are set forth in its

Board Regulations, which govern the internal procedures and the operation of the board and its committees and directors' rights and duties as described in their charter.

The system is explained in full in BBVA's Annual Report 2008 (which contains a detailed chapter on this matter) and on the corporate website ([www.bbva.com](http://www.bbva.com)), which includes the Corporate Governance Report, as per legal requirements. The website has a special section with direct access that features all the information deemed to be of relevance to the topic.

## **COMPLIANCE SYSTEM AND PROCEDURES**

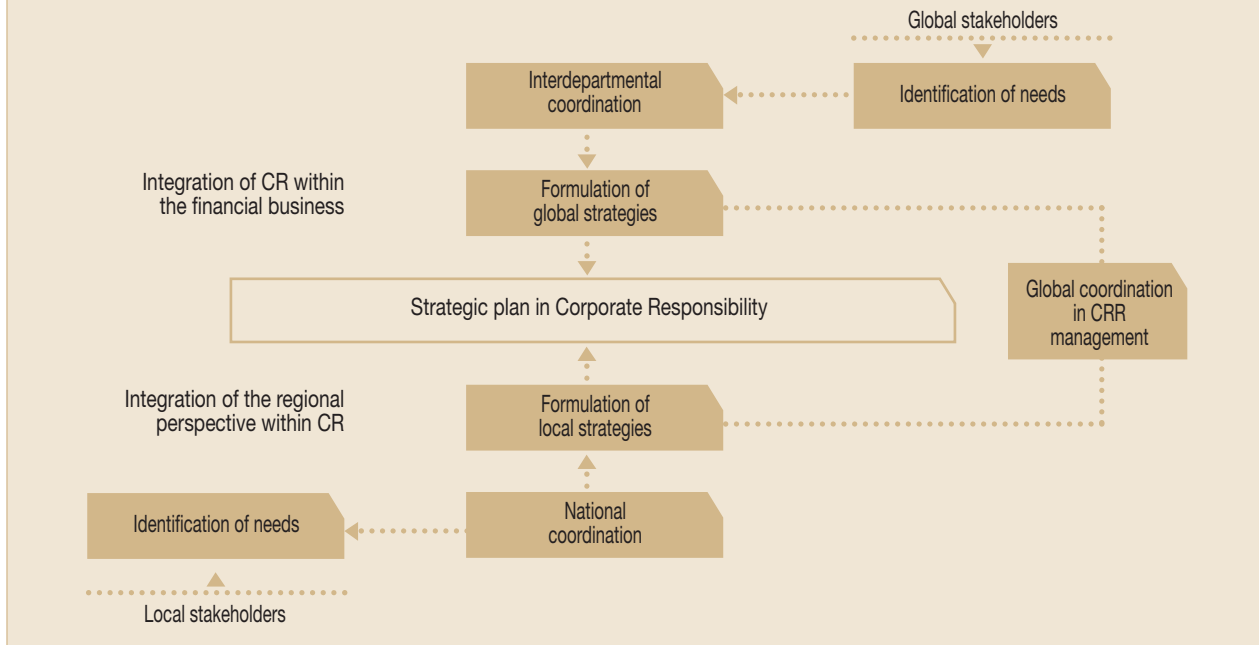
Together with the Corporate Governance System, the Group's Compliance System constitutes the cornerstone

upon which BBVA consolidates its institutional pledge to conduct all its operations and businesses in accordance with strict codes of ethical conduct.

Over the course of this year, Compliance has continued evolving as it seeks to adapt to new circumstances, with its organisation being embodied in the Compliance Charter, which lays down its basic characteristics and duties at Group level in the development of the principles already contained in the BBVA Group's Code of Conduct.

In line with the principles set forth by the Bank for International Settlements (BIS) and the EU's

## Building a strategy of sustainability in the BBVA Group



Markets in Financial Instruments Directive (MiFID), Compliance continues to articulate its business around the promotion of policies and procedures, diffusion and training in matters of compliance and the identification, assessment and mitigation of potential compliance risks, being understood as those that affect the following issues:

- Conduct on the markets.
- Treatment of conflicts of interest.
- Preventing money laundering and the financing of terrorist activities.
- Personal data protection.

### PRECAUTIONARY PRINCIPLE: RISK MANAGEMENT

Risk lies at the heart of the banking business and is an integral and unavoidable part of its operations. BBVA has applied a general criterion

that governs the Group's integral management as well as that specific to corporate responsibility: upholding the precautionary principle grounded on risk assessment criteria that are prudent, consistent and experience-based.

Furthermore, sea changes in the environment, the key factors in recent times, have posed new challenges for financial institutions that have to be addressed using new risk management principles.

Three main objectives, which complement each other, have been established for Risk operations at BBVA:

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

In order to meet these objectives, an organisational structure has been designed and a set of basic principles drawn up to underpin the Group's vision in risk matters.

Regarding the organisational structure, at an initial level, the board of directors, COO and Executive committee approve, in very general terms, risk management policy and the entire framework within which it is developed: organisation, identification, measurement, control, reporting and supervision of the risks assumed.

Concerning basic risk management principles, these are designed to contain those aspects deemed to be priorities in Risk operations. Thus, the first of these, and in keeping with the



recommendations of supervisory and regulatory bodies, stresses the necessary independence and global nature of the function, for providing suitable information for decision-making at all levels.

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


Given the current crisis scenario, communication becomes especially important. Accordingly, BBVA's Risk Department has introduced several schemes, with such highlights as the creation of the new 'Risk Portal' with area content of the utmost interest; the blog *Pasión por el Riesgo* (Passion for Risk) as a discussion tool, as well as the magazine *Visión@Riesgo*, whose purpose is to both inform and instruct.

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

#### CODE OF CONDUCT.

A key component of the Compliance system is the BBVA Group's Code of Conduct, which defines and develops the fundamentals of ethical conduct

and the necessary operating guidelines for preserving one of the main sources of value creation: corporate integrity.

The Code of Conduct is applicable to all Group entities and employees. It publicly reflects the sum of pledges BBVA has made to its direct stakeholders –shareholders, customers, employees and suppliers– and to the societies in which the company operates. 

#### SPECIFIC CODES IN OPERATING

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

- Internal Standards of Conduct on the Securities Markets.
- Compliance Charter.
- Director's Charter.
- Code of ethics for the recruitment of personnel.

- Principles applicable to those parties involved in the BBVA procurement process.
- Basic Principles and Policies of Risk Management Manual.
- Audit Charter.
- Regulation on dealing with individuals or entities of public importance in matters of finances and guarantees.

**BUSINESS CONDUCT.** In 2008, as a reflection of BBVA's commitment to further reinforce the principles of business ethics, the internal framework for guidelines of conduct on securities markets has been updated through the following:

- Approval, by the board of directors of the BBVA Group, of a global policy on conduct on securities markets. This policy develops the guidelines laid down in the BBVA Group's Code of Conduct regarding securities markets, and includes a series of principles and general procedural guidelines that are widely accepted internationally and designed to uphold the integrity of markets. Specifically, it contains the minimum procedural guidelines that everyone in the Group is to observe regarding the treatment of privileged information, the prevention of securities price manipulation, the management of potential conflicts of interest that may arise and those market operations undertaken on their own accord by employees. In addition, mention should also be made here of the communication campaign launched throughout the BBVA Group to ensure the entire workforce is familiar with its content.
- A fresh review of the Code of Conduct on securities markets, renaming it as Internal Standards of Conduct on Securities Markets and extending its sphere of application not only to entities involved in this activity in Spain but also to the Group's branches and subsidiaries throughout the rest of the European Union. This new version of the document has been revised to include new legislation forthcoming through the transposition of the MiFID. Likewise, launch has been made of a series of online courses for disseminating its content, in a straightforward and eminently practical manner.

**LEGAL COMPLIANCE.** At 31 December 2008, the BBVA Group has not recorded any fines or penalties for breaches of legislation or regulations related to environmental issues, its operations in society or the supply and use of products and services, which might be significant regarding its equity, financial situation and consolidated results. No litigation related to instances of discrimination has been brought against the Group in Spain by any employee, and no legal claims of any significance have been filed involving working conditions.

## INTERNATIONAL AGREEMENTS

**SUBSCRIBED.** BBVA continues to adhere to the following initiatives:

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

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

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

In 2008, coinciding with the 60th anniversary of the Universal Declaration of Human Rights, BBVA undertook two actions of note: the subscription of a declaration made by the UN Global Compact to mark this anniversary and the launch of a course on Human Right for Group employees with a personalised letter to each employee from the Group's chairman, urging them to take part. (More details are available in the chapter "Responsible management of Human Resources").

## VALUE CREATION FOR STAKEHOLDERS

The second of BBVA's corporate principles involves "The creation of value for our shareholders and remaining

stakeholders through our business". BBVA understands the creation of value to be one of its main roles and its most important contribution to the societies in which it operates, for it not only involves economic value for shareholders, but also the generation of value for customers, employees, suppliers and society at large.

### Economic Value Added (EVA)<sup>(1)</sup>. Breakdown by stakeholder group (Million euros)

		2008	2007	2006
Shareholders	Dividends	1,878	2,717	2,220
Employees	Personnel costs	4,716	4,335	3,989
Customers	Interest and similar charges <sup>(2)</sup>	18,718	16,548	11,904
Suppliers	Other general administrative expenses <sup>(3)</sup>	2,999	2,883	2,311
Society	Corporate income tax	1,541	2,080	2,059
	Resources allocated by the BBVA Group	41	34	31
	Resources allocated by BBVA's foundations	44	35	25
	<b>Economic Value Added (EVA)<sup>(1)</sup></b>	<b>29,879</b>	<b>28,632</b>	<b>22,539</b>

(1) Calculated according to SPI - GRI model. See [www.spifinance.com](http://www.spifinance.com). The figures from 2006 and 2007 have been adapted to the accountant classification criteria adopted in 2008 in the Annual Financial Statements.

(2) Interest expense and similar charges from financial activity. Doesn't includes commissions.

(3) Approximation adjusted to payments made to third parties under the heading of purchases and services rendered.

Scope: BBVA Group.

# STAKEHOLDER ENGAGEMENT

**OUR AIM AT BBVA IS TO DISTINGUISH OURSELVES AND WIN OVER THE CONFIDENCE OF OUR STAKEHOLDERS. IN ORDER TO MAKE THIS POSSIBLE, WE WORK TO ASSURE THE TRANSPARENCY, VERIFICATION AND CERTIFICATION OF THE INFORMATION WE PROVIDE. AT THE SAME TIME, WE STRIVE TO INTEGRATE STAKEHOLDERS' EXPECTATIONS REGARDING THE ISSUES MOST IMPORTANT TO THEM – AND TO OUR CORPORATE VISION – INTO OUR DAILY ACTIVITIES.**


## IDENTIFICATION AND DIALOGUE WITH BBVA STAKEHOLDERS

At BBVA, we define stakeholders as all those people, institutions and segments having a significant bearing on our operations

and decisions, or that are affected by them.

In identifying stakeholders, we have built on the surveys carried out in 2007 in order to delimit which people, institutions or segments comprise each group, as well as to gain deeper insight into their most important expectations regarding BBVA activities.

The stakeholder map, along with listening and dialogue channels, are the main tools for informing those stakeholders about the company's responsible behaviours. This process is aimed at offering the best and most transparent information possible in order to distinguish ourselves, win over stakeholder trust, and in this way try to have a positive influence on their perceptions and favourable behaviour.

The relation with the stakeholder groups and subgroups the company has identified, along with details of the main channels of dialogue with each one of them, can be viewed at <http://rrc.bbva.com>. 

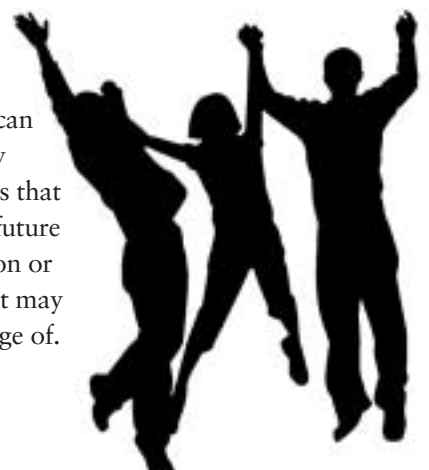
Listening and dialogue is aimed at providing a balanced and prudent response to the most important and relevant issues. Its acts as a management tool that BBVA uses when making decisions concerning priority issues that must be integrated into our daily performance, decisions concerning new opportunities in terms of spaces

for shared value creation, or other issues about which stakeholders must be informed.

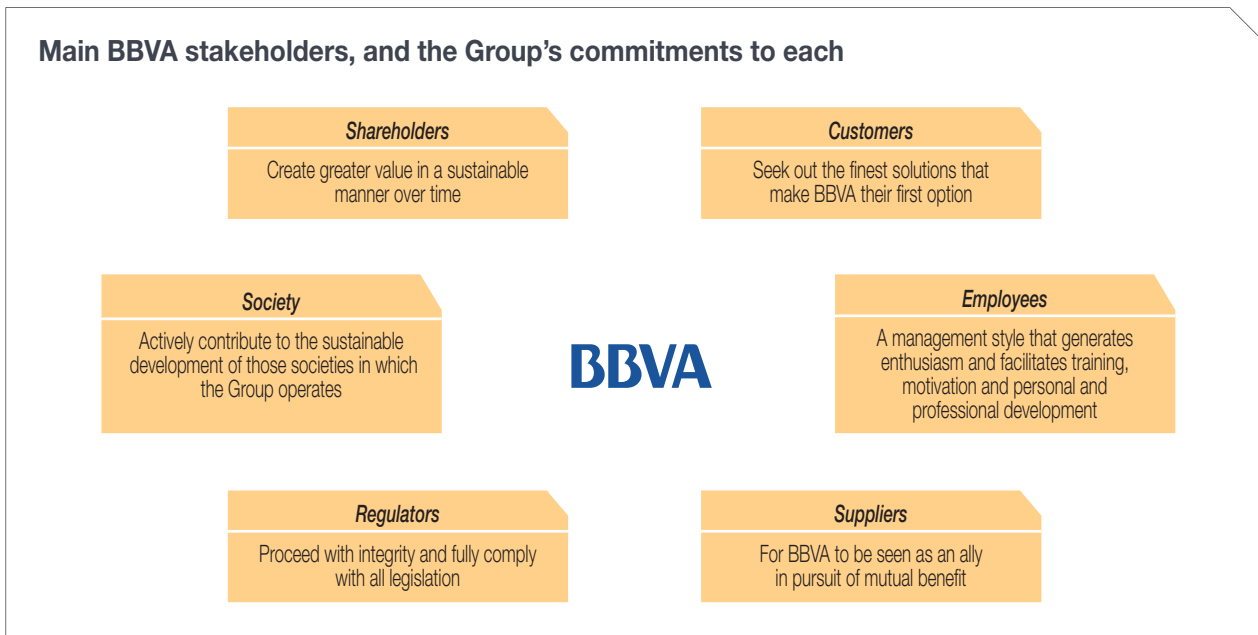
This is a complex strategy that is difficult to imitate, as one that generates the two intangible assets of highest value for organisations, namely, innovation and reputation. A task that must be carried out in an ordered and systematic fashion by means of robust research channels and systems, making it possible to create indicators and scorecards capable of bringing together stakeholder expectations while showing a positive return for the organisation in the process. A return based on reinforcing the difference BBVA makes for its stakeholders and which is expressed in three areas: share eligibility (shareholders and investors), the development of social business opportunities (customers and society) and the attraction and withholding of talent (employees).

Such return can be summed up by BBVA's ability to generate confidence and strengthen its good reputation.

Listening and dialogue helps in setting objectives and drawing up plans for continuous improvement. It can also provide early detection of issues that could grow into future risks for mitigation or opportunities that may be taken advantage of.



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



### MANAGEMENT INTEGRATION OF STAKEHOLDER EXPECTATIONS

We basically follow two routines for integrating stakeholder expectations into the organisation's management.

On the one hand, the regular dealings that our business areas and business support areas have with each stakeholder group enable us to identify important issues by means of specific listening tools along with quantitative and qualitative research techniques, as well as to gain knowledge of their assessment of our activity and performance. This information helps us draw up action and communication plans.

Meanwhile, one of the main functions of the Corporate Responsibility and Reputation (CRR) department is to act as a conduit between stakeholders and the organisation.

Accordingly, it gathers the information garnered from other areas, complementing this with specific activities and research in the areas of responsibility, reputation, and corporate brand perception and strength.

Apart from this CRR department, BBVA has created a Corporate Customer Insight Unit and a Customer Insight Expert Group, which carries out studies and research on the expectations, vital issues and needs of consumers.


The CRR department works to integrate the stakeholder expectations through the Group CRR

committees, which are the main bodies for the mainstream management of BBVA's responsibility and reputation.

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

- The corporate reputation monitoring system called *Reptrak*, which is used in our main operating countries to periodically gauge the relevance of different issues, as well as opinions and views concerning BBVA's activity.
- Continual tracking or international monitoring of the corporate image and brand positioning.
- Appraisals done by the foremost sustainability analysts: SAM, EIRIS, SIRI, VIGEO, OEKOM, CDP and the Corporate Social Responsibility Observatory.
- European and American Social Trends Barometer: to identify the major social trends, their evolution and changes.
- Co-creation workshops: consumer requirements and needs are used in innovation development. In 2008, a number of face-to-face and online meetings were organised, along with group sessions, ethnographic studies, polls and "co-creation laboratories" with employees and consumers, in order to "co-create" new solutions.



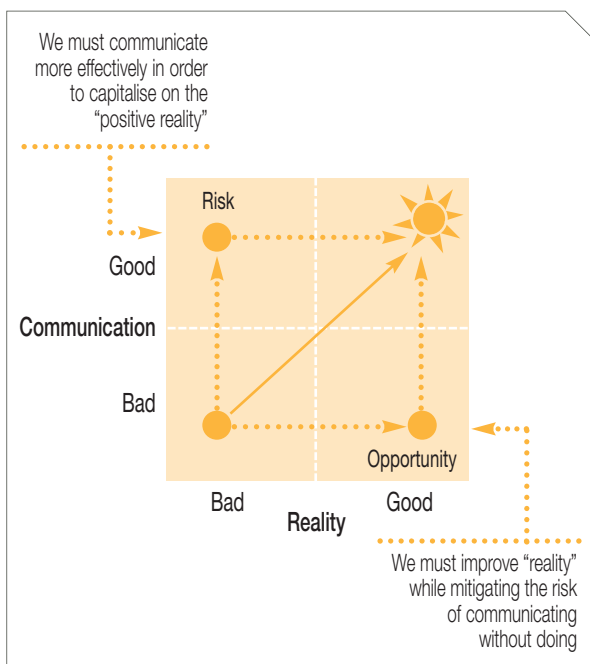
- Significant issues: in 2007, a qualitative survey was done with our stakeholders in the main countries of operation, the results of which made it possible to identify such issues. In 2009 a specific analysis was carried out in order to assess the validity and relevance of these issues in light of the current crisis. 
- Start-up of a qualitative survey on a sample of individuals from our stakeholders in the United States, employing the same methodology used in the Group.

This collection of listening systems, research methods and channels provides an objective diagnosis and rigorous periodic follow-up of the expectations deemed to be of greatest significance to stakeholders. Their inclusion in indicators and scorecards allows us to set improvement objectives and progress indicators for the Group.

#### REPORTING TO STAKEHOLDERS

Building up trust and a good reputation requires a clear understanding of

communication as a necessary tool for displaying the value of our responsible performance. The legitimate purpose of communication is to offer the best, and thoroughly transparent, information to our stakeholders, in order to build our credibility through differentiation, win over their trust and thus sway their perceptions and behaviours in a favourable way towards the Group.



Doing things well, along with communicating such achievements, are essential requirements for this process.

The Group's communication processes bring together all types of internal as well as external communication channels in order to reach our stakeholders.

The annual Corporate Responsibility Report is one of our main instruments of communication; by applying standards, verification methods, certification and assurance, we back up the truth and relevance of the information.

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

BBVA's corporate responsibility policy is pursued on the basis of a group of relevant issues.

These issues arise out of the engagement process BBVA carries out with its stakeholders, taking their vision, principles and business strategies into consideration.


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

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

Given the international financial and economic downturn, 2008 offered an opportune moment in which to review and update our list of key issues. This involved an analysis of all the information compiled with the tools described above, in order to integrate stakeholder expectations into management. Areas participating in the event included Corporate Reputation and Responsibility, Consumer Insight and the Global Trends section of the Research Department.

At first glance, the results that this analysis brought to the surface had significant implications for corporate responsibility principles and policies. The results also reaffirmed the relevant issues that had constituted the basis for the Group Corporate Responsibility Report for 2007, as well as the

present report. However, new risks and changes affecting the issues relevant to CR at BBVA were also identified. The accompanying tables provide details of these results.

BBVA's responses to each of the detected variations are covered throughout the chapters of this report, as well as in the 2008 progress and 2009 objectives scorecard. 

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

## RELEVANT ISSUES

### Implications of the current crisis

#### Responsible management of human resources

The economic downturn is also causing a severe level of job loss. This places still greater importance on those measures aimed at worker employability, as well as those related to business restructuring. The crisis could also lead to cuts in social benefits. These far-reaching changes in the employment environment may, in turn, set off more labour disputes.

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

Corporate culture and values take on greater relevance in the context of greater operative difficulties employees may face.

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

#### Responsible procurement

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

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

#### Environmental management and climate change

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

#### Community involvement

Community investment may be affected by budget cuts in social development projects. This possibility contrasts with increased social needs that specifically call for the kind of community investment that focuses on urgent issues arising from the crisis.

International organisations and society in general, are calling for greater participation on the part of finance entities in the task of educating the public on financial matters.

## SENSITIVE ISSUES IN 2008

The year 2008 marked an extraordinarily difficult period for the global economy and a highly sensitive one for the financial sector's relations with society at large. BBVA wishes to reinforce the confidence of its stakeholders by addressing some of the issues surrounding the Group's activity during the year and clarifying its role in and its position on these matters.

In October the Spanish Congress approved a raft of measures put forward by the government to help combat the crisis. These included a support plan for the financial sector, intended to restore liquidity in the system. Specifically, the plan created a fund to buy top-quality assets from Spanish banks, but it did not seek to provide direct aid by injecting capital, as has happened in some other countries. The financial crisis has led to a

shortage of credit for businesses and households alike. BBVA, however, has continued to offer loans, opting for a model based on transparency, prudent risk management and a long-term relationship with its clients. More information on this highly relevant issue can be found in the chapter on Customer Focus.

In December 2008, the case of Bernard L. Madoff Investment Securities and its involvement in an alleged \$50 billion investor fraud through a financial pyramid scheme hit the front pages of newspapers around the world. In response to the resulting market uncertainty, BBVA sent a communiqué to the Spanish Securities and Investment Board (CNMV), stating that BBVA had no direct investments in Madoff Investment Securities, nor had it traded on behalf of its retail or private banking customers in products managed or deposited at the company. Any losses caused to

BBVA have not been passed on to the customer base: they have been assumed in their entirety by BBVA and booked in the 2008 accounts.

In March 2008 the NGO Setem launched a campaign in Spain to 'Demand accountability from BBVA and Santander'. The initiative, backed by the international BankTrack network, accused the two banks of breaching their commitments on corporate responsibility by financing projects in Amazonian regions of Peru and Brazil.

Specifically, BBVA was accused of financing Tecpetrol, a company that is involved in the project to extend the Camisea gas pipeline project (Peru). BBVA is the only Spanish bank to have signed up to the Equator Principles and has standards in place throughout the Group to ensure that all finance projects are subject to the procedures outlined in these principles. In 2008, it removed its \$10m threshold on application of the Equator Principles. The specific case of Camisea is a project which has the support since 2001 of both the Inter-American Development Bank and Corporación Andina de Fomento (CAF). Both of these multilateral institutions use very strict standards in assessing environmental and social impact (For further information see the Inter-American Development Bank's Report summarizing performance of environmental and social commitments in the Camisea Project (June 2007), from the IADB).

During 2008, *Justicia y Paz* continued its campaign on financing of the defence industry in Spain. Since 20 October 2005, BBVA has had a demanding internal regulation in place which is enforced in all organisations in the Group, and has been approved at the highest executive level of the

Risk Area. The Group's policy on financing applications from the arms and munitions industry is under constant review to ensure it meets the strictest criteria. The 2007 review introduced a ban on the Group's involvement in any operations related to cluster bombs and weapons of mass destruction.

In 2008 BBVA has continued holding contacts and conversations with both Setem and with *Justicia y Paz*.

Finally, one last matter of some sensitivity has been the remunerations of the company's senior management in the face of the current situation. Although BBVA has not used the instruments made available for re-establishing the financial system's liquidity and solvency, in February the board of directors has approved three measures of major significance as regards this new scenario: the freezing in 2009 of the fixed and variable remuneration of senior management, consisting of around 300 corporate managers throughout the world, including the Chairman and COO; a 10% reduction in the variable remuneration in 2008 of the Chairman and COO; and a 36% cut-back in the long-term bonus for the Chairman and COO within the 2006-2008 incentives plan.

Finally, a media impact study of leading newspapers in the Group's operating countries shows no other contentious issues of any significance. Analyses by the foremost sustainability analysts who report on these issues each year and request clarifications that have a bearing on the Group's rating in social, environmental and ethical matters and on issues of corporate governance have also failed to reveal any such issues.



# CUSTOMER FOCUS

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



## QUALITY, SATISFACTION AND CUSTOMER SERVICE

For yet another year, BBVA continued to advance in its commitment to quality for its customers, which is reflected in its professional and personalised management model.

Thus, BBVA aims at consolidating both customer loyalty and confidence.

In this sense, the ultimate goal is to give priority to and develop most value-added functions that best satisfy customers' needs and interests. To this end, different solutions suited to the users' (individuals and small businesses) real needs have been sought in the current situation. Further information in this chapter can be found under: Adaptability.

On the other hand, one of the main sources of customer dissatisfaction is the irresponsible management of complaints. In this respect, a major milestone in the management of complaints in 2008 was the launch of the first Corporate Complaints Management Report.

With this initiative, the BBVA Group far exceeds the legal requirements regarding complaint management, such as the monitoring of compliance with transparency and customer defence standards. It is a good practice enabling BBVA to anticipate competitors, respond efficiently to the new standards in this field (local regulatory bodies, MiFID, etc.) and boost its customers' confidence and loyalty.

### Proviatención: closer to the customer

*Proviatención* is a high technology system operating in the BBVA Banco Provincial branch network in Venezuela. It helps manage and speed up the transactions made by customers at the branches, thus reducing the amount of time spent at the counter, in processing and customer service. In 2008, 47 branches were included in the *Proviatención* service. This tool helped achieve some of the objectives laid down, one of which was to set minimum waiting times in branches and keep up open and constant communication with customers.



In addition, the Group designed a complaint servicing reference model. The Group's different banks took part in the drawing up of the model which enables the comparison and description of different local models with an aim to identifying strong points, possible improvements and good practices. We have thus managed to considerably widen the reach of the information on this matter.

With this project, the BBVA Group seeks to obtain a structured and coordinated process for transforming and improving complaint management, external, corporate and local reporting models and a differential, institutional asset with special impact in terms of responsibility and reputation.

Another leading line of work in 2008 is related to the permanent quest for improvement in the service offered to its customers. Consequently, BBVA promoted a methodological review of the internal customer voice for central areas and staff units in business areas.

Advances in the identification of customer and supplier internal relations across units help pinpoint possible improvements in internal processes.

In addition, each of the Group's banks took special measures to raise customer satisfaction:

- **Bancomer Q (BBVA Bancomer):** It is an internal seal of quality and service which acknowledges retail banking and investment and private banking network branches that work to achieve consistently high standards.

- **Implementation of quality indicators** adapted to each of the banks enabling continued measurements from a customer viewpoint.
- ***doy Calidad soy Diferente* (BBVA Banco Provincial):** a campaign directed at improving the quality of ATMs and points of sales.

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

### Individual customer satisfaction levels

(Percentage)

	2008	2007	2006
Own external ratings C.A.C.O. <sup>(1)</sup>			
Spain	76.9	78.6	78.5
Mexico	85.5	86.7	87.4
Argentina	83.8	83.8	83.4
Colombia	79.2	75.6	75.8
Chile	82.1	79.2	80.5
Peru <sup>(2)</sup>	–	79.4	81.8

(1) CACO: Branch Customer Care Questionnaire.

(2) In 2008, the CACO survey was not carried out in Peru.

Scope: BBVA Group

### Complaint activity before the banking authorities<sup>(1)</sup>

Proceedings before the banking authorities for every €1,000m of activity<sup>(2)</sup>

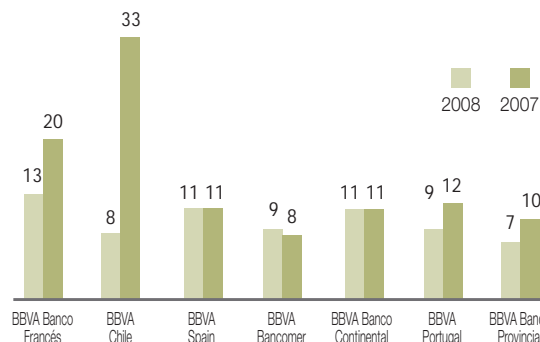
	2008	2007
Spain	1	1
Mexico	294	267
Argentina	15	52
Colombia	275	268
Chile	34	30
Peru	29	29
Portugal	8	4
Venezuela	153	103

(1) Each country regulates the criteria for admitting complaints in a different manner.

(2) Criteria for obtaining both Active Customers and Activity was standardised from 2007 to 2008.


Scope: BBVA Group

### Average number of days in settling a complaint<sup>(1)</sup> (days)



(1) Corporate Complaints Management Report 2008 and 2007.

Scope: BBVA Group

The Ombudsman's resolutions, which are binding on the BBVA Group, are communicated to its different units to be acted upon. The Customer Ombudsman's activities extend to all current BBVA Group units, as well as to its subsidiaries in Spain. Similarly, aware of the domestic financial environment and the concerns of the market and policy-makers, BBVA Bancomer promoted the figure of UNE Bancomer (Specialised Unit). This independent figure with its own capacity to resolve acts as customer Ombudsman and is strategically focused on continuous improvement and strengthening relations with customers and authorities. 

**ACCESS TO CREDIT** | In the current economic and financial context, access to credit is of enormous economic and social relevance.

In 2008, BBVA continued to accompany its customers and maintained the flow of credit at completely normal levels in all the markets in which it operates. The truth is, at BBVA, we are aware that providing access to credit is a necessity as well as a key social demand, and a function that is inherent in banking. No credit means no banks.

In the present financial crisis, BBVA is one of the major world companies in a more solid position as regards liquidity and capital. In these conditions, BBVA considers it has a greater responsibility when it comes to providing access to credit, as, nowadays, those being refused a transaction have far fewer alternatives to resort to. The message conveyed by management to all teams is fully consistent with this responsibility: think twice before refusing credit.

At the same time, BBVA considers it vital to go on applying the principle of prudence and facilitate funding only to those who are able to meet their payment liabilities. To do otherwise would be feeding the economic bubble, which, as the current crisis has demonstrated, would end up by generating much more serious problems for borrowers, for the bank and for society in general.

All this is reflected in the figures for last year, in which lending to customers rose by 7.1% in the Group to €342,671m. This was indeed the case despite the sharp fall in credit demand, which in Spain and Portugal was in excess of


24% in terms of operations arranged. In 2008, 73 out of every hundred applications for credit received were granted a loan. In 2007, the ratio was 78%. The similarity between both figures reflects the fact that the Group's credit policies were upheld in 2008, a commitment that BBVA has renewed for 2009.

**ADAPTABILITY** | At BBVA, adaptability is understood as meeting the needs of customers in all their life cycles and in different situations. In 2008, a year marked by the global downturn, there were a number of noteworthy initiatives related to this adaptability:

**NOS ADAPTAMOS (WE ADAPT).** Under the title "We adapt to the lives of our customers" ([www.nosadaptamos.es](http://www.nosadaptamos.es)), BBVA has launched a campaign in response to the current needs of families and entrepreneurs.

This campaign features highlights such as the following financial services:

- *Hipoteca BBVA* (BBVA Mortgage). All customers who transfer their mortgage held with another bank will be given €200 a month during one year to cope with the rise in interest rates.
- *Nómina IPC* (CPI payroll). To deal with the rise in the CPI, BBVA is offering a discount over two years on the most important direct-debit bills for customers and non-customers who direct deposit their salary in BBVA.
- *Depósito BBVA*. A personalised range of savings products.
- *Compromiso Autónomos* (Commitment to the Self-employed). A specific, innovative offer for the self-employed and retailers. As a first commitment, €200 will be given towards the customer's pension plan, on direct debiting two bills and social security contributions.


With this notion of adaptability in mind, BBVA is inevitably aware of the difficulties faced by some customers as a result of the current economic situation. The Bank therefore wishes to accompany anybody, who, in a viable context, may require, occasionally and as an extraordinary measure, satisfactory solutions for both parties involving the renegotiation of terms, the extension of interest-free periods, flexibility in payments, etc. 

## SECURITY, CUSTOMER PROTECTION AND BUSINESS CONTINUITY

Apart from the measures which the Group has adopted in order to meet legal requirements deriving from the Organic Law on Personal Data Protection (*LOPD*) and its

development, the BBVA Group's Code of Conduct, applicable to all its companies and employees, explicitly states the Group's commitment to the confidentiality of the private information which it holds on customers and their transactions.

In this respect, a variety of tasks were completed throughout 2008 in order to bring systems and procedures on automated and non-automated files into line with the new requisites laid down in the new *LOPD* development regulation. Likewise, no significant deficiencies were found when the biennial audit of the security measures implemented was carried out in 2008, in accordance with Royal Decree 1720/2007. This commitment by the Group likewise extends to reserved information on legal persons through banking secrecy.

BBVA actively works in the fight against all types of phishing and computer attacks on customers through a specific department called Technological Crime Prevention, in charge of monitoring the security of customer data. Within the Computer and Network Security Division, this department works nonstop, 24 hours a day, 365 days a year, to combat phishing of all types and other computer attacks that may affect customers in the different countries where the BBVA Group operates. 

With regard to the business continuity policy, the aim of which is to ensure that the Group is prepared for any possible interruptions in its activities during times of emergency or crisis, apart from drawing up continuity plans to respond to BBVA's corporate growth, further work has been done in relation to the Group's global strategy, involving:

- A strict test practice of the 120 continuity plans which BBVA has already rolled out in 23 countries. When conducting drills, not only is the validity of the procedure protocols and their tools checked but crisis committees are likewise activated, as their members are in charge of such protocols and of the subsequent validation of the results.
- Further progress towards the drawing up of recovery plans for new emergency situations which enable the continuity plans to not only

tackle strategies on the relocation of resources and computer system recovery but also deal with the non-availability of critical individuals, and supply chain interruptions.

- Promoting, together with the rest of the sector, through the Spanish Business Continuity Consortium, a business continuity strategy and business continuity practice in the financial system.

## TRANSPARENCY, ADVERTISING AND LABELLING

In this new economic and financial context, transparency is even more important as a commitment to BBVA customers. In this

respect, a working group was set up in 2008 to define and implement measures for reinforcing transparency and clarity in campaigns for the products and services offered by the Group. The said group, coordinated by CRR, is made up of representatives of the following business areas: Corporate Advertising, Corporate Communication, Human Resources, Corporate Quality, Transformation and Productivity, and Consumer Insight.

BBVA Spain still offers the *Cuentas Claras* product, which includes different banking products for a single fee and includes discounts based on customer loyalty. In 2008, 317,756 *Cuentas Claras* were opened, up 20.2% on the previous year.

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

In the case of Mexico, the ABM (Association of Mexican Banks) and the National Advertising Board regulate advertising in the financial sector



particularly as regards tone (to avoid violence, sex, etc.) and prevent comparative or disparaging advertising between competitors. In this respect, BBVA Bancomer makes sure that its advertising campaigns are in line with the Financial Services Transparency and Regulation Law.

## MULTI-CHANNEL BANKING

The challenge for BBVA is to make itself constantly available to people through its direct channels, designed to deal with all kinds of transactions. For this reason, multi-channel banking is one of our added values: the channels co-exist side by side and are all compatible and complementary.

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

- Internet channel:

The BBVA Group's transactional services are used by over 4.6 million Group customers who 351.27 million hits.

In 2008, BBVA upheld the commitment it took on in 2005 to information accessibility for the disabled by complying with the most advanced standards in web accessibility.

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

Within the framework of the *Plan Integra* (See the chapter on Responsible Management of Human Resources), the Technology & Operations Department (T&O) collaborates with the ONCE Foundation and follows its recommendations for the development of already existing and newly designed websites. In addition, under the name "Internet in your life" ([internetentuvida.bbva.com](http://internetentuvida.bbva.com)), a micro website was developed in the Group to make it easier for citizens to integrate new technologies,

particularly those related to banking transactions, into their daily life.

- Telephone channel:

In 2008, with the exception of BBVA Compass, the Group handled 136.5 million calls through its telephone service.

- Mobile phone channel: Thanks to the SMS channel, mobile phone banking and payments, ([wap.bbvamovil.com](http://wap.bbvamovil.com)), BBVA customers can access financial services through their mobile phones. Within the Group in Spain alone, 14.9 million short messages containing financial information were sent in 2008.

- Self-service machines/ATMs

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

Of particular note in 2008 was the launch in BBVA Bancomer of an innovative technological channel, a multi-channel service that allows customers to process loans quickly and automatically using the ATM network, Línea Bancomer and Bancomer.com. With an aim to reinforcing this commitment to multi-channel banking for the customer, *Practicajas*, quick deposit boxes (QDBs) which receive cash deposits to accounts with cheques and cash lodgements as well as credit card payments.

### Percentage of transactions by channel

(Percentage)

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

Scope: BBVA Group (except BBVA Compass)

# FINANCIAL INCLUSION

**PAVING THE WAY FOR NEW SEGMENTS OF THE POPULATION TO ACCESS FINANCIAL SERVICES IS ONE OF THE MORE GENUINE EXPRESSIONS OF A FINANCIAL INSTITUTION'S CORPORATE RESPONSIBILITY. IN 2008, THE GROUP'S MAJOR INITIATIVE INVOLVING THE BBVA MICROFINANCE FOUNDATION HAS ALREADY BENEFITED 1.7 MILLION PEOPLE.**

**346,758**

No. of customers of the BBVA Microfinance Foundation

**27.36**

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

**22.5%**

Customer share of the migrant segment (Spain)

**830**

Average amount of microloans (USD)

## BBVA MICROFINANCE FOUNDATION

As part of its pledge to financial inclusion, in 2007 BBVA set up the BBVA Microfinance Foundation, a non-profit institution whose mandate is to use microfinance to promote the economic and social development of those at greatest disadvantage, initially in Latin America.



With an initial endowment of €200m provided by the Group, the foundation is consolidating a microfinance network through the creation and integration of microfinance institutions with a strong local presence and solvency in the management of these resources for low-income groups.

The BBVA Microfinance Foundation furnishes the institutions in the network with the necessary resources for their empowerment and development, whereby they can extend their services to more needy people and in better conditions, and so pursue the financial inclusion of millions of small, low-income entrepreneurs who have no access to the traditional financial system and whose opportunities for development are limited.

In 2008, the foundation extended its microfinance network by creating and incorporating new institutions tailored according to criteria of sufficiency and sustainability, vital aspects for their future, and with which it seeks to

## «Non-banking correspondents», a new form of bancarisation in Colombia

In those countries in the region in which levels of banking usage, or bancarisation, are still very low, and especially in those areas and villages that are beyond the reach of its branch network, BBVA is present through the figure of «Non-Banking Correspondents», an efficient way of providing banking services to all segments of the population.

For users, the «Non-Banking Correspondent» is a way of drawing them closer to the bank, removing surcharges in financial operations, reducing travel times and, in short, facilitating their access to the financial system. The case of Colombia is especially significant, as this country has 50 correspondents that open the door for thousands of customer to services that were hitherto almost beyond their reach.  



reach out to the highest possible number of people. It has already invested €58.5m in developing the network, which is already present in Colombia, Peru, Puerto Rico and Costa Rica.

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

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

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

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

The foundation is also present in Costa Rica, where it signed an agreement with the state bank Bancrédito with a view to driving the microfinance business in this country, as well as throughout the rest of Central America.

In order to supplement its core business, the foundation undertakes schemes to boost the development of the microfinance sector within the fields of education, technological innovation, the dissemination of information and knowledge, and best practices in corporate governance, which will help to create a more favourable environment for it. To do so, the foundation subscribes alliances

with institutions that share a common mission.

Pledged to supporting the sector's development and overcoming the obstacles facing microfinance institutions, the foundation signed a master agreement on cooperation with Spain's Open University, *UNED*, which will lead to the organisation of schemes for training credit officers specialising in microfinance, in cooperation with local universities in Latin America.

Along these same lines, the foundation also entered into a partnership agreement with the Organization of Iberoamerican States for Education, Science and Culture, with a view to training for and encouraging self-employment amongst people suffering from poverty in Colombia and Chile. In addition, an agreement has been signed with the International Finance Corporation (IFC) for the development of a programme of joint investments in microfinance institutions, which is to be implemented over the coming business year.


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

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

These important figures join the other members that were already sitting on the Board in 2007: Manuel Méndez del Río, as Chair; Tomás Alfaro, Head of Business Administration and Management at the Francisco de Vitoria University; and Susana Rodríguez Vidarte, Dean of the Faculty of Economic and Business Sciences (otherwise known as *La Comercial*), at the University of Deusto.

The BBVA Microfinance Foundation is independent of the Group in terms of both


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

For more information, please visit:  
[www.mfbbva.org](http://www.mfbbva.org) 

**FONDO BBVA CODESPA MICROFINANZAS** | Another of the channels BBVA uses to fully involve itself in the pursuit of financial inclusion is the hedge fund *Fondo BBVA Codespa Microfinanzas* (Hedge Fund). This hedge fund, which was the first of its kind approved in Spain, is now just over two years old and by the end of 2008 it had provided access to microfinance for a total of 24,945 micro-entrepreneurs in Latin America.

This fund was created for the purpose of contributing to the development of the microfinance industry through investment in debt instruments issued by microfinance institutions in Latin America that are sound and viable in terms of sustainability.

It should be noted that in November 2008 the Corporación Andina de Fomento (CAF), a multilateral financial institution that supports sustainable development in its shareholding countries along with regional integration) has invested \$5m in the Fund with a view to generating greater opportunities for Latin American microfinance institutions.

For more information, please visit:  
<http://inversores.bbva.com> 

## BANKING PENETRATION PLAN FOR LATIN AMERICA

Within BBVA's policy on financial inclusion, another of the major actions it pursues is the Banking Penetration Plan in Latin America, which was

launched in 2007 in Mexico and South America. Throughout 2008, BBVA has continued to pursue this plan in its commitment to the dissemination of banking products and services amongst those people in Latin America with no prior experience in arranging loans, paying special attention to the financial education of this collective.

This is BBVA's pledge to the dissemination of banking products and services amongst the people of Latin America as a contribution to the region's socio-economic development.

**SOUTH AMERICA.** In 2008 BBVA South America has continued to pursue its strategy of banking penetration rolled out in 2006. This strategy is designed to increase the availability of credit to private customers, leveraged on the payslip, with credit cards as a product for accessing loans and rerouting the arrangement of transactions into alternative channels.

In addition to mitigating credit risk, the card-payslip pairing furthermore ensures a more loyal and stable customer base. This means that credit is granted in a more responsible manner and accessibility is widened by reinforcing the use and structure of channels that supplement the branch office.

Examples of this greater accessibility are, on the one hand, the innovative solution of *Corresponsales No Bancarios (CNB)* (Non-Banking Correspondents), an effective way of taking banking services to places beyond the reach of the branch

### Banking penetration plan: South America

	December 2008	December 2007	Target 2010
No. active customers (in millions) <sup>(1)</sup>	7.7	7.3	9
No. customers financed (in millions)	2.5	2	4
Card finance (million euros) <sup>(2)</sup>	1,174	857	2,000
Consumer finance (million euros) <sup>(3)</sup>	4,439	3,307	5,500

(1) An active customer is one with a balance of more than 0, holder of personal or business accounts.

(2) Chile not included.

(3) Venezuela not included.

Scope: South America.

network or to segments of the population with no experience of banking usage. In addition, accessibility has been further extended thanks to a 28% increase in the number of self-service points (ATMs + QDBs [Quick Deposit Boxes]).

At BBVA, we understand that responsible lending to people with no prior experience in debt arrangement requires providing borrowers with an elementary education in finances, hence the reason our bank is working on the drafting of very basic guides for the proper understanding and handling of both credit and saving products.

**MEXICO.** Mexico is a country with a great potential for bancarisation – extending the use of banking usage. With a population of 105 million people, those with no experience of bank usage amount to 17 million and these may be joined by another 16 million over the next 20 years, thereby exceeding 30 million people with no access to basic financial services.

The strategy for penetration in 2008 focused on those segments of private individuals with payslips and the arrangement of loans, involving mainly young people in low-income brackets with the

need for bancarisation. There has been a 17% year-on-year increase in our payslip accounts and an 8% like-for-like rise in lending.

There has also been a boost for innovation in 2008, with the offer of new products to attract more people in Mexico to the financial system. Such is the case of the money transfer cards that enable families living in Mexico to receive remittances directly into their accounts without having to deal with cash. A further example of an innovative product in the young people's segment is the *Tarjeta 40* card.

In 2008, BBVA Bancomer has embraced a commitment with its customers, as well as with society at large, to provide all financial information structured as regards both form and content in such a way that makes it accessible and user-friendly by disseminating educational programmes (*“Adelante con tu futuro”* – Forward with your future) to raise awareness of the importance of financial education, thereby enabling users to benefit from taking the right decisions. BBVA, together with the Museo Interactivo de Economía de México (*MIDE*) offers users personal finance workshops on different money issues (saving, credit card, credit health and saving for the future).

#### Banking penetration plan: Mexico

	December 2008	December 2007	Target 2010
No. active customers (in millions)	15.1	14.6	18
No. branch offices	1,843	1,765	2,010
No. ATMs	5,772	4,876	7,500

Scope: Mexico.

#### BANKING FOR MIGRANTS: DINERO EXPRESS AND BTS

Since 2005, BBVA has been catering for the migrant sector through a specialised network of customised financial and non-financial services, such as

*Dinero Express* (Express Money) in Spain (the entity has 150,000 migrant customers on its books), the conventional branch office network (which caters for some 600,000 customers) and BTS in Mexico.

**DINERO EXPRESS (ESPAÑA).** In 2008, BBVA has made a sea change in its strategy regarding the service it provides for the migrant sector. Dinero Express has been integrated within the bank's general network to enable these customers to

operate under the same conditions in all BBVA Group branch offices. Nevertheless, 15 dedicated offices have been maintained to cater for this customer segment. Even though it now has fewer sales points, it has closed the year with a volume of remittances totalling 543m, in a falling market due to the economic situation. 56% of the remittances are made through the BBVA network.

There are three reasons for this change in strategy:

- Until only very recently, there has been a constant and significant influx of migrants. It was therefore necessary to create a physical network that would provide solutions for people arriving in Spain. Such people often had



no experience of banking usage and preferred to work through remittance agencies. At the time, the Dinero Express network was intended to be a gateway and alternative to traditional banking, which often acts as a barrier to banking usage for this collective. However, the migrant sector now feels comfortable doing business with traditional banks as it has become familiar with banking usage. This means that a suitable service can be provided through the normal branch network and with the support of all the new channels (internet, ATMs...). Nevertheless, the approach taken by the BBVA network continues to be a differential one, with a specialised value offer. Furthermore, the greater capillarity of our commercial banking network in Spain (3,220 branches) enables us to extend that offer to a larger collective.

- In addition to this, the BBVA Group has made a major effort in technology so that the sending of remittances and other transactions can be effected through remote channels (telephone and internet) or through ATMs, thereby considerably reducing the need for physical branches for transactions of this nature. BBVA has arranged for its customers to make cash remittances through channels other than branch offices (70% via ATMs and 5% over the internet), which is considerably more convenient and economical for them.
- Finally, it should be stressed that the economic environment has changed in recent months and so, therefore, have the needs of migrants. There has been a general downturn in the financial activity of this collective in 2008. The borrowing and financial capacity of migrants has been weakened by the recession and the volume and number of remittances sent to their countries of origin has fallen, although Dinero Express has been one of the few institutions in the sector that has still managed to record growth in its activity. Moreover, as an example of BBVA's

commitment to this collective, in 2008 Dinero Express has expanded its financial offer by launching several new products to meet the needs of this collective:

- Pack 0€ - a financial product that does away with administrative charges and allows for the withdrawal of cash from ATMs free of charge

simply by ordering the direct debit of two household bills from a Dinero Express account.

- In September, the institution also began to market the sending of remittances at zero cost without the need to have one's payslip paid directly into the account, simply by agreeing to a set of requirements involving current account movements.

In terms of market share in Spain, in 2008 BBVA cornered 22.5% of the market for the migrant sector and 25% of cash remittances, considering solely financial institutions. If the entire market is considered (financial institutions and others), the market share for remittances was 7.6 % in 2008.

Finally, it should be noted that the charges collected by Dinero Express for remittances are amongst the most competitive on the market, according to a survey published by the World Bank.

For a comparison click on <http://remittanceprices.worldbank.org/Default.aspx>

**BTS.** BBVA's commitment to services suited to the needs of the migrant community is supplemented by those related to remittances through Bancomer Transfer Service (BTS) in Mexico. The BTS mission is to provide a top quality service for sending family remittances. To do so, it uses an electronic platform for the transfer of funds with a regulatory compliance program and the most sophisticated hi-tech system against money laundering.

The BTS strategy is based on 3 pillars:

- 1) Strengthening the corridor to Mexico and Latin America.
- 2) Extending the Origination Network in the US.
- 3) Global expansion to corridors in Europe, Asia and Africa.

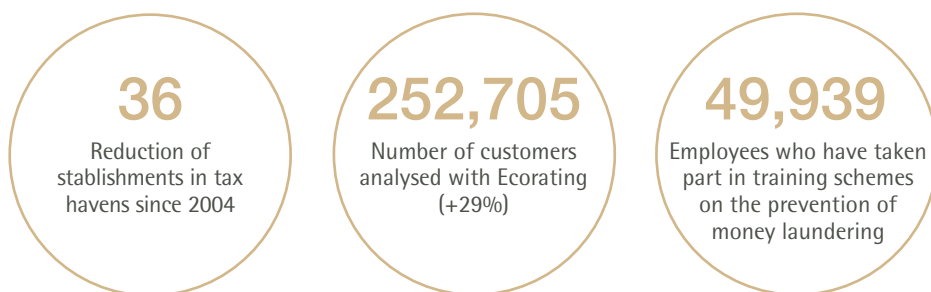
Regarding figures, in 2007 Bancomer had 38.3% of the market share in electronic transfers paid in Mexico, and by November 2008 it had 42.01%.

For Mexico alone, BTS processed 22,532,091 transactions amounting to \$9,301m, recording a 5.4% growth in transfers and 6.9% in funds on a like-for-like basis with 2007.

In 2007, the worldwide market in remittances amounted to almost \$240 billion. BTS won a share of 4.35%.

# RESPONSIBLE FINANCE

THE DRAFTING OF THE 2008 HANDBOOK ON SOCIAL AND ENVIRONMENTAL RISK MANAGEMENT IN FINANCING AND GUARANTEES IS A MAJOR QUALITATIVE LEAP FORWARD FOR THE FULL INTEGRATION OF THESE RISKS INTO BBVA'S LENDING BUSINESS.



## RESPONSIBLE RISK MANAGEMENT AT BBVA

For the BBVA Group, risk management is one of its main pillars, as well as one of its main strengths. Within the present environment, strict and responsible risk management enables BBVA to position itself as one of the strongest banks, maintaining better financial ratios than its

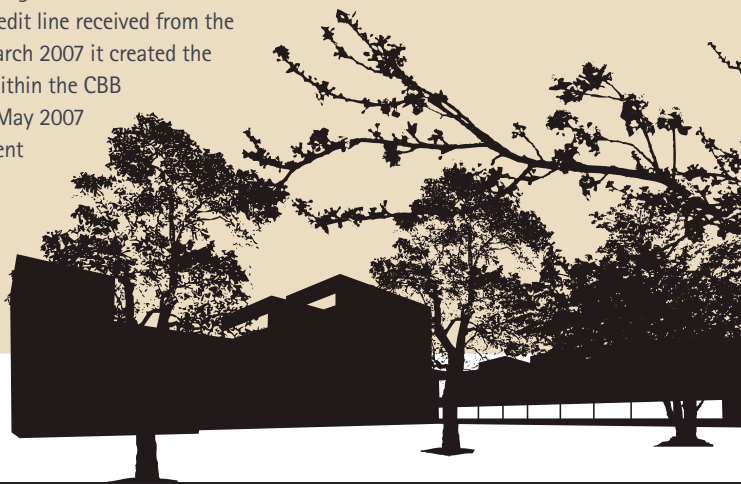
competitors, with considerable differential robustness thanks to the Group's comfortable liquidity position, the high quality of its assets and its acknowledged solvency.

This risk management means that BBVA can adapt to the changing environment, from a position of security and with extensive room for manoeuvre.

### Peru: pioneers in risk management thanks to the Environmental Risk Management Unit

Peru is a country whose industrial mining business makes it especially vulnerable in terms of social and environmental issues. Mindful of this, BBVA Banco Continental has managed to become a pioneer in the Peruvian market through the drafting of a social and environmental risk management policy, as well as through the development of a social and environmental risk management system as the main tool for its implementation.

The Bank has extended the expertise and best practices in environmental issues related to its operations, as well as capitalising on the opportunities presented by new emerging environmental markets, with the incentive being an environmental credit line received from the International Finance Corporation (IFC). In March 2007 it created the Environmental Risk Management Sub-unit, within the CBB Credit Risk Unit in the Risk Area; likewise, in May 2007 it approved its Environmental Risk Management Policy. Since then it has developed a series of measures and procedures for identifying, assessing and managing the social and environmental risks of the investment projects it finances.



In 2008, BBVA has taken a major step forward regarding its commitment to responsible risk management and has drafted a new procedure called “Handbook on social and environmental risk management in financing and bank guarantees”. The aim of this manual is to address all kinds of operations, from SMEs in Spain through to major operations in Project Finance. This handbook has been approved in February 2009 by the Technical Operations Committee, as well as by the Board’s Risk Committee, and will be of mandatory application throughout the entire BBVA Group.

Along these same lines, 2008 has witnessed a number of different activities:

- Course on changes in environmental legislation, analysing the main implications of Spain’s Environmental Liability Act, case studies, systems for assessing the damage caused, the use of financial guarantees, sectors most affected by the law, financial appraisal of environmental damage, the experience of the first legal proceedings filed under the new regulations and the different positions adopted by the Public Administrations regarding the new Air Quality Act.
- Seminar “The Regulatory Development of the Environmental Liability Act”, on financial guarantees and environmental risk assessment, which covered the following topics:
  - Environmental risk assessment reports (*MIRAT*) and calculating the cover of the financial guarantee
  - Presentation and verification of *MIRAT* pilot projects

Deployment has been made of a network of experts dedicated to environmental matters and training has been given to six analysts in Social and Environmental Risk Management in Spain, Chile and Peru through the virtual coaching programme “Social and Environmental Risk Assessment”.

In addition, with a view to reinforcing this commitment an Environmental Risk department has been set up in BBVA Banco Continental (Peru).

## LARGE COMPANIES AND PROJECT FINANCE

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

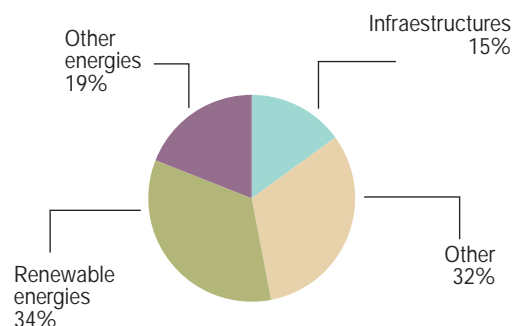
institution dedicated to the provision of financial services. The BBVA Group seeks to contribute to financing the building of infrastructures designed to improve people’s quality of life, but without neglecting either the environment or society itself. Accordingly, since 2004 BBVA has adhered to the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

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

One Project Finance operation was rejected in 2008 for failing to comply with the Equator Principles.

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

### Classification of projects according to the Equator Principles



Scope: BBVA Group

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

(million euros)

		2008			2007			2006		
	Category	No. operations	Total amount	Amount financed by BBVA	No. operations	Total amount	Amount financed by BBVA	No. operations	Total amount	Amount financed by BBVA
Europe and North America	A	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
	B	11	5,227.5	499.8	1	133.7	9.6	11	4,587.4	831.4
	C	32	6,343.6	1,345.0	11	1,544.3	321.7	7	1,946.0	357.8
<b>TOTAL Europe and North America</b>		<b>43</b>	<b>11,571.1</b>	<b>1,844.8</b>	<b>12</b>	<b>1,678.0</b>	<b>331.3</b>	<b>18</b>	<b>6,533.4</b>	<b>1,189.2</b>
Latin America	A	1	639.2	118.3	0	0.0	0.0	1	103.5	19.5
	B	6	1,054.1	76.5	1	437.4	72.9	5	1,826.2	434.9
	C	2	346.8	148.7	0	0.0	0.0	2	56.0	38.0
<b>TOTAL Latin America</b>		<b>9</b>	<b>2,040.1</b>	<b>343.5</b>	<b>1</b>	<b>437.4</b>	<b>72.9</b>	<b>8</b>	<b>1,985.7</b>	<b>492.4</b>
Asia	A	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
	B	1	34.0	18.2	0	0.0	0.0	6	14,414.1	260.3
	C	0	0.0	0.0	0	0.0	0.0	1	1,196.3	49.2
<b>TOTAL Asia</b>		<b>1</b>	<b>34.0</b>	<b>18.2</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>7</b>	<b>15,610.4</b>	<b>309.5</b>
Rest of Group	A	0	0.0	0.0	1	1,568.0	42.8	0	0.0	0.0
	B	4	2,753.1	234.7	0	0.0	0.0	6	14,414.1	260.3
	C	1	187.1	39.6	0	0.0	0.0	1	1,196.3	49.2
<b>Total Rest of Group</b>		<b>5</b>	<b>2,940.2</b>	<b>274.3</b>						
<b>TOTAL GROUP</b>		<b>58</b>	<b>16,585.5</b>	<b>2,480.9</b>	<b>13</b>	<b>3,683.5</b>	<b>447.1</b>	<b>33</b>	<b>24,129.5</b>	<b>1,991.1</b>

Figures in million euros.

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

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

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

Scope: BBVA Group.

### ENVIRONMENTAL RISK MANAGEMENT: ECO-RATING

BBVA, aware of the importance of the proper measurement, assessment and management of

environmental risk in a company's credit quality, continues to foster the use of tools that constantly record its customers' environmental risk scores.

Accordingly, 2008 has seen an analysis made of 252,705 customers in Spain, through the combination of three groups of variables:

- Pollutant emissions and the demand for resources.
- Aspects within the company's environment that may be directly or indirectly affected by its operations.
- Legislative pressure and auditing of certain components in the environment.

### Environmental risk assessment - Spain

Environmental risk scale	% Exposure	% Customers
Low	77.9	82.4
Medium	18.6	17.1
High	3.7	0.5

Notes:

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

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

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

Scope: Spain.

## POLICY ON FINANCING THE DEFENCE SECTOR

BBVA is one of the few international financial institutions with a policy on financing the defence sector.

Since 2005 the BBVA Group has had a specific rule on the financing of this sector.

This policy has been reviewed in 2008, with the following modifications being made:

- a) The General Framework is now called: "Principles, Criteria and Rules of Procedure for Defence Industry Lending Proposals";
- b) As a general policy, the BBVA Group will not be involved in financing those operations related to the arms trade in pursuance of the requirements of the Group's rule on the financing of the defence sector;
- c) The list of items involved in the operations affected by the rule has been extended to include cluster bombs and any weapons of mass destruction (nuclear, chemical and/or bacteriological);
- d) The number of factors for assessing the countries receiving the goods, used to decide whether or not to operate with them, has been reduced from seventeen to thirteen.

Moreover, as one of its commitments, the BBVA Group regularly reviews this internal rule with a view to adapting it at all times to the criteria that inform the policy declared by local authorities and international organisations. All this is undertaken in keeping with the EU Code of Conduct. 

## OVER-INDEBTEDNESS

2008 has been characterised by economic and financial instability, an atmosphere

of uncertainty, volatility in markets and rising unemployment rates. All this has meant that the spending power of both individuals and businesses alike has been curtailed.

BBVA undertakes meticulous risk management, analysing the capacity for repayment and all other risks according to the precautionary principle, and its management priorities continue to be efficiency, credit quality, capital and liquidity.

This has meant that BBVA has managed to moderate the rise in its default rate, which was 2.12% in 2008 due to the economic situation. This figure is an important indicator of the prudent risk management undertaken by BBVA. It is most

interesting to compare it with the data for 2007 (0.89%) and 2006 (0.83%).

Within an especially challenging scenario for the financial system, which has forced the governments of the world's leading nations to adopt extraordinary measures, BBVA has managed to perform in a singularly positive manner that has strengthened its position as regards its major competitors.

BBVA is aware of the difficulties faced by some customers as a result of the current economic situation. The Bank therefore wishes to accompany anybody, who, in a viable context, may require, occasionally and as an extraordinary measure, satisfactory solutions for both parties involving the renegotiation of terms, the extension of interest-free periods, flexibility in payments, etc.

Furthermore, this year BBVA has launched a generous range of financial solutions to help private customers and the self-employed to deal with the current situation. (More details are available in the chapter "Responsible Products and Services").

## BBVA GROUP PRESENCE IN OFFSHORE FINANCIAL CENTRES

The BBVA Group shares the approach taken by the Bank of Spain (see the Report on Banking Supervision in Spain, 2003) regarding the risks to their reputation that financial

institutions may be exposed to in the pursuit of their strategies if they do not consider the implications arising from the location of their businesses and the nature of the operations pursued. Accordingly, in 2004 the BBVA Group expressly outlined its policy on the operations of establishments permanently domiciled in offshore financial centres. In the wake of this statement, the Group drew up an action plan to reduce the number of financial centres of this type in which BBVA operates (see Corporate Social Responsibility Report 2004).

In addition to its policies on customer admission and knowledge, the BBVA Group pursues its operations and business in such jurisdictions in strict compliance with current legislation. For BBVA, its reputation is a strategic objective, which means that the management of the risks that may affect it requires priority attention.



Further progress has been made in 2008 in reducing the number of offshore financial centres, with 36 permanent establishments closed down by the year-end.

For more information, see: BBVA Group Annual Report 2008 ([www.bbva.com](http://www.bbva.com) )

#### PREVENTING MONEY LAUNDERING AND THE FINANCING OF TERRORIST ACTIVITIES

The Prevention of Money Laundering and the Financing of Terrorist Activities (henceforth referred to jointly as the Prevention of Money Laundering) constitutes, above all, a priority objective

that the BBVA Group associates with its pledge to promote and uphold the well-being of the different communities in which it operates.

For the BBVA Group, ensuring that its products and services are not used for illegal purposes likewise constitutes an essential requirement for safeguarding its corporate integrity, and thereby one of its main assets, namely, the trust of the people and institutions it deals with on a day-to-day basis (customers, employees, shareholders, suppliers, etc.).

In 2008, the Group has reinforced its Model for Managing the Risk of Money Laundering as follows:

- The adjustment of policies and procedures to the regulatory changes made in the Group's operating countries and the adoption of best international practices in these matters.
- The fine-tuning of existing monitoring systems in all Group units, which make a significant contribution to the ability to detect suspicious operations made by any financial institution.

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

The training of staff as a key component of this Model has continued to receive priority attention in 2008 with a view to enabling all BBVA Group employees to pursue their duties efficiently in the Prevention of Money Laundering and the Financing of Terrorist Activities. This training has focused especially on those groups of employees working in high-risk areas.

#### Prevention of money laundering and terrorist activities

	2008	2007	2006
Participants in training schemes on the prevention of money laundering	49,939	45,905	48,405
People specialising in activities for the prevention of both money laundering and the financing of terrorist activities	276 <sup>(1)</sup>	250	170

(1) Includes 30 temporary staff.  
Scope: BBVA Group.

# RESPONSIBLE PRODUCTS AND SERVICES

**SOCIAL AND ENVIRONMENTAL CONSIDERATIONS GENERATE A WORLD OF NEW NEEDS AND OPPORTUNITIES. BBVA HAS PLAYED A KEY ROLE IN 2008 AS A CATALYST FOR SOCIALLY RESPONSIBLE INVESTMENT.**

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

Pension fund manager  
in Latin America  
and Spain

**163.18**

(million euros)  
Volume of credit financed  
through *Ayuda Vivienda*  
(Home Loans)

**1,900**

(million euros)  
BBVA Staff Retirement  
Plan volume (fully  
managed according  
to SRI criteria)

**1 million**

Tonnes of CO<sub>2</sub> traded

## **SOCIALLY RESPONSIBLE INVESTMENT (SRI)**

At BBVA, Socially Responsible Investment (SRI) is understood as that which adds ethical, social and environmental criteria to the

analysis of profitability and risk, with the aim of selecting the best long-term sustainable performance for investment.

Due to the turmoil in the financial sector, volume and member figures were not positive – a trend affecting the entire mutual fund industry.

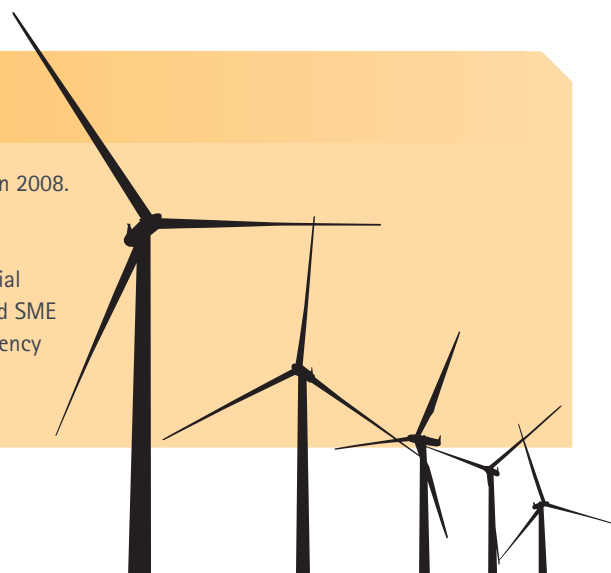
Nevertheless, the results for SRI in 2008 showed substantial advances among institutional

investors. The following are BBVA's major achievements in this area:

- BBVA now manages the Group's entire staff retirement plan in Spain using SRI criteria. BBVA commenced to manage its employees' pension fund, with assets of approximately €1,900m and over 41,100 holders, entirely according to sustainability criteria. This achievement was attained through intense negotiations between the unions in the *BBVA Fondo de Empleo* (BBVA Staff Retirement Plan) Control Committee, beneficiary representatives and the Pension Fund Manager. 📺

## **Support for SMEs: BBVA and the Inter-American Investment Corporation (IIC)**

BBVA signed a collaboration and assistance agreement with the IIC in 2008. The mission of the IIC is to contribute to the economic and social development process of member countries in Latin America and the Caribbean. Priorities for both entities include easing access to financial services as well as promoting energy efficiency, new technologies and SME incorporation. Some noteworthy initiatives include the "Energy efficiency and renewable energy" programs, along with the "Generic technical assistance" programme.



- The GPP and *BBVA Fondo de Empleo* were the first two institutions to adhere to the United Nations Principles for Responsible Investment (PRI) ([www.unpri.org](http://www.unpri.org)).
- The FTSE4Good IBEX – the first sustainability index in Spain – was established. BBVA is a leader among the 27 companies comprising the index. In order to be accepted into this index, a company must pass an exhaustive analysis carried out by the ERIIS sustainability agency, working in collaboration with the Fundación Ecología y Desarrollo (ECODES).
- BBVA launched *Acción FTSE4Good IBEX ET*, the first ETF (exchange traded fund) that makes it possible to invest in socially responsible companies included in the FTSE4Good IBEX. This fund reached a volume of €1.6m in 2008, with 77 investors. For more information, please see: [www.bbvafondos.com](http://www.bbvafondos.com)
- BBVA promoted the creation of SpainSIF, a platform aimed at raising the level of SRI development in Spain to that of other countries, where SRI is more advanced.

Sustainability analysis processes at BBVA are currently focused on equity assets, using the ratings system and reports prepared by the Innovest ([www.innovestgroup.com](http://www.innovestgroup.com)) rating agency. Companies receiving the lowest sustainability ratings are analyzed in depth. Should their risk rating be considered quite high, they are excluded from the portfolios. The profiles of the companies comprising the BBVA funds are generally well over the average for their respective sectors, especially those in European portfolios.

In 2008 this process was applied to 20 % of the equity assets and pension funds managed by BBVA. Similarly, 25 % of the mutual and pension funds managed by the company also applied SRI criteria to their equity investments.

In the specific case of the *BBVA Bolsa Desarrollo Sostenible* (BBVA Sustainable Development Stock Market) fund, sustainability ratings were used in overweighting the different companies. The bank also used as a benchmark an index that includes only those companies showing the highest performance in these areas (FTSE 4Good Global 100). Meanwhile, the basket of securities that were to comprise the *BBVA Extra 5 II Garantizado* guaranteed equity fund was selected

according to SRI – and profitability – criteria, one of them being their inclusion in the FTSE 4Good global indexes at the time the fund was launched.

BBVA's commitment to SRI also led it to sponsor ESADE's 2008 SRI Observatory, which included a specific report on corporate pension plans in Spain.

In other areas, the Corporación Andina de Fomento (CAF) invested \$5m in *BBVA Codespa Microfinanzas* (Hedge Fund) in 2008, towards the aim of generating greater opportunities for microfinance institutions in Latin America. BBVA entered into active dialogue with the 24 companies included in the fund (3.9% of all companies in SRI portfolios) concerning sustainability issues.

BBVA also continued marketing the following solidarity mutual funds:

- *BBVA Bolsa biofarma*: with 3,670 investors and a volume of €14.91m in 2008. The fund manager donates €15,000 a year to the Spanish Foundation for Applied Medical Research (FIMA).
- *BBVA Solidaridad*: with 508 investors and a volume of €15.49m. A yearly donation of 0.55% of managed equity is distributed among the associated not-for-profit organisations chosen by the investors; this donation ran to €123,909 in 2008.

At the present time, BBVA has no formal policies of intent regarding social or environmental issues, beyond those of upholding the corporate principles and pledges it has assumed for its operations in this matter.

Finally, BBVA Asset Management earned the GIPS (Global Investment Performance Standards) certification for mutual funds, which implies the

### Socially Responsible Investment (SRI)

(Percentage)

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

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

Scope: BBVA Group.

### Funds with CR criteria (Million euros)

Fund	Aim	Public interest purposes for which they are allocated	2008		2007		2006	
			Volume	Members	Volume	Members	Volume	Members
BBVA Extra 5 II Garantizado	Guaranteed equity	The chosen companies are among those listed on the FTSE4Good index which applies CR criteria in its selection process	628.72	24,545	688.07	26,323	785.20	29,244
BBVA Desarrollo Sostenible	International equity	The chosen companies are given the highest rating according to an external analysis <sup>(1)</sup>	12.54	5,409	29.89	7,165	52.01	10,377
BBVA Codespa Microfinanzas	Hedge fund	Investment in OTC securities in developing countries	27.36	22	23.67	29	20.55	6

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

Scope: BBVA Group.

voluntary adoption of ethical standards. This certification commits BBVA to assuring the relevance, accuracy and precision of the information concerning yields that it presents to customers or investors.

### SOCIAL PROVISION | PENSION PLANS. The BBVA Group is an industry leader in individual pension

systems in Spain, with a market share of 16.40 %, according to data from INVERCO at December 2008.

Similarly, BBVA is a leader in the management of pension funds in Latin America, with a share of 22.8 % of all managed assets. This position has made the bank a key player in the development and consolidation of private social provision schemes in the region, as well as a point of reference for countries in other geographical areas. Moreover, BBVA has been an active participant in designing the reforms being implemented in different countries around the region, offering descriptions and proposals for

improvement. At the same time, it has contributed solutions aimed at the sustainable development of pension systems.

With the aim of assessing the long-term performance of pension systems and of improving reform development, the BBVA Group has put into practice a methodology projected up to the year 2050, one that follows a macro-actuarial model based on three foundations:

1. A demographic analysis, in order to establish the aging profile;
2. A macroeconomic analysis of the countries, including GDP growth, investment levels, productivity rates and formal job demand;
3. An analysis of the parameters of the pension system, which determines the membership, contribution and benefits profile. This analysis takes into consideration the contribution, fee and profitability rates, as well as mortality tables and benefit calculations between systems.

As a sign of this commitment, BBVA's Pensions and Insurance Unit in the Americas and the BBVA Group Economic Research Department

### Customers' pension plans (Million euros and million members)

	2008 <sup>(1)</sup>		2007		2006	
	Volume	Members	Volume	Members	Volume	Members
Spain	16,060	1.9	17,068	1.9	16,291	1.9
Latin America	31,727	12.7	43,474	13.6	40,497	12.7

(1) The reduction in the volume and number of members in 2008 is due in the main to two reasons: the generalised market crisis and the recent nationalisation of the pension system in Argentina.

Scope: BBVA Group.

([www.serviciodeestudios.bbva.com](http://www.serviciodeestudios.bbva.com)) have drawn up reports on the pension systems of each country.

In addition, BBVA has entered into collaboration agreements with the World Bank and the Organization for Economic Cooperation and Development (OECD) aimed at supporting research in pension-related areas. These agreements have made it possible to share BBVA's experience in pension system management with the Chinese Ministry of Human Resources and Social Security, the organisation responsible for boosting reforms in that field in China.

**INSURANCE.** With the new needs of its customers in mind, BBVA Seguros ([www.bbvasseguros.com](http://www.bbvasseguros.com)) launched several innovative products in 2008, including:

- Private savings policies: *PIAS* – private savings policies with complete flexibility, liquidity and important tax advantages and *Rentas de remuneración variable* (floating rate deposits), whereby the customer may combine the reception of returns according to the current market situation at any time with a minimum amount guaranteed for life, with accessibility to his or her savings without penalty.
- *Vale seguro Bancomer*, a policy aimed at insuring a family's food supply in case of the policy holder's death. This policy gives customers access to welfare solutions.


BBVA also expanded its offer of individual risk policies by launching the following products: *Seguro 2C*, a policy designed to cover any treatment a customer may need in the case of serious illness, *Protección familiar* (Family protection) and *Más cobertura profesional* (More professional coverage), a new accident insurance concept aimed at individuals as well as the self-employed and SMEs (in the last case, with the added advantage of coverage for sick leave).

Similarly, BBVA Pensions and Insurance have continued to market policies aimed at the most underprivileged groups, such as migrants (repatriation insurance) and senior citizens (policy linked to *Hipoteca Bienestar*, a reverse mortgage).

**PLAN FAMILIAS BBVA** | From its beginnings in 2003, the *Plan Familias* (Families Plan) has been aimed at helping families cover their basic needs, with

particular attention being paid to the most needy and vulnerable groups.

Continuing along this line and taking into consideration the current economic environment, 2008 saw the launching of a mortgage product for young people which applies, for the first time, a sub-Euribor interest rate. The new *Hipoteca ayuda vivienda* (Home loan) mortgage offers an interest rate at the Euribor minus 0.25 points for the first year. It is targeted at young people with limited resources seeking to purchase their first home. Moreover, BBVA raised the 1% interest rebate when signing the mortgage from €1,500 to €3,000. When combining the two types of aid (Euribor rate - 0.25% and the 1% rebate), savings on the monthly payments of the mortgage amount to €225 for a loan of €150,000.

From the time of its launching in April, 2008, 1,351 of these mortgages were arranged, for a total amount of €163.18m. 

Working within the same plan in 2008, BBVA began the fifth year of its *Préstamo nacimiento* (New baby loan) campaign, which will continue until March, 2009. As in prior years, the loan covers a maximum amount of €3,000, with three-year term and a 0 % interest rate.

Since the time of its creation, the *Préstamo nacimiento BBVA* has granted loans to a total amount of €136.57m that have benefited 38,401 mothers. The risk analysis system (scoring) was adapted in order to promote access to these loans by segments of the population who do not habitually use banking services. A total of 1,282 loans were granted in 2008. Likewise, the marketing of *Préstamo Dependencia* (Dependency Loan) continued: 2,232 disabled or 65+ people benefited from the granting of loans to the value of €6.4m.

Preferential financing was also offered in the form of special products aimed at supporting senior citizens in adapting their homes, thus increasing their autonomy: 494 such loans were granted in 2008.

#### SUPPORT FOR EXPORTERS AND ADF

In 2008, the BBVA Group became the world leader in the trade finance market, according to Dealogic (a member of the Euromoney group) rankings. BBVA supports the foreign trade of developing countries. In this respect, it is worth highlighting BBVA's membership in the Programme for the Promotion



of Foreign Trade of the Inter-American Development Bank.

BBVA also manages an investment portfolio for financing the procurement of equipment goods purchased by foreign buyers of these countries, which reached €858m in 2008. Of particular interest is the bank's management of the Aid Development Funds (ADF), where BBVA acts as a brokerage agent or as co-financer. These funds enable the financing under special terms of projects which make a positive contribution to society. BBVA operations in this area, which have the licensed support of the Spanish government, grew to €40m in 2008.

#### PUBLIC INSTITUTIONS

The BBVA Group continued as a leader in Spain in providing services to public and private institutions. Working with a specialised unit, the Group takes on a double responsibility – both as a specialised financial organisation and as an entity committed to the promotion and development of projects that have a significant social impact.

BBVA also continued in its work of implementing new financial instruments and services, which have helped to optimise institutional management while improving the quality of the services rendered. Noteworthy examples include subsidy financing and advance, transactional operations and cash management.

2008 also saw the signing of the *ICO-Turismo* line, aimed at the comprehensive modernisation of mature tourist destinations, upon the initiative of local governments and those governing a population of less than 100,000 inhabitants. Assessment for such projects puts more weight on those destinations that are overloaded environmentally and in terms of urban development, and which have seen little new investment.

#### PRIVATE NOT-FOR-PROFIT ORGANISATIONS

In 2008, BBVA continued with its support activities for institutions such as the Spanish Red Cross, by collaborating in the management of prize payments for the annual *Sorteo de oro* lottery. The bank was also involved in a collaboration programme with UNICEF, by selling that organisation's cards in the branch network. In addition, the Group continued its

work in Spain with the *Servicio colabor@* on the BBVANet site, which allows customers to freely make transfers to 25 not-for-profit national and international organisations.

Similarly, BBVA continued supporting the work of private not-for-profit organisations with its programme of mail shots in its correspondence with customers. The said mail shots aim at disseminating their solidarity activities, appeals for humanitarian emergencies or membership drives.

Finally, *BBVA Soluciones* launched a special offer for Special Employment Centres, including material related to job placement, accounting and tax matters. Said offer has benefitted 300 companies and organisations in the disability support sector.

#### ENVIRONMENTAL PRODUCTS AND SERVICES

BBVA's main commitment to the environment is channelled through its funding of projects and the development of products and services of an environmental nature.

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

- BBVA was among the world leaders in the financing of wind farms from 2000 to 2007 (\$2,588m) according to Thomson Financial data.
- BBVA Banco Continental has obtained a line of environmental financing from the International Finance Corporation (IFC) for \$30m. The funds will be invested in green projects, most especially those related to energy efficiency and natural gas conversion.
- *BBVA Soluciones* has launched an environmental consulting service for SMEs. This *Plan Remedia* (Remedial Plan) offers opportunities for energy savings and the efficient management of resources within four areas of activity: energy efficiency, environmental management, accessibility fitting and corporate responsibility.
- Financing of photovoltaic panels for SMEs (BBVA Spain): in 2008, funding was provided for a total amount of €15.2m and a total of 3,200 kW.
- Financing of photovoltaic installations in the Valencia and Murcia regions, including 11 operations amounting to €10m.
- Carbon trading. In 2008, the BBVA Group traded over one million tonnes of CO<sub>2</sub>.

# RESPONSIBLE MANAGEMENT OF HHRR

**ATTRACTING AND RETAINING TALENT, DIVERSITY, RECONCILING WORK AND PERSONAL LIFE, EQUAL OPPORTUNITY... THEY ARE ALL CHALLENGES WHICH, AT BBVA, WE HAVE TAKEN UP IN ORDER TO MAKE IT THE BEST COMPANY TO WORK FOR.**

**8.5/10 %**

Women in senior management positions 2006/2008

**49/51 %**

Men/women percentage

**75 %**

Employees trained in 2008

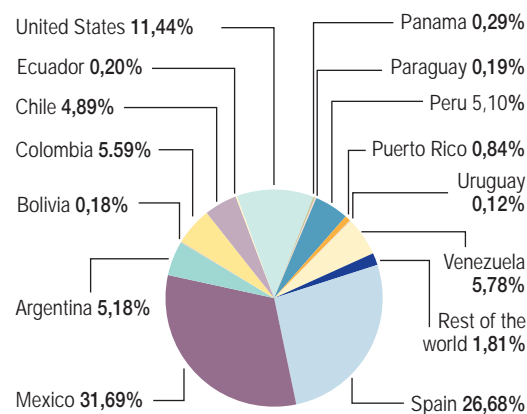
**21.1 %**

Employees promoted in 2008

## EMPLOYEES' PROFILE

For BBVA, employees are a stakeholder group of special significance as the company's corporate culture is based on the idea of working «through people for people». To actually put this premise into practice, one of BBVA's the priority goals is to manage human capital by promoting continuous improvement in the ethical standards affecting its employees in the fields of equal opportunity, professional and personal development, the promotion and improvement in the capacity for teamwork, the work climate and in the degree of satisfaction of all of the Group companies' employees.

## Distribution of employees by country

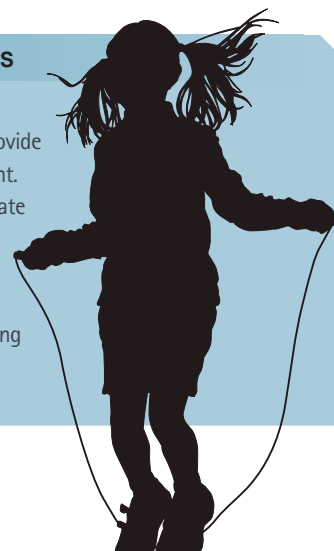


Scope: BBVA Group.

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

The BBVA Group has completed the implementation of the human resources competency-based management model for the Group's more than 100,000 employees. The purpose of the IDP is to provide support, automation and improved efficiency in the management of employees' career development. Supervisors and reports together define the competencies to be improved and choose the appropriate training courses listed in the IDP catalogue. The result of the IDP is a two-year development plan drawn up by consensus, made up of the appropriate actions for improvement, and reviewed annually.

The last competency assessment process, which took place in 2007, was completed with the drawing up of over 55,000 Individual Development Plans which translated into more than 266,000 training measures that were implemented in 2007 and 2008.



## Workforce: breakdown by average age (in years) and gender (Percentage)

	2008					2007					2006				
	Average Age		<25	25-45	>45	Average Age		<25	25-45	>45	Average Age		<25	25-45	>45
	M	W				M	W				M	W			
Spain	44.0	38.3	1.2	57.2	41.8	44.0	38.2	2.0	54.1	43.9	43.7	38.0	2.6	52.9	44.5
Mexico	35.0	32.0	18.6	67.8	13.6	36.0	32.0	17.9	71.1	11.0	36.0	33.0	14.8	74.2	11.0
Rest of the Americas	38.4	36.7	11.2	64.4	24.8	38.4	36.5	10.2	67.3	22.5	39.1	37.1	7.8	73.2	19.1
Rest of the world	38.8	37.7	3.6	75.8	20.5	38.9	37.8	3.8	75.0	21.2	39.4	38.6	3.7	72.0	24.2
Group Average	39.1	35.6	10.8	62.9	26.2	39.6	35.2	10.2	64.3	25.5	39.8	35.8	8.5	66.3	25.3

Notes: M=Men; W=Women.  
Scope: BBVA Group.

### EMPLOYMENT AND RECRUITMENT

Human resources policies must necessarily be a means to promote talent throughout the corporation, and go

beyond the different functions, business lines or geographical areas, while creating consistent management practices all over the world.

The aim of these management practices is to ensure the constant flow of talent for management. This is achieved in a dual manner: on the one hand, identifying talent within the company itself and then working on its development; on the other, to attract the best talent available on the market.

At BBVA, a global policy and a code of procedure make up the framework that helps ensure equal opportunity, as well as maximum independence and confidentiality in the recruitment processes.

BBVA guarantees equality of opportunities: all the candidates are given the same treatment, all go through the same recruitment processes and there is no discrimination for reasons of sex, race, and family relationship or of any kind other than the actual requisites specified for the position.

Most of the Group's employees are hired directly in their countries of origin; this procedure helps ensure that 86.5% of management staff is recruited locally.

Furthermore, in response to concerns deriving from changes in the organisation made at BBVA, the *Protocolo de Garantías de Empleo en BBVA*

(Protocol for Employment Guarantees in BBVA) was signed with 74.79 % of trade union representatives. In this document, BBVA undertakes to carry out a process to adapt structures to the new organisation model without resorting to such painful measures as the implementation of a redundancy plan or objective dismissals for reasons of organisation. This protocol covers the entire workforce of the Group in BBVA Spain.

### Recruitment of employees

	2008	2007	2006
Spain	2,386	3,826	2,054
Mexico	16,853	12,372	8,141
Rest of the Americas	8,327	5,104	3,910
Rest of the world	285	479	230
TOTAL	27,851	21,781	14,335

### Of which new recruits<sup>(1)</sup>

	2008	2007
Spain	983	1,922
Mexico	4,482	3,098
Rest of the Americas	6,580	4,566
Rest of the world	209	218
TOTAL	12,254	9,804

(1) New recruits refers to the hiring of personnel for permanent positions and, therefore, does not include temporary employees.

Scope: BBVA Group.

## Discharges of employees

	2008	2007	2006
<b>Spain</b>	<b>4,429</b>	<b>3,312</b>	<b>2,956</b>
Retirement and early retirement	2,053	606	1,893
Incentivated discharges	131	46	69
Voluntary discharges (resignations)	349	589	489
Others <sup>(1)</sup>	1,896	2,071	505
<b>Mexico</b>	<b>17,531</b>	<b>10,019</b>	<b>6,728</b>
Retirement and early retirement	197	130	72
Incentivated discharges	781	1,712	73
Voluntary discharges (resignations) <sup>(2)</sup>	3,190	3,762	3,091
Others <sup>(1)</sup>	13,363	4,415	2,682
<b>Rest of the Americas</b>	<b>9,059</b>	<b>5,003</b>	<b>2,602</b>
Retirement and early retirement	149	23	26
Incentivated discharges	1,158	1,251	441
Voluntary discharges (resignations) <sup>(2)</sup>	4,122	2,498	1,473
Others <sup>(1)</sup>	3,630	1,231	662
<b>Rest of the world</b>	<b>306</b>	<b>292</b>	<b>146</b>
Retirement and early retirement	2	64	9
Incentivated discharges	116	24	29
Voluntary discharges (resignations)	127	131	87
Other <sup>(1)</sup>	61	73	21
<b>TOTAL</b>	<b>31,325</b>	<b>18,626</b>	<b>12,432</b>
Retirement and early retirement	2,401	823	2,000
Incentivated discharges	2,186	3,033	612
Voluntary discharges (resignations)	7,788	6,980	5,950
Others <sup>(1)</sup>	18,950	7,790	3,870

(1) "Others" is made up in the main of discharges of temporary employees and other kinds of discharges such as: disciplinary discharges, termination of contracts, leave, disability, and death.

(2) Voluntary resignations for the Americas for 2007 has changed due to the correction of an error in the calculation of the voluntary resignation figures for Mexico, which should have been included in "others".

Scope: BBVA Group.

## APPRAISAL, PROFESSIONAL DEVELOPMENT AND REWARD

BBVA has a policy and follows a standardised process for assessing competencies and evaluating performance

which are applicable to the entire workforce:

- **Assessing competencies:** its fundamental objective is to identify the level of skills and knowledge of each individual compared with those required for the function they fulfil. The results of this measurement help design a personalised development and training plan for each employee (the Individual Development Plan or IDP).
- **Performance evaluation:** it assesses the level of attainment of the objectives set at the beginning of the year, and is linked to variable remuneration.

The reward policy at BBVA is based on the level of responsibility of the position and on the professional evolution of each individual, avoiding any discrimination for reasons of sex, race or any other kind.

As far as variable remuneration is concerned, as was already mentioned, it is related to the degree of attainment of objectives, both those set for each employee and those set for his or her unit, which are established at the beginning of each year. Customer satisfaction and commitment to corporate responsibility indicators are also important for establishing the variable remuneration.

Where the function and responsibility of the position, professional development and fulfilment of objectives are similar, the relation between men and women's salaries is likewise similar.

Moreover, BBVA now has a new policy for managing professional development intended to ensure that suitable candidates are available wherever they are needed, bearing in mind our workforce's interests and in order to boost internal promotion with respect to external recruitment.

## TRAINING AND KNOWLEDGE MANAGEMENT

A large part of the success of any company lies in the professionalism of its staff and, to this end, it is

necessary to invest in training employees, so that they can gradually acquire the necessary skills for performing their functions.

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

	2008			2007			2006
	Total turnover	M	W	Total turnover	M	W	Total turnover
Spain	1.20	51	49	1.93	54	46	1.57
Mexico	9.24	45	55	11.45 <sup>(2)</sup>	48	52	12.52
Rest of the Americas	10.82	37	63	8.52	46	54	5.67
Rest of the world	6.43	55	45	7.18	59	41	4.52
Group average	7.70	41	59	7.40	46	54	6.55

(1) Turnover = [Voluntary discharges (excluding early retirement) / no. employees at the start of the period] x 100.

(2) Turnover in Mexico 2007 has been corrected due to an error in criteria for calculating voluntary discharges.

Scope: BBVA Group.

### Equivalence percentage of minimum guaranteed inter-professional wages and/or basic basket of each country compared with minimum wages paid in BBVA

	2008	
	Minimum salary paid in BBVA (local currency)	%
Spain	21,700	258.33
Mexico	44,042	219.52
Argentina	33,350	206.89
Bolivia	21,700	313.13
Chile	9,841,740	515.81
Colombia	21,832,898	335.05
Panama	5,200	133.61
Paraguay	30,560,583	175.20
Peru	16,500	214.29
Uruguay	273,046	548.28
Venezuela	16,025	167.03

Scope: BBVA Group.

BBVA understands training as a commitment to its teams and sees it as an investment with a twofold objective: responding to the needs of customers as well as to the requirements of all the professionals working for the Group, towards the end of promoting professional growth.

In this sense, worthy of mention is the major role played by training in such a global and heterogeneous organisation as BBVA, as it has been established as an instrument favouring the integration of the diversity of its teams.

The importance that BBVA affords training is made quite evident by the almost €41m it has invested in the *Plan Global de Formación 2008* (Corporate Training Plan 2008).

The plan's four main lines of action are:

1. To innovate as regards what is offered in the line of training (content, format and methods), promoting knowledge of customers' needs;
2. To foster the development of talent through professional development;
3. To incorporate training solutions and more efficient and flexible channels;
4. To respond to the Group's new needs regarding global knowledge and competencies.

The new training model revolves basically around two major areas:

1. Campus BBVA: an area open to knowledge, made up of 5 schools that provide answers for the critical competencies that the Group's workforce needs to master.
2. E-learning: it is available to all employees and is a global online learning network through the *Conoce* platform.

In 2008, two portals were set up for language training (English and Spanish).

Of particular note is the training provided on the Code of Conduct in several of the countries in which the company operates. Over 30,700 employees have been given training on this subject.

In 2008, the «Corporate Training Plan» in matters relating to corporate responsibility was approved. This had been one of the objectives set out in the CR Report 2007. The plan includes specific training measures for management staff, new BBVA employees, teams specialising in risk,



procurements, premises and asset management, as well as general measures for all employees. The main channel used will be the *Conoce* online training channel.

On the occasion of the celebration of the 60<sup>th</sup> anniversary of the Universal Declaration of Human Rights, at the end of 2008, a course on human rights was created and made available to all employees.

Training			
	2008	2007	2006
Total investment in training (thousand euros)	40,806	43,882	35,549
Investment in training per employee (euros)	374	428	375
Hours of training per employee	37	39	39
Spain	35	39	42
The Americas	38	39	38
Satisfaction rating of training (out of 10)	8.20	8.80	8.80
Employees who have received training during the year (%)	75	75	73
Volume of subsidies received from the Fundación Tripartita (FORCEM) in Spain (million euros)	3.37	3.32	3.12
Scope: BBVA Group.			

## PASSION FOR PEOPLE

Since it was launched in 2005, the corporate programme *Pasión por las Personas*

(Passion for People) has been an essential component of the value proposal that the Group offers to its present and potential employees, successfully combining rational initiatives, normally of a financial nature, with others of an emotional nature, mainly related to personal satisfaction and pride deriving from working for, and being a part of, BBVA.

Five major lines of work form this programme:

1. “Quality of life”: a project that seeks to satisfy the demands existing today in relation to reconciliation of work and personal life, with an aim to promoting this aspect in each and every one of the countries in which BBVA operates. Among others, the following initiatives have been developed:

- **Telework:** employees are provided with the necessary technological means to enhance their work flexibility. This initiative is further bolstered with online training plans. The number of remote access devices in Spain runs to 6,504 and corporate mobile phones total 7,546.
- **Raising awareness of management staff:** the balance between work and personal life is outlined in *Nuestro Estilo de Dirección* (Our Management Style), a guide which summarises the behaviour expected of all those who have

people under their charge. Moreover, specific training is given in the matter, and additional modules have been added to the existing courses, such as the *Programa Corporativo de Liderazgo PCL* (Corporate Leadership Programme CLP), in which a new module called “Balanced management of teams” in an interdisciplinary environment have been included in BBVA Spain, or the “Executives’ integral development in team management” in BBVA Bancomer.

- **Health and wellbeing:** in this field, activities involving back workshops and physiotherapy sessions have been promoted on advantageous terms.

2. **Personal benefits:** this point is outlined in the following section.

3. **Sport and culture:** with an aim to fostering certain values such as self-improvement spirit, teamwork or fair play among workers, the Group organises and finances different sporting activities. This year, BBVA’s Solidarity race was held for the second time; the race had a common denominator in all participant countries: all the money raised was used for social purposes. In total, approximately 31,000 people took part. 🏃

Likewise, the cultural aspect must not be forgotten. Consequently, BBVA organises guided visits to museums and art exhibitions, lectures, concerts for employees and their families, and

manages the purchase of tickets for theatre or music performances at a reduced price on a permanent basis.

4. “Senior”: it is a relation model for early retired, retired staff and widows or widowers of BBVA employees. This collective has, among others, its own internet portal, on which they can access the online version of *Adelante*, the BBVA corporate magazine, or the Group’s IP television channel. Likewise, the Senior collective has been included in the cultural and sports offers which may be of interest to them.

5. Volunteer work: it seeks to promote and facilitate the participation of BBVA active, early-retired and retired employees in community service schemes as a means to channel and implement one of the principles of our corporate culture.

Further information is available in the chapter “Corporate Volunteer Work”.

#### PERSONAL BENEFITS

It covers different initiatives of an economic nature that supplement and improve the

Group’s remuneration policy. Among others, worthy of particular mention are:

- Flexible remuneration system, available to all Group employees, regardless of their organisational level, in all countries where this type of arrangement is feasible.
- Non-financial products and services with discount: BBVA arranges agreements with different companies to allow its employees to avail of significant discounts in the purchase of hotel accommodation, computers, and air fares, courses in business schools or health services.
- Virtual notice board, on which significant exclusive offers from different companies and suppliers for BBVA employees are posted.
- General benefits, involving the banking terms offered to the individual in their capacity as employee. With respect to loans and credit for employees, in December 2008, BBVA took the unilateral and extraordinary decision to apply a more beneficial reference rate in 2009 than that set in BBVA Spain’s resolutions, in the case of social loans and different types of credit, in view of the current economic situation and the evolution of interest rates. Moreover, 2008 saw the launch throughout the Group of the *+acción* (+share) plan, which

allows employees to purchase company shares on advantageous terms.

#### PENSIONS AND BENEFITS SYSTEMS.

In 2008, the BBVA Staff retirement plan adhered to the United Nations Principles for Responsible Investment (PRI), and its entire portfolio is now managed under SRI criteria. This decision was taken by the committee in charge of the plan. The said committee is made up of workers’ representatives, the representatives of beneficiaries and the bank itself. At the close of 2008, the Staff retirement plan had assets of approximately €1,900m and over 41,100 holders.

As regards the rest of the Group’s companies, it should be mentioned that the global pensions and benefits framework was altered with the integration of most of US businesses under the umbrella of BBVA Compass. In Mexico, the existing benefit commitments were transformed into a newly defined contribution plan. All this will evolve towards the definition of a new corporate model for procedure in the matter of investment in which the measures necessary for the gradual incorporation of SRI criteria will be considered.

#### NON-DISCRIMINATION, EQUAL OPPORTUNITIES AND RECONCILING WORK AND PERSONAL LIFE

In 2008, BBVA launched the *Plan Integra* with an aim to promoting the social and work integration of disabled people, as well to reinforcing the concepts of equality of


opportunities, non-discrimination and universal accessibility, starting with a first-stage implementation in Spain.

The plan is managed transversally by the Human Resources, Procurements, Premises & Services, Business, and Corporate Responsibility & Reputation areas. In order to define and develop this plan, organisations representing the disabled in Spain collaborated directly with BBVA. Commitment to its proposals was formalised by means of a framework agreement for the development of the said plan signed with COCEMFE, FEACEM, FEAPS, and the ONCE Foundation.

One of the plan’s first initiatives was to organise the *Premio INTEGRA de BBVA* (BBVA INTEGRA Award), which acknowledges innovative projects that generate value in

employment for the disabled with a prize of €200,000 and aid for the rest of the projects of up to €50,000 each. All of the BBVA Group's companies in Spain complied with what is laid down in the Spanish Act for the Social Integration of the Disabled (*LISMI*).

On another hand, during 2008, the joint committee on equality and reconciliation held a series of meetings to monitor compliance with, and development of, the measures envisaged in the collective labour agreement signed with trade union representatives, as well to study the evolution of the workforce in terms of gender.

Similarly, throughout the year, BBVA Spain continued to participate in the *Concilia* network, within the framework of the *Equal Madrid, Empresas y Conciliación* project, led by Madrid City Council, whose main objective is to motivate and encourage the other companies to introduce equality and reconciliation policies in their organisations. 

As a result of BBVA's commitment to make reconciliation and equality of opportunities available to all of its employees, the organisation was awarded the Family-Responsible Company certificate (*EFR*) in Spain.

BBVA was awarded this certificate by the Fundación + Familia in recognition of the commitment and efforts made with pioneer measures in the field of reconciling work and personal life. The Group is currently working with this foundation to extend this certification to Latin America, a process which is well underway in Colombia, Mexico and Chile.

### Distribution of functions by gender and professional category (Percentage)

	2008		2007	
	H	M	H	M
Spain	57	43	59	41
Steering Committee and Corporate Manager	88	12	89	11
Senior Management	83	17	84	16
Middle Management	72	28	74	26
Specialists	59	41	59	41
Sales force	54	46	56	44
Ranks & File	55	45	56	44
The Americas	46	54	48	52
Steering Committee and Corporate Manager	93	7	96	4
Senior Management	81	19	80	20
Middle Management	57	43	65	35
Specialists	53	47	53	47
Sales force	47	53	46	54
Ranks & File	38	62	42	58
Group Average	49	51	51	49
Steering Committee and Corporate Manager	90	10	91	9
Senior Management	82	18	83	17
Middle Management	59	41	66	34
Specialists	55	45	56	44
Sales force	49	51	50	50
Ranks & File	42	58	45	55

Scope: BBVA Group.

### Contracts by gender (Percentage)

	2008			2007			2006		
	M	W	Total	M	W	Total	M	W	Total
Permanent or regular full-time	45.2	46.1	91.3	46.7	43.0	89.8	49.9	42.2	92.1
Permanent or regular part-time	1.5	2.9	4.4	1.5	2.2	3.7	0.5	1.0	1.5
Temporary	1.8	2.3	4.1	2.6	3.6	6.2	2.3	3.1	5.4
Others	0.1	0.1	0.2	0.3	0.1	0.4	0.4	0.7	1.1

Scope: BBVA Group.

**INTERNAL COMMUNICATION** | Placing emphasis on internal communication means placing emphasis on cohesion, commitment, hope and efficiency; in short, it implies a commitment to people. People,

who have a lot to receive, and, what is even more important, also have a lot to offer. This why, in 2008, the number of internal communications rose to 1,512, of which 18 % were related to corporate responsibility. In this respect, the IP television

channel was consolidated as an internal communication medium with 317,823 videos viewed throughout the Group, with a specific channel on corporate responsibility.

With an aim to improving the dissemination of human resources policies, processes, services and initiatives with the help of the Communication and Image area, a new style of communication was designed in 2008. The main change revolves around the concept of “4U... from HR” (“*Para ti dRRHH*” in Spanish speaking countries), where the receiver of the message (4U) takes centre stage.

This initiative is a result of the demands of employees expressed in the last employee satisfaction survey carried out in 2005.

Another important advance made is the structuring of communications around three types of content:

- That concerning programmes and initiatives for staff’s personal benefit: “Passion for people”.
- Communications on HR policies: management models.
- That related to the steps to be taken: human resources processes.

In addition, in order to facilitate browsing and access to information, all the Group’s employee

portals have been adapted to the *Para ti dRRHH* portal with a new image in line with the new style.

Likewise, the BBVA Group has an Employee Care Service (SAE) in Spain and Mexico. SAE is a multiple communication channel (intranet, telephone, e-mail) which provides a faster and more streamlined response system for any individual query or question posed by an employee in relation to HR policies and processes. Given its usefulness for the staff, in 2008, this service was extended to cover Peru, while its implementation in Colombia and Venezuela is planned for 2009.

**WORK CLIMATE** | Every other year, BBVA carries out a survey whereby all the Group’s workers can give their opinion on working conditions and professional experience.

The employee satisfaction survey planned for 2007 was actually carried out in 2008. This delay was a result of a series of changes in the model, with an aim to improving its prediction capacity. Moreover, thanks to its new structure, the survey allows for comparisons with other companies and sectors at the local and international level, as well as internally between the Group’s units and departments. The process was carried out by two

#### Employee satisfaction survey (Percentage)

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

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

external consulting firms with an aim to guaranteeing confidentiality.

The findings of the previous survey, held in 2005, gave rise to eight lines of work and 300 different projects (among them the *Calidad de vida* (Quality of life), *Voluntariado corporativo* (Corporate volunteer work) Programmes etc.).

According to the *Merco Personas* Report 2008, BBVA ranked third in the best 100 best companies to work for, and is thus one of candidates' and employees' best preferred companies.

#### **FREEDOM OF ASSOCIATION: TRADE UNION REPRESENTA- TION AND SETTLING OF CONFLICTS**

In the sphere of industrial relations, the greater part of the most important rights and conditions for the entire Group are addressed in the different agreements and arrangements subscribed by

each company with the corresponding trade union representatives in each country, whose laws lay down the different procedures and measures with respect to this matter.

BBVA respects the role and responsibility corresponding to trade union representatives – in accordance with each prevailing legislation – and is committed to collective bargaining, dialogue and consensus as formulae for settling disputes.

As laid down by Spanish laws, the collective labour agreement is applied to the entire workforce; the trade unions sitting on the workers' committees represent all employees and are elected every four years by direct, secret and personal suffrage. They are likewise kept informed of any organizational changes in the company prior to their actual implementation.


As a consequence of the last trade union elections held in December 2006, trade union representation in BBVA Spain is currently as follows: CCOO (39.51 %), UGT (21.93 %), CGT (18.96 %), CC (13.35 %) and others (6.25 %).

In addition, the Human Resources department provides legal assistance to all employees on rights and duties deriving from industrial relations and also with regard to third parties, which in many cases is of great help in the settlement of disputes.

Lastly, in the case of BBVA Bancomer, collective industrial relations of the Operator and BBVA Bancomer Servicios are governed under the protection of the collective labour agreements held

with the BBVA Bancomer Banking and Credit Services and Related Financial Activities Employees national trade union (*SNAEBB*).

As for the trade union census, 41.8 % of BBVA Bancomer's employees are represented by *SNAEBB*. Each of the processes affecting unionised staff is managed with respect and responsibility, on the basis of the regulations laid down by Mexican labour laws.

Last of all, any wrongful act committed by employees in the performance of their duties implies contractual non-compliance, which is typified in the labour regulation in force. Likewise included for these purposes is infringement of the conduct criteria and guidelines laid down in the BBVA Group's Code of Conduct. All of the aforesaid is thoroughly assessed before any of the corresponding disciplinary measures are taken, depending on the seriousness and the circumstances in each case. 

#### **HEALTH AND SAFETY AT WORK**

BBVA sees the promotion of health and safety as one of its basic principles and fundamental goals, which is

served by means of the continuous improvement of working conditions. This policy is carried out through the Service for the prevention of occupational hazards which, on an annual basis, draws up an action plan in matters relating to health and safety at work. The actions included in the plan are implemented progressively in two areas: the technical department for prevention and that for healthcare at work.


- Technical department for prevention:  
In 2008, BBVA Banco Francés organised the *Salud para vos* (Health 4U) cycle with a series of lectures and workshops on issues relating to daily health.

- Department for healthcare at work:  
BBVA Spain had cardiac protected areas installed in its landmark buildings for cardiac emergencies. In addition, a first-aid training plan was designed for employees whose position may call for its use in emergency situations.

Likewise, 17,913 appointments were made for medical examinations during 2008 in addition to 1,814 preventive actions to improve working conditions, 445 of which were aimed at tailoring work stations to satisfy ergonomic requirements with



particular attention being paid to those of pregnant workers. The remainder included the drawing up of technical reports and assessments of work stations, sensitive staff's posts and branch offices. All the information related to health at work is available to all employees on the company intranet.

BBVA uses a participative prevention model, based on the right of workers to actively participate in all that could affect their health and safety at work, so as to ensure that the steps necessary for their protection are taken; its scope extends to 100 % of the workforce in Spain. To this end, it avails of legally established representative channels: among these, of particular relevance is the role of trade union participation. In this respect, there are specific positions and bodies to perform prevention functions, such as the safety and health committees or the state committee for safety and health. 

#### Absenteeism rate by countries (Percentage)

	2008	2007 <sup>(1)</sup>	2006
Spain	3.03	2.77	2.74
Mexico	0.47	1.42	1.70
Argentina	1.10	2.66	1.96
Chile	4.76	4.02	4.90
Colombia	0.64	1.70	1.14
Panama	0.93	0.50	0.68
Paraguay	0.25	0.36	0.30
Peru	0.56	1.00	0.93
Puerto Rico	2.00	3.00	3.67
Venezuela	2.83	1.70	6.00
Uruguay	1.52	2.01	2.88
Group average	1.66	–	–

(1) Data corresponding to 2007 for Puerto Rico and Chile have been rectified due to the erroneous inclusion of maternity leave in the absenteeism calculation.

Scope: BBVA Group.

# RESPONSIBLE PROCUREMENT

**RESPONSIBLE PROCUREMENT IS THAT UNDERTAKEN KEEPING IN MIND THE POSSIBLE DIRECT AND INDIRECT ENVIRONMENTAL AND SOCIAL IMPACT OF THE PROCUREMENT OF GOODS AND SERVICES.**

**3,523**

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

**85%**

Purchases from  
approved suppliers  
(Spain)

**82**

Supplier  
satisfaction index  
(Scale 1-100, Spain)

**2,890**

No. suppliers to whom  
the United Nations  
Global Compact  
was distributed

## CORPORATE PROCUREMENT MODEL AND POLICY

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

and worked on its evolution towards a worldwide standardisation of processes and internal control of its activity. In consequence, a general procedure for the purchase of goods and hiring of services has been implemented, which develops the Group's global procurement model principles.

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

BBVA is therefore committed to relations with suppliers based on two essential aspects:

- The application of criteria of

objectiveness, transparency, professionalism and equal opportunity in the selection of suppliers and in relations with them.

- The fostering of ethical and corporate responsibility principles among its suppliers.

The supplier satisfaction survey is carried out every two years in Spain. The data relating to Spain in the 2008 survey showed a score of 82, in line with the high score reached in the previous edition.

In order to ensure that local companies and large corporations are given equal opportunity, the BBVA Group makes its purchases through local suppliers (in 2008 around 64 % of the Group's purchases were made from local suppliers).

In keeping with the social responsibility extended to suppliers, BBVA avails of control mechanisms when making purchases involving an



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

(Scale 1-100)

	2008	2006	2004
	82	82	74

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

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

	€100.000-300.000			€300.000-1.000.000			Over €1.000.000			Total suppliers		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Spain	905	819	750	432	419	414	292	298	239	1,629	1,536	1,403
Mexico	328	315	533	179	175	242	168	168	185	675	658	960
Rest of The Americas	666	590	466	333	284	234	156	122	132	1,155	996	832
Rest of the Group	38	32	92	19	22	36	4	4	6	61	58	134
<b>Total</b>	<b>1,937</b>	<b>1,756</b>	<b>1,841</b>	<b>963</b>	<b>900</b>	<b>926</b>	<b>620</b>	<b>592</b>	<b>562</b>	<b>3,520</b>	<b>3,248</b>	<b>3,329</b>

(1) No. of suppliers classified by turnover in excess of €100,000.  
Scope: BBVA Group (Except BBVA Compass).

important sum and when these entail the subcontracting of products in emerging countries. In these cases, the supplier's premises in the particular country are inspected, and respect for human rights and prevailing laws is regulated in contracts.

In 2008, all the contracts drawn up were paid under the agreed terms.

To illustrate our commitment to responsible procurement and hiring, it should be mentioned that the BBVA Group was present at a variety of events and seminars on sustainable procurement, such as the 1<sup>st</sup> State Conference on Ethical Procurement, organised by *AERCE* (a Spanish association of purchasing and supply professionals) and *IDEAS* (Initiatives for Alternative and Solidarity Economics); or the event organised for the presentation of the «Technical Guide on Sustainable Procurement», likewise published by *AERCE*. The BBVA Group actively participated in the working breakfast «Sustainable Procurement and Purchasing» organised by the Spanish consulting firm Garrigues.

### PRINCIPLES APPLICABLE TO THOSE PARTIES INVOLVED IN THE BBVA PROCUREMENT PROCESS

The BBVA Group's Code of Conduct mentions –among others– the following criterion to be applied to relations with suppliers: «BBVA greatly values those suppliers that not only share the principles of

this Code but have also adopted the principles promoted by the United Nations Global Compact in the conduct of their business operations».

The BBVA Group has drawn up the Principles Applicable to those Parties Involved in the BBVA

Procurement Process. This document develops the points outlined in the Code of Conduct which are specifically applicable to all the functions involved in this process. Said functions are governed by respect for prevailing laws in each of the geographical regions where BBVA conducts its business. To be precise, the following principles and general guidelines are established and developed with respect to the BBVA Group's relations with its suppliers: respect for the law, commitment to integrity, competition, objectiveness, transparency, value creation and confidentiality.

### SUPPLIER APPROVAL SYSTEM

One of the lines of work developed in 2008 aims at standardising the Group's supplier approval process

throughout the world; the main objective pursued by such process is to validate the productive, technical, financial, legal and commercial capacity of BBVA's major suppliers, as well as their degree of involvement in aspects of corporate responsibility.

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

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

In 2007, the BBVA Group distributed the United Nations Global Compact to the majority of its suppliers in Spain (1,444). In 2008, wishing to broaden the scope of this commitment, the

organisation took it to the other countries where it operates: Argentina (180), Colombia (694), Mexico (140), Peru (34), Puerto Rico (87), Venezuela (211) and the United States (100).


Approval of suppliers			
	2008	2007	2006
Number of suppliers who have passed the approval process	535	528	559
% of purchases from suppliers who have taken part in the approval process (%) <sup>(1)</sup>	85	84	76
Number of suppliers who have failed the approval process	48	33	13

(1) The percentage of purchases is estimated on the volume of invoicing of the previous year.  
Scope: Spain.

**PROCUREMENT  
AND MANAGE-  
MENT TOOLS**

The Procurement, Premises and Services unit led the coordination of the design of the Global Procurement

System project in 2008, the aim of which was to implement a new corporate platform for the creation of a global homogeneous process model, improve internal control and serve as a common tool for the entire Group. This tool will provide support for the full procurement cycle while taking account of specific local needs or requirements.

In addition, BBVA uses the e-commerce platform *Adquira* ([www.adquira.es](http://www.adquira.es)), for making requests for bids and automatic orders; *Adquira* also offers different kinds of negotiation services. It is an efficient and transparent framework for internal as well as external operations, which optimises the negotiation process while improving the service offered to internal customers. 

**RESPONSIBLE  
PROJECTS WITH  
SUPPLIERS**

BBVA carries out social responsibility projects aimed at suppliers. Thus, social responsibility policies

targeted at society are also extended to reach internal customers. Of these projects, worthy of particular mention are the following:

- **BBVA Spain:**
  - In Spain, the BBVA Group continues to hire cleaning services with special employment agencies, whose staff comprises 70% disabled people; the purchasing volume of this type of services amounted to €479,390 in 2008.
- **BBVA Colombia:**
  - Hiring the Granahorrar Foundation for certain ATM maintenance services to be performed by disabled people.
  - Contracting out the switchboard service in several buildings, which is operated whenever possible by disabled people.
  - Implementation of a process for the collection of empty original toner cartridges.

# ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

FOR BBVA, THE CHALLENGE OF CLIMATE CHANGE IS ONE THAT INVOLVES BOTH RISKS AND OPPORTUNITIES. AS PART OF ITS COMMITMENT TO DEVELOPING A **SUSTAINABLE BUSINESS MODEL** THAT WILL HELP COMBAT CLIMATE CHANGE, THE GROUP HAS SET ITSELF A SERIES OF **AMBITIOUS TARGETS FOR THE PERIOD 2008-2012.**



Sustainable development is a priority for the BBVA Group. Like any financial institution, it has a considerable influence on environmental impact, directly — through consumption of natural resources, management of properties, use of paper, travel, etc. — but more especially, indirectly —

through the environmental consequences of the products and services it offers, especially those related to financing, asset management and the way it manages its chain of suppliers.

Since 2003 the Group has operated an environmental policy that affects all its entities and

## New headquarters in Paraguay bids for LEED certification. This certification is a cutting-edge system for designing, building, operating and certifying the world's greenest buildings

In November 2008 BBVA Paraguay began building the country's first eco-efficient building for which it hopes to gain LEED silver certification for new buildings, one of the lines of action of the Global Eco-efficiency Plan (2008-2012). This is the first building in Paraguay to apply for this certification and it will set an example of sustainable construction.

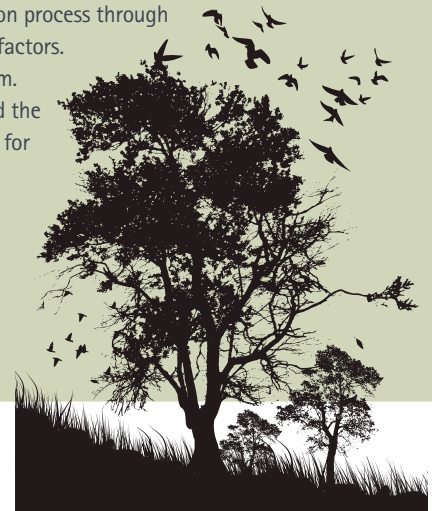
The LEED certification is a cutting-edge system for designing, building, operating and certifying the world's greenest buildings. It takes a holistic approach to stimulate and guide the construction process through integrated collaboration and design, ensuring the best economic and environmental factors.

There are four categories depending on the level: Certificate, Silver, Gold and Platinum.

LEED began among professional construction groups in the US who together founded the USGBC (United States Green Building Council, [www.usgbc.org](http://www.usgbc.org)), the body responsible for these certifications.

LEED certification offers a market differentiation through a recognisable brand. It increases occupation rates, reduces operating costs, raises the value of the building as an asset, increases user satisfaction, raises productivity and reduces absenteeism.

Most significant of all is the dramatic reduction in environmental impact: LEED certification means a 30% energy saving, reductions of 35% in GHG emissions, 30-50% in water consumption and 50-90% in the costs of waste management.





activities and seeks to reconcile all the economic, social and environmental facets of the company within a model of sustainable development. This policy seeks to promote the effective integration of environmental criteria into BBVA's activities, turning them into a distinguishing feature of the Group and a source of competitive advantage. It is implemented through a comprehensive and global environmental management system that manages the Group's various direct and indirect environmental impacts. The general objectives of the environmental policy are:

1. Compliance with current environmental regulations in the countries in which the BBVA Group operates.
2. Continuous improvements in identifying and managing the environmental risks of the Group's financial and investment operations.
3. Development of environmentally-beneficial financial products and services.
4. Eco-efficiency in the use of natural resources, establishment and fulfilment of improvement targets.
5. Management of direct impact through an environmental management system whose primary components will be certified with ISO 14001.
6. Positive influence on the environmental performance of stakeholders through communication and by heightening awareness of the importance of the environment as a variable in business and personal management.
7. Informing, raising awareness and perception, and training among employees on environmental issues.
8. Support for environmental patronage, volunteer work and research.
9. Support for the major international initiatives to combat and prevent climate change.

#### **DIRECT IMPACT: GROUP ECO- EFFICIENCY PLAN 2008-2012**

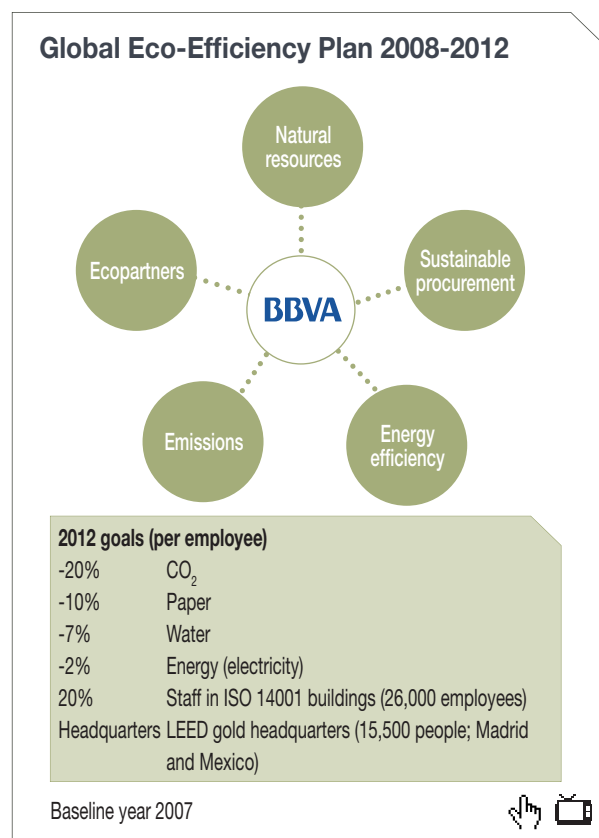
The first step for good management of the environmental footprint is to compile and monitor environmental indicators.

This task is ongoing in the BBVA Group since 2004, during which time improvements have been introduced in its methodology, scope and quality.

On 21 November 2008, BBVA presented its Global Eco-efficiency Plan for the period 2008-

2012, making it the first Spanish financial institution to launch a plan of this kind. With an allocated budget of €19m, implementation of the many initiatives envisaged in the plan would lead to annual savings of €1.5m from 2012.

The plan has five blocks of lines of action, each containing a large number of individual initiatives. It is managed by means of a scorecard, which has six specific indicators, each linked to a target for 2012 to make it easier to monitor and evaluate compliance.



**MONITORING THE ENVIRONMENTAL FOOTPRINT:.** Improvements have been made in the way the Group monitors its environmental footprint, both in terms of the methodology used to compile data and in the scope of the information used. This year the Group has managed to consolidate all the information for the US, a major advance in scope. More accurate and detailed information has also been compiled for South America.

When better information has been availed of regarding past years, the corresponding figures have been re-calculated.

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

	Spain			Mexico			South America <sup>(1)</sup>			USA			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Total (t)	96,844	102,573	113,884	115,675	118,000	129,091	63,997	72,128	63,906	76,305	4,232	n.a.	352,821	296,933	306,881
Total per employee (t/employee)	3.33	3.30	3.72	3.35	3.35	3.93	2.03	2.32	2.12	6.12	1.03	n.a.	3.28	2.93	3.16
Other fossil fuels (t)	1,878	2,038	2,035	1,272	1,250	1,391	1,005	1,055	584	133	n.a.	n.a.	4,288	4,343	4,010
Electricity (t)	77,637	81,565	84,748	104,339	105,204	105,684	55,648	63,544	60,728	70,233	n.a.	8,518	307,857	250,313	259,678
Electricity per employee (t)	2.67	2.62	2.77	3.02	2.99	3.22	1.77	2.04	2.01	5.64	n.a.	2.34	2.86	2.57	2.67
Trips (t)	17,333	18,970	25,387	10,063	11,546	20,870	7,344	7,529	1,859	5,939	4,232	n.a.	40,679	42,277	48,116

(1) Including data from Portugal.

Other fossil fuels: natural gas and heating oil.

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

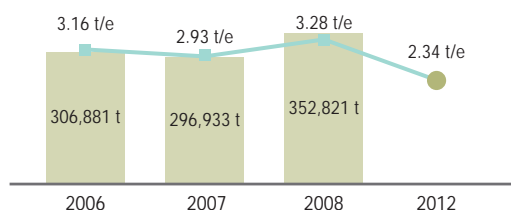
The growth in emissions per employee is accounted for by the increase in scope (we include data from the US). The emission factor associated with the energy mix for the USA is relatively higher than that of other countries.

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

n.a.: not available.

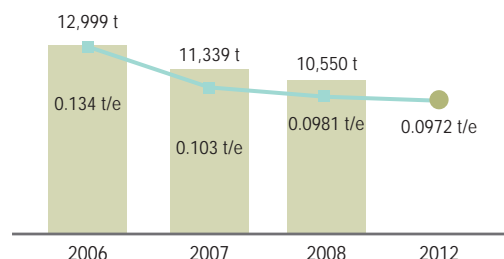
Scope: BBVA Group (Headquarters and banking branch offices).

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



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

## Paper consumption



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

## Paper consumption

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

(1) Including data from Portugal.

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

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

n.a.: not available.

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

## Water consumption

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

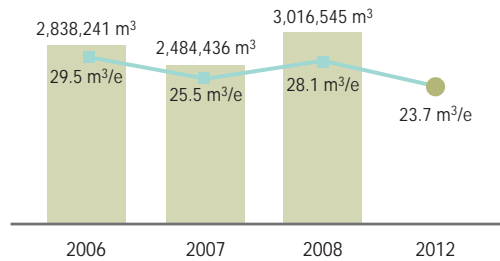
(1) Including data from Portugal.

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

n.a.: not available.

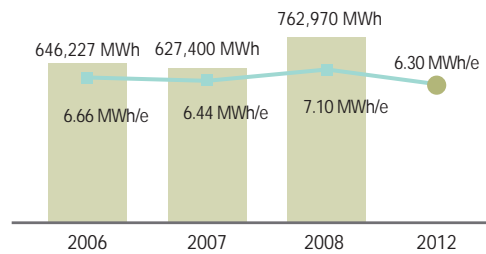
Scope: BBVA Group (Headquarters and banking branch offices).

## Water consumption



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

## Electricity consumption



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

## Energy consumption

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

(1) Including data from Portugal.

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

Other fossil fuels: natural gas and heating oil consumption.

1 MWh = 3,6 GJ.

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

n.a.: not available.

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

## Videoconferences

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

(1) Including data from Portugal.

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

## Waste managed

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

(1) Including data from Portugal.

(2) Donated computer material included.

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

The amount of paper waste managed in the USA is relatively high due to paper with old logos that could not longer be used.

n.a.: not available.

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

## ISO 14001

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

(1) Including data from Portugal.

n.a.: not available.

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



### CLIMATE CHANGE: RISK AND OPPORTUNITY


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

consolidate its position as a responsible organisation, committed to pursuing solutions that will limit or prevent the possible consequences of this process. In 2008 it joined in a number of initiatives and developed and studied products and services that will help contribute to reducing climate change. Over the year there were also major improvements in the system for managing environmental hazards, both in the financing of large-scale infrastructure projects and in the management of borrowers' credit profiles based on their environmental performance. See chapter on Responsible Finance.

In 2008 the Group continued to support international initiatives such as the Carbon Disclosure Project, an initiative designed to ensure transparency on corporate involvement in climate change. It also continues to be committed to UNEP FI and the United Nations Global Compact.

Other measures with environmental implications developed by the Group in 2008 include:

- Marketing of over a million tonnes of CO<sub>2</sub> as part of the carbon trading mechanisms established in the Kyoto protocol. 
- Launch of an innovative and sustainable project for construction of the Group's new corporate headquarters in Madrid. The premises will enjoy the prestigious "Leadership in Energy and Environmental Design" (LEED) certification, as will BBVA's new corporate headquarters in Mexico DF and Paraguay and the new corporate university in Madrid. 
- Organisation of seminars to encourage investment in photovoltaic energy.
- As in previous years, BBVA Corporate Banking provided \$100m in financing for projects to reduce carbon emissions in Central America. This initiative has been run since 2005 through the Group's branch in Tokyo (Japan) in collaboration with the Japan Bank for International Co-operation (JBIC).

- BBVA is a world leader in financing renewable energy (mostly wind and photovoltaic) and actively fosters its recommendation to its private banking clients.
- BBVA applies the Equator Principles to projects, for more than €4,9 billion since 2006.
- BBVA Asset Management has launched a campaign amongst clients to reduce paper consumption.
- In Mexico, the Foundation and the North American Center for Environmental Information and Communication (CICEANA) organised a conference entitled “Global Climate Change: an issue that affects us all”.
- Under the HR Department’s Passion for People programme, employees in Spain have been offered very advantageous terms for buying hybrid vehicles and eco-efficient domestic appliances.
- Reforestation symposia in Mexico and Spain as part of the community service programmes.
- Implementation of Green IT initiatives by the Technology & Operations area to reduce energy consumption of central servers.
- Launch of campaigns for raising awareness and perception amongst employees in Colombia and Peru as part of the Global Eco-efficiency Plan.
- BBVA has offset the emissions associated with publication of its Annual Report 2008 and Corporate Responsibility Report 2008 through a project entitled “Organic composting for fair trade in Mexico” which forms part of the CeroCO2 climate care initiative. The project helps reduce emissions of methane, a gas with a greenhouse potential 21 times higher than CO<sub>2</sub>. 

#### TRAINING, ENVIRONMENTAL AWARENESS AND ENVIRONMENTAL PATRONAGE

employees who had participated in the Ecobanking virtual training programme on

In 2008, 545 employees received environmental training (on environmental risks, LEED certification, ISO 14001, eco-efficiency, etc.). These included

“Analysing Environmental and Social Risks” and “Corporate Eco-efficiency in Financial Institutions”, an initiative of the Latin American Regional Task Force of the United Nations Environment Programme Finance Initiative (LATF UNEP FI), Inwent - Capacity Building International (Germany) and the INCAE Business School, with support from the Ecobanking project. In 2008, BBVA members accounted for 10% of all participants in the courses. The *Actualidad Ambiental* newsletter, which published its 100<sup>th</sup> issue in 2008 and has been accessible to all Group employees on the intranet since that time, plays an important role in raising awareness and integrating environmental concerns into the Group’s activities. Also on the intranet, five surveys have been carried out on environmental issues with over 2,000 participants responding in Spain. The Economic Research Department also publishes reports on economic aspects related to environmental issues. These reports are distributed internally and externally and contribute to analysis, awareness and dissemination of information in this area.

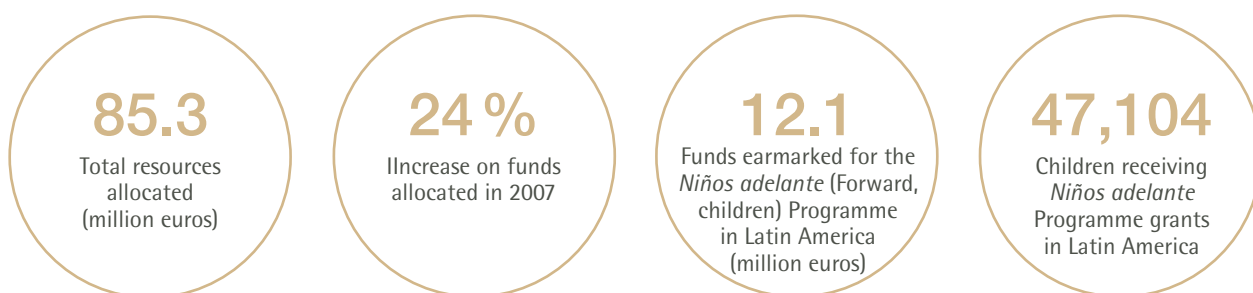
In the area of environmental patronage, BBVA Foundation has ambitious programmes of environmental support. Amongst the categories in the *Fronteras del conocimiento* (Frontiers of knowledge) awards is one on climate change with prize money of €400,000. The 2008 BBVA Foundation *Fronteras del conocimiento* award for Climate Change was awarded to the American researcher Wallace S. Broecker, the first scientist to raise the alarm on global warming. The jury highlighted the pioneering nature of Broecker’s work and the contributions this American scientist has made to our knowledge of “abrupt changes”, processes which trigger extreme shifts in climate. In 2008, BBVA Foundation also launched the Fourth Grants for Environmental Research Projects in the areas of Ecology and Conservation Biology with an allocation of €3.6m for financing 18 research projects.

See: [www.fbbva.org](http://www.fbbva.org)



# COMMUNITY INVOLVEMENT

LARGE CORPORATIONS SHOULD COMMIT TO **OVERCOMING THE MAJOR CHALLENGES FACING SOCIETIES IN THE 21ST CENTURY. IN 2008 BBVA HAS CONSOLIDATED ITS *NIÑOS ADELANTE* SCHOLARSHIP PROGRAMME, THEREBY REINFORCING ITS DIFFERENTIAL PLEDGE TO EDUCATION.**



## KEY FEATURES AND DATA

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

The BBVA Group's leading contribution to society comes through its work as a financial institution. This is exercised through the many different products and services the Group offers that have a positive impact on society

in general and on certain under-protected groups in particular. The Group also channels through a major community involvement specific not-for-profit actions intended to directly contribute to public welfare and to satisfying basic needs. The leading focus of these actions is on education.

In the face of the global downturn, BBVA continued to build on this commitment in 2008, with an increase in resources allocated to community involvement from €69m to €85.3m. Improvements are gradually being introduced into

## BBVA Foundation *Fronteras del conocimiento* (Frontiers of knowledge) Awards

Created in 2008, these prizes seek to encourage research and artistic creation, by rewarding not only decisive contributions to science, but also the work being carried out to tackle the major challenges of the 21<sup>st</sup> century: climate change, cooperation in development and welfare of large areas of the planet. They are awarded on an annual basis and each of the eight categories has prize money of €400,000, making them the second most important awards of their kind in the world after the Nobel Prizes:

- basic sciences (physics, chemistry, mathematics);
- biomedicine;
- ecology and conservation biology;
- information and communication technology;
- economics, finances and business management;
- arts (music, painting, sculpture, architecture);
- climate change;
- development cooperation.



## Niños adelante programme BBVA Banco Francés

Through the *Niños adelante* programme, BBVA Banco Francés provided a total of 800 *Integración* scholarships during 2008, a significant increase on the figure of 172 in 2007. The scholarships go to young people with good qualifications who come from low-income backgrounds. They are managed through a card, which helps to generate a culture of banking usage and facilitate inclusion within the financial system.

In addition, Banco Francés monitors how the aid is used and at the same time teaches teenagers how to fulfil their financial obligations, thus educating them in rational consumption. 

the system used to assess, monitor and manage the impact of the Group's actions, with a view to further enhancing its positive contribution for society at large.



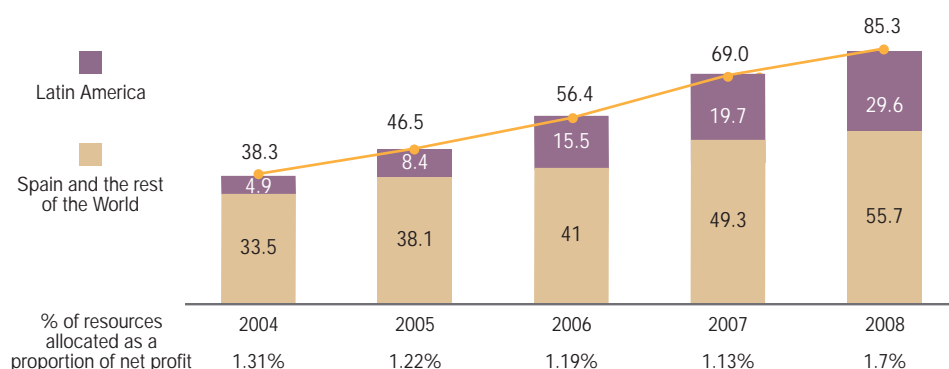
BBVA forms part of the London Benchmarking Group working group in Spain which uses a shared model to evaluate activities in the area of corporate community investment, both in economic terms and in terms of the social impact of the actions.

The Group's Community Investment Plan for Latin America and its Community Investment

Plan for Spain are backed by the CRR Strategic Plan, approved in May 2008. The core mission of these two plans is to promote education in general and financial literacy in particular as the BBVA Group sees them as valuable instruments for development and progress in the societies in which it operates.

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

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



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

Scope: BBVA Group.

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

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

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

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

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

Assessment of Préstamos Familiares (Family loans) which includes direct costs (operating expenses, financing costs and dissemination expenses).

In no case do the figures include any social benefits stipulated by collective agreements intended for company employees or their families, or grants and work placement within the Group.

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

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

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

(3) The foundations are not included.

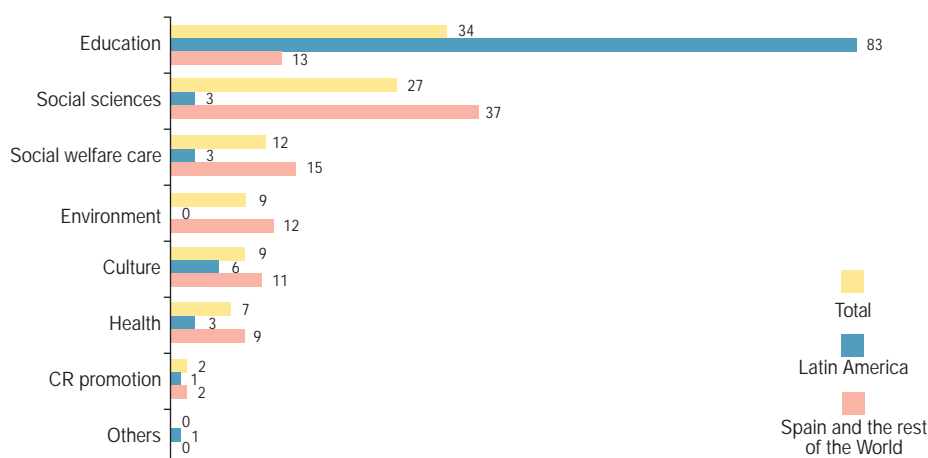
(4) Latin America includes Puerto Rico.

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

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

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

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



Scope: BBVA Group.

### BBVA GROUP FOUNDATIONS

BBVA has six foundations; these are non-profit organisations which

collaborate in the comprehensive development of society. They use different axes of action in each country:

- **BBVA Foundation (Spain).** The foundation concentrates on research and promoting scientific knowledge in the fields of social economics, health sciences and environmental sciences. ([www.fbbva.es](http://www.fbbva.es)).
- **BBVA Bancomer Foundation (Mexico).** The foundation's work centres on promoting, procuring and channelling resources for supporting programmes of social, cultural and educational development and assistance for the benefit of the Mexican people. ([www.fundacionbbvabancomer.org](http://www.fundacionbbvabancomer.org))
- **BBVA Provincial Foundation (Venezuela).** The foundation's mission is to develop and run programmes for social development, with particular emphasis on education and culture, to benefit Venezuelan society as a whole. ([www.provincial.com](http://www.provincial.com))
- **BBVA Banco Francés Foundation (Argentina).** The foundation's aim is to collaborate in the general well-being of the community as a whole and to promote art as a cultural expression of Argentinean society. ([www.bancofrances.com](http://www.bancofrances.com))
- **BBVA Banco Continental Foundation (Peru).** The foundation promotes cultural events and

carries out social development projects. ([www.bbvabancocontinental.com](http://www.bbvabancocontinental.com))

- **BBVA Microfinance Foundation (Spain).** The foundation's purpose is to encourage financial inclusion among the most underprivileged sectors of society, thus helping to improve their living standards. Specifically, it is working to create a microfinance institutions network, with the initial emphasis placed on Latin America. ([www.mfbbva.org](http://www.mfbbva.org))

### LATIN AMERICA

The "Community Investment Plan in Latin America" is a symbol of the BBVA

Group's commitment to the region. The plan was further reinforced in 2008, with the allocation of a budget tot he value of 1% of profits obtained by the Group the previous year in every country in which it operates. This allocation added to other actions benefiting Latin America directly gave a total investment of €29.6m, ie, 50% up on 2007.

The main focuses of the plan are:

- **Basic education.** Mainly consisting of the *Niños adelante* programme and the alliance with the Organization of Iberoamerican States (OIS).
- **Financial literacy.** BBVA informs and advises its different stakeholders on the most relevant financial aspects through initiatives such as *Adelante con tu futuro* (Forward with your future), organised by BBVA Bancomer (Mexico).

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

This is a far-reaching "glocal" plan:

- In all countries in the region in which the Group operates, the main focus is on primary and secondary education.

- The plan addresses specific local social needs, with different groups of beneficiaries and criteria for allocating grants depending on the specific circumstances of each country.
- *Niños adelante* is a networked initiative, pooling the work of schools, public organisations, foundations, NGOs and civil partners that have been drawn into an alliance with BBVA, contributing value and helping increase the social impact of the programme. 🖱️ 📺

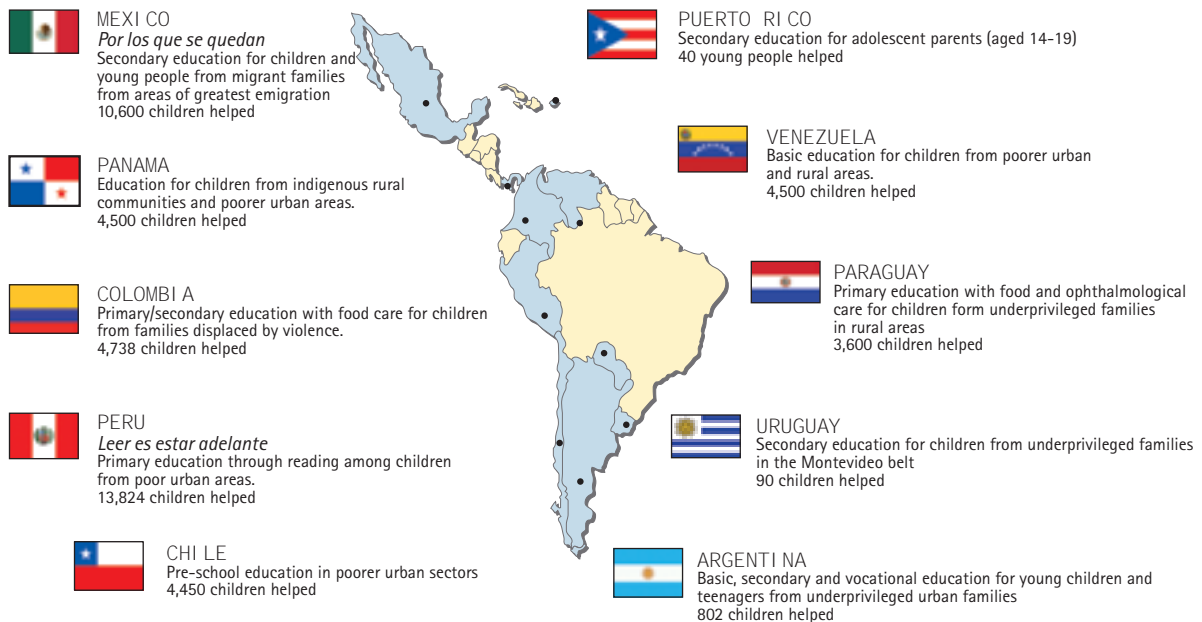
### ALLIANCE WITH THE ORGANIZATION OF IBEROAMERICAN STATES (OIS).

This agreement has enabled BBVA to strengthen its commitment to education and children in the region during 2008. The "Early childhood in Latin America" project is intended to heighten awareness among the general public and politicians as to the situation faced by young children in the region, and to foster the development of instruments and public policies that will ensure that the rights of minors are respected in Latin American countries.

#### Niños Adelante programme

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

#### Niños Adelante programme





### Alliance with the Organisation of IberoAmerican States

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

**ADELANTE CON TU FUTURO (FORWARD WITH YOUR FUTURE) PROGRAMME. A BBVA BANCOMER INITIATIVE.** During 2008, BBVA Bancomer developed the *Adelante con tu futuro* (Forward with your future) financial literacy programme in collaboration with MIDE, the Interactive Museum of Economics. The programme seeks to foster a financial culture among broad sectors of the population.

Large new sectors of the population are entering the banking system with the result that millions of people who did not previously manage their own finances are now involved in saving and financing schemes. However, the Mexican education system lacks any specific subjects on economics and finances. Bancomer has therefore set up the *Adelante con tu futuro* programme, to provide the general public with the instruments they need to make financial analyses and decisions from a position of greater responsibility and understanding.

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


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

### Other leading lines of work in Latin America

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


### Bancomer's Forward with your future initiative (Mexico)

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

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

**SPAIN** | In its Corporate Reputation and Responsibility Strategic Plan approved in 2008, BBVA placed the focus of its community investment in Spain in education and particularly financial education and it is now working towards achieving these goals.

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

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


### FAD Acción Magistral (Teacher action) prize

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

### CULTURAL ACTIVITIES IN SPAIN

**PROGRAMME.** For over 30 years, BBVA has run an ambitious cultural programme, making it a reference point for art patronage in Spain. It also offers major backing for educational and dissemination work.

The cultural programme is based on three lines of action:

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

([www.bbva.com/TLBB/tlbb/jsp/ing/progcultu/index.jsp](http://www.bbva.com/TLBB/tlbb/jsp/ing/progcultu/index.jsp))

### Programme of cultural activities

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

### UNITED STATES

In 2208, BBVA Compass –with the integration of Laredo National Bank,

Texas State Bank and State National Bank– participated in over 8,000 community involvement projects.

These include the collaboration offered for the last twenty years by BBVA Compass and its employees to United Way which focuses primarily on giving care for children and young people, improving access to the health system and promoting development and strengthening of family economies. In 2008 BBVA Compass donated over \$0.8m to United Way. In addition its employees donated more than \$1.5m (75% of the figure for total contributions by employees referred to in the chapter on volunteer work).

Another of its main lines of action is its support to *Boys and Girls Clubs*, an organisation that gives

## Other leading lines of work in Spain and Portugal

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

young people from disadvantaged backgrounds a chance to develop their full potential as responsible citizens. In 2008, BBVA Compass and its employees donated over \$0.3m to the organisation.

**RUTA QUETZAL BBVA** | Since 1993 BBVA has been organising and sponsoring *Ruta Quetzal*, a training programme declared of cultural interest by

UNESCO. Participants not only get a chance to learn more, they also develop a spirit of international cooperation. The project is built on values education, helping the young people involved to overcome inequalities and encouraging equal opportunities, mutual respect and effort, among other values. Including the participants in the 2008 *Ruta*, more than eight thousand young people have now taken part in the programme.

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

Back in Spain, the visit centred on the city of Zaragoza, where Expo 2008 was being held under the banner Water and Sustainable Development, as

## Ruta Quetzal

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

one of the major themes of *Ruta Quetzal* BBVA 2008 was water resources.

(<http://www.rutaquetzalbbva.com>)

## RESEARCH DEPARTMENT

The Research Department's economic analyses are tailored to the growing needs of an internationalised banking group, assessing globalised economic development. Its reports are a valuable contribution to society; as economic analyses, their capacity for overview and evaluation of different economies make them trail-blazers and benchmarks.

(<http://serviciodeestudios.bbva.com>) 

## Research Department

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

# CORPORATE VOLUNTEER WORK

«WE CAN ALL HELP TO FIND HAPPINESS AND JOY FOR THOSE MOST IN NEED»

PACO ÁLVAREZ (BBVA VOLUNTEER)

3,617

Total number of volunteers in the BBVA Group  
+17% over 2007

89,200€

Prize money of the Second BBVA Volunteer Competition awards in Spain

112,568€

Funds collected in the Euro Solidario Scheme

The BBVA Group supports and promotes corporate volunteer programmes everywhere it operates, under the premise that the real protagonists are those working in the BBVA team. Employees indicated that their priorities centred on the education of underprivileged groups, in order to improve their life prospects. The company and its employees coincide in this aim.

**IN SPAIN** | In 2008, 513 employee volunteer activities were carried out. The BBVA Volunteer Office (VO) acts as the centre for the Corporate Volunteer Plan. Staffed by former BBVA employees, the office is in constant contact with those who are interested in

this kind of volunteer activities. All those interested may also visit the BBVA Volunteers portal, which acts as a meeting place.

[www.voluntariado.org/voluntariosbbva/info/](http://www.voluntariado.org/voluntariosbbva/info/)

Corporate volunteer activities were highlighted by the following:

- The development of the nine prize-winning projects in the First BBVA Volunteer Competition, with the participation of 44 volunteers.
- The Second BBVA Volunteer Competition, involving social projects in which BBVA employees took part in 2008. A total of 23 projects were entered into competition, with main areas of activity centring on education and immigration.

## Junior Achievement Foundation: «The advantages of staying in school»

This programme was created in March, 2001 by the Junior Achievement Foundation (JAES). The programme is targeted at secondary school students, with the aim of instilling an enterprising attitude in them, one that will help them to attain their goals in a free and responsible way, thus avoiding school failure and dropping out.

75 BBVA volunteers participated in the programme in 2008, 15 of which were retirees. These volunteers had received prior training offered by JAES. The 60 currently working volunteers carried out their activity during working hours, with authorisation from the Human Resources department. 875 young people from 12 secondary schools in Barcelona, Bilbao, Madrid, Santa Cruz de Tenerife, Valencia and Villarrobledo (Albacete), were able to take part in the 35 courses on offer.



Winning projects, in which 32 BBVA volunteers participate, were:

- First prize of €40,000 went to the San Rafael (Madrid) Homeless Shelter.
- Second prize of €24,000 went to the Rigoberta Menchú Intercultural Youth Association in Valladolid.
- Third prizes of €10,000 each were awarded to the AFAMON in Lugo and the Cuatro Ocas Association in Madrid.
- The Special Panel of Judges Prize of €5,200 went to the Spanish Cancer Association in Cordoba.

- Social projects co-designed with charity and social solidarity organisations such as the Junior Achievement Foundation (JAES), The Spanish Ornithology Society (SEO) and FORESTA, or organised directly by the BBVA Volunteer Office – such as programmes for computer training for migrants. A total of 372 volunteers participated in these activities in 2008.
- Opportunities announced on the BBVA Volunteers Portal, with the collaboration of the Chandra Foundation – in which 48 volunteers participate.

### Information on the BBVA Volunteers portal in Spain

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

### Euro Solidario: A special way of volunteering

#### The programme

Since September 2005, BBVA and its currently working employees have been collaborating on educational projects in Latin America. Each participating employee donates 1 euro a month, which is automatically deducted from his or her pay, while the Bank matches that amount.

#### Situation as of 31 December, 2008

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

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


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

From the time that collaboration with this project began in October 2006 until the end of December 2008, a total of €199,432 has been given over to this project.

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

### Por los que se quedan: Integration scholarship godfathers and godmothers in Mexico

These are branch executives who take part as volunteers in the *Por los que se quedan* scholarship programme – aimed at providing support for secondary school youth who have shown excellent academic performance, and whose families have emigrated.

The personalised godfather/godmother relation provides added value to the student's educational development, as it provides incentive and motivation in his/her overall development. 



**IN MEXICO** | Volunteer activity in Mexico is but one more link in the BBVA Group's community investment in this country. In 2008, BBVA Bancomer approved its new Corporate Volunteer Plan. The focus is on education, regarded as the most effective way to promote the social integration of the most underprivileged members of society and thus of creating better future prospects for them. In 2008, 1,465 employee volunteer activities were carried out.

#### Volunteer activity in Mexico

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

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

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

- BBVA Bancomer programmes
- other opportunities announced by NGOs
- employee initiative competition

One of BBVA Bancomer's most noteworthy programmes has been its "godfathers and

godmothers" project, which backs up the bank's *Por los que se quedan* (For those left behind) scholarship programme.

#### IN LATIN AMERICA

The volunteer work of BBVA employees serves to complement and multiply the effect of the *Niños adelante* scholarship program, which is explained in detail in the Community Involvement chapter. The volunteer activities include tutoring and school performance monitoring of the students benefiting from the scholarships, as well as support for school infrastructure improvement.

With these actions, BBVA employees demonstrate their clear commitment to society, manifested in improved educational opportunity for underprivileged children, thus promoting their integration into society.

#### IN THE UNITED STATES

Throughout 2008, BBVA Compass employees involved with the TeamCompass association carried out 552 volunteer activities in nearby towns and cities.

13,882 BBVA Compass employees make voluntary fixed contributions from their pay to United Way. Employees also donated \$21,000 to the "Lean on Me Employee Fund", a special fund set up to help a those employees affected by Hurricane Ike in and around Houston and other areas of Texas.

#### Volunteer activities in Latin America

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

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

# GLOBAL COMPACT AND MILLENNIUM GOALS

«SOME TIME AGO, SOME VERY WISE PEOPLE STARTED TO IMAGINE A BETTER WORLD FOR EVERYONE. AND TO FULFIL THEIR DREAM, THEY SET A DATE AND A GROWN-UP NAME: 2015, THE MILLENNIUM DEVELOPMENT GOALS. THEY ARE EIGHT WISHES THAT BY WORKING TOGETHER WE CAN MAKE COME TRUE».  
(2015: A BETTER WORLD FOR JOANA)

## GLOBAL COMPACT

In 2002, the BBVA Group subscribed to the United Nations Global Compact. The Global

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

Furthermore, since 2004 the Compact includes another four Group banks: BBVA Banco Francés, BBVA Bancomer, BBVA Colombia and BBVA Banco Continental. In addition, BBVA has sat on the Executive Committee of the Spanish Global Compact Association (ASEPAM) since it was founded in 2004.

Since it became a member, the BBVA Group has drafted an annual progress report, available in Spanish on the net at [www.pactomundial.org](http://www.pactomundial.org), containing detailed information on its policies and the specific actions pursued for their fulfilment.

In 2008, BBVA adhered to an initiative undertaken by the UN Global Compact to mark the 60<sup>th</sup> anniversary of the Universal Declaration of Human Rights. Its aim is to reinforce the commitment of all social and economic sectors to the principles contained in the Declaration. Those subscribing to this initiative, regardless of their country of origin or the type of activity they pursue, recognise the importance of safeguarding human rights in their business.

Through this adhesion, signed by the Group's chairman, BBVA appears on the list of around 250 entities pledged to Human Rights that is posted on the UN website.

## MILLENNIUM DEVELOPMENT GOALS (MDGS)

The eight Millennium Development Goals, promoted by the United Nations, stem from an

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

Accordingly, the BBVA Group is fully committed to this challenge through business activities and campaigns for disseminating the MDGs, as well as for raising awareness and promoting them. Insofar as campaigns are concerned, it is worth noting that BBVA was a founding member of the Corporate Reputation Forum ([www.reputacioncorporativa.org](http://www.reputacioncorporativa.org)) dedicated to reporting on the actions undertaken in pursuit of the MDGs through the project 2015: A better world for Joana.

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



## BBVA and The United Nations Global Compact

Categories	Principles	GRI Indicators
Human rights	<b>Principle 1</b> - Businesses should support and respect the protection of internationally proclaimed human rights, within their sphere of influence.	LA4, LA 7-8, LA13-14, HR 1-2, HR 4-7, SO5, PR1
	<b>Principle 2</b> - Businesses should make sure they are not complicit in human rights abuses.	HR 1-2, HR 4-7, SO5
Labour	<b>Principle 3</b> - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA 4-5, HR 1-2, HR5, SO5
	<b>Principle 4</b> - Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR 1-2, HR7, SO5
	<b>Principle 5</b> - Businesses should uphold the effective abolition of child labour.	HR 1-2, HR6, SO5
	<b>Principle 6</b> - Businesses should uphold the elimination of discrimination in respect of employment and occupation.	EC7, LA2, LA 13-14, HR 1-2, HR4, SO5
Environmet	<b>Principle 7</b> - Businesses should support a precautionary approach to environmental challenges.	EC2, EN26, EN30, SO5
	<b>Principle 8</b> - Businesses should undertake initiatives to promote greater environmental responsibility.	EN 1-4, EN8, EN 11-12, EN 16-17, EN21, EN26, EN28, SO5, PR3
	<b>Principle 9</b> - Businesses should encourage the development and diffusion of enviromentally friendly technologies.	EN2, EN26, SO5
Anti-corruption	<b>Principle 10</b> - Businesses should work against corruption in all its forms, including extortion and bribery.	SO 2-5

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

## The Millennium Development Goals

Millennium development goals	Main BBVA initiative <sup>(1)</sup>
1. Eradicate extreme hunger and poverty	BBVA Microfinance Foundation BBVA Codespa Microfinanzas (microfinance hedge fund for Latin America) BBVA Foundation Frontiers of Knowledge awards for cooperation in development
2. Universal primary education	BBVA Community Investment Plan for Latin America CRR Strategic Plan
3. Gender equality	Agreement on equal opportunities and the reconciliation of work and family life BBVA Microfinance Foundation
4. Reduce child mortality	No specific initiatives
5. Improve maternal health	No specific initiatives
6. Combat HIV/AIDS	Research project for controlling malaria monitored by the World Health Organisation (WHO)
7. Environmental sustainability	Management of indirect environmental impact through the Equator Principles Design of products and services according to environmental criteria Global Eco-efficiency Plan (PGE) BBVA Foundation Frontiers of Knowledge awards in climate change, ecology and the biology of conservation
8. Develop a global partnership	fRC campaign for disseminating the Millennium Goals 

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

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

## Independent Review Report to BBVA Management

### Independent Review Report on the 2008 Annual Corporate Responsibility Report of the BBVA Group

#### Scope of the engagement

We have reviewed the following matters relating to the 2008 Annual Corporate Responsibility Report (CRR):

- The adherence of the content of the CRR to the GRI Sustainability Reporting Guidelines version 3.0 (G3) and the core performance indicators and the financial services sector supplement proposed in the aforementioned guidelines.
- The information included in BBVA's 2008 CRR relating to the application of the principles of inclusivity, materiality and responsiveness set out in the AccountAbility's AA1000 AccountAbility Principles Standard 2008 (AA1000APS).
- The information furnished about the progress in the Corporate Responsibility lines of work for 2008.

#### Review standards and procedures

We conducted our work in accordance with International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants. Also, we have applied AccountAbility's AA 1000 Assurance Standard (2008) (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA1000APS and on the sustainability performance indicators (type 2 moderate assurance review).

Our review work consisted of making inquiries to management and to the various units of the BBVA Group that participated in the preparation of the CRR and of carrying out the following analytical procedures and sample-based review tests:

- Meetings with BBVA personnel to ascertain the principles, systems and management approaches applied.
- Analysis of the processes used to gather and validate the data presented in the 2008 CRR.
- Review of the minutes of the Corporate Responsibility and Reputation Committee meetings in 2008.
- Review of the steps taken in relation to the identification and treatment of stakeholders during the year and of the stakeholder group participation processes based on the analysis of the available internal information and third-party reports.
- Analysis of the coverage, materiality and completeness of the information included in the CRR based on BBVA's understanding of its stakeholders' requirements with respect to the material issues identified by the Group and described in the "Report Criteria" and "Stakeholder Engagement" chapters of the CRR.
- Review of the information relating to the management approaches applied in Corporate Responsibility.
- Checking that the content of the CRR does not contradict any significant information furnished by BBVA in its Annual Report.
- Analysis of the adherence of the content of the CRR to that recommended in the GRI G3 Guidelines.
- Verification that the core indicators and the sector indicators included in the CRR correspond to those recommended by the GRI G3 Guidelines and that the indicators that are not applicable and not available are identified.
- Verification, by means of review tests on selected samples, of the quantitative and qualitative information relating to the GRI performance indicators included in the 2008 CRR and the adequate compilation thereof based on the data furnished by BBVA's information sources. These tests were performed in Spain and in the main countries in which the Group is present, except the USA: Argentina, Chile, Colombia, Mexico, Peru and Venezuela.

#### Responsibilities of BBVA management and of Deloitte

- The preparation and content of the 2008 CRR is the responsibility of the Corporate Responsibility and Reputation Department of the BBVA Group, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This report has been prepared solely in the interests of BBVA management in accordance with the terms and conditions of our engagement letter. We do not accept any liability to any third party other than BBVA management.
- We conducted our work in accordance with the independence standards required by the Code of Ethics of the International Federation of Accountants (IFAC).
- Since a review is substantially less in scope than a reasonable assurance engagement, we do not provide reasonable assurance on the CRR.



## Conclusions

The table of GRI indicators provides a detail of the performance indicators reviewed and the scope limitations of the review. Our review did not disclose any other matter that would lead us to believe that the CRR contained material errors or that it was not prepared in accordance with:

- The Global Reporting Initiative Sustainability Reporting Guidelines version 3.0 (G3).
- Standard AA1000APS (2008) relating to the application of the principles of inclusivity, materiality and responsiveness.

Also, the review procedures performed did not disclose any matter that would lead us to believe that the information furnished on the degree of progress in the Corporate Responsibility lines of work for 2008 contained material errors.

## Recommendations

In addition, we presented to the Corporate Responsibility and Reputation Department of the BBVA Group our recommendations relating to the areas for improvement in sustainability management and in the application of the principles of inclusivity, materiality and responsiveness. The most significant recommendations, which do not change the conclusions expressed in this report, are summarised as follows.

### Inclusivity

In 2008 BBVA incorporated new dialogue channels to the traditional ones already in place and extended the scope of action of Reprtrak to its employees. However, the engagement process and the participation of its stakeholders are not of the same intensity in all of the areas of the Group. The consolidation of the Corporate Responsibility and Reputation Committees created in 2008 in the main countries in which the Group is present must foster the implementation of this process on a uniform basis in all its businesses and geographical areas.

### Materiality

The approval of the Corporate Responsibility and Reputation Strategic Plan in 2008 was a significant advance in the identification and recognition of the material issues of Corporate Responsibility and Reputation for the BBVA Group. The importance of the changes taking place in economic and social spheres and the inclusion of USA companies in the CRR management of the Group make it recommendable that a periodic systematic review be carried out of the alignment of the main issues identified in the aforementioned Plan with the expectations of its stakeholders. Also, the identification of the material issues at local level must be enhanced, particularly in Latin America, Mexico and the USA.

### Responsiveness

In 2008, the Group's Corporate Responsibility management structure and the internal coordination of the various functions and geographical areas were strengthened with a view to enhancing the integration of its response in business strategy and processes. The aforementioned approval of the Corporate Responsibility and Reputation Strategic Plan and of the Corporate Responsibility Policy by the Board of Directors was accompanied by new policies, rules and plans for environmental management, purchasing management and environmental and social risk management in financing and guarantees. However, these rules are still being implemented and we therefore recommend a specific supervisory process be implemented to ensure that the resources, procedures and systems required for its development and continued improvement are available.

With respect to purchasing management, a redefinition of the system and the development of a general procedure which specifies the principles of the Group's Global Purchasing Model have taken place. However, as global procurement tools to provide overall support to the purchasing cycle are being developed, the degree of implementation of these procedures can still be improved. In these circumstances, we recommend that the platform currently being developed includes accountable purchasing criteria, so that compliance can be verified, and provides uniform monitoring of the application of these criteria throughout the Group.

With respect to the process of reporting information on corporate responsibility, the strengthening of internal controls and the extension of the scope of disclosure of several indicators which are currently not available to the entire Group, as detailed in the table of GRI indicators, must continue.

• **Inclusivity:** Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability of the BBVA Group.

• **Materiality:** Materiality is determining the relevance and significance of an issue to the BBVA Group and its stakeholders.

• **Responsiveness:** Responsiveness requires the BBVA Group to respond with specific actions to material issues identified and report such actions.

DELOITTE, S.L.

  
Helena Redondo  
Madrid, 20 February 2009



# REPORT CRITERIA

## PROFILE, SCOPE, RELEVANCE, MATERIALITY AND COVERAGE OF THE REPORT

BBVA has been drawing up annual corporate responsibility reports since 2002. The present report includes information for the entire BBVA Group, as

defined in the Annual Report for 2008, including comparative data for 2006 and 2007 with an indication of their scope. If these data have changed in any way in comparison to those provided in prior years, this is due to improvements in the methods for quantifying and measuring the variables affected or in the criteria used. The salient points in this year's report are the following:

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

When deciding upon the relevance and materiality of the content to be included, special attention has been paid to the opinions of leading stakeholders, extending the engagement process in line with the recommendations of the *Sustainability Reporting Guidelines (version 3, 2006)* of the *Global Reporting Initiative (GRI)* and the new *AA 1000 APS (2008) AccountAbility Principles Standard* and the *AA 1000 AS (2008) Assurance Standard*. Along these lines, a specific analysis has been drawn up based on public information and information available within the Group to assess the validity and relevance of these matters in the context of the present crisis.

This report is supplemented by the *Financial Report 2008*, and by the information on the website ([www.bbva.com](http://www.bbva.com)).

## BASIC REFERENCES AND INTERNATIONAL STANDARDS

In drawing up this report, the most widely recognized international standards and best practices have been followed, including the

principles and requirements of the *Global Reporting Initiative (GRI G3)*, taking into account both core and financial sector indicators. *GRI* has rated BBVA as "in accordance" since 2003, and as A+ since 2006. The report also complies with the new *AA1000* standard for reporting on the implementation of principles:

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

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

## RIGOUR AND VERIFICATION

BBVA has areas for systematising and managing information to provide a

sound source of content. These areas are reviewed, verified and audited (internally and externally). A plan of action is then drawn up to ensure that the recommendations arising from review processes are implemented.

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

# GRI INDICATORS

PROFILE	
1. Strategy & Analysis	Pages
1.1 Statement from the CEO and chairperson.	5-7
1.2 Description of key impacts, risks and opportunities.	12-13, 17-20
2. Organisational profile	Pages
2.1 Name of the organisation.	3
2.2 Primary brands, products and/or services.	3-4
2.3 Operational structure of the organisation.	3
2.4 Location of organisation's headquarters.	3, CFS
2.5 Number of countries where the organisation operates.	3-4
2.6 Nature of ownership and legal form.	3
2.7 Markets served.	3-4, CFS
2.8 Scale of the reporting organisation.	3-4, 78, CFS
2.9 Significant changes during the reporting period in the size, structure and ownership of the organisation.	3, CFS
2.10 Awards received in the reporting period.	79
3. Report Parameters	Pages
REPORT PROFILE	
3.1 Reporting period for information provided.	2, 75
3.2 Date of most recent previous report (if any).	2, 75
3.3 Reporting cycle (annual, biennial, etc.).	2, 75
3.4 Contact point for questions regarding the report or its contents.	84
REPORT SCOPE AND BOUNDARY	
3.5 Process for defining report content.	16-19, 75
3.6 Boundary of the report.	2, 75
3.7 State any specific limitations on the scope or boundary of the report.	2, 75
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	2, 75
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.	2, 14, 35, 37, 42-44, 53, 56-57, 61-62, 70, 75
3.10 Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statement.	14, 22, 43-44, 50-51, 56-58, 62, 75
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	75
GRI CONTENT INDEX	
3.12 Table identifying the location of the Standard Disclosures in the report.	76-77
ASSURANCE	
3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s).	73-74
4. Governance, Commitments and Stakeholder Engagement	Pages
GOVERNANCE	
4.1 Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	3, 11, CGR
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	CGR
4.3 For organisations that have a unitary board structure, state the number of members of the highest governance body who are independent and/or non-executive members.	CGR
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	47-48, CGR, SICRI'08
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangement) and the organisation's performance (including social and environmental performance).	20, 43, BDRP
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	CGR
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics.	CGR
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.	8-14
4.9 Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.	9-14, CGR
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	CGR
COMMITMENTS TO EXTERNAL INITIATIVES	
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	12-13, 58-59
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	14, 58-59, 64-65, 72
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	14, 58-59

## STAKEHOLDER ENGAGEMENT

4.14 List of stakeholder groups engaged by the organisation.	16
4.15 Basis for identification and selection of stakeholders with whom to engage.	15-16, SICRI'08
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	16-17, SICRI'08
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	17-20

## DISCLOSURE ON MANAGEMENT APPROACH / CORE INDICATORS

Economic Performance Indicators	Pages	Assurance Scope
DISCLOSURE ON MANAGEMENT APPROACH		
9-14, 60-67, SICRI'08		
Economic Performance		
EC1. Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	14, SICRI'08	(1)
EC2. Financial implications and other risks and opportunities for the organisation's activities due to climate change.	58-59	✓
EC3. Coverage of the organisation's defined benefit plan obligations.	45-46	✓
EC4. Significant financial assistance received from government.	45	(2) (4)
Market Presence		
EC6. Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	51-52	✓
EC7. Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	41-42	✓
Indirect Economic Impacts		
EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	39-40, 60-68	✓
Environmental Performance Indicators (a)		
DISCLOSURE ON MANAGEMENT APPROACH		
14, 32-33, 40, 54-55, 58-59		
Materials		
EN1. Materials used by weight or volume.	56	✓
EN2. Percentage of materials used that are recycled input materials.	56	✓
Energy		
EN3. Direct energy consumption by primary energy source.	57	✓
EN4. Indirect energy consumption by primary source.	57, SICRI'08	✓
Water		
EN8. Total water withdrawal by source.	57	
Biodiversity		
EN11. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	No material*	
EN12. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	No material*	
Emissions, effluents and waste		
EN 16. Total direct and indirect greenhouse gas emissions by weight.	56	✓
EN 17. Other relevant indirect greenhouse gas emissions by weight.	56	✓
EN 19. Emissions of ozone-depleting substances by weight.	No material*	
EN 20. NO, SO, and other significant air emissions by type and weight.	No material*	
EN 21. Total water discharge by quality and destination.	No material*	
EN 22. Total weight of waste by type and disposal method.	58	✓
EN 23. Total number and volume of significant spills.	No material*	
Products and Services		
EN 26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	40, 58-59	✓
EN 27. Percentage of products sold and their packaging materials that are reclaimed by category.	No material*	
Compliance		
EN 28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	14	(4)
Social Performance Indicators: Labour Practices and Decent Work (b)		
DISCLOSURE ON MANAGEMENT APPROACH		
9-14, 41-50, SICRI'08		
Employment		
LA1. Total workforce by employment type, employment contract and region.	41, 47	✓
LA2. Total number and rate of employee turnover by age group, gender and region.	42-44	✓

## Labour/Management Relations

LA4. Percentage of employees covered by collective bargaining agreements.	49	(4)
LA5. Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	49	(8)

## Occupational Health & Safety

LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	50	(5)
LA8. Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	49-50	✓

## Training and Education

LA10. Average hours of training per year per employee by employee category.	45	(6)
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## Diversity and Equal Opportunity

LA13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	42, 47, CGR	(7)
LA14. Ratio of basic salary of men to women by employee category.	43	✓

Human Rights Performance Indicators (c)	Pages	Assurance Scope
<b>DISCLOSURE ON MANAGEMENT APPROACH</b>	9-14, 46-47, 49-50, 53, 72	

## Investment and Procurement Practices

HR1. Percentage and total number of significant investment that include human rights clauses or that have undergone human rights screening.	14, 32-33	(10)
HR2. Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	52-53	(8)

## Non-discrimination

HR4. Total number of incidents of discrimination and actions taken.	14, SICRI'08	(4) (11)
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## Freedom of Association and Collective Bargaining

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.	14, 49	✓
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## Child Labour

HR6. Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	14, 71-72	✓
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## Forced and Compulsory Labour

HR7. Operations identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of forced or compulsory labour.	14, 71-72	✓
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Society Performance Indicators (d)	Pages	Assurance Scope
<b>DISCLOSURE ON MANAGEMENT APPROACH</b>	9-14, 17-19, 34-35, 60	

## Community

SO1. Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	9-11, 60-63	✓
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## Corruption

SO2. Percentage and total number of business units analysed for risks related to corruption.	35, SICRI'08	(9)
SO3. Percentage of employees trained in organisation's anti-corruption policies and procedures.	35	✓
SO4. Actions taken in response to incidents of corruption.	34-35, SICRI'08	(4) (11)

## Public Policy

SO5. Public policy positions and participation in public policy development and lobbying.	14, 67	(3)
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## Compliance

SO8. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	14, CFS	(4)
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Product Responsibility Performance Indicators (e)	Pages	Assurance Scope
<b>DISCLOSURE ON MANAGEMENT APPROACH</b>	9-14, 60, 63	

## Customer Health & Safety

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.	24	(8)
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## Product and Service Labelling

PR3. Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	24	✓
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## Marketing Communications

PR6. Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	24-25	✓
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## Compliance

PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	14	(4)
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## FINANCIAL SERVICE SECTOR SUPPLEMENT

Impact of products and services	Pages	Assurance Scope
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<b>DISCLOSURE ON MANAGEMENT APPROACH</b>	19-20, 31-32, 36-37	
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FS1: Policies with specific environmental and social components applied to business lines.	32-34, 54-55	✓
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FS2: Procedures for assessing and screening environmental and social risks in business lines.	32-34	✓
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FS3: Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	32-35	✓
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FS4: Process(es) for improving staff competency to implement the environmental and social policies as applied to business lines.	32, 44-45, 59	✓
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FS5: Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	16-20	✓
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## Product Portfolio

FS6: Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	CFS	✓
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FS7: Monetary value of products and service designed to deliver a specific social benefit for each business line broken down by purpose.	36-40	✓
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FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	40, 58-59	✓
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## Audit

FS9: Coverage and frequency of audits to assess the implementation of environmental and social policies and risk assessment procedures.	83, SICRI'08	(12), N.A.
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## Active Ownership

FS10: Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues.	36-37	(13)
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FS11: Percentage of assets subject to positive and negative environmental or social screening.	32-33, 36-38	(13)
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FS12: Voting policies applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting.	37	N.A.
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Society Performance Indicators	Pages	Assurance Scope
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<b>DISCLOSURE ON MANAGEMENT APPROACH</b>	3-4, 26-30	
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## Community

FS13: Access points in low-populated or economically disadvantaged areas by type.	3-4, 26-30	(14)
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FS14: Initiatives to improve access to financial services for disadvantaged people.	26-30	✓
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Product Responsibility Performance Indicators	Pages	Assurance Scope
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<b>DISCLOSURE ON MANAGEMENT APPROACH</b>	13, 24-28, 65-66	
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## Customer Health & Safety

FS15: Policies for the fair design and sale of financial products and services.	13, 23-25	✓
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## Marketing Communication

FS16: Initiatives to enhance financial literacy by type of beneficiary.	27, 63, 65-66	✓
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## LEGEND

CGR	Corporate Governance Report 2008
SICRI'08	Supplementary Information to Corporate Responsibility Report 2008
CFS	Consolidated Financial Statements
BDPR	Board of Directors' Remuneration Policy 2008

## Areas and units chiefly responsible

- Risks, Premises and Services, Corporate Responsibility and Reputation, and business areas.
- Human Resources.
- Human Resources and Compliance.
- Corporate Responsibility & Reputation and Compliance.
- Communication and Image, Compliance and business areas.

## Reason for the omission of the following main GRI indicators from the CR Report 2008

EN11: Immaterial indicator. BBVA Group offices are in urban settings, which therefore have no impact on protected natural areas and/or biodiversity.

EN12: Immaterial indicator. BBVA Group offices are in urban settings, which therefore have no impact on protected natural areas and/or biodiversity.

EN19: Immaterial indicator. Regarding the use of substances that are harmful to the ozone layer, there are no installations containing significant amounts of CFCs in BBVA Group buildings.

EN20: Immaterial indicator. Given that the Group belongs to the services sector, SO and NO emissions are insignificant as they are produced solely by staff travel.

EN21: Immaterial indicator. BBVA Group offices are in urban settings, so waste is discharged through the sewers.

EN23: Immaterial indicator. BBVA Group offices are in urban settings, so water is supplied and discharged through the mains and sewers, respectively.

EN27: Immaterial indicator. The BBVA Group simply markets these products, with no direct responsibility for the management of their packaging.

## Notes on scope and assurance

N.A.: not applicable.

✓ BBVA Group excluded BBVA Compass.

(1) Indicator calculated according to GRI model and detailed in the Supplementary Information to Corporate Responsibility Report 2008.

(2) Only included training's subsidy in Spain.

(3) Only Research Department and international agreements related with CR are reported.

(4) The information is consistent and has been reviewed by BBVA Spain.

(5) Only the absenteeism rate is reported.

(6) Not broken down by category.

(7) Only broken down by age and sex.

(8) Only qualitative information is included.

(9) Reporting the number of audits by business area classified by BBVA's typology.

(10) Only the financing of large projects are reported.

(11) Data in the supplementary information corresponds to disciplinary actions.

(12) Policy defined and goal set for 2009.

(13) Percentage over total assets under management not reported.

(14) Number of banking branch offices in low population density or underprivileged areas are not reported.

## Key indicators of corporate responsibility

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

(1) Calculation based on GRI methodology.

(2) Data for Spain.

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

(4) Program initiated in 2007.





(5) Program initiated in 2008.

(6) Activity initiated in 2007.

Scope: BBVA Group.



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

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

## Other Rating Agencies

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

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

## Prices and awards 2008

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



# PROGRESS 2008 AND GOALS 2009

## LINES OF WORK

### CORPORATE RESPONSIBILITY POLICY

Furthering the integration of CR policy in general strategy and in the Group's business and support areas

Fostering the mainstreaming of CRR management through the CRR committee

Ratifying international agreements

Driving improvements within the sphere of Compliance

Rolling out a policy on Human Rights

Drafting of CR reports by Group banks in Latin America

### STAKEHOLDER ENGAGEMENT

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

Furthering the management integration of information gathered from stakeholders

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

Improving the quality of shareholder service

Improving communications channels with investors and shareholders

Improving communications channels with employees

Improving communications channels with customers

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

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

### CUSTOMER FOCUS

Improving accessibility to financial services for all segments

### FINANCIAL INCLUSION



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

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

### RESPONSIBLE FINANCE

Progressing in the application of the Equator Principles

Advancing in the consideration of environmental factors in credit risk • Improving policy on defence industry lending

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

### OTHER RESPONSIBLE PRODUCTS AND SERVICES

Developing Socially Responsible Investment

Developing products and services with environmental criteria

Developing products for special needs groups

### RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES

Improving the Group's work climate survey

Furthering initiatives for the reconciliation of work and personal life

Pursuing other initiatives for the personal and professional development of employees

Advancing in internal CR training

### RESPONSIBLE PROCUREMENT

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

Disseminating the Global Compact amongst suppliers

Driving community projects with suppliers

### ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

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

Reducing the Group's direct environmental impacts

Implementing the Community Investment Plan for Latin America

### COMMUNITY INVOLVEMENT

Fostering research and knowledge development

Improving the assessment of the impacts of community investment projects

Defining the Community Investment Plan in Spain

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

**New line:** boosting activities in education, including financial literacy

### CORPORATE VOLUNTEER WORK

Corporate volunteer work



## GOALS 2008

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

ACHIEVEMENTS 2008

• Presentations to the board of directors in February and May	😊
• Drafting and approval of the CRR Strategic Plan	😊
• Creation of the CRR department at BBVA Compass (USA)	😊
• Objective deferred	😞
• Set up local CRR committees in Argentina, Colombia, Chile, Mexico, Peru and Venezuela • A total of 10 meetings have been held	😊
• Adhesion to the United Nations Principles for Responsible Investment (GPP and Staff Retirement Fund)	😊
• Dissemination campaign for the first three MDGs "2015, a better world for Joana"	😊
• Community Investment Plan for Latin America. Development of the Microfinance Foundation network	😊
• Approval of the Compliance Charter	N.L.
• Approval by the BBVA Group's board of directors of a corporate policy on Conduct in Stock Markets	
• Review in the CRR Committee meeting in December • Diffusion to all Group employees of the 60 <sup>th</sup> anniversary of the Universal Declaration of Human Rights	😊
• Launch of online course	😊
• Drafting of CR reports in Argentina, Colombia, Chile, Mexico, Venezuela and Peru (verified)	
• Annual survey of employees at Group level	😞
• There have been 3 instances of reporting to the Steering Committee (Community Investment Plan for LatAm, Strategic Plan and Eco-efficiency Corporate Plan)	😊
• Involvement in the preparation of a comprehensive scorecard	😊
• Launch of the consultation process in the USA	
• No. travelling branch offices: 83 (78 locations). 67% increase in the number of visits (6,023)	😊
• Introduction of the product line: Club Ábaco, exclusively for the Bank's shareholders	😊
• 19% increase in the number of shareholders attending road-shows (7,720)	
• Greater coordination between Investor Relations and CRR for improving the response to investors and analysts in sustainability matters	😊
• More CR information on the Investor Relations website and inclusion of a CR section in the Quarterly Financial Reports	😊
• Posting of 557 videos (+100%) • 188,803 visits recorded with 317,823 video viewings	
• 18% of the news items deal with CRR • Implementation of Employee Care Service (SAE) in Peru	😞
• Creation of the "Novedades" section on new developments on the CR website (76 news items posted) • Creation of the IP TV channel on the CR website (16 videos)	😊
• Campaign with Unicef for customers of BBVA Colombia through ATMs • Customer and shareholder involvement in BBVA open-entry charity races	😊
• Improved customer satisfaction in Chile and Colombia • Drafting of the Corporate Complaints Report • Implementation of quality indicators in banks in Latin America	😞
• Launch of the "adaptabilidad/adaptability" campaign with products and services designed to help customers deal with the economic crisis in Spain	
• 39% transactions online and 26% using ATMs • Launch of <i>Tú Cuentas</i> (You Matter) • AA scope of accessibility on corporate websites in Chile, Peru and Portugal	😊
• Alliances in Colombia, Peru, Puerto Rico and Costa Rica • Education agreements with the Organization of Ibero-American States (OEI) and Spain's Open University (UNED) • Drafting of the Code of Corporate Governance for the Network of Microfinance Institutions	😊
• South America: 400,000 more active private customers and a 18.1% increase in customer lending • New agreements to extend non-banking correspondents or correspondent ATMs in Colombia, Peru and Chile • Mexico: 500,000 more private customers and a 13.7% increase in customer lending	😊
• Launch of new products • 22.5% market share in Spain	😞
• Drafting by the Risk Area of the Group's new Handbook on social and environmental risk management in financing and guarantees (project finance, Ecorating and defence industry) • The new handbook applies to all project finance operations regardless of their amount	😊
• A boost has been given to the Money Laundering Risk Compliance Model through the adaptation of policies and procedures to regulatory changes, incorporating international best practices in these matters and fine-tuning the monitoring systems already in place.	😊
• Approval for the comprehensive management of the BBVA <i>Plan de Empleo</i> (Staff Retirement Plan) in Spain with SRI criteria (€1.9m and 41,100 participants)	😊
• Issue of the first exchange-traded funds (ETFs) on the new FTSE4Good Ibex index	😊
• Trading in over 1 million tonnes of CO <sub>2</sub> • Launch of environmental advisory service for SMEs in Spain	
• Line pursued in partnership with the Inter-American Investment Corporation for promoting energy efficiency amongst SMEs in Latin America	😊
• Launch of <i>Ayuda Vivienda</i> (Housing Loan) within the Plan Familias (BBVA Families Plan) to help young people with low incomes to access mortgage loans (1,351 loans amounting to €163.18m) • New edition of the <i>Préstamo Nacimiento</i> (New baby loan)	
• Conducting of the Group's new work climate survey that shows a 6% improvement	😞
• Numerous activities have been undertaken in Time Management, Equal Opportunities, Personal and Family Projects, etc.	😊
• Award of <i>EFR</i> certificate in Spain	😊
• A decision was taken in December 2008 to apply a base rate in 2009 that was more advantageous than the one established in the corporate agreements for BBVA Spain under the items of in-company loans and sundry credit to staff	😞
• Approval of the Group's CR training plan	😊
• Inclusion of CR criteria in Spain, Argentina, Colombia, Peru, Puerto Rico and Mexico	😞
• Dissemination amongst suppliers in Argentina (180), Colombia (694), Mexico (140), Peru (34), Puerto Rico (87), Venezuela (211) and the USA (100)	😞
• Recruitment through special Job Centres for a value of €479,390	😞
• ISO 14.001 certification awarded to 5 buildings (3 in Spain and 2 in Mexico). Impact on 9,080 employees	😊
• Launch of the Global Eco-efficiency Plan (PGE) 2008-2012 • Improvements in ecoefficiency in 2008: -4% reduction in paper consumption per employee and scope extended	😊
• Increase in funds to a figure equal to 1% of the net attributable profit in South America and Mexico, which has meant a rise from €20m to €29.6m	😊
• Increase in the number of scholarship holders from 18,000 to 47,000	
• First edition of the BBVA <i>Fronteras del conocimiento</i> • Frontiers of knowledge awards endowed with €3.2m	N.A.
• Use of London Benchmarking Group (LBG) methodology	😊
• Progress in the drafting of the Community Investment Plan in Spain	😞
• Launch of the Integra Plan and call for the Integra Prize in Spain • Master agreement in Spain with the following: Fundación ONCE, CONCENFE, FEAPS and FEACEM	😊
• Launch of the financial literacy programme in Mexico affecting 7,000 people	N.A.
• Development of community service schemes in all the main operating countries, involving 3,617 volunteers	😊

# GOALS 2009

<ul style="list-style-type: none"> <li>Regular reporting to the board of directors in full and to its Risk Committee</li> </ul>
<ul style="list-style-type: none"> <li>Foster and take part in schemes for the furtherance of CRR alongside other companies and institutions</li> </ul>
<ul style="list-style-type: none"> <li>Set up the CRR committee in Spain, USA, Panama, Paraguay, Puerto Rico and Uruguay • Hold a total of 25 local CRR committee meetings</li> </ul>
<ul style="list-style-type: none"> <li>Ratification of and participation in relevant international commitments</li> </ul>
<ul style="list-style-type: none"> <li>Make further inroads in the dissemination of the MDGs and pursue BBVA projects that help to achieve them</li> </ul>
<ul style="list-style-type: none"> <li>Make further progress</li> </ul>
<ul style="list-style-type: none"> <li>Verify CR reports in Argentina, Colombia, Chile, Mexico, Peru and Venezuela • Draft CR report in the USA</li> </ul>
<ul style="list-style-type: none"> <li>Employees: Assess and introduce action plans for improving indicators</li> <li>Customers and public opinion: extend the perimeter of analysis to Venezuela and the USA</li> </ul>
<ul style="list-style-type: none"> <li>Implement regular reporting to the Steering Committee</li> </ul>
<ul style="list-style-type: none"> <li>Continue extending the consultation perimeter</li> </ul>
<ul style="list-style-type: none"> <li>Make further progress • Marketing of the <i>Tarjeta Ábaco</i> card</li> <li>Creation of a specific website for the <i>Club Ábaco</i> with a larger range of value added products for shareholders</li> </ul>
<ul style="list-style-type: none"> <li>Extend communications actions to shareholders and investors worldwide, paying special attention to Mexico and the USA</li> <li>Distribute information related to the CR report when it is issued, via mailshots to BBVA analysts and investors</li> </ul>
<ul style="list-style-type: none"> <li>Posting of a weekly digital magazine and an electronic media library with news items of relevance to the Group</li> </ul>
<ul style="list-style-type: none"> <li>Expand the "Community Investment" section in the quarterly magazine for employees to "Corporate Responsibility and Reputation" • Implementation of the Employee Care Service (SAE) in Colombia and Venezuela</li> </ul>
<ul style="list-style-type: none"> <li>25% increase in the number of videos produced and posted on the CR website</li> </ul>
<ul style="list-style-type: none"> <li>Arrange some form of community project involving shareholders and/or customers</li> </ul>
<ul style="list-style-type: none"> <li>Define and implement a new procedure for reinforcing the transparency and clarity of the Group's advertising campaigns</li> </ul>
<ul style="list-style-type: none"> <li>Foster the use of non-presential channel • Extend AA accessibility to other Group websites</li> </ul>
<ul style="list-style-type: none"> <li>Launch of the technology platform for the network of microfinance institutions • New alliances and operating presence in Chile and possibly in Argentina and Brazil</li> <li>First joint investments with multilateral agencies • Development of microfinance training programmes</li> </ul>
<ul style="list-style-type: none"> <li>Banking Penetration Plan for Latin America 2007-2010. Doubling of the loan portfolio, with 4 million new customers in Mexico and 3 million in South America</li> <li>Expansion of alternative distribution channels • Provide lower-income segments with credit cards in a responsible manner through the "<i>Tarjeta Prepagada</i>" (Prepaid Card)</li> </ul>
<ul style="list-style-type: none"> <li>Consolidate the achievements made in 2008</li> </ul>
<ul style="list-style-type: none"> <li>Approval and implementation throughout the entire Group of the new Handbook on social and environmental risk management in financing and guarantees</li> <li>Internal Audit to become involved in verifying the application of the Handbook on social and environmental risk management in financing and guarantees that will be approved in February 2009 • Launch of Ecorating in Mexico, Peru, Chile and Colombia</li> </ul>
<ul style="list-style-type: none"> <li>Make further progress</li> </ul>
<ul style="list-style-type: none"> <li>Performance of the first sustainability rating on the <i>Plan de Empleo</i> BBVA (Staff Retirement Plan) in Spain • Attendance of fora for fostering SRI in Spain</li> </ul>
<ul style="list-style-type: none"> <li>Develop products with environmental criteria</li> </ul>
<ul style="list-style-type: none"> <li>Develop products for special needs groups</li> </ul>
<ul style="list-style-type: none"> <li>Develop new schemes in the <i>Calidad de Vida</i> (Quality of Life) plan</li> </ul>
<ul style="list-style-type: none"> <li>Obtain <i>EFR</i> certification in Mexico and Chile</li> </ul>
<ul style="list-style-type: none"> <li>Pursue other projects for the personal and professional development of employees</li> </ul>
<ul style="list-style-type: none"> <li>Development of the Group's CR training plan</li> </ul>
<ul style="list-style-type: none"> <li>Application of the suppliers' satisfaction survey in Mexico, Argentina, Chile, Colombia, Peru and Venezuela</li> </ul>
<ul style="list-style-type: none"> <li>Sustainable procurement policy</li> </ul>
<ul style="list-style-type: none"> <li>Encourage recruitment through special Job Centres in Spain</li> </ul>
<ul style="list-style-type: none"> <li>Increase the scope in the number of employees pursuing the objectives of the Global Eco-efficiency Plan (PGE)</li> </ul>
<ul style="list-style-type: none"> <li>Advance towards the specific objectives set forth in the objectives set forth in the PGE</li> </ul>
<ul style="list-style-type: none"> <li>Consolidate the 1% in Mexico and in South America • Increase the number of beneficiaries of the <i>Niños Adelante</i> Scholarship Scheme</li> </ul>
<ul style="list-style-type: none"> <li>Appraisal of the social impact of the <i>Niños adelante</i> Scholarship Programme</li> </ul>
<ul style="list-style-type: none"> <li>Launch of the Community Investment Plan in Spain focusing on financial literacy</li> </ul>
<ul style="list-style-type: none"> <li>Boosting lines of work for raising awareness and promoting the job integration of disabled people in Spain</li> </ul>
<ul style="list-style-type: none"> <li>Boost for financial literacy schemes</li> </ul>
<ul style="list-style-type: none"> <li>33% increase in the number of volunteers</li> </ul>

## adelante.

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

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

### fundéu BBVA

This report has been printed on ecological chlorine-free paper from sustainable certified forestry.



Design: Eugenio G. Cabanillas

Photograph of the Chairman: Chema Conesa

Typesetting and Publishing: ELBA Grupo de Comunicación, S.L.

Printing: Gráficas Enar, S.A.

Legal Deposit: M-00000-2008

