BBVA

Corporate Social Responsibility Report 2004

"For BBVA, the Corporate Social Responsibility is part of the *roud to excellence* upon which we are currently embarqued."

Francisco González, Chairman and CEO

> Index

2 LETTER FROM THE CHAIRMAN

6 THE BBVA GROUP

16 THE CHALLENGE OF ADDRESSING THE FUTURE

22 THE BBVA PLEDGE

> 24. Commitment to stakeholders > 26. Corporate principles > 30. Implementing corporate principles > 32. Organisation of corporate social responsibility in BBVA.

35 CREATING VALUE

> 40. Creating direct value > 50. Creating indirect value.

54 SOLUTIONS FOR A BETTER FUTURE

> 56. Customers as the focus of business > 62. Personal banking > 68. Investment funds and socially responsible investment in BBVA > 70. Banking for small and medium-sized companies and microenterprises > 74. Banking for large companies and project finance > 78. Institutional banking > 82. Corporate and real-estate holdings.

84 THE PEOPLE AT BBVA

> 86. A vision for the future > 90. Professional development and effort recognition > 92. Learning and development > 98. Ethical conduct > 100. Recruitment and job creation > 102. Health and safety > 106. Personal development > 110. Associationism.

112 SUSTAINABLE MANAGEMENT OF RESOURCES

> 114. Key indicators of environmental performance > 116. Commitment to sustainable management > 118. Environmental Management System > 120. Eco-efficiency in the consumption of natural resources > 124. Climate Change and loss of biodiversity > 126. Indirect environmental impact. Risk management > 128. Environmental training and awareness-enhancing.

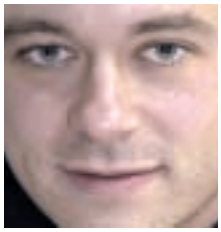
130 COMMUNITY SUPPORT

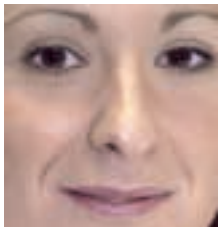
> 132. Introduction > 134. BBVA Group foundations > 138. BBVA Families Plans > 140. Theme areas.

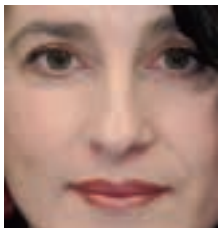
152 MAJOR LINES OF WORK IN 2005

156 ANNEXES

> 158. GRI > 166. Global Compact > 168. Equator Principles > 170. Principles governing this Report > 172. Verification Report > 174. How to get involved in developing BBVA's commitment.







> Letter from the Chairman

Since 2002, BBVA has been publishing a **Corporate Social Responsibility Report** to inform shareholders, markets and remaining stakeholders of how we understand and pursue the pledges we have made to each and every one of them. This Report provides a concrete expression of how we have moved from words to action, of how we are *working towards a better future for people*.

This involves our commitment to corporate social responsibility, which above all aims to strengthen and suitably underpin our Group's response to the major challenges forthcoming from the environment in which it operates. As that is how we understand our responsibility, we are in no doubt whatsoever about the importance of addressing this response in an integral manner and actively catering for the expectations made of BBVA by all those sectors with which it is involved. For BBVA, the application of Corporate Social Responsibility is part of the *road to excellence* upon which we are currently embarked.

Although this is true for any kind of company, it is even more so in the Financial Sector, by virtue of the pivotal role it plays in the economy and in the daily life of its stakeholders. Amongst many other aspects, banks apply myriad ways to providing for and brokering the daily business of companies, institutions, households and individuals, contributing to saving, streamlining payments and financing productive and consumer activities, thereby channelling excess resources to where they are most needed. It is an activity that lies at the heart of economic growth and the widespread enhancement of quality of life, yet one which also entails an especially keen responsibility.

BBVA fully embraces it, from the assurance that it thus contributes not only to the greater generation of value for all its stakeholders, but also to the Group's greater financial robustness and the sustained growth of its results over time.

It is undoubtedly a road that stretches far ahead, upon which BBVA strides forward from one year to

the next. Such, too, has been the case in 2004, which has witnessed substantial progress. Amongst the many highlights, therefore, it is worth remembering the subscription of the World Bank's Equator Principles (the only Spanish bank, so far, to have done so), the application throughout the entire Group of the Code of Conduct, the decision to cut back substantially on business operations in tax havens, the implementation of an Environmental Management System, the achievement of a record figure in support for society or the launch of the Families Plan and the Birth Loan. Yet all this has been achieved at the same time as it has posted the highest profit figures in its entire history. Strides forward, furthermore, that are merely individual exponents of an overall strategy targeting the sustained and integral growth of value: in other words, the balanced generation of economic, social and environmental wealth. A strategy, in this sense, in which the prevailing goal is sustainability, understanding this in the widest and most comprehensive meaning of the term.

Therein lies BBVA's pledge: a pledge whereby it seeks to live up to the demands of our time, with its eyes set firmly and enthusiastically on the future and striving to provide the greatest possible benefit to shareholders, customers, employees and suppliers, as well as to the sum of societies in which it operates.

THE 2004 REPORT

All these matters are covered by the present Report, which constitutes a major tool for BBVA in its quest to involve its various stakeholders in the way it has marshalled its efforts in 2004 for the fulfilment of its commitments.

It is, furthermore, a report in which we have made substantial changes in both form and content. Above all, it has been drawn up in accordance with the 2002 Guidelines of the Global Reporting Initiative and presents a balanced and reasonable description of our Group's economic, social and environmental activity. We have also set out to adapt it to new emerging standards, such as the AA1000 AccountAbility standard (some of whose main principles have been considered), for defining the extent of its content, at the same time as independent verification has been sought for the data referring to GRI indicators. We have thereby strengthen our intention to provide relevant and trustworthy information, complementing that provided by the Annual Report (which includes a specific report on Corporate Governance) and by our website (www.bbva.com).

Last year's report already set out to provide a clear picture of the Group's performance in relation to the commitments embraced with its various stakeholders, making a significant effort to further a wide-ranging and detailed description of the basic workings of the Group's main areas and units and the manner in which they contribute to the social commitment of BBVA. An effort embodied in an extensive Report that constituted a solid and transparent reference for testifying to the way in which BBVA assumes its aforementioned commitments.

Bearing that in mind, we have approached the structure of the 2004 Report with an over-riding purpose: to show how the BBVA Group sets out to realise its vision of working towards a better future for people.

In pursuance of this precept, we should like to introduce this Report by reaffirming our desire to address the future with determination, backed by the dual purpose of innovation and transparency, and convinced that the road leading to tomorrow is based on a unwavering and steadfast commitment to providing the utmost value possible to those who place their trust in the Group.

For that, in short, is the BBVA pledge: a pledge to all those who are affected by its business. A multiple pledge, therefore: to its shareholders, to create more value in a sustained way over time; to its customers, to seek the finest solutions that make BBVA their first option; to its employees, to deploy a management style that generates

enthusiasm, providing training, motivation and personal and professional development; to its suppliers, to view BBVA as a partner that furthers mutual benefit; to the societies in which it operates, to contribute actively to their development; to the market regulators, to proceed with absolute integrity and fully comply with legislation.

The fulfilment of these commitments is only possible through the application of steadfast principles. Principles that reflect our values and our modus operandi and which are expressed in a corporate culture shared by all those of us who work in the Group and which should underpin our conduct. Of particular importance within this context is The BBVA Experience, an expression of our cultural model and general approach for suitably capitalising on the value of the Group's strategic intangibles: its brand, culture and corporate reputation.

The definition and committed choice of a determinate way of approaching business is very important. Yet to provide the facts that testify to BBVA's ability to put these principles into practice is even more so. An outline is therefore made in the Report of the sum of management systems that facilitate this task.

They are systems that focus on a common goal: the creation of value for our stakeholders. A goal that requires understanding the different ways in which the group generates wealth and, of course, working intelligently towards their maximisation. We create value in a direct manner, through tangible monetary flows forthcoming from our activities, and intangibly as a result of the value contributed by such elements as the Group's reputation, transparency and intellectual capital. Yet we also do so in an indirect manner, such as the part played in the creation of stable and reliable financial systems, the contribution made by our management systems to the enhanced operation of the market, the struggle against crime, corruption and fraud and the boost for technological innovation our business generates.

Ever since we designed the new BBVA strategy in 2003, our commitment has been clear, focusing our offer on the creation of what we have come to refer to as solutions for a better future: quality products and services that are innovative and efficient, which basically respond to the needs of customers (the focus of our business) and which maximise profitability, at the same time as they embody our principles and our vision, thus ensuring our day-to-day activity upholds the coherence between what we say and what we do.

None of this would be possible without each and every one of the members of staff in the Group: the people at BBVA. Our team is the veritable backbone of this ambitious project for generating value. Spurred on by this belief, we strive to further the professional development of our staff, suitably rewarding their effort, providing a working environment that is conducive to equal opportunities, to the valuation of worth and diversity, to open communication and to ensuring their health and safety. In return, we expect our team to conduct itself ethically and with demanding integrity in its professional business. Otherwise, any pretence of corporate responsibility would be rendered futile.

The realisation of our activities also requires material resources. Consequently, there is an environmental impact arising from the consumption of energy and direct materials and the way in which material waste is handled in our operations. Yet a bank's environmental impact is considerably greater when account is taken of its commercial activity. Insofar as this is concerned, sustainable management for BBVA implies not only the ongoing pursuit of efficiency in the use of the material resources it employs, but also the balanced assumption of the responsibilities entailed both by the management of the resources entrusted in the Group itself, as by the resources it places within reach of its customers and society at large.

It has been affirmed more than once that a company will find it hard to achieve permanent success in a community that does not prosper. It is a belief with which we in BBVA are in total agreement. Therein, from a purely economic standpoint, lies our

"This is the BBVA pledge to our shareholders, customers, employees and each and every one of the societies in which we operate."

conviction that community support is a vital part of our corporate social responsibility. Something that we perform through our core business activity, but which is the specific target of our society action policy. A policy focused on contributing to the development of those societies in which BBVA is present and which to a large degree responds to ethical criteria of a general nature, but which should not be understood in merely philanthropic terms. BBVA does not stand to gain financially from social action; yet, properly administered, it also constitutes a medium to long-term approach to the reinforcement of the Group's financial robustness. It is a strategic investment that generates reciprocal value: for society and for the company.

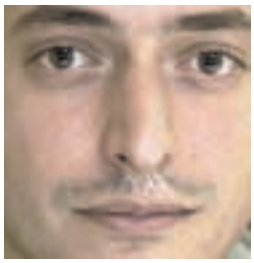
Fulfilling this pledge necessarily requires open dialogue that allows for understanding and catering for the basic needs of the societies in which the Group operates. BBVA possesses numerous channels for maintaining this dialogue. Many of them are outlined in this Report. Nonetheless, the Report itself should be seen as a vital component of this ongoing exchange of ideas that our Group wishes to pursue concerning all the sectors with which it has dealings, in the assurance that its quality has a major bearing on the quality of those relations and the overall quality of the business.

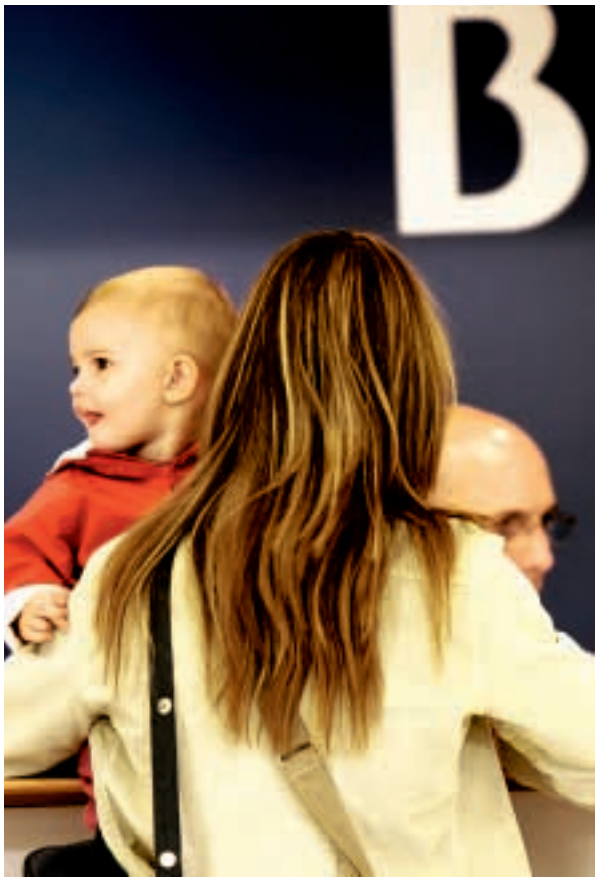
Such is the approach that underpins this document. An approach that we believe to be consistent with our vision, our business strategy and our present circumstances. A focus, furthermore, that is fully in keeping with our understanding of the term **adelante**, meaning forward, which we have adopted as the expression of BBVA culture and which responds to an environment and an approach to business and life in which the only constant is change. It is, finally, the way in which we address our commitment to working towards a better future for people.

All that remains is for me to invite you to read this Report and embrace the BBVA pledge: **adelante**.

February 10, 2005
Francisco González Rodríguez

> The BBVA Group





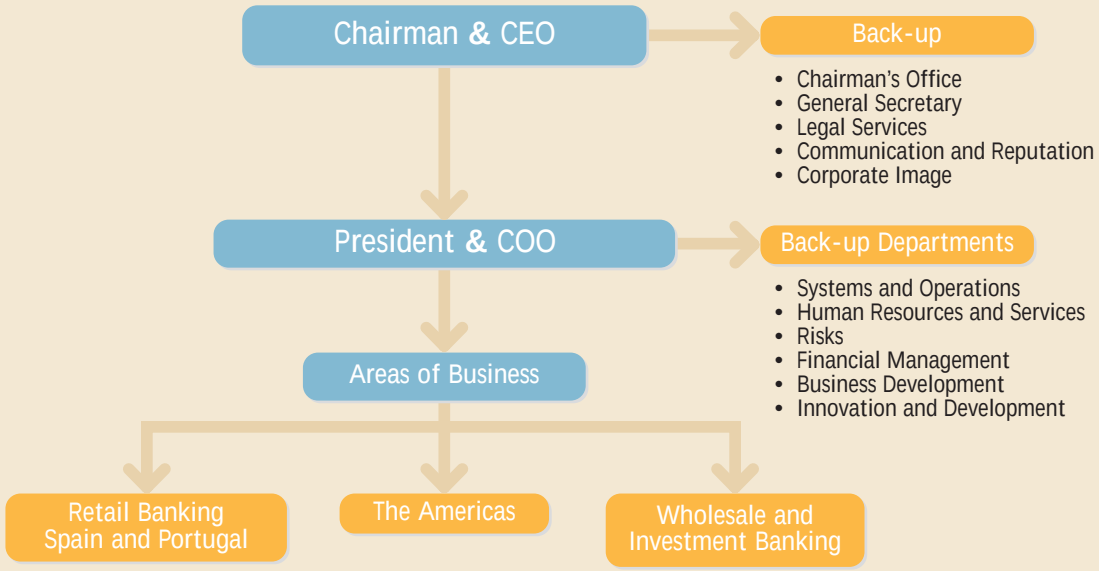
The BBVA Group caters for 35 million customers in 32 countries through a network of almost 7,000 branches and employing 84,000 staff, managing a business turnover of €500 billion with the utmost excellence and individual accountability, working for all those that have dealings with it: shareholders, customers, employees, suppliers and society at large. All in pursuit of a single purpose: to devote its forces to the establishment of lasting ties with ever more satisfied customers.

BBVA is a global financial group, of considerable magnitude and elevated solvency, firmly positioned on the Spanish market and a leading franchise in Latin America.

A group that is looking the future straight in the eye, committed to creating and exploiting new opportunities, ready for the challenges of the global market and with all the competitive advantages of a first-rate team vying to record the finest results along a path that is an assurance of tomorrow.

BBVA Governance

(December 2004)



BBVA Group Profile

Key data BBVA Group

	2004	2003
Assets (million euros)	311,072	287,150
Total net lending (million euros)	174,615	153,271
Total funds managed (million euros)	323,984	295,905
Attributable profit (million euros)	2,802	2,227
No. customers (million)	35	35
Employees	84,117	86,197
• In Spain	30,765	31,095
• Outside Spain	53,352	55,102
Branches	6,848	6,924
• In Spain	3,375	3,371
• Outside Spain	3,473	3,553

The data that appear on the map correspond to the employees and branches of the consolidated BBVA Group in each country.
Display is made solely of those countries in which the BBVA Group has a banking business.
Furthermore, the Group has pension management and/or insurance firms in Ecuador, Bolivia and the Dominican Republic.

Group Banks

Spain

BBVA

Banco de Crédito Local

Finanzia/Uno-e

Latin America

BBVA Banco Continental (Peru)

BBVA Banco Francés (Argentina)

BBVA Banco Provincial (Venezuela)

BBVA Banco Uruguay

BBVA Bancomer (Mexico)

BBVA Chile

BBVA Colombia

BBVA Panama

BBVA Paraguay

BBVA Puerto Rico

Resto del Grupo

Banc Internacional d'Andorra-Banca Mora

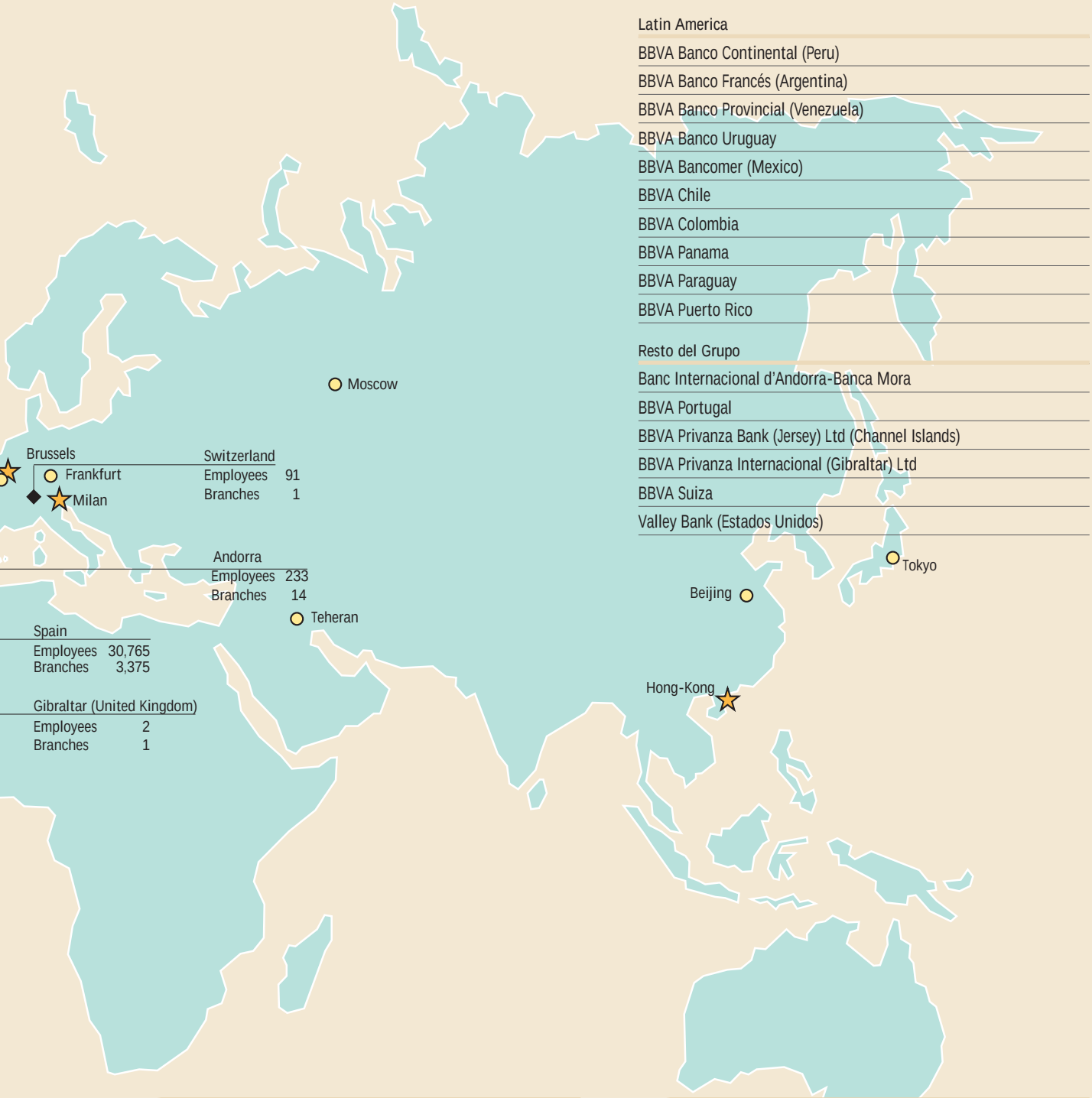
BBVA Portugal

BBVA Privanza Bank (Jersey) Ltd (Channel Islands)

BBVA Privanza Internacional (Gibraltar) Ltd

BBVA Suiza

Valley Bank (Estados Unidos)



Branches

Brussels	London	New York
Grand Cayman	Miami	Paris
Hong-Kong	Milan	

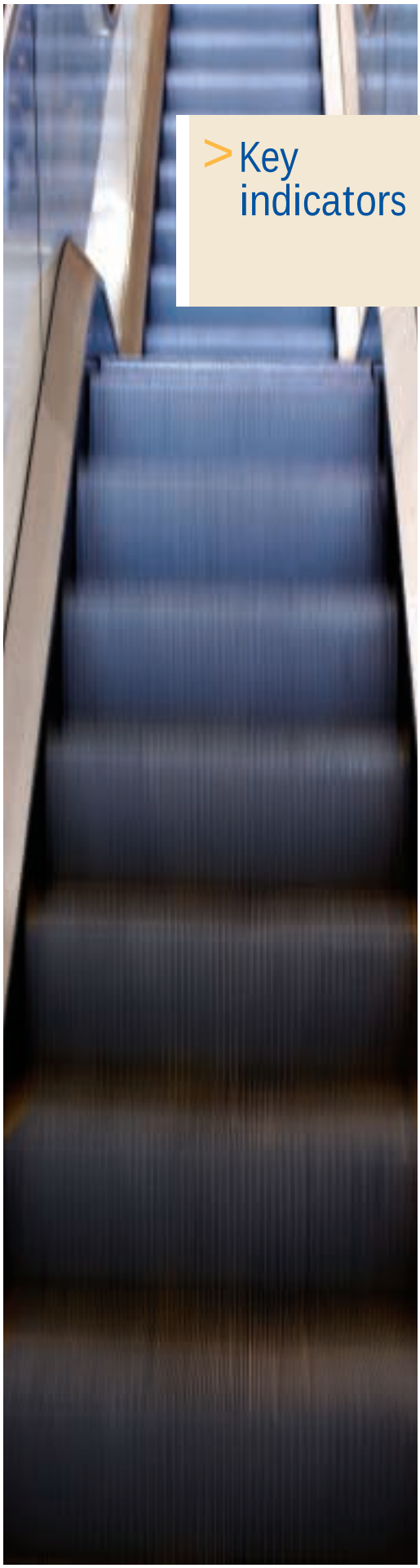
Representation offices

Beijing	Havana	Sao Paulo
Brussels	Montevideo	Teheran
Frankfurt	Moscow	Tokyo

BBVA Highlights 2004

Date	Event
January 04	- BBVA announces an investment of €34.3m in training. - Uno-e, the BBVA Group's first online bank, launches the world's first Mini Gold MasterCard. - BBVA creates the Innovation and Development Unit.
February 04	- BBVA's Annual General Meeting is held, wherein presentation is made of the Annual Report, the Corporate Governance Report and the Corporate Social Responsibility Report. - BBVA implements a new system for preventing the financing of terrorism. - BBVA reinforces its commitment to society and launches the Family Plan. It features star products, such as the Family Loans, beginning with the Birth Loan.
March 04	- BBVA concludes its takeover bid on BBVA Bancomer, thereby holding 98.88% of its stock. - Launch in Mexico of "Masterpieces from the BBVA Collection", a travelling exhibition that is to tour Latin America. - Concentration of the data processing centres for Latin America in Monterrey (Mexico).
April 04	- BBVA Patrimonios launches the first real estate property company for large asset-holders on the Spanish market. - BBVA, the first Spanish bank to adopt the "Equator Principles".
May 04	- The purchase is announced of Valley Bank in California (USA). - The BBVA Foundation presents the Awards for the Preservation of Biodiversity, with an allocation of one million euros. - BBVA and the Spanish Federation of Municipalities and Provinces (FEMP) subscribe a partnership agreement. - The Information Society Support Office, a joint initiative involving BBVA, HP, Microsoft and Telefónica, has provided guidance to 300,000 SMEs in its first year of operation.
June 04	- BBVA and trade union representatives create the European Workers' Committee. - BBVA launches a new real estate strategy based on the ANIDA brand. - BBVA decides to reduce its activity in offshore centres. - BBVA Colombia launches the Ecological Credit. - Start of the 19th edition of the BBVA Quetzal Route.
July 04	- BBVA completes the implementation of its Code of Conduct in all the Group's companies. - Implementation of the new NACAR multi-channel architecture in Spain, with over 34,000 jobs. - BBVA's Corporate Social Responsibility Report 2003 receives a rating of "*in accordance*" from GRI, becoming the second bank in the world to achieve this. - BBVA creates a business unit for developing its retail banking strategy in the United States.
August 04	- BBVA parovides 0% interest financing for registration fees and student loans in higher education through the Blue Joven Programme.

Date	Event
September 04	- BBVA Bancomer consolidates its position of leadership on Mexico's mortgage market following the announcement of the purchase of Hipotecaria Nacional de México. - BBVA announces the acquisition of Laredo National Bancshares, a financial group with two banks trading in Texas (USA). - BBVA subscribes a financial agreement with the Special Employment Centres affiliated to the Spanish organisation for the physically disabled - Confederación Coordinadora Estatal de Disminuidos Físicos de España.
October 04	- BBVA launches the BBVA Sustainable Development investment fund. - BBVA launches the second edition of the Birth Loan, following the success of the first edition, which exceeded 11,700 awards. - BBVA furthers a fund –Palladium Equity Partners III– that will invest in Hispanic companies in the USA.
November 04	- BBVA becomes a member of the Executive Committee of the Spanish Global Compact Association. The following joined the Global Compact in 2004: BBVA Bancomer, BBVA Banco Francés, BBVA Colombia and BBVA Banco Continental. - 2nd Call by the BBVA Foundation for Aid to Research in the Biology of Conservation, for a total of €2.3m. The Foundation has also announced in 2004 the 3rd Call for Aid to Research in Social Sciences, with a budget of €1.4m. - There is a 24% reduction in claims against the BBVA filed before the Bank of Spain, according to the Bank of Spain's Claims Report 2003, as opposed to an average increase overall for the financial sector of 23.9%..
December 04	- BBVA contributes 842,000 euros to Spain's Victims of Terrorism for the victims of the 11 March bombing in Madrid, of which €500,000 are donated by BBVA and the rest by customers and employees. - BBVA shares record a rise of 19.2% in 2004, the highest amongst Europe's leading banks, exceeding a market value figure of €44 billion. - BBVA becomes part of the "FTSE ISS Corporate Governance" index, which rates the quality of Corporate Governance. This circumstance is compounded by the renewal of BBVA's membership of the world's two main sustainability indices: Dow Jones Sustainability Index and FTSE4Good. - BBVA, leader of the mortgage market in Spain, with over 120,000 operations financed in 2004 and over 810,000 operations in progress. - BBVA posts its best ever result by returning earnings of €2,802m, registering growth of 25.8% with regard to 2003. - First bank in Spain in syndicated loans (Dealogic, Bloomberg, Loan Pricing Corporation). - Second bank in Latin America in syndicated loans (Loan Pricing Corporation). - First bank in project finance in Latin America (Dealogic). - BBVA, global leader in the number of trade finance transactions in the first half of 2004 (Dealogic, trade finance).



> Key indicators

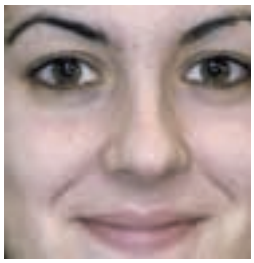
Within this context of highlights and achievements, BBVA has continued to improve its outlook regarding corporate social responsibility. The indicators that are presented below provide a condensed and concrete view of this performance. The difference between the key indicators for 2003 and those featured here responds to the aim of focusing attention on underlying aspects of the group's sustainability. Those indicators that do not appear in this table continue to be applied and the vast majority are included elsewhere in this Report.

BBVA Group: key CSR indicators(*)

Indicator	2004	2003
Net attributable profit (€m)	2,802	2,227
Return on Equity (ROE)	20.0%	18.4%
Price / Book value (times)	2.8	2.8
Average number of days taken to resolve a complaint (Spain)	18	26
Number of ISO certifications	64	76
Socially responsible investment funds over total investment funds administered(1)	1.8	1.7
CO_2 emissions per employee (tonnes)	3.75	3.68
Consumption of paper per employee (kilos)	130.4	116.8
Women in executive posts (percentage)	11.2	11.1
Ratio of men to women (percentage)	57/43	58/42
Total sum invested in training (€m)	34.3	34.6
Hours of training per employee (average)	45	43
Persons promoted (percentage of total workforce)(1)	13	26
Number of queries addressed by the Shareholders' Office (annual)	10,737	11,939
Satisfaction index for customers – Spain (Source: FRS Ibérica)	75%	74%
Satisfaction index for employees(2)	n.a.	60.4%
Satisfaction index for suppliers (out of 5)	3.7	3.8
Audits for verifying compliance with procedures for preventing money laundering	1,460	458
Creation of value for shareholders: dividend earnings	3.39%	3.51%
Creation of value for employees: General personnel costs (€m) (including wages and salaries, social security, pension fund provisions and other expenditure)	3,184	3,263
Creation of value for customers: customer loans (gross sum in million euros)	174,615	153,271
Creation of value for suppliers: other administrative costs(3) (€m)	1,779	1,768
Creation of value for society: corporation tax (€m)	957	915
Creation of value for society: Resources allocated to social action by the Group and its foundations (€m)	38.3	35.3

(*) The indicators apply to the Group, unless otherwise stated.
(1) The high percentage of promotions in 2003 is due to the fact that the restructuring of the Group involved widespread changes in duties, with the assumption of greater responsibilities.
(2) This indicator is measured every other year.
(3) This item has been selected as a suitable indication of the payments made to third parties under the item of purchases and services rendered.
n.a. = not available.

> The challenge of addressing the future



> Working towards a better future for people

Market dynamics and the growing demand in society as a whole require companies to be capable of contributing greater value to a spectrum of social groups that extends beyond those they have traditionally focused upon. BBVA recognises the need to face this challenge by addressing a future in which it wishes to be an active and positive stakeholder.

The firm belief prevailing at BBVA is that the path to ensuring the future is based on the steadfast and unwavering commitment to providing the utmost value possible to those who place their trust in it, regardless of whether they are working in its offices, using its services, investing or selling their products, etc. For all of them, BBVA is striving for a better future.

In order to render this possible, BBVA has developed its corporate culture –embodied in the document called "*The BBVA Experience*"– which defines the Group's vision, governs its approach to business and enables it to face future challenges with confidence.

The basis for compliance with the BBVA pledge lies in open and ongoing dialogue that constantly means being aware of those expectations and needs that cause greater concern and, in short, being of greater assistance, in order to obtain the greatest possible mutual benefit.

BBVA is conscious of the fact that its decisions and actions not only have economic and financial consequences for its business partners, but that these may also have significant repercussions –both directly and indirectly– on the creation of wealth, the environment, communities and their present and future prosperity. Accordingly, BBVA has decided to integrate the risk assessment that may stem from the Group's activity in all such aspects within its business model and identify the opportunities that its role on the markets may entail.

The business vision that underpins BBVA's conduct is set out in, amongst other policies, its mandate on corporate social responsibility (CSR), which it fully embraces.

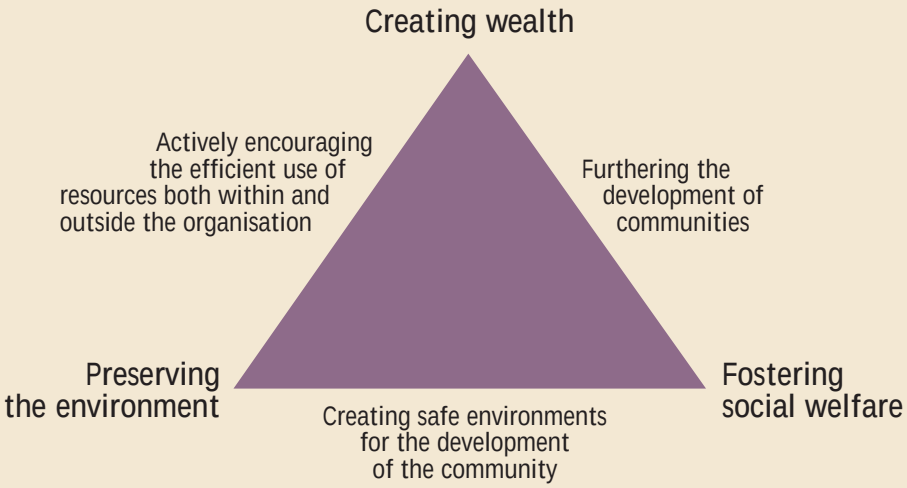
The BBVA vision

The BBVA vision arises as a statement that establishes objectives of the highest calibre, tailoring what the Group has to offer to people's needs.

Working for a better future for people

The BBVA vision places special emphasis on the concept of future. The Group's entire business is channelled towards creating a future for people, understanding future in positive and sustainable terms. Future means a better tomorrow.

> A better future for people



Although there are many different opinions with regard to its precise definition, content and approach, BBVA understands corporate social responsibility to be its commitment to contributing the maximum value possible to all its stakeholders – shareholders, customers, employees, suppliers, regulators and society as a whole. A commitment that does respond to subjective motivations or superficial pretences, but rather to the need to establish stable, solid and mutually beneficial ties with all these groups, as the backbone of its strategy.

From this perspective, social responsibility for BBVA encompasses each and every one of the Group's areas of business and operations, as a pivotal issue that defines attitudes and criteria, lending coherence to the pursuit of the objective of total quality and excellence.

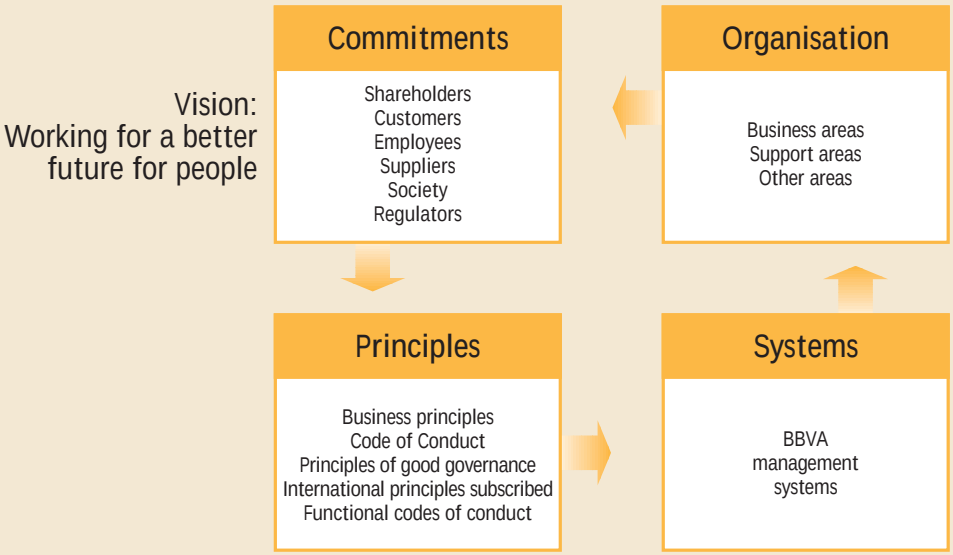
Accordingly, all areas are involved – CSR criteria can and should be embraced by each and every unit. Regarding the organisation of the Financial Sector, this implies paying close attention both to management criteria and employee practices and the material resources used, as well as to the criteria and approaches for the development and management of the products and services on offer; understanding its responsibilities to be those that entail both the management of the resources entrusted to the Group as well as that of the resources that it makes available to its customers and society at large.

The need to find this alignment between CSR, internal practices and products and services, in addition to the skill required to clearly show how these can be employed to contribute value to stakeholders, presents two major challenges for the banking sector: innovation and transparency. BBVA is determined to create and exploit new opportunities in these spheres and, therefore, recognises the importance of facing up to these challenges.

Innovation is an engine of success at BBVA. It stresses the importance of efficient creativity and the application of technologies at the service of customers and regarding BBVA's social and environmental commitments.

Working towards greater openness in the way we do things is a further key vector of action. BBVA has undertaken changes to its structure so as not only to become more accessible and open, but also to achieve greater flexibility and enhanced customer focus. This approach is being reinforced through new instruments of internal and external communications and by means of the drafting and implementation of codes and principles of good practice.

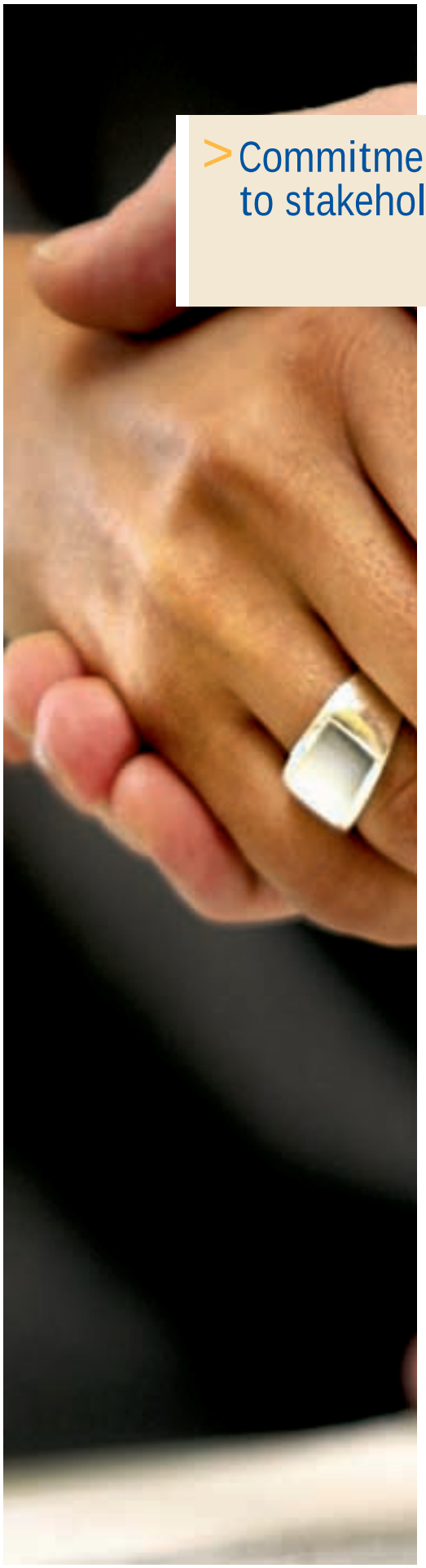
Likewise, with the aim of furthering a process of continuous improvement, special attention has been paid throughout 2004 to highlighting specific commitments in different major aspects of CSR. The present Report also sets out to provide as



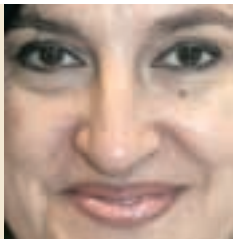
comprehensive a view of the Group as possible and, in most cases, the information includes all the countries and sectors in which the Group has a significant presence. Further details on the methods applied and the scope of this Report may be found under the heading "Principles governing this Report". In order to focus on the more significant issues, the report has followed a rigorous and systematic process for identifying those aspects of CSR that are relevant or material to BBVA and regarding which it is important that its stakeholders should be informed. Accordingly, guides and methodologies of international renown have been applied. In particular, special mention should be made of AA1000 (some of whose main principles have been considered) and the Global Reporting Initiative (GRI), with whose requirements the present Reports aims to comply "*in accordance*".

> The BBVA pledge

> Commitment to stakeholders
> Corporate Principles
> Implementing corporate principles
> Organisation of corporate social responsibility in BBVA



> Commitment to stakeholders



The aim of *The BBVA Experience* is that each one of the myriad contacts that the Group maintains with the stakeholders it deals with should convey a unique and differential experience that provides sustainable value.

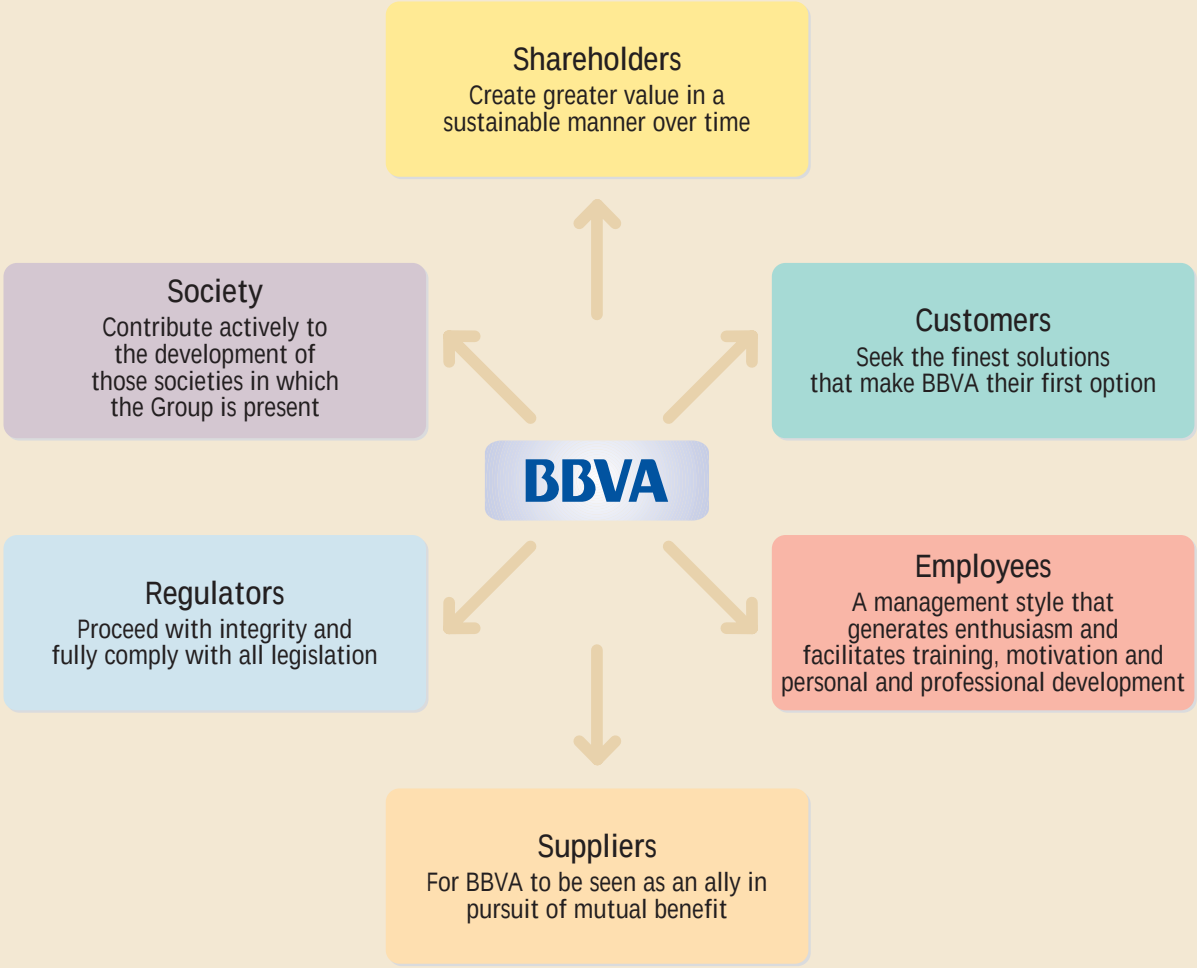
In BBVA, the term stakeholders is used to refer to those individuals, collectives or institutions that are affected by the decisions the Group takes and whose involvement underpins the success of its project. These are the main ones:

- Shareholders.
- Customers.
- Employees.
- Suppliers.
- Regulators.
- Society.

BBVA wishes to maintain firm, solid and transparent commitments with each and every one of them. It is therefore essential for BBVA to clearly identify who comprises these groups and what aspects are important to them, as well as to be aware of the expectations they have placed in the Group.

This gives rise to the need for communication: communication that should be capable not only of expounding BBVA's position with regard to different issues, but which should also be reciprocal and capable of shedding light on the expectations of each one of the stakeholders. In furtherance of this pledge, BBVA understands that only by working with its stakeholders will it be able to generate solutions that benefit all stakeholders and the Bank itself.

BBVA'S pledges to its stakeholders



Awareness of stakeholders' expectations

In order to fulfil this commitment, BBVA develops, maintains and enhances communication channels and techniques that enable it to establish dialogue with each one of these groups (and which are detailed throughout this Report). This two-way communication of mutual benefit allows BBVA to learn about its stakeholders' interests and expectations. Yet there is more than a single method involved: the mechanisms used depend both on the nature and dynamics of each group as well as on each particular issue.

> Corporate Principles

BBVA considers that implementing its vision and building a better future for its stakeholders requires a deep-rooted corporate culture that is an assurance of ethical conduct and of a responsible attitude in business management and in dealings with all the interested parties. It is the culture that is to be reinforced on a day-to-day basis within the framework of *The BBVA Experience*, and which consists of the following:

- Seven operating principles.
- The BBVA Group's Code of Conduct.
- Principles of Corporate Governance.
- International principles subscribed.
- Specific codes of conduct for Group operations.

> Seven Operating principles

The operating principles at BBVA lie at the very heart of the corporate culture. They are an intrinsic part of the Group's way of thinking and working. An approach that embraces both its commitments to shareholders, customers, employees and society at large and the conduct to be followed with the same. These commitments are embodied in seven Corporate Principles, each one of which entails specific modes of conduct with regard to stakeholders. These seven Corporate Principles are:

1. The customer as the focus of business.
2. The creation of value for shareholders and stakeholders overall as the result of our business.
3. Teamwork as the key to generating value.
4. A management style that generates enthusiasm.
5. Ethical conduct and personal and professional integrity as a way of understanding and developing the business.

6. Innovation as the engine of progress.
7. Corporate social responsibility as an intrinsic part of development.

Through the statement of the final principle, the Group's aim has been to explicitly declare its commitment to CSR. The seventh principle implies that the Groups' commitment to social, economic and environmental progress is to be an essential feature of its operations. Nevertheless, it is important to recognise that observance of the six preceding principles is vital to ensuring BBVA's commitment to CSR, providing its stakeholders with the utmost possible value. These seven principles constitute a major factor of differentiation for BBVA and contribute to the strengthening of the Group's culture, brand and reputation.

> The BBVA Group's Code of Conduct

The BBVA Group's Code of Conduct, which was approved in December 2003, is a vital component for upholding Corporate Integrity and expounds the fifth point of BBVA's corporate culture, which defines "Ethical conduct and personal and professional integrity as a way of understanding and developing the business". Yet furthermore, as a declaration that has been made public, it is the expression of BBVA's commitments to society; commitments upon which the trust of shareholders, customers, employees, suppliers and other stakeholders are based.

The Code is of application to all those entities that form part of the Group and is binding for all their employees and management staff, being extended also to any other person that has dealings with the Group whenever, given the nature of this contact, their modus operandi may compromise BBVA's reputation. Accordingly, it acts as a steadfast code of conduct that allows for upholding the highest standards of integrity and honesty, constituting a vital component for the preservation of the Corporate Integrity of the BBVA Group. Its compliance is a source of security and trust for shareholders, customers, employees, suppliers and society at large, regarding the Group's ability to fulfil the commitments forthcoming from its activities and business.

It is important to note that several ethical values that are essential to the Group's culture are highlighted within the Code itself, amongst which the following should be singled out:

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

More specifically, the operating guidelines contained in the Code are structured in accordance with the different forms that Corporate Integrity takes for BBVA:

Relational integrity: referring to the relations that BBVA establishes with the different stakeholders. Some of the more relevant points that are covered in this section are as follows:

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

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

Personal Integrity: concerning the guidelines for individual conduct that are to be observed by all the Group's staff, which include, amongst other matters, criteria for preventing personal conflicts of interest, as well as relevant issues for the management of personal assets and the acceptance of gifts and gratuities.

Organisational Integrity: wherein a definition is made of specific duties and bodies charged with

safeguarding the content of the Code and effectively upholding Corporate Integrity:

- The Corporate Integrity Management Committees.
- Regulatory Compliance.

The aspects mentioned here are no more than a sample. The full text of the Code is available on BBVA's website (www.bbva.com). The Code provides very extensive coverage, both regarding all nature of precepts as with respect to its application in all the activities undertaken by the Group.

Furthermore, in order to effect the proper management of the wide range of related ethics and conduct issues and procedures, BBVA abides by numerous codes of conduct and management principles. In keeping with the Group's Code of Conduct, those BBVA employees concerned in each case are also required to apply the dictates laid down in these codes.

A recent report by the Fundación Ecología y Desarrollo (Ecology & Development Foundation) states that the BBVA Group's Code of Conduct is one of the thirteen it deems to be the most comprehensive amongst Ibex-listed companies.

> Corporate Governance Principles

The proper management of a company's governance is largely incumbent upon the rules that govern the relations between the management team, the Board of Directors and the shareholders. It is, therefore, of the utmost importance to establish principles that are conducive to the optimum arrangement of these relations, generating trust and favouring the company's success. These principles are the cornerstone of Corporate Governance.

Since 2002, BBVA has developed a new System of Corporate Governance that lays down the regulations for the internal regime and workings of the Board and its committees, as well as the rights and duties of Board members.

From the perspective of CSR, the System of Corporate Governance should generate trust regarding the steadfastness of its principles and favour the company's success. In this sense, the System of Corporate Governance requires at least two thirds of the board members to be independent. Likewise, the System of Corporate Governance lays down clear rules governing the appointment of Board members and stipulates that any monies paid to each Board member are to be stated in the Annual Report to shareholders - measures that lend transparency to the way in which the Group is managed.

BBVA considers its System of Corporate Governance to be a dynamic process, responding to changes in society and within the Group itself, to legislation and to recommendations on best practices that obtain at any given moment. The Group thus ensures that it is governed by stringent ethical and professional principles, suited to the sphere in which it operates.

All information and documentation on the entity's Corporate Governance is available on the Bank's website (www.bbva.com). Furthermore, the Annual Report 2004 includes a specific section with information on the more relevant aspects of the System of Corporate Governance. Likewise, and in accordance with the provisions of the regulations on transparency, the Bank has published a Corporate Governance Report that is available to shareholders on its website.

> International principles subscribed

The modus operandi at BBVA does not only abide by the principles that have been laid down internally. BBVA is aware of the importance and benefits involved in the adoption of principles of an international nature. These principles are shared by the business community and reflect the principal concerns and critical aspects in which a company's business may have major repercussions. Accordingly, BBVA has pledged to adopt the principles laid down by three major international initiatives:

- United Nations Global Compact (www.unglobalcompact.org): BBVA joined this initiative in 2002. Through its membership, BBVA undertakes to follow the principles laid down with regard to Human Rights, employment legislation, environmental protection and anti-corruption measures. In

2004, four of the Group's banks in Latin America have specifically adhered to the Compact: BBVA Bancomer, BBVA Banco Francés, BBVA Banco Continental and BBVA Colombia. BBVA is, moreover, a member of the Executive Committee of the Spanish Global Compact Association.

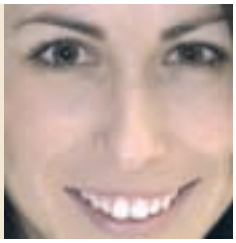
- United Nations Environmental Programme Finance Initiative (UNEP FI) (www.unepfi.org): this is a United Nations programme that rallies the efforts of financial institutions in favour of the protection of the environment. BBVA has been a member of this initiative since 1998. The declaration stresses the commitment to sustainable development, lays down the core principles for environmental management concerning financial institutions and stipulates the pledge to disseminate these operating principles.
- Equator Principles (www.equator-principles.com): BBVA is the first Spanish bank to adhere to these Principles, which establish environmental and social criteria for the financing of investment projects exceeding $50m in developing countries. The Principles have been promoted by the International Finance Corporation, an agency attached to the World Bank.

> Specific codes of conduct for the Group's operations

The principles outlined above –both internal and external– provide the fundamental precepts that govern the business of BBVA. Nevertheless, it is necessary both to enlarge upon the application of these principles to specific operations within Group as well as to render them more explicit. In order to take this practical step forward, BBVA has drafted and developed numerous codes at operational level. There follows a detail of some of the more relevant codes:

- Board Member's Statute.
- Code of Conduct on Stock Markets.
- Code of Ethics for the Recruitment of Personnel.
- Code of Ethics for the Procurement, Premises and Services business.
- Code of Ethics for the Real Estate business.
- Basic Principles of Risk Management.
- Internal Audit Statute.

> Implementing corporate principles



> Organisation and systems

BBVA has an advanced management model that enables the Group's commitments to be fully implemented. It is based on the integration of systems and processes whose aim is to ensure that BBVA's business in those communities in which it operates provides a double dividend: for the Bank itself and for all its stakeholders.

Accordingly, the management models act as links for generating value between BBVA's internal and external spheres. The following are the Group's main management systems:

- Corporate Governance System.
- Business System.
- Risk Management System.
- Quality Management System.
- Human Resources Management System.
- Compliance System.
- Audit System.
- Supplier Management System.
- Security Management System.
- Communications Management System.
- Reputation Management System.
- Coordination of Corporate Social.
- Responsibility System.

> Organisation of corporate social responsibility in BBVA

BBBVA understands that its pledge to stakeholders is a task that involves each and every individual and unit in the Group. To an ever-increasing extent, this explicit commitment is reflected in daily business procedures, whereby it is a feature not only of the Bank's culture, but also of specific actions.

For the purpose of fostering and coordinating this process, BBVA has a Corporate Social Responsibility Department, attached to the Corporate Relations Department, whose Director reports directly to the Chairman. This proximity to the Group's highest management body is an indication of the importance BBVA attributes to CSR.

The main duties of the CSR Department are as follows:

- Coordination of the Group's CSR policy and facilitating its integration. In order to achieve this objective, the Department is charged with the responsibility of directly managing the CSR Information Management System, the Environmental Management System and the Social Action System.
- Coordination of the Group's actions and initiatives in CSR. Its importance stems from the need to proceed under the auspices of an overall strategy, with the aim of exploiting and maximising the competitive advantages that may be forthcoming from these kinds of practices.
- The CSR Department plays an active role in the external projection of BBVA, through constant initiatives for the disclosure of the principles, criteria and practices of CSR and through participation in multiple fora, institutions and work groups. Activities all that ensure not only the dissemination and furtherance of CSR amongst different economic

Coordinating System for Corporate Social Responsibility

This system enables BBVA to identify the expectations of interested parties and coordinates schemes that enable the organisation to integrate them within management systems. The Coordinating System for CSR comprises three systems that are differentiated; yet closely interconnected with each other and with other group systems.

CSR Information Management System

This system has two objectives regarding the more relevant information in terms of CSR. The first refers to external communication concerning CSR issues and the second deals with the internal flow of this kind of information. In order to fulfil these two objectives, the management system follows a structured process of planning, implementation, assessment, verification and correction.

The process stems from an agenda based on an analysis of the demand for information, both internally and externally. In response to this demand for information, structures are introduced and the necessary tools are developed for its management. In the subsequent step, the information is assessed and then undergoes a verification process. Finally, a review is made of the objectives of the demand for information and application is made of any corrective measures required for ensuring continuous improvement. The basic results of these processes are largely compiled in the *Corporate Social Responsibility Report,* in the information on CSR that is posted on the Group's website and in the information that is used to complete the numerous questionnaires on sustainability that are received.

Environmental Management System

Environmental management falls within the framework of the Group's Environmental Policy, with its monitoring and the evaluation of its performance befalling the Environmental Policy Committee, under the supervision of the Corporate Social Responsibility Department. The management of environmental issues encompasses both the areas of business and the back-up departments, following the model of continuous improvement propounded by the internal environmental management standard ISO 14001. BBVA therefore sets out to manage those impacts caused directly by its activities and those arising indirectly from its products and services.

The mechanisms designed to manage these impacts not only have a bearing on direct activities, but also take into account and manage the impact suppliers may have on the Group's performance, as well as risk management in terms of products and services: a matter of some considerable importance, whereby BBVA includes a growing number of environmental aspects within its risk assessment processes, as well as a number of tools for performing these evaluations.

Social Action System

The aim here is to coordinate, foster and contribute to materialising BBVA's commitment to society. More specifically, the system has four specific roles:

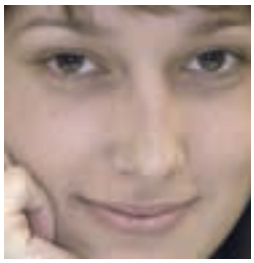
- Coordination of the business of the various internal entities within the Group that operate in this sphere (in which the foundations play a particularly significant role), channelling requests from non-profit organisations and charities.
- Design of projects and schemes, through the drafting of agreements and providing guidance on their maintenance, control and continuity. The system also aims to provide monitoring, by means of indicators, of the impact of each initiative.
- Information, both internal and external, on the social action undertaken by the BBVA Group, regarding its various stages and aspects.
- Direct action through the analysis and materialisation of actions of sponsorship and trusteeship, the promotion of specific initiatives in social action and involvement in public events and fora.

and social partners, but also the opportunity to participate in outside initiatives and learn from them, in a joint exercise that for BBVA constitutes an essential means of social awareness and of general support for CSR, as well as fostering a more positive and constructive role for corporations in society.

- Finally, the Department is directly involved in activities of social sponsorship, thereby remaining in touch with social reality and playing an active part in its enhancement.

The Departmental staff are located in Madrid, from where all the Group's CSR activities are supervised. This team is backed by a network of coordinators in those countries in which BBVA has a more significant presence (Argentina, Chile, Colombia, Mexico, Panama, Paraguay, Peru, Puerto Rico, Uruguay and Venezuela), who are charged with fostering and managing CSR in each organisation.

> Creating value



> Creating direct value
> Creating indirect value

Financial services play a central role in economic activity and in the scope for corporate growth. They provide a channel for the resources of shareholders and customers alike, applying them to the creation of new opportunities that further the progress of the companies they serve. Banks, in particular, are the great enablers of modern societies, multiplying the resources that are the life-blood of economic progress. At the same time they are an essential feature of the global system of payments, enabling people and businesses to go about their everyday lives, providing for savings and financing productive and consumer activities. Consequently, they are a key component of the economic machinery and of the development process; yet so too are they essential to daily life in society, playing an almost omnipresent role in the day-to-day running of households, institutions and companies of all kinds, performing activities that are of crucial importance to everyone.

This role means that financial institutions occupy centre stage in creating value, furthering operating capacities and partaking in the performance of projects. Creating value for their direct stakeholders, but also for the sum of the societies in which they operate and which is conveyed by different means: direct and indirect, tangible and intangible.

> Creating value

CREATING DIRECT VALUE	CREATING INDIRECT VALUE
Tangible	Tangible
Direct distribution of the earnings generated by the business to shareholders, customers, employees, suppliers, administrators and society.	Induced effect of the creation of wealth by other agents thanks to the company's business.
Intangible	Intangible
Positive effects of an immaterial nature that the company may contribute to the different sectors with which it deals.	Positive effects of a general nature to the advantage of specific players, of the wider community and of the workings of the corporate fabric in those countries in which the company operates and within the global sphere, generating security and trust, leading to growth in economic activity and bolstering innovation and development.

In the case of the BBVA Group, the multifarious guises that this process for creating social value adopts are particularly rich. The numerous awards of all kinds that the group receives each year are partially in response to this multifaceted approach, and not simply to its financial business.

Prizes and honours awarded to the BBVA Group in 2004

- BBVA, one of the ten top European companies for leaders (Hewitt Associates)
- Best Trade Finance Bank in Spain (Global Finance)
- Company with best corporate reputation in Spain's banking sector (Merco)
- Alpha Award for Brand Management (Club de Dirigentes de Marketing)
- Silver Prize for Advertising Effectiveness (Asociación Española de Anunciantes)
- "Gold Euro" to the best financial product in 2004 for the Birth Loan, awarded by the Association of Users of Banking Services (AUSBANC)
- Winner of the most prizes as investment fund manager at the 16th edition of the Expansión and S&P Awards
- Base Ibex 35 Award for best investment fund to the BBVA Índice Plus Fund (Stock Exchanges and Markets)
- Most highly-rated bank in CSR amongst Ibex-35 companies (Actualidad Económica)
- Best bank in Spain (The Banker)
- BBVA Net, best online bank for private customers (AQMetrix)
- Best Internet bank in Spain, Chile, Peru and Venezuela (Global Finance)
- Best bank in Latin America (The Banker)
- Best bank in Latin America (Lafferty)
- BBVA Bancomer, best bank in Latin America (Latin Finance)
- BBVA Bancomer, best bank in Mexico (Lafferty)
- AFP Horizonte de Perú, acknowledged as one of the "100 best companies to work for in Latin America" (Great Place to Work)

> Creating direct value

> Creating tangible direct value

Companies generate earnings and financial potential that they distribute directly amongst different segments of society, contributing to the development of the communities in which they operate. The BBVA Group contributes to this process through the direct contributions of its different stakeholders that are featured in the following diagram.

Creating tangible direct value

Creating tangible direct value* (€m)

Item	31-12-2004	Δ% on prior year	31-12-2003	Δ% on prior year	31-12-2002
SHAREHOLDERS					
Dividends	1,497	20.1	1,247	12.4	1,109
CUSTOMERS					
Customer loans (gross)	174,615	13.9	153,271	4.7	146,413
Customer funds administered	323,984	9.5	295,905	2.3	289,385
EMPLOYEES					
Personnel costs	3,184	(2.4)	3,263	(11.8)	3,698
SUPPLIERS					
Other administrative costs**	1,779	0.6	1,768	(14.7)	2,074
COMMUNITY					
Corporation tax	957	4.6	915	40.1	653
Resources allocated to social action by the Group and its foundations	38.3	8.5	35.3	26.1	28

* Data taken from the Group's consolidated financial statements.
** This item has been chosen as a suitable estimate of the payments made to third parties under the heading of purchases and services rendered.

Creating tangible direct value for shareholders and the investment community

For BBVA, the generation of sustainable value for its shareholders is a core priority. The creation of direct value occurs through the payment of the dividend and through increases in share value. The Group has approximately 1.1 million shareholders (with a substantial number of private investors), holders of 3,390 million shares. BBVA's market value at 31-12-2004 amounted to €44,251m.

BBVA shares are quoted on Spain's electronic stock market and on the leading European stock exchanges (Frankfurt, London, Milan and Zurich) and on the New York Stock Exchange. Their extensive subscription base and liquidity mean that shareholders may recover their investment immediately, at minimal cost, diminishing their investment risk.

Creating tangible direct value for shareholders (€m)

Item	31-12-2004	Δ% on prior year	31-12-2003	Δ% on prior year	31-12-2002
Dividends	1,497	20.1	1,247	12.4	1,109

Financial ratings

Agency	Long-term	Short-term	Financial strength
Moody´s	Aa2	P-1	B+
Fitch – IBCA	AA–	F-1+	B
Standard & Poor´s	AA–	A-1+	–

Corporate social responsibility ratings

Logo	Agency	BBVA status
	Dow Jones Sustainability Index www.sustainability-indexes.com	BBVA is placed amongst the top companies worldwide, with a significant improvement in the rating in 2004 with regard to 2003.
FTSE4Good Index Services	FTSE4Good www.ftse.com/ftse4good/index.jsp	Included in this index since 2003.
BEST IN CLASS environmental and social performance STOREBRAND SRI	Storebrand Investment – SRI www.storebrand.com	Included in the list of the world's top 26 banks -"*Best in Class*"- in social and environmental practices.
Innovest STRATEGIC VALUE ADVISORS	Innovest www.innovestgroup.com	AA Rating. BBVA is rated 11th out of 59 financial institutions in Mainland Europe, for its social and environmental practices.

Creating opportunities for BBVA customers

BBVA has over 35 million customers and they are the prime focus of its business. BBVA wishes to go beyond the mere provision of top quality financial services that satisfy their needs, to draw closer to them, being of greater assistance in their projects and creating more value for them. The Group bases its business on a long-term relationship, cemented on trust and reciprocal value.

The contributions the Group makes accordingly to its customers in tangible direct value, and solely in terms of its core business, are basically twofold: performance of the funds deposited by customers and financing for consumer and investment projects they may wish to undertake.

> Creating tangible direct value for customers (€m)

	Customer funds administered				
Item	31-12-2004	Δ% on prior year	31-12-2003	Δ% on prior year	31-12-2002
CUSTOMER FUNDS ON BALANCE SHEET	199,485	9,1	182.830	1,3	180.570
Accounts payable to customers	147,051	4,3	141.049	(3,8)	146.560
Negotiable securities	44,326	28,9	34.381	24,9	27.523
Subordinated debt	8,108	9,6	7.400	14,1	6.487
OTHER CUSTOMER FUNDS ADMINISTERED	124.499	10,1	113.075	3,9	108.815
Investment Funds	51,041	11,6	45.752	5,0	43.582
Pension Funds	41,490	3,7	40.016	9,4	36.563
Customer Portfolios	31,968	17,1	27.307	(4,8)	28.670
TOTAL CUSTOMER FUNDS ADMINISTERED	323,984	9,5	295.905	2,3	289.385

	Customer lending (by sectors)				
Item	31-12-2004	Δ% on prior year	31-12-2003	Δ% on prior year	31-12-2002
Public Administrations	15,483	15.5	13,404	6.7	12,562
Agriculture	1,227	16.2	1,057	51.3	698
Industrial	12,759	6.4	11,991	0.2	11,970
Real Estate & Property Development	19,260	29.9	14,823	8.6	13,652
Commercial & Financial	13,513	6.1	12,742	36.5	9,336
Personal Loans	52,827	19.6	44,160	14.7	38,515
Leasing	4,840	16.4	4,160	29.3	3,216
Others	13,004	(2.5)	13,332	3.2	12,923
RESIDENTS	132,913	14.9	115,669	12.4	102,872
NON-RESIDENTS	41,702	10.9	37,602	(13.7)	43,541
Europe	10,346	25.2	8,267	10.9	7,454
United States	3,044	(2.6)	3,126	304.9	772
Latin America	27,195	8.5	25,070	(20.0)	31,336
Rest	1,117	(1.8)	1,139	(71.4)	3,979
TOTAL CUSTOMER LENDING (gross)	174,615	13.9	153,271	4.7	146,413

Creating value for the staff of BBVA

BBVA seeks the mutual benefit of those working in the group through clearly defined rules of engagement, so avoiding discrimination and fostering equal opportunities and the recognition of merit. The policies, plans and results of the Group's endeavours as a generator of employment are described in the chapter "The people at BBVA".

Besides all the other components of value that are detailed in that chapter, BBVA generates different earnings for the people that make up the Group: on the one hand, employees earn their reward in the form of wages and salaries; one part of which is fixed income –including mandatory contributions that BBVA makes for the social welfare of its employees– and the other part is variable, depending on individual performance and the Group's results. The remunerations' policy at BBVA is as objective and transparent as possible, designed to reward its employees in terms of the responsibilities they take on and providing an incentive for teamwork.

In addition, BBVA distributes earnings amongst its employees in the form of different allowances and social benefits, such as contributions to pension funds, family and education allowances and special banking terms, amongst others.

> Creating tangible direct value for employees (€m)

Item	31-12-2004	Δ% on prior year	31-12-2003	Δ% on prior year	31-12-2002
Wages and salaries	2,416	(1.7)	2,458	(10.4)	2,744
Social security	430	(5.2)	436	(11.4)	492
Provisions and contributions for internal and external pension funds	112	(17.0)	135	1.5	133
Other expenditure	226	(3.3)	234	(28.9)	329
TOTAL PERSONNEL COSTS	3,184	(2.4)	3,263	(11.8)	3,698

Creating value for suppliers to BBVA

The Group's volume of purchases has been recurrently recording figures of some significance, being channelled largely into servicing technology, systems, communications, advertising, leasing of property and installations.

BBVA has standardised the processes and established a blanket methodology for purchases and negotiation in order to increase transparency and efficiency. Operations within these processes are governed by ethical principles laid down in the Code on Purchases, Premises and Services. The application of this Code aims to generate equal value for each one of the parties.

Creating tangible direct value* (€m)

Item	31-12-2004	Δ% on prior year	31-12-2003	Δ% on prior year	31-12-2002
Other administrative costs **	1,779	0.6	1,768	(14.7)	2,074

* Data taken from the Group's consolidated financial statements.
** This item has been chosen as a suitable estimate of the payments made to third parties under the heading of purchases and services rendered.

Ethical Code on Purchases, Premises and Services

EThe Code guides the conduct of departmental staff and safegaurds the interests of customers and suppliers, both internal and external, by ensuring:

- Respect for legality.
- Loyalty to company policy.
- Integrity.
- Transparency.
- Confidentiality.
- Social responsibility.

Through the publication of this Code, the department publicly embraces certain commitments that although already applicable to its activity represent greater accountability and allow anyone affected to request their observance. Furthermore, the Code expressly mentions BBVA's principle of Corporate Social Responsibility, which is embodied in the request for suppliers and contractors to comply with the social and environmental principles contained with the United Nations Global Compact.

Contributing tangible direct value to the community

The communities in which the BBVA Group operates receive direct income through the contribution made in taxes forthcoming from BBVA's business, but also through the major endeavour that BBVA makes in terms of social action, as detailed in the chapter "Community support".

> Creating tangible direct value for the community (€m)

Item	31-12-2004	Δ% on prior year	31-12-2003	Δ% on prior year	31-12-2002
Corporation tax	957	4.6	915	40.1	653
Resources allocated to social action by the Group and its Foundations	38.3	8.5	35.3	26.1	28

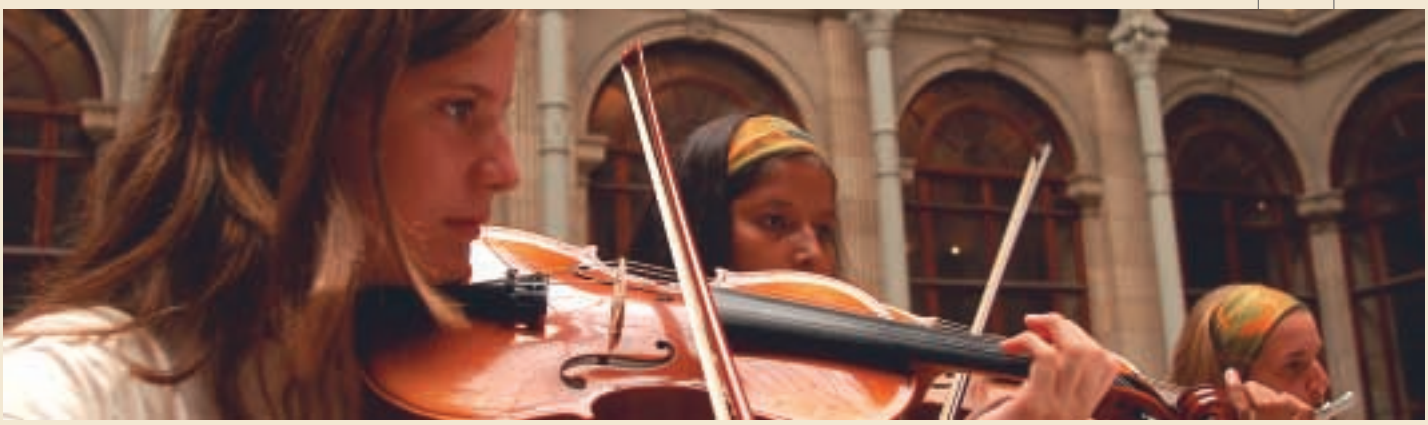
> Creating intangible direct value

The relationship between BBVA's share capitalisation value –or market value– and its book value is one of the highest in the financial system. This ratio represents the valuation that the market allocates to a company, in terms not only of the book value in its ledgers, but also taking into account other intangible aspects that are not directly visible or measurable, such as reputation, quality of service or employee skill, but which are perceived by the market through the different stakeholders.

They are aspects, furthermore, that permit a parallel contribution of intangible value on the part of the Group to all its stakeholders and to society at large. A contribution that is channelled through multiple paths and which may in general be defined as the sum of practices undertaken by the Group to improve the quality of its dealings with all its stakeholders. Key features are the management systems referred to in the section "Implementing corporate principles", in the chapter "The BBVA pledge", where the improvement of these relations is one of its underlying objectives.

Within this context, certain specific aspects are worth mentioning that are particularly relevant from this perspective and to which the Group is paying special attention:

- **Enhancing its reputation**, which leads to greater levels of trust and satisfaction in the dealings that all the stakeholders maintain with BBVA. This is the focal point for the work of one of the aforementioned systems: the Reputation Management System, which is developing a project for the alignment of internal management and external perception by means of a monitoring model that allows for extending knowledge on the relationship between reputation and the generation of value, delimiting those aspects that have the greatest bearing on reputation and identifying the areas in which action needs to be taken, facilitating the involvement of each department in the enhancement of reputation.
- **The growth of intellectual capital**, which fosters greater efficiency, greater capacity for generating profit and greater quality in the provision of goods and services, and in the relationship with stakeholders overall. It is a concept to which the group attributes the utmost importance in its management system, with it including three components –human capital, structural capital and relational capital– that it deems crucial for its objectives of efficiency, quality and the generation of value. It has been working on them in the design of indicators that permit the objective evaluation of the progress made.
- **Information transparency and the quality of the communication and service rendered to the different stakeholders**. One aim with many different approaches, for which BBVA deploys numerous channels: the corporate communication policy, administered by the Communication and Corporate Image Department, and specific mechanisms for direct and specific dialogue and service to stakeholders. There are very advanced relational systems with customers, employees, suppliers and shareholders and investors. The first three are amply catered for in different parts of this Report. Insofar as the latter are concerned, certain noteworthy aspects may be observed in the table below.



Certain representative indicators of intellectual capital

	Stakeholder	Indicator	2004	2003
Human capital	EMPLOYEES			
	Managing diversity as a competitive advantage, ensuring equal opportunities and respect for all individuals.	Men/women ratio in the Group (percentage).	57/43	58/42
	Promoting personal and professional development, reconciling the interests of the Group with those of the individual.	Hours of training per employee (Group average).	45	43
	Recognizing merit, measured by the achievement of results, customer service and the overall vision of the Group.	Persons promoted (percentage of total workforce)(1).	13	26
Structural capital	EMPLOYEES			
	Stimulating the generation of ideas and the capacity for implementation.	Number of efficiency plans implemented.	842	1,277
	Creating a climate of trust based on an open relationship and support for teamwork.	Number of corporate culture fora on "*The BBVA Experience*" (meetings held).	54	39
	Encouraging teamwork within the framework of personal accountability which favours initiative and decision-making.	Number of virtual work fora in operation.	347	169
Relational capital	CUSTOMERS			
	Winning the trust of customers through the fulfilment of commitments and ethical and transparent conduct.	Customer satisfaction index (Source: FRS Ibérica) referring to Spain.	75%	74%
	Providing a proactive and customised service, knowing how to treat each customer in terms of their needs and potential.	Number of employees accredited by the European Financial Planning Association (EFPA) in Spain.	1,505	451
	SOCIETY			
	Encouraging involvement in programmes closely related to social concerns.	Resources allocated to social action by the Group and its foundations (€m).	38.3	35.3
	Contributing to the establishment of stable financial systems in all the markets in which the Group operates.	Audits for verifying compliance with procedures for preventing money laundering.	1,460	458
	SHAREHOLDERS			
	Providing timely, comprehensive and accurate information.	Number of enquiries attended to by the Shareholders' Office (annual).	10,737	11,939

(1) The high percentage of promotions in 2003 is due to the fact that the restructuring of the Group involved widespread changes in duties, with the assumption of greater responsibilities.

BBVA information events

Spain	2004	2003
Business press conferences	25	16
Corporate, institutional and socio-cultural press conferences	42	16
Presentations and others (interviews, columns, etc.)	18	15
Other business press releases	64	52
Other corporate, institutional and socio-cultural press releases	84	43
TOTAL SPAIN	233	142

Latin America	2004	2003
Business press conferences	38	27
Corporate, institutional and socio-cultural press conferences	52	20
Presentations and others (interviews, columns, etc.)	912	90
Other business press releases	260	107
Other corporate, institutional and socio-cultural press releases	270	146
TOTAL LATIN AMERICA	1,532	390
TOTAL GROUP	1,765	532

Creating intangible direct value for shareholders and the investment community

BBVA has units specifically dedicated to attending to its shareholders –whether these are large institutional investors or small private shareholders–, investors and analysts. Their basic aim overall is the timely reporting of the pertinent information available and its conveyance in an accurate, truthful, balanced and equitable manner. Accordingly, and understanding that each group has different information requirements, use is made of an extensive number of media, such as 902 freephones, dedicated mailbox, letters, e-mail, personal attention, website and the magazine *Ábaco*.

- Roadshows for analysts and investors: aover 500 meetings have been held throughout 2004 with analysts and investors all over the world.
- Webcast: this permits broadcasts of institutional presentations made by Senior Management to be made over the Internet, simultaneously allowing for analysts and investors to ask questions on air.
- Revista *Ábaco*: this magazine is distributed free of charge amongst holders of more than 600 shares and it has a circulation of 236,000 copies per quarter. This channel of information includes financial information on the Group, news on the benefits of the Shareholders' Privilege Club, information on BBVA products and topical newspaper articles.
- Unit for the Management of Large Shareholders: part of the Bank's Chairman's Office, it is responsible for dealing personally with over 2,000 of the Group's shareholders throughout the world.
- Shareholder's Office: the first of its kind in the sector, it is a two-way channel of communication that is open to all BBVA shareholders providing both them and investors with a direct and personal line that caters for:
  - Locating information on the Bank's business and activities.
  - Obtaining special products.
  - Resolving issues related to BBVA shares.
  - Submitting suggestions.

The Shareholder's Office may be contacted as follows:

- Telephone 902.200.902.
- E-mail: clubaccion@grupobbva.com
- By letter to the address: BBVA. Oficina del Accionista. Gran Vía 1, 6ª planta. 48001 BILBAO (Spain)

BBVA furthermore has a Dividend Reinvestment Plan: a formula that enables shareholders to reinvest their dividends in BBVA shares. It consists of a special account, with a preferential rate of interest and free of charges and commissions.

> Creating indirect value

These are contributions that arise from the induced effect that the BBVA Group's business generates upon the different economic and social partners in the societies in which it operates. They are effects that are obviously hard to define and difficult to gauge, yet their importance is beyond doubt.

There follows a very succinct description, purely for illustrative purposes, of some of the channels for creating indirect value that BBVA considers of greater relevance.

> Contributing to the definition of stable and reliable financial systems

One of the major contributions that can be made to society by a bank that is efficient, transnational, large in size and with advanced management systems, is the part it plays in consolidating stable, efficient and modern financial systems. Key features for its optimum deployment are the systems of corporate governance, compliance and risk management, together with technological innovations and its efforts to foster a widespread culture of corporate responsibility. Details on the former may be found in the Corporate Governance Report that is published in full in BBVA's Annual Report 2004, and on the Group's website (www.bbva.com). Regarding all the other matters –which have been referred to previously in this Report– a number of aspects are detailed forthwith.

> Combating crime and fraud

Preventing money laundering and the financing of terrorist activities

In order to minimise the risk to the reputation of the BBVA Group in its business dealings, BBVA has adopted a Money Laundering Risk Management Model whose process of development and consolidation in 2004 has focused on (1) training employees and management staff, (2) the application of software tools and (3) the human resources specifically assigned to activities for preventing money laundering.

In 2003 and 2004, training schemes on the prevention of money laundering have been arranged for over 39,000 participants through presential, distance or combined courses, as well as via the Group's intranet. The aim has to be familiarise employees and management staff with current legislation and with in-house regulations and procedures, which has meant improving the ability to identify, prevent and report those situations that might expose the BBVA Group to a risk whereby its products and services are used for criminal purposes.

Furthermore, all the banks in the BBVA Group have been equipped with data processing systems that allow for comparing the identity of the significant players in each business transaction with those individual persons or corporate entities that feature on various lists drawn up by official organisations (both at home and abroad) as linked to organised crime, thereby removing the risk of entering into business dealings with the aforementioned individuals. In 2004, the BBVA Group subscribed various agreements with specialist suppliers for the development of advanced monitoring tools, to adapt these processes to the recommendations of the Committee on Banking Supervision of the Bank for International Settlements. This will involve an investment of approximately €6m over the three-year period 2004-2006 in monitoring systems, which although they cannot replace the skill of employees and management staff in detecting signs of suspicious activities (solely apparent through awareness of and direct dealings with customers) they make a significant contribution to detection processes.

The number of specialists in activities for preventing money laundering and the financing of terrorist activities has risen by 18% at 31 December 2004, registering a total of 140 people assigned to the BBVA Group's Compliance departments.

In the course of its duties, Internal Auditing verifies compliance with the Group's established procedures for the prevention of money laundering. Accordingly, all the full audits and operational risk audits that Internal Auditing has performed in the branch network in Spain have verified compliance with the aforementioned procedures. Likewise, the financial audits that are carried out in the units analyse the degree of compliance with the specific regulations that are applicable in each case, as well as with the procedures the Group has laid down for the prevention of money laundering.

Prevention of fraud

Checks are systematically being carried out to prevent fraud and embezzlement. Besides those performed by other departments, special note should be made of the system of remote audits, fully operational in Spain and in various banks in Latin America (Argentina, Venezuela, Colombia and Peru), which, by means of different specially designed alerts, permits the identification of suspicious transactions for their subsequent analysis and resolution and contributes to reinforcing the network's operational control and, consequently, enhance the protection against fraud.

Offshore centres

BBVA has adopted a policy of cutting back to a minimum its business practices involving establishments registered in jurisdictions that are rated as offshore, which implies:

- A plan for reducing the number of existing establishments.
- No opening of new establishments, with the exception of those that are strictly necessary for the performance of scheduled processes of redeployments, concentrating them in specific jurisdictions.

The implementation of this plan aims to reduce to 17 the number of Group institutions deployed in offshore jurisdictions by the end of 2006: Andorra (5), Cayman Islands (9, of which 6 are issuers of securities) and Panama (3). Nevertheless, the business and activities that are pursued by these institutions comply meticulously with the legislation and other regulations that are applicable in each case, likewise adapting the pursuit of their business to the usages and criteria that are of more widespread application at any given moment in international banking practices. This policy ratifies BBVA' adherence to the principles forthcoming from the 2003 Report on Banking Supervision of the Bank of Spain.

Regardless of the fact that the activities and business that the BBVA Group currently pursues in these jurisdictions complies meticulously with current legislation, BBVA understands that its social responsibility should also respond to social awareness, increasing transparency and avoiding those actions that may have a negative bearing on its reputation. Accordingly, in addition to the operating procedure involving the intensification of internal control mechanisms on activities undertaken in these jurisdictions, there is now a pledge to reduce its presence significantly in these kinds of places.

> A Risk Management System creating capital stock

The system of risk analysis and management is a core feature of a bank's productive process. Through it, furthermore, banking plays a central role in economic activity and in the proper business of the market.

The BBVA Group's Risk Management System is amongst the most advanced in the sector worldwide, constantly incorporating improvements designed to provide more accurate information on the level of exposure and the profile and extent of the risk assumed with each transaction, each customer and each activity, whereby there is an assurance of the more appropriate assignation of capital in each line of business and the maximum guarantees and creation of value for shareholders.

These are aims that BBVA wishes to reconcile with the growing application in this activity of ethical, social and environmental criteria through a strict internal code of ethics and the gradual introduction of social and environmental considerations in the analysis of loan risk. Moreover, BBVA is actively involved in fora both at home and abroad designed to consolidate and disseminate best practices within this sphere: practices that redound in higher levels of efficiency and social usefulness of financial markets and thereby benefiting society both economically and socially.

A paradigmatic example of this, given both its importance and BBVA's involvement in it, has been the work undertaken by the Basel Committee on Banking Supervision, within the framework of the new Capital Accord, commonly referred to as Basel II. The Accord provides for higher standards of transparency and foresight and, basically, more stringent capital demands on each institution in terms of the different levels of risk for their borrowers, which will require more accurate methods and instruments for risk assessment and rating. BBVA's contributions have focused especially on mitigating possible difficulties in financing that the Accord could imply for less developed countries.

> Developments in technology

There can be few doubts regarding the paramount importance that technological innovation has in the far-reaching changes that the modern world is experiencing and in the overall scope for economic growth. It is a phenomenon in which a crucial role is being played by the acceleration of information

and communications technologies (ICT's), which have a particularly significant bearing on the financial sector, both regarding the transformations they give rise to and the actual capacity for expansion involved in these technologies that are being developed by numerous institutions in the sector.

BBVA, which has made innovation one of its mainstays, is undertaking a major effort in new technologies, in many cases being the provider of standards applied by the market. Amongst the many initiatives that are being pursued within this sphere – and which would be impossible to summarise in a few brief lines -, special mention should be made of the annual organisation by the Innovation Centre of the Department of Innovation and Development of an Annual Symposium on Technological Innovation at BBVA, which constitutes a showcase for the main innovations that are being addressed (and in many cases, developed directly) by the Group and which make a practical contribution of value to customers and, through them, to society at large. The 3rd Symposium was held in July 2004, with three issues being the principal focuses of attention:

- Mobile services: solutions for providing remote banking and a mobile working environment, from the perspective of both new devices and new communications technologies involving mobile networks.
- Methods of payment and authentication: new voice recognition developments using biometric technology, in addition to the possibilities of state-of-the-art bank cards that make transactions more secure and which pave the way for the development of new applications.
- Multimedia and shared environments: these are solutions that allow for reproducing audio and video content using broadband for accessing multimedia content.

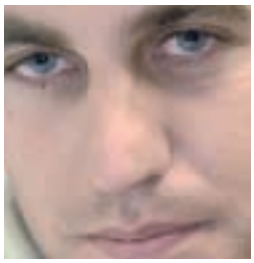
> Leadership in the Corporate Social Responsibility movement

The BBVA Group wishes to play a leading role in the development of Corporate Social Responsibility in those countries in which it operates. This is manifested in core aspects of its organisation, its culture, its management and its business and in the importance that is dedicated to the preservation of the environment and to social action (in its various forms), as well as to work in the public disclosure of a culture of accountability in companies.

It is a revitalising and leadership role that is also manifested in the international commitments it has assumed, as reflected by the fact it is the first Spanish bank to adhere to the Equator Principles and its hands-on membership of such initiatives as Global Compact, UNEP FI or the Global Reporting Initiative, amongst others.

BBVA understands this task as a duty to its stakeholders that makes a decisive contribution to the sustained generation of value for the organisation, yet it also shares the conviction that it constitutes a line of business that forms part of a movement that contributes in no little way to the integral enrichment of the societies in which it operates: to the accumulation of economic, human, environmental and social capital. A contribution that becomes fully integrated with what, according to the latest and most innovative trends in the Theory of Development, constitutes one of the essential factors for the comprehensive advancement of societies: the consolidation of institutions that are effective in their specific objectives, yet at the same time capable of furthering overall development and of producing value for society as a whole.

> Solutions for a better future



> Customers as the focus of our business
> Personal banking
> Investment funds and socially responsible investment at BBVA
> Banking for SMEs and microenterprises
> Large corporate banking and project financing
> Institutional banking
> Corporate and real estate holdings

BBVA's main corporate responsibility is to keep its pledge, whereby it strives each day towards a better future for people: a concern that is especially expressed in the design, development and commercialisation of innovative solutions, capable of generating more value for its customers and the communities in which it operates.

The BBVA Group's business activity is centred on three main areas, namely its retail business, its wholesale business and its operations in Latin America.

> Customers as the focus of our business

> Quality at BBVA

Quality plays a key role in the relationship between BBVA and its various stakeholders. The year 2004 witnessed the development of the Customer Project in Mexico, Spain and Peru and the quality plan in all other units, in both business and support. The underlying aim is to provide BBVA customers with a quality premium as a differentiating factor in its products and services.

Within this quality commitment, the Group assures customers security in any of its facilities. BBVA has not had any legal or administrative procedure relating those issues in 2004.

Retail Banking, Spain and Portugal

2004 is the last year of the development of its Customer Project, which began in 2002 and has returned highly satisfactory results in terms of the quality perceived by customers. A key feature in its development has been the Quality Supervisor in each branch, responsible for implementing improvement schemes. In addition to their effort, the intense deployment of training and communications has meant its proper implementation. The process

for increasing communication has been based on the supervisors' virtual discussion fora, a vehicle for improvement of considerable interest.

Banking in The Americas

2004 saw the first regional quality plan based on five pillars:

- Segmentation of the customer base upon which to launch different quality schemes.
- Development of the BBVA Customer Service Model.
- New management procedure for complaints (pilot project in Peru).
- Service Quality Agreements with supplier areas.
- Beginning of the implementation of quality maps and key front-end processes.

Wholesale and Investment Banking

Development of the quality model with special emphasis on external customers and on individuals, with quality schemes in all units (Corporate Banking, Institutional Banking and Markets), with a major training effort and seeking the consolidation of its leadership positions. It is based on a management model that focuses on the three "R's": Returns, Relations and Risk, with a clear repercussion in results.

Systems and Operations and support areas

A new Quality model has been launched in Systems and Operations that sets out to include both external and internal customers in all its decisions. The basic elements are service quality agreements, both within the area and the Group's other areas and its own units, as with external suppliers. This allows for a standardised system of measurement throughout the entire Group, active benchmarking and a step forward towards process management with all its implications. Special mention should be made here of the use of a new methodology, (Six Sigma, translated by DMAS at BBVA) as a highly efficient instrument for improvement.

In addition, all the other support areas are working on their own quality plans in line with the model of service quality agreements and systems for measuring internal customer satisfaction.

Singular projects

Basic corporate elements in quality improvement involving customer relations are the Customer Service Model, the new circuits and the new protocols for the management of feedback.

The *Customer Service Model* is a further and singular boost for the Customer Project developed in 2004. Implemented as a pilot scheme in Spain, its aim is to standardise the modes of procedure in day-to-day customer service processes, in order to achieve maximum customer satisfaction through excellence in their treatment. From this point of view BBVA pays an special attention to the compliance of the legal requirements in the information and publicity if its products and services, besides all the issues related to the confidentiality and personal data protection of its clients. BBVA has not had any non-compliance procedure regarding those issues in 2004.

Complaint Management (GERE). BBVA estimates that in Spain alone over 2,500 customers a month use the different channels available to them to report incidents and submit comments and suggestions. GERE is a tool designed for managing customer dissatisfaction: for listening, learning and providing rapid solutions. It is a centralised procedure, whereby 25,000 users have been included in the tool –all the channels, all the businesses and all the networks– and over 3,300 possible causes of dissatisfaction may be managed.

The best quality indicator is the overall customer satisfaction index, which shows a clearly positive trend over the past three years.

In 2004, BBVA approved the Customer Protection Service in Spain for the BBVA Group, establishing an integrated system for addressing complaints and claims lodged by customers that have been dismissed by the branch or head office of any member of the BBVA Group providing services in Spain. The most novel and original feature of the Regulation is the manner whereby, before being passed on to higher instances (Financial Ombudsman Service, commissioners of the Bank of Spain, Spain's Securities &

Staff involvement in quality in Spain (2004)

Courses	No. courses	No. participants
Customer project (presential)	21	462
Customer project (modules)	107	14,122
GERE (Feedback Management)	8	160
Customer Service Model	16	345
Customer Guidance	10	143
TOTAL	162	15,232

Customer satisfaction indices

Indicator	2004	2003	2002
EXTERNAL MULTIBRAND SURVEY. Overall satisfaction with the BBVA service – Spain (Source: FRS Ibérica)	75.0%	74.0%	70.0%
MULTIBRAND MYSTERY SHOPPER*. Objective sectorial quality index "EQUOS" (base 10)	7.06	6.73	6.38
MYSTERY SHOPPER* IN OWN BRANCHES. Objective quality index	72.0%	74.8%	71.2%
OWN EXTERNAL RATINGS. Overall satisfaction with the service	76.7%	75.2%	74.4%

* Visits to branches made by a professional pretending to be a customer.

Complaints submitted to the customer service department(1) in 2004

Rating	Number
Adjudged fully in favour of the customer	910
Adjudged partially in favour of the customer	447
Adjudged in favour of the Bank	1,552
Pending response at 31-12-2004	418
TOTAL	3,327

(1) The SAC was formally set up in July 2004, although it existed beforehand as a department with other duties

Complaints (causes thereof)

Cause	Percentage
Charges and costs in accounts and deposits	20.0
Services (direct debit, ATM operations, etc)	16.0
Commercial lending products (terms, repayments)	13.0
Information and response to customers	13.0
Methods of payment (credit cards)	7.0
Financial and welfare products (guidance and profitability)	4.5
Others	26.5
TOTAL	100.0

Customer ombudsman*

Rating of the briefs according to outcome	2004 1st Phase 2004 (01/01-23/07)	2004 2nd Phase 2004 (24/07-31/12)	2004 TOTAL 2004	2003 1st Phase 2003 (01/01-23/07)	2003 TOTAL 2003
SUBMITTED	2,049	394	2,443	2,447	4,024
REJECTED FOR STATUTORY REASONS	205	11	216	487	683
CONCLUDED	1,844	320	2,164	1,960	3,341
Amicable solution	834	97	931	763	1,311
Clarifications to customer	733	183	916	778	1,279
Rejected	106	39	145	182	401
Formal resolution (in favour of the claimant)	160	63	223	232	350
Failure to reply (request for further documentation)	11	1	12	5	0

* On 23 July 2004, approval was granted to the "Regulation on Customer Protection in Spain of the BBVA Group", which caters simultaneously and jointly for the rules applicable to the Customer Service Department (SAC) and the Customer Ombudsman. This change implies that past figures cannot be taken in unison and that it is not feasible to compare full business years. Accordingly and for purely informative purposes, a comparison has been made between the first part of the year (prior to the new regulation) and the same period of the prior year.

Average number of days taken to respond to a complaint

Channel	2004	2003
Internal complaints	18	26
Customer Ombudsman	18	22

Total ISO certifications in 2004

Certifications	Spain	Portugal	Andorra	Mexico	Rest of The Americas	Total
ISO 9001	19	1	2	7	31	60
ISO 14001	2	–	2	–	–	4
TOTAL	21	1	4	7	31	64

Investments Board – CNMV –or Spain's Insurance Regulators– DGS) all formal complaints are to be addressed by the corporate Customer Service Department (SAC) or in second instance by the customer ombudsman of the BBVA Group.

Within the sphere of process management, together with the new Six Sigma methodology introduced in 2004, ISO 9000 certifications continue to be an instrument of value in certain processes.

> Business Continuity Plan

Since 2002, and in keeping with the most advanced international developments in matters of social responsibility, BBVA has implemented a structured arrangement of initiatives designed to ensure the continuity of the business in the event of possible disasters or contingencies of an exceptional nature.

The Plan caters for three critical business areas and considers two kinds of procedures:

- Preventive: organising the crisis management structures and the corresponding operating protocols to deal with circumstances of this nature.
- Reactive: through the drafting of recovery plans that are activated when normal response mechanisms are overstretched.

> Systems and Operations, technology and R+D+I

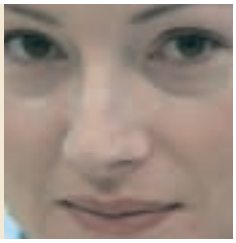
BBVA, following the allocation of 360m to the implementation of the Personal Financial Services scheme, which has meant the transformation of the workforce in terms of training and technology, is going to take a further step forward with the

investment of over 200m in expanding the office network as of 2005, opening new branches in areas of recent growth, such as the new neighbourhoods that have sprung up on the outskirts of major cities.

Other highlights in 2004 have been:

- Improvement in the information that is sent to customers via the statements of account, in order to reinforce this channel of communication.
- Furthering the strategy of technological innovation.
- Consolidation of the Regional Corporate Centre (CCR) in Monterrey (Mexico), wherein integration is made of the technology for operations in Latin America. A consolidation that involves the incorporation of the data processing centres in Colombia, Venezuela and AFP Provida in Chile. The aim is to improve the quality of the service for the Group's customers in these countries, and it involves the integration of millions of banking transactions that BBVA performs each month in Latin America. BBVA thereby positions itself at the head of the world's major financial groups by integrating all the banks in the region within a single unified platform.
- Completion of the implementation of the new NACAR multi-channel architecture for remote access throughout BBVA's network in Spain, with the installation of over 34,000 workstations in 4,000 branches and central departments.
- Development of the Technological Innovation Community (CIT) on a global basis, to adapt new technologies to the challenges of the financial system over the coming years. This Community is a pioneer in Spain's financial sector and its aim is to generate a dynamic forum involving all the Group's employees in order to further the design and development of solutions for customers.

> Personal banking



BBVA wishes to draw ever closer to its customers and become more aware of their financial needs and be of greater assistance, striving to render a service of the utmost quality, providing the most competitive terms on the market, increasingly tailored to suit their characteristics and requirements and doing its best to reduce difficulties in access facing people with special needs or fewer resources.

> The finest professionals at your service

The Group's commitment to a new approach to banking, based on greater guidance and a major effort in instruction, has led to closer ties with customers, higher indices of customer satisfaction and productivity. Within this context, and as part of the Financial Services Plan, BBVA has subscribed an agreement with the European Financial Planning Association (EFPA) for the training and European accreditation of its staff. Nearly 2,000 BBVA employees have obtained this certificate.

> Facilitating access through new channels

BBVA has an extensive network of branches and innovative online banking services (which can be accessed through a personal computer), connected to the internet 24/7, or by means of fixed or mobile phones with ample office opening times.

Online banking services break down the barriers of distance and the lack of time, providing a wide range of services characterised by simplicity, agility and maximum security in access and operations. BBVA has obtained excellent ratings for this service from the various independent firms that assess these kinds of products. According to the ratings of the Aqmetrix agency, for five quarters in a row BBVA has held pole position in Spain's financial sector in personal banking.

The Group provides customers with all the means of access that the best available technology facilitates for these operations: branch offices, self-service machines, internet or phone banking. The branch is the preferred method of contact – over 1,500 million operations per year. Self-service (Automatic Teller Machines) exceed 190 million operations in Spain and internet banking has over 1,300,000 customers, with over 35 million visitors a year in Spain alone.

> Adapting to the specific needs of segments

BBVA has provided solutions to suit those people who make use of its services, attending to their needs and projects and striving to adapt as fully as possible to their requirements. It has units specialising in different segments (young people, the elderly, families, non- residents, immigrants...), developing products and services tailored to suit the characteristics of each segment.

Young people

BBVA has designed the Blue Joven Programme for this segment. It is the first of its kind in Spanish banking and has over 1,500,000 customers and includes numerous advantages in savings and financing. This programme has its own website (www.bluejoven.com), which also provides job offers, training schemes, leisure and culture, shopping and so forth.

The Elderly

This is a segment that requires products and services to cater for its needs, where security and peace of mind are essential. Accordingly, BBVA has developed a wide range of specific products and services, such as the Multibenefits, which include a free insurance that places different services and products at the disposal of elderly customers under favourable terms. BBVA also provides its customers with free assistance when applying to the Social Security for their retirement pension.

> Some of the advantages included in BBVA multibenefits

Home Helpline	Alarm system, information and personal location.
Household help and assistance	Delivery of medicines, deployment of doctors and ambulances in emergencies, home help, household repairs and arrangement of retirement homes.
Legal and medical guidance	Medical helpline for enquiries and legal guidance through consultations with lawyers.
Information on leisure and culture	Special discounts, holiday arrangements, cultural events, exhibitions, transport, museums or autonomous programmes, amongst others.

> Facilitating access for those most in need

Service for homebuyers

A home is a basic need for each and every one of us. For BBVA, making this access easier is a fundamental objective of its corporate responsibility, which it embraces with a wide range of products and services and with an especially focused approach to the subsidised housing market, with special financing for home purchasing designed for those in lower income brackets.

BBVA is a benchmark institution in Spain's real estate sector. In 2004, the number of publicly subsidised homes financed by BBVA amounted to approximately 9,000, retaining its leadership in State Subsidised Housing (VPO).

Worthy of special mention is the BBVA Easy Mortgage, which allows for cutting the monthly repayments by up to 20%, and which especially benefits young people. This product makes it easier for families to pay for their homes, reducing the initial effort for first-time buyers and providing greater protection against possible rises in interest rates.

Furthermore, in this field BBVA offers young people products and services under favourable terms. In Mexico, BBVA Bancomer, following the acquisition of Hipotecaria Nacional –undertaken in 2005–, has reinforced its commitment to the region, consolidating its leadership on the private mortgage market in Mexico. Hipotecaria Nacional has a portfolio of over 90,000 customers and signals its support for the mortgage market.

BBVA Chile, for its part, has developed the Crédito Hipotecario Cien (One hundred Mortgage Loan), designed for those with insufficient prior savings (especially young people), covering the full cost of the home.

Services for low-income groups

Within the wide range of financial services provided by BBVA, there are different formats especially designed to make financial transactions easier for the greatest possible number of people. Aspects such as special payment terms, the freezing of quotas or the possibility of deferring payment in certain situations are an everyday feature of the offers that BBVA places at its customers' disposal.

Household Loans. The Birth Loan

The Line of Household Loans falls within the context of the BBVA Family Plan, as the flagship project of one of its three operating programmes: the Household Financing Programme. The aim is to help cater for basic household needs under highly favourable financial terms.

The Birth Loan

The Birth Loan has been the first project to be introduced. It is a loan of up to 3,000 euros, for a period of three years, with a zero percent rate of interest and free of charges, which has been made available in Spain to all mothers –Spanish or foreign, legally resident and irrespective of their marital status–, in the six months subsequent to the birth or adoption of their child. Over the course of the two campaigns undertaken in 2004, 16,342 loans have been awarded for a sum of €48.6m.

Along these same lines, it also develops products and services especially designed for those with scant financial means, who normally only have access to loans on the unregulated market or in commercial establishments that impose draconian terms. A special mention in this section should be made of the Tarjeta Congelada (Frozen Card) in Mexico, for low-income groups.

Family Services

Furthering the wellbeing of households and the realisation of their projects is a basic aim for BBVA. As a unit of coexistence and common projects, it requires special treatment, for which BBVA has developed numerous initiatives, amongst which there are such highlights as the Multiventajas Nómina Familia – Multibenefits Family Payroll (with numerous insurance provisions for education, the home and health and preferential terms in products and services for households whose salaries are paid through the bank) and the Plan + Family (with special terms for large families in various products and services).

Special mention should be made of a specific non-profit programme of family support that was introduced in February 2004: the so-called BBVA Family Plan, with the primary focus of BBVA's social action falling within the household sphere, largely through means that are typical of a bank: financial products and services. Further information is available in the chapter "Supporting the community".

Greater opportunities and improved services for immigrants

To facilitate the transfer of remittances by immigrants and contribute to their stability, their security and reduce the costs involved is not only an important way of furthering the financial integration of sectors of society that tend to be at a disadvantage in the host country and of providing their families with new opportunities in their country of origin, but it is also a way of supporting one of the more significant methods of financing currently available for many developing countries.

BBVA Bancomer has for some time now been playing a major role within this sphere: through its subsidiary Bancomer Transfer Services, it has a significant presence on the market for cash remittances from Mexican immigrants living in the United States (22 million Mexican customers

residing in the USA, who transfer money back to their families, with an approximate annual turnover of $14,500m). This is a market in which BTS occupies a position of clear leadership, with a market share approaching 40%, its own network of branches in California and Texas and strategic alliances with US Postal and Wells Fargo.

In 2004, BBVA has reinforced its services to this segment through the purchase of Valley Bank in California (USA) and Laredo National Bancshares (financial group whose purchase became effective in 2005 and owner of two banks: The Laredo National Bank and South Texas Bank). Valley Bank has a network of six branches in California, whereas Laredo and South Texas deploy a network of 35 branches in Texas. This will provide a significant boost to the BBVA Group's business dealings in the transfer of money, whilst consolidating its strategy within the US banking market.

A further initiative for this segment in Spain is BBVA Dinero Express, whose business focuses on the channelling of remittances from immigrants in Spain to their countries of origin. Furthermore, the employees of BBVA Dinero Express are also of immigrant origin.

> Ensuring life, business and the environment: Insurances

BBVA Seguros (Insurances) also embraces the Group's pledge to corporate responsibility through the objective of ensuring the upholding of quality of life and the financial and social stability of individuals, households and institutions, involving a wide range of products in keeping with the specific needs of each customer. This is a task designed to provide solutions that address problems of a personal, family, financial or social nature that can at times be very serious indeed, and which therefore occupy centre stage in the approach to coverage and in the generation of secure environments.

> Ensuring the future: Pension Plans

Guaranteeing a suitable standard of living in old age is an obvious requirement, for which BBVA provides effective financial solutions, as an essential part of its mission, understanding it also to be one of the duties of its corporate responsibility. The pension funds it markets aim to provide a specific response to this need, combining profitability and security according to each customer's profile.

In Spain, the Group maintains a position of unrivalled leadership in this segment with an administered sum of around €13,500m at the end of 2004.

It is a particularly significant activity in Latin America, where the Group is in a position of clear leadership, with over 12 million members and a market share of 26%, administering close to €28,000m. It is present in virtually all those countries that have partially or fully privatised their pension systems, occupying leading positions in Chile, Mexico, Argentina, Colombia, Peru, Bolivia, Panama, Ecuador and the Dominican Republic. In Chile, the Group is responsible for paying 70% of existing pensions, which means the application of monthly income amounting to around $200m.

This a sphere in which the BBVA Group has declared its unequivocal support for the development of pension funds, as an instrument at the service of the creation of wealth. It cannot be forgotten in this sense that the efficient management of these tasks in itself constitutes a basic contribution to the welfare of the populations involved, but also to the modernisation and robustness of the financial systems, to the creation of solvent mechanisms for channelling long-term savings and, accordingly, for the capacity for development of the countries in which the Group operates.

> Pensions in 2004

Geographic area	Funds administered (€m)	Members (in millions)
Spain	13,501	1.9
Outside Spain	27,989	12.0

> Working with relief organisations

BBVA is fully aware of the important contribution made, with ever greater significance and efficiency, by relief organisations in alleviating many of the major problems that plague the world today and in order to help more deprived or needy sectors. Accordingly, Retail Banking has been pursuing different lines of action in partnership with these organisations, thus complementing the work carried out by Institutional Banking and that channelled by the group's social action policies.

Amongst the main initiatives, special mention should be made of the solidarity investment funds, such as BBVA Biogen and BBVA Solidaridad (which are described in the section "Investment funds and socially responsible investment"), as well as the development and marketing of charity credit cards: Visa Red Cross Cards, Visa International Solidarity (created in 2004) and a partnership card with Iberia, Repsol, Grupo Eroski and Telefónica. The first two of these assign 0.7% of the payments made with them to the respective organisations; the third enables users of the products and services of the partner companies to accumulate points that can be donated to humanitarian aid projects in Latin America.

These are means of collaboration that add to the backing provided for NGO's and emergency campaigns channelled through the Colabor@ programme, a function available on BBVAnet for making donations to numerous relief organisations by electronic means, as well systematic collaborations with specific campaigns by certain NGO's (such as UNICEF Christmas Cards or the Gold Draw of Spain's National Lottery in aid of the Spanish Red Cross).

> Investment funds and socially responsible investment at BBVA

BBVA seeks to adapt to its customers' needs. Proof of this is the launch in 2004 of different investment funds in which innovation was the defining factor, such as BBVA Triple Óptimo and BBVA Plan Rentas. BBVA has also been the Spanish management firm to receive the most prizes at the 16th edition of the Expansión and S&P awards, leading this ranking since 1999.

Within this sphere, of special importance in terms of Corporate Social Responsibility are the investment funds that focus their investment strategy on companies with good ethical, social, employment and environmental practices and on sustainable projects, or which donate part of their profits to organisations and causes of social interest.

They are funds targeting all those savers (individual or institutional) who wish to embrace social and environmental criteria in the positioning of their investments. For them, BBVA has designed its own specific products and has opened its portfolio to external products that fulfil its customers' expectations.

By the end of 2004, BBVA administered over €900m in socially responsible investment funds, which accounts for 1.82% of the total investment funds administered. These funds may be broken down into two basic types:

- Solidarity funds.
- Funds selected on CSR criteria.

The BBVA Group also markets external socially responsible investment funds, as are:

- Renta 4 Siglo XXI.
- CS Global – Sustainability.
- ING Invest Sustainable Growth.

Socially responsible investment funds

Indicator	Number of participants	Volume (€m)
Total Socially Responsible Investment Funds	50,206	932.6

Solidarity funds (part of the commission they generate is allocated to public interest schemes)

Name of the fund	Definition	Public interest scheme receiving the allocation	Number of participants	Volume (€m)
BBVA Biogen	Fund subordinated to Biogen FIMP, administered by Iberagentes.	Allocation of 0.45% of the fund's assets to the Foundation for Applied Medical Research, attached to the University of Navarre	529	3.2
BBVA Solidaridad	International mixed earnings fund	Allocation of 0.55% of the fund's assets to a basket of 20 NGO's, to be selected by the participant	485	11.2

Funds with CSR criteria

(in addition to standard risk and profitability criteria they feature new requirements in social issues and environmental sustainability)

Name of the fund	Definition	Selection criteria	Number of participants	Volume (€m)
BBVA Extra 5 II Guaranteed	Index-linked to a basket made up of the 25 largest companies listed in the FTSE4Good Global 100	Investment in the companies included in the FTSE4Good sustainability index	30,958	842.0
BBVA Sustainable Development	International variable income fund selected with CSR criteria	Analysis performed by Innovest on the basis of social, environmental and corporate governance criteria	18,234	76.2

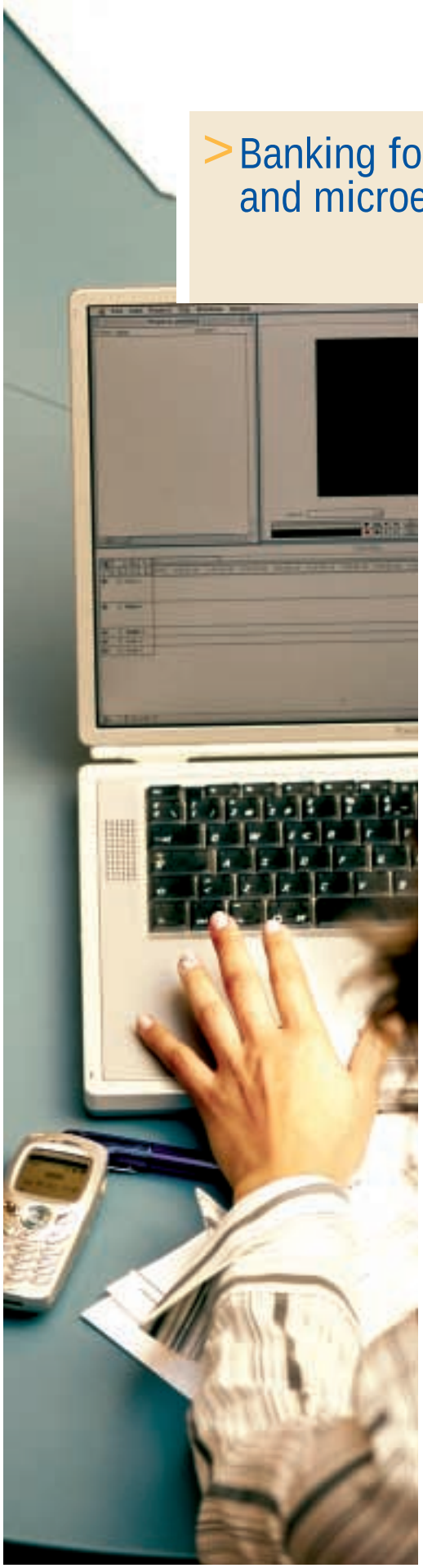
Indicator	2004	2003
Socially responsible investment funds with regard to the total investment funds administered %	1.8	1.7

BBVA Sustainable Development Fund

In October 2004, BBVA launched the BBVA Sustainable Development Fund that concentrates its investment strategy on companies that blend quality financial management and stringent criteria in CSR (in social and environmental issues and in corporate governance), with the aim of maximising the value of the investment over time, from the perspective that the company that is capable of handling the value of its intangibles and risks in matters of CSR better than its competitors also tends to perform better financially. The fund thus aims to provide an investment alternative that strikes a balance between economic profitability and support for sustainability.

The selection process combines the analysis of BBVA Gestión with the analysis of CSR undertaken by the specialist firm Innovest, whose methodology introduces sustainability criteria. It is based on the study of over 160 factors, grouped into four areas (corporate governance, stakeholder capital, environment and human capital).

> Banking for SMEs and microenterprises



Small and medium-sized businesses are an essential feature of the corporate fabric of the economy, being responsible for a large share of the generation of employment, innovation and the creation of wealth.

BBVA holds major market shares in its support for the corporate fabric in all the countries in which it operates. Solutions for needs ranging from quality to innovation are the principles that underpin its offer of products and services.

An example of BBVA's ongoing commitment to innovation in the provision of products and services to small businesses is to be found in the collaboration with HP, Telefónica and Microsoft, which gave rise to the creation in 2003 of the Information Society Support Office, designed to provide information, guidance and technological and financial solutions for SME's in terms of new information technologies. One year after its creation, the Office has undoubtedly been a success: it has addressed over 300,000 enquiries from SME's from the length and breadth of Spain and pertaining to a very wide range of business sectors. (www.oficinadeapoyo.org).

> Preferential financing, agreements and other supporting ways

BBVA is in permanent contact with business associations and groups for the design of financial solutions that are increasingly suited to the needs of small businesses.

A now classic line of business at BBVA is its involvement in the marketing of preferential public financing facilities for the Instituto de Crédito Oficial – Spain's Official Credit Institute, a public entity attached to the Ministry of the Economy and the Treasury.

BBVA has furthermore been developing other parallel initiatives, such as the Agricultural Line

Main financing facilities - Instituto de Crédito Oficial (ICO) formalised in 2004

Product	Purpose	Target market	Marketing figures
ICO SME's Facility 2004	Financing for new productive fixed assets.	SME's with fewer than 250 employees, whose annual turnover is less than €40m or whose overall annual balance sheet does not exceed €27m and whose stock is not held, by 25% or more, by a company or group of companies that do not fulfil the above specifications. Holding companies, state-owned companies, non-profit organisations and NGO's are excluded.	The total funds available amount to €3,000m, of which BBVA has arranged operations for a total sum approaching €716m, once again being the leading financial institution in terms of amount subscribed (24% of quota).
ICO CDTI (Centre for Industrial Technological Development) Facility 2004	Innovation and upgrading of technological components.	Trading companies, with no limit on size.	The total funds available amount to €240m, of which BBVA has arranged operations for an approximate sum of €36m (15% of quota).
ICO IDAE (Institute for Energy Diversification and Saving) Facility 2004	Investment in the harnessing of renewable energies and improving energy efficiency.	Private individuals and legal entities, State-owned or of a private nature, with no limit on size.	The total funds available amount to €100m, of which BBVA has arranged operations for a sum of €9m.
Business Projects Facility of the Ministry of Defence	Promotion and support for non-military job integration and self-employment for personnel from the Armed Forces.	Individuals who, after a military career, return to civilian employment and have a viable investment project.	The total funds available amount to almost €300,000, of which BBVA has arranged operations for 30% of the facility's total.
ICO-ICAA Facility (film industry)	Financing the production of feature films.	Private film production companies recorded in the Company Register of the ICAA (Institute of Film and the Audiovisual Arts).	The total funds available amount to €32m, of which BBVA has arranged operations for 75% of the facility's total.
Forest Fires Facility (Royal Decree 6/2003)	Facility for financing the repair of damage caused by wild fires in Extremadura in 2004.	Private individuals and legal entities that have suffered damage as result of forest fires.	The total funds available amount to €332,000, of which BBVA has arranged operations for 21% of the facility's total.

(with financial and insurance products especially designed to cater for the needs of smallholders) and different specific agreements, amongst which special mention should be made off the agreement with CEPYME (to facilitate access by SME's to new technologies) and those subscribed with SOGARPO (www.sogarpo.es) and with the Confederation of Businesspersons of Andalusia and Crediaval (www.crediaval.es) (both with special financial terms and guidance for SME's under the auspices of the respective associations).

Mention should also be made of other special solutions for SME's, such as free insurance cover for rises in interest rates, renting contracts for data processing products or joint promotion pension plans for employees of SME's and self-employed businesspersons, amongst which a highlight in 2004 was the one subscribed with NORPYME for the development of an employment welfare scheme (group pension plan) with SME's in the Basque Country.

The BBVA pays special attention to innovative projects undertaken by small businesspersons, often requiring not only special financial support to bring them to fruition, but also the social recognition that applies to projects with great social and economic repercussions and very often developed with very scant resources. It is a line of action in which note should be made of several different initiatives pursued by the Group in Latin America with clear CSR criteria:

- Upholding of the agreement between BBVA Bancomer and the Secretary of the Economy of the Government of Mexico and the Foundation for Sustainable Development for the financing of SME's and microenterprises.
- The now established awards for the Emprendedor Solidario (Socially-responsible Enterpriser) in Argentina sponsored by BBVA Banco Francés.
- The agreement subscribed by BBVA Banco Francés with the Under-Secretary for SME's

$521m in loans for microenterprises and SME's in Mexico

SME's in Mexico contribute 42% of the Gross Domestic Product (GDP) and employ 53% of the economically active population. One of the complaints most frequently levelled against banks in Mexico is precisely the fact that they do not have suitable credits for them, with a majority having to finance themselves through their suppliers.

BBVA Bancomer has made $521m available to the smallest companies through the "Bancomer Business Card", a credit scheme for businesses and individuals with a business activity that the institution launched in September 2003. This initiative is being developed in conjunction with the Department for the Economy, which allocates a guarantee fund to these loans in order to ensure that they can be made available under preferential terms.

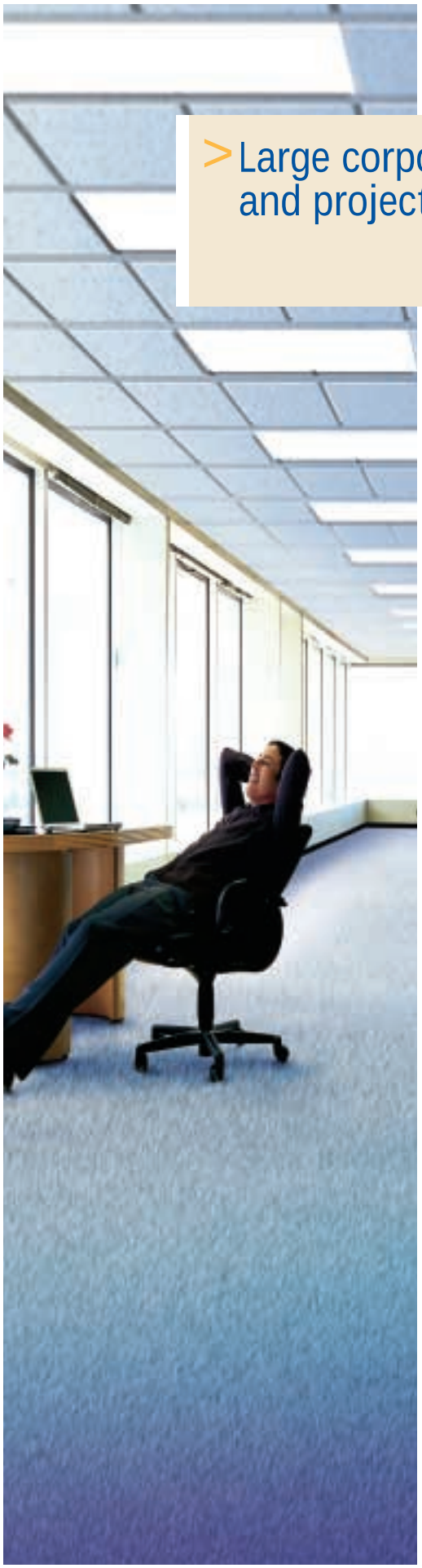
and Regional Development for the financing under preferential terms of SME's in Argentina.

- The Ecological Credit created in 2004 by BBVA Colombia (for financing investment projects with a positive environmental impact).
- The different special financing facilities, training and guidance provided by BBVA Colombia to SME's, with special emphasis on the agricultural and industrial sectors and on export activities.
- The launch in 2004 of the Palladium Equity Partners III investment fund channelling investment to medium-sized Hispanic businesses in the United States.

> Microloans to address financial exclusion

Also noteworthy are the group's actions designed to support and foster microenterprises, with the priority aim being to open the doors to the financial system for frequently disadvantaged groups that wish to pursue small business projects.

Within a working environment in which the Group's various banks maintain significant activity in Latin America, with special mention of the cases of BBVA Bancomer in Mexico, BBVA Provincial in Venezuela (with special terms for businesses with up to 10 employees and with the development of a Training Scheme for Microenterprises in partnership with the Universidad Metropolitana), BBVA Paraguay (with special terms for farming cooperatives) or BBVA Colombia. The latter has a special facility for microenterprises that do not make tax returns and another backed by the Fondo Nacional de Garantías – National Guarantee Fund, that in 2004 has increased lending to microenterprises by 135%, granting financing for as many as 70% of the projects submitted. Over the year, this scheme has accounted for over $4,000 billion, with financing being awarded to over 2,000 microenterprises in Colombia.



> Large corporate banking and project financing

The Wholesale Banking business takes on major significance in BBVA's policy of Corporate Social Responsibility, from the perspective of the unquestionable importance that large companies and major business projects have in the development of all societies: in their competitiveness, in the dynamism of their economy and in the welfare of their citizens. The proper care for their financial requirements therefore constitutes one of the priority considerations of the corporate responsibility that BBVA embraces.

From this perspective, the more salient line of business within this sphere focuses on the assessment of the social and environmental impact of major operations, both in terms of Corporate Banking as in project financing.

> Corporate banking

BBVA deploys a special unit to cater for the financial requirements of BBVA's 2,000 largest corporate customers throughout the world. Present in fifteen countries in four continents, it addresses these needs thanks to its staff, its vocation to serve and its customer service culture. This value added and the degree of satisfaction amongst its customers set BBVA apart from its competitors, imbuing it with greater potential for growth.

According to the Inmark Research Institute, 97% of the large companies operating in Spain work with BBVA, and it maintains a position of leadership in 80% of them. In the case of Latin America, BBVA provides a service for 74% of the large corporations on the Latin American markets in which it is present, being the major player in 43% of the same.

BBVA, the first Spanish bank to adhere to the Equator Principles

The Equator Principles are a series of guidelines promoted by the International Finance Corporation, an agency attached to the World Bank, which apply stringent social and environmental criteria to the financing of large investment projects (project finance) in developing countries. Adherence to these international principles implies the environmental and social evaluation of projects of this nature before granting the financing, as well as their subsequent monitoring.
Since May 2004, BBVA has been the first (and so far, the only) Spanish bank to adhere to the Principles. By adopting them, BBVA undertakes not to provide direct financing for projects exceeding $50m that do not comply with the social and environmental standards laid down by the International Finance Corporation.
For further information: www.equator-principles.com

Besides being subject to the BBVA Code of Conduct, Spanish branches and product units are also governed by the specific Code of Conduct for the securities' market. This code requires compliance with procedures for the trading of shares of companies that are customers of the unit or associated with it, as well as the confidential treatment of the information being used. Offices in the external network have subscribed specific conduct agreements, such as, for example, London (The Banking Code), Milan (the Italian Banking Association's Code of Conduct), etc.

> Project financing

Major projects in industry and infrastructures provide equal measures of opportunities and risks for communities. Accordingly, and as part of the risk analysis for these operations, BBVA studies the implications they may entail from a social perspective (displacement of persons, changes in the use of land, etc.) and for the environment (impacts on biodiversity, special protection zones, etc.), abiding by its overriding criteria of Corporate Social Responsibility and ensuring compliance with the specific criteria that the Group has subscribed, as are, amongst others, the United Nations Global Compact and the Equator Principles, promoted by the International Finance Corporation.

> Major projects in Global Corporate Banking and in investments with CSR criteria in 2004

Project	BBVA Amount	Country
Construction of dam and hydroelectric plant	$50m	Mexico
Construction of refuse processing plant	€4m	Spain
Wind-farms in Minnesota, Oregon and Washington	$28m	USA
Wind-farms in Spain	€116m	Spain
Construction of metro line	€14m	Spain
Construction of water treatment plant	$16m	Mexico
Water concessions	$40m	Chile
Construction of road infrastructure	€115m	Spain
Financing of other renewable energies	€59m	Spain

> Millennium Goals

Goal	Lines of action and representative projects
Eradicate extreme poverty and hunger	- Purchasing Loan: financing under highly favourable terms for developing countries. - Aid Development Funds (ADF): used in countries whose per capita income is below 2,200 dollars. This channel is used to finance projects of a markedly social nature.
Achieve worldwide primary education	– BBVA "Schools for peace" in Colombia: an action scheme against hunger that seeks to eliminate the vulnerability by improving the school environment and involving their families and the communities in which they live. - Financing for new school equipment and materials. Loans have been granted in Venezuela in 2004 for a sum of €53m.
Promote gender equality and empower women	– Application in all countries of the BBVA Group's Code of Conduct, which upholds the respect for equality amongst people (article 3.1.2).
Reduce infant mortality rates	– CIMA Programme, which consists in the development of a research centre for those diseases with the highest mortality rates in the western world. BBVA, as a shareholder of 10% of the project, has pledged to invest €15m.
Improve maternal health	– Financing for medical equipment and materials that improve the quality of care for women in childbirth. A highlight within this sphere is the financing under preferential terms granted to the Health Authorities in Tenerife for €15m.
Combat HIV/AIDS, malaria and other diseases	– Financing for the building of infrastructures and the supply of medical equipment.
Garantizar la sostenibilidad del medio ambiente	– Financing for renewable energies, waste management and other investment with positive repercussions on the environment, as is the case of financing for wind farms (€82m in Spain) and treatment plants ($16m). - Analysis of the social and environmental impact in the financing of project finance operations in developing countries.

> Pledging to do things well

A large part of the major projects in which BBVA is involved are located in developing societies. In many cases, they are projects that have an enormous bearing on the potential and capacity for development in the countries concerned. The Group therefore feels especially committed to the aim of supporting the desire for progress in these countries, thereby joining the collective effort to achieve the "Millennium Development Goals", drawn up by the United Nations Development Programme (UNDP).

The eight Goals established in the Millennium Declaration require all countries to adopt new measures and join forces to combat the major problems facing the less developed world. The Goals thereby constitute a test of the resolve in developed countries to release, stimulate and channel the creative energy of their peoples. They also aim to provide the world with the means to hasten the pace of development and to assess their results.

These are clearly goals that the countries affected cannot achieve unaided. Measures of support from public and private institutions in the developed world are therefore vital for their success. Amongst these, of special significance are the initiatives for furthering and financing productive projects taken by financial institutions.

It is in this line of business that the BBVA Group has been undertaking numerous actions. Some of the more noteworthy are outlined in the following table, besides the concerted effort of its different programmes of social action in those societies in which it has a more significant presence (these programmes may be consulted in the chapter "Support for the community").

> Risk assessment

As mentioned before, the environmental and social risks of singular operations involving large companies and large-scale investment projects are systematically analysed, and very especially so in those projects that also involve supranational institutions, such as the International Finance Corporation, the Inter-American Development Bank or such like.

> Support for exporters

BBVA has a major calling to support export companies. On the Spanish market, the Group has financed a significant part of the export credit operations with official backing performed in Spain in 2004, by means of the Purchase Credit (mainly used for developing countries). Similarly significant has been the Bank's activity as payment agency for Aid Development Funds (targeting countries with a per capita income below $2,200). The majority of these operations have a significant social component in their purpose: basic infrastructures for development, education, health, transport and water treatment. BBVA is increasingly expanding its activity in officially backed export finance to other countries and regions in which it has a growing presence, such as France, Italy, Scandinavia, Germany and the United States, amongst others.

The approval of these operations requires, on the one hand, the Anticorruption Certificate (as proof of compliance with the OECD's Declaration against corruption in international trade transactions) and, on the other, a certificate of analysis of the environmental impact for those operations that may compromise the environment.

Regarding trade finance operations, in its widest sense, the BBVA Group has managed to position itself as the world's leading bank by number of operations and fourth in turnover in 2004, according to data from Dealogic and Trade Finance Magazine, with this being the first time that a Spanish bank has topped this ranking.

> Institutional banking

BBVA is fully aware of the importance that public institutions and non-profit organisations have in the development of societies and in the achievement of greater levels of individual welfare. It therefore devotes particular attention to the financial requirements of the Public Administrations at their varying levels, striving to provide the best possible assistance for their increasingly complex demand for services, thereby benefiting the optimum pursuit of their activities, which directly affect people's quality of life both now and in the future. Likewise, BBVA especially prioritises its financial dealings with non-profit organisations, of ever increasing importance in tackling some of the world's current underlying problems. A task complemented with a whole range of partnerships with organisations of this kind in matters of social action, so playing a part in implementing projects of undoubted general interest and materialising a major facet of its corporate responsibility.

> Public Sector

The BBVA Group's financing and provisioning activity regarding the Public Sector is of considerable importance in all those countries in which it has a significant presence, but particularly so in the case of Spain.

Through its Institutional Banking unit, BBVA renders services to public and private institutions, by means of a network of 41 offices, consolidating its position as the market leader in Spain, in which the Group operates under the BBVA brand, as well as that of Banco de Crédito Local (BCL), which since it was founded in 1925 has been an undisputed reference in Spain for the financing of Territorial Administrations.

Fidels Scheme

Through the creation of the "*Plan FIDELS*" FIDELS (Financing for Sustainable Local Development) Scheme, the BBVA Group sets out to boost the financing of environmental projects within the sphere of Territorial Administrations. The aim is to support the management of Local Authorities in towns with populations of under 20,000 inhabitants.

This groundbreaking activity in Spain will contribute to helping Local Authorities to continue along the path of sustainable development framed within the Local Agenda 21, accessing information on legislation applicable, aid available and the necessary undertakings required to fulfil their role as guarantors of the wellbeing of the local people. BBVA-BCL contributes to this initiative with a line of specific products and services designed to finance and facilitate the introduction of projects related to the preservation of the environment and the implementation of the Local Agenda 21.

> Institutional Banking (€m)

Long-term operations	2004
Environment	77
Infrastructures	479
Modernisation-New technologies	1
Energy savings	4
Municipal projects and services	348
Urban Equipment-Furnishing	2
Health	35
Socio-cultural facilities	42
Education	14
Other social programmes	57
Refinancing	565
Others	586
TOTAL LONG-TERM OPERATIONS	2,210

Gobernalia Global Net

A noteworthy initiative of Banco de Crédito Local for innovation and the technological development of Local Administrations has been Gobernalia Global Net, which caters for the implementation of technological solutions through the adaptation of tools developed by the Group or available on the market. These services are provided through a specialist portal designed for staff in Local Administrations called www.municipia.com or by means of the creation and upgrading of portals for this type of administrations. This scheme also includes distance-training activities through an e-learning platform.

The Group pursues an intense business of financing for Public Administrations in services and infrastructures in a wide range of fields (administrative and financial management, new technologies, education, health, communications, etc.), with preferential terms expressed in myriad agreements (often with the involvement of international organisations) and thereby making a decisive contribution to the enhancement of the services rendered, to people's quality of life, to efficiency in technology and the consumption of natural resources and to the preservation and protection of the environment.

Furthermore, the business is complemented by Institutional Banking, with a major role of consultancy, dissemination and instruction in the field of "best practices" in each sector, by means of fora, courses, symposia, publications, IT solutions and numerous schemes of a varying nature.

The following are the highlights from among other especially relevant initiatives in 2004:

- Arrangement of two new financing facilities of the European Investment Bank (EIB) for €200m each, for the financing of the environmental projects of Local Corporations and other Public Administrations.
- Partnership Agreement with the Spanish Federation of Municipalities and Provinces for:
  - Enhancing the professional skills of staff in local government.
  - Backing research and the sharing and disclosure of experiences.
  - Furthering improvement in the quality of services and the modernisation of Local Government.
  - Strengthening ties with local governments abroad.

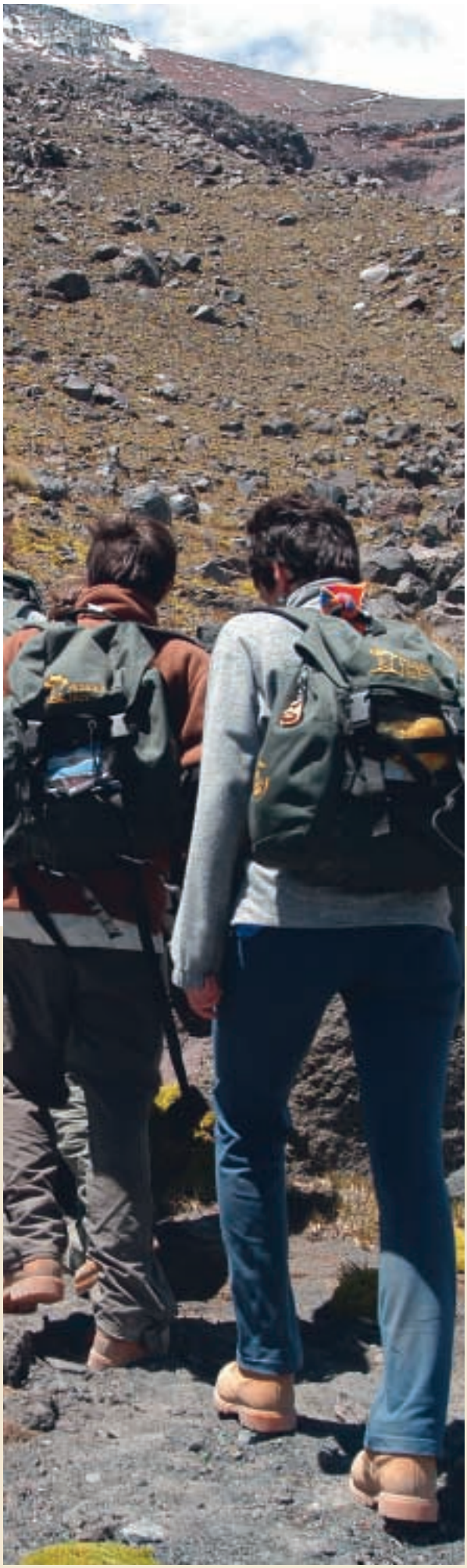
> Non-governmental Organisations

The dedication and interest that the BBVA Group has always shown for the concerns and requirements of the so-called non-governmental organisations (non-profit relief organisations, foundations and associations) has led it to enter into partnership agreements with many of the major players in this sector, such as the Red Cross, Caritas, UNICEF, Manos Unidas, Intermon-Oxfam, Help in Action, Action Against Hunger, Spanish Cancer Association, Victims of Terrorism

Foundation, Foundation for Combating Substance-abuse, Economists without Borders, Doctors without Borders, Anesvad, Entreculturas, amongst a whole host of others.

The BBVA Group places a unit staffed by specialists at their disposal for the sole purpose of developing a bank that is made to measure for these kinds of organisations, with a full range of banking products and services, with highlights being the channelling of the flow of funds from the European Union and the search for sources of financing both at home and abroad, as well as facilities for advancing official subsidies. For European Programmes, the Bank contributes an information and documentation centre, with preliminary guidance, drafting of studies and reports, assistance in presentations and financial and fiscal guidance.

In addition, BBVA supports the disclosure of the work of many of these organisations through a programme of mailshots (which since 2004 have become systematic and on a monthly basis, with over two and a half million sent out per year), enclosed in the bank correspondence delivered to customers, containing information on their activities, emergency appeals or membership drives.



> Corporate and real estate holdings

> Corporate holdings

The BBVA Group has traditionally been involved in financing and backing business projects (industrial, agricultural and in services) of all kinds, being one of the leading Spanish institutions in the financing of projects of this nature, which contribute decisively to the social and economic development and cohesion of communities.

It is a line of business through which BBVA influences investment decisions on those projects it is involved in and upon which it also pledges its commitment to Corporate Social Responsibility, insofar as these projects have a far-reaching influence on the life of the people involved and on the environmental conditions of the area in which they take place. Its strategy in this sphere therefore encompasses not only stringent financial targets but also a respect for ethical, social and environmental criteria. An example of its interest in this field is the Applied Medical Research Centre of the University of Navarre.

BBVA's portfolio of holdings features companies of major relevance given their social and environmental commitment, as is the case of Gamesa (international benchmark in the manufacture of wind turbines), Iberdrola, Telefónica or Repsol (which are listed on the world's most prestigious sustainability indices), amongst others.

> Real estate holdings

In 2004, BBVA embarked upon a new real estate strategy with the launch of the ANIDA brand that aspires to position itself amongst the leading firms in the Spanish real estate sector, ensuring the

compatibility of its profitability with a socially and environmentally responsible approach, within the framework of the Code of Ethics of the Group's Real Estate business.

It is a model of non-speculative sustained growth, with 75% of the portfolio invested in land and 25% in buildings. Accordingly, it contemplates an annual investment of €250m, distributed between land and housing development.

ANIDA is committed to reflecting its brand ideas, attributes and values through tangible schemes:

- PGreen programme for the reforestation of Spain's forests, investing 0.7% of its net annual earnings (a figure in 2004 approaching 500,000 euros) hand in hand with renowned environmental NGO's.
- Training programme for people in the vicinity of projects that open the door for new job opportunities: hotels and catering, sports facilities, gardening, etc.
- Housing built with sustainability criteria.
- Process of extending ISO 9000 quality certification and ISO 14001 environmental certification.

These are schemes that pursue three objectives:

- Environmentally friendly urban developments.
- Identify ANIDA as a leading company in terms of environmental protection.
- Involve the ANIDA team in partnerships of social and environmental interest.

For further information:
www.anidainmobiliaria.com

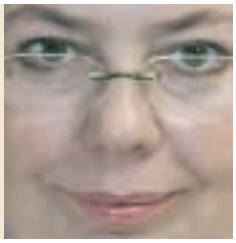
BBVA, a partner in the creation of the Applied Medical Research Centre (CIMA)

BBVA has a 10% shareholding in the business project set up to create the Applied Medical Research Centre (CIMA) of the University of Navarre. This centre will cater for 350 doctors and scientists who will focus their work on four priority lines of research: oncology, cardiovascular complaints, neurosciences and gene therapy in liver disorders.

> The people at BBVA

- A vision for the future
- Professional development and effort recognition
- Learning and development
- Ethical conduct
- Recruitment and job creation
- Health and safety
- Personal development
- Associationism

> A vision for the future



The more than 84,000 people that work at BBVA, embodying its strategy in profitable growth, have managed to make it one of the more efficient and robust financial service institutions in the world.

> The people at BBVA

> Employees by geographical areas

Area	2004	2003
SPAIN	30,765	31,095
LATIN AMERICA	51,370	53,100
Argentina	5,223	5,223
Chile	3,524	3,414
Colombia	4,422	4,483
Mexico	27,735	28,388
Peru	2,853	2,851
Puerto Rico	1,082	1,062
Venezuela	5,622	6,127
Rest of Latin America	909	1,552
REST	1,982	2,002
TOTAL	84,117	86,197

> Employees by geographical areas (percentage of the total)

Area	2004	2003
Spain	36.6	36.1
Latin America	61.0	61.6
Rest	2.4	2.3
TOTAL	100.00	100.00

> Age of the workforce (years)

Sphere	2004	2003
Average age	38.1	37.8
Spain	41.6	41.7
The Americas	35.9	35.5

> Years service of the workforce

Sphere	2004	2003
Average years service	12.9	13.2
Spain	18.2	19.6
The Americas	9.7	9.3

> Results-focused management

Organisations are living organisms, built up and operated by and for people. The principal challenge facing the management of such a rich and varied group of people as the one that constitutes BBVA is to further their professional and personal development, thereby materialising *The BBVA Experience* within the organisation

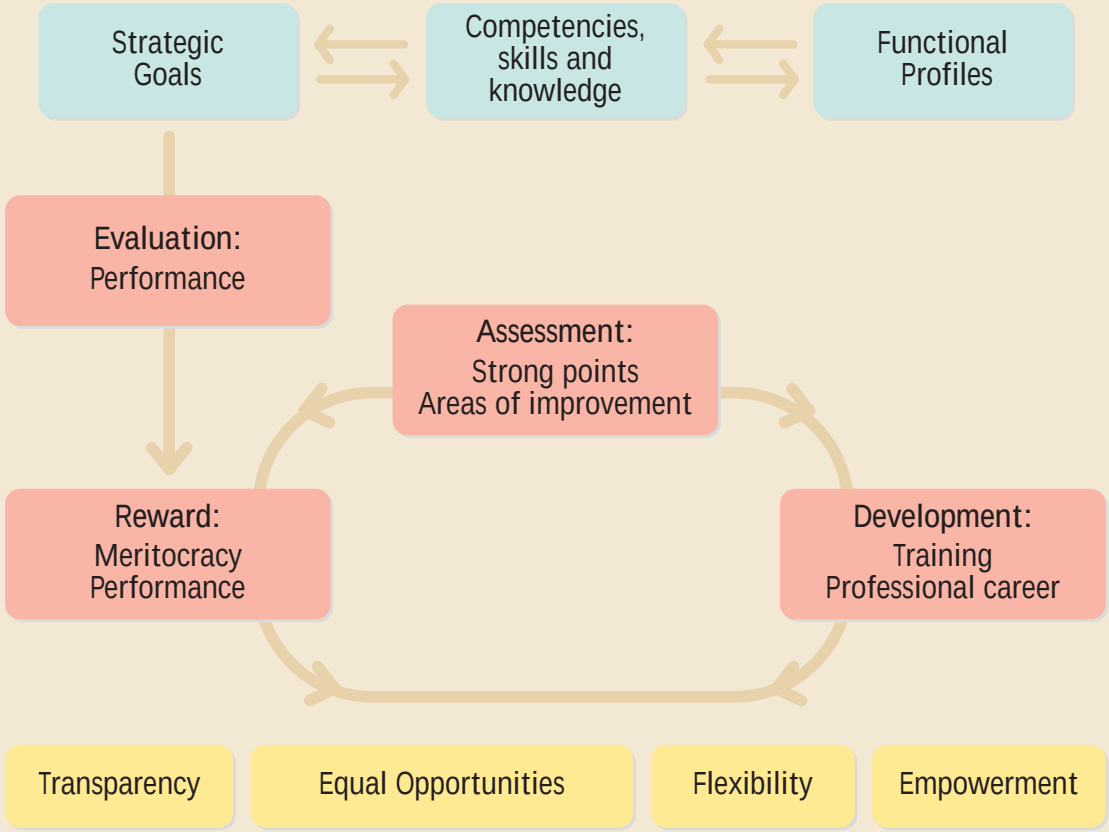
Human Resources policies are the same for all employees and take the form of a management model that is based on three features: the strategic goals of the BBVA Group, functional skills and profiles, upon which the policies of assessment, development, evaluation and reward are centred.

This model has been designed in keeping with the precept of corporate culture in *The BBVA Experience*: "Teamwork as the mainstay of the creation of value", which is embodied in a series of pledges to employees:

- To recognise effort, measured in terms of the results achieved, customer service and the Group's overall vision.
- To further personal and professional development, reconciling Group and individual interest.
- To foster teamwork within a framework of personal accountability that encourages initiative and individual decision-making.
- To stimulate the generation of ideas and the ability to implement them.
- To manage diversity as a competitive advantage, ensuring equal opportunities and individual respect for everyone.
- To create an atmosphere of trust based on direct relationships, backing for teamwork and transparent communication.

Expressed in an ambitious programme, the model of Human Resources thus responds to the commitments the Group has embraced with its staff, at the same time as it strives to ensure that these pledges become normal procedure.

The Human Resources Model at BBVA



One of the key factors in the management of people in an organisation is its management team. BBVA has reshaped the management role, grouping key positions into five levels, which are currently occupied by 1,729 senior executives. The definition of these positions is measured by the level of execution of the strategy, the resources administered, business autonomy and the complexity of the role. This has meant furthering the capacity for adapting the strategy and bridging

Employee satisfaction survey Spain (held in alternate years, in percentages)

Indicador	2003	2001
Satisfaction	60.4	52.4
Motivation	70.7	65.9
Image	73.7	70.6
Involvement	47.5	38.6

Two initiatives developed by Mexico and Venezuela

Bank	Project	Initiative	Description
BBVA Bancomer (Mexico)	Gente BBVA Bancomer	Quality of Life	Improve the work environment and the administration of time.
		BBVA Bancomer Leaders	Empowerment of leaders.
		Recognising your Worth	Learning by example and valuing people.
		BBVA Bancomer Talent	Knowing people and developing their skills.
		Extending Horizons	Encouraging professional development.
BBVA Banco Provincial (Venezuela)	Comunidad Provincial	Strengthening ties with employees	Programme of employee support.
			Internal Customer Proximity Scheme.
		Education	Training scheme for employees on integral prevention.
			Workshops for parents on educating values.
		Sport and leisure	Holiday scheme for the children of employees.
			Sports camps.
		Art and culture	Cultural programmes and guided tours of the BBVA Provincial Foundation.
		Health	Health surveillance and talks on prevention.
		Environment *	Internal programme on awareness and recycling.
		Social **	Programme of voluntary work.

(*) Initiative to be undertaken in 2005.
(**) Initiative to be reinforced in 2005. In 2004 it was only undertaken within the framework of the *Papagayo* (Parrot) Project of the BBVA Provincial Foundation.

the gap between the senior management team (2% of the overall workforce) and all the other people that make up the organisation.

To discover just how far this model fulfils the pledges made to its employees, every other year BBVA carries out employee satisfaction surveys. This allows for developing improvement schemes that cater for employees' needs and demands. The latest survey was held in 2003 and records an improvement in all the indicators.

> Professional development and effort recognition

One of the characteristics of the people and teams that work with their sights on their future is their ability and desire to learn. Over the past few years BBVA has refined a model for learning based on the development of skills and the recognition of effort.

> Skills appraisal

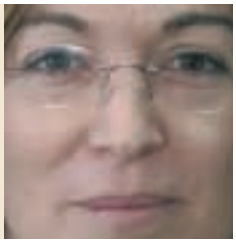
The Skills Management Model arises from the understanding that the level of development of skills and knowledge is vital to the organisation's performance and thereby its systematic management will lead to better results. It is based on the contrast between functional profiles – requirements of each post, as determined by each unit - and professional profiles –of each person–, which will allow for identifying the needs of each employee throughout the entire Group. BBVA has a catalogue of 19 skills and over 20 families of knowledge. The skills defined are common to all staff, with variations in the level required by each post. The nature and level of technical knowledge depend entirely on what is required for each position and provide the basis for the different departments in Human Resources to address the processes of recruitment, training and management of the professional career.

The Group is equipped with a whole range of tools for the analysis of professional profiles, which consider the opinion of the actual member of staff as well as their supervisor's. Accordingly, questionnaires on conduct are combined with personal interviews and the certification of knowledge. Furthermore, in the case of the management team, role-playing exercises and face-to-face interviews complete the system of

diagnosis. It should be noted that in 2004, 87% of staff were willing to give their opinion on their supervisor's profile (face-to-face interviews).

All those who make up the BBVA Group may use the corporate intranet to consult the map of duties, which imbues the model with transparency and enables each employee to steer their professional development towards those duties more suited to their interest, expectations and skills.

> Learning and development



Skills assessment is the cornerstone of the professional development interview, which each supervisor holds with their team members, and serves to define the Individual Development Plan (PDI), which outlines training and development actions

Consequently, the investment made in training is not devoid of substance in BBVA. Each year, this desire to improve is embodied in a general training plan, which in 2004 has focused especially on customer service and skills development, as shown by the following figures: training schemes dealing with customer service have accounted for 60% of the total sum invested and 70% of the hours allocated to training, which represents an increase of 30% in training effort with regard to 2003 in Spain.

In 2004, and on average, training per employee has recorded a total of 55 hours in Spain, 3.2% of the working day. These are figures that place BBVA at the head of the sector, in which the average is 37.1 hours per employee and 2.18% of the working day, according to the latest figures published by the Financial Sector Training Supervisors' Group (GREF).

In keeping with customer-focus, whose guidelines appear in *The BBVA Experience*, the Group has placed a catalogue of qualifications at the disposal of its staff, in order to provide customers with the assurance of staff accredited by institutions of international prestige and staff with the employability and recognition of their knowledge on the market. CFA (Chartered Financial Analyst), FRM (Financial Risk Management), CIA (Certified Internal Auditors), EFPA (European Financial Planning Association) and BULATS (Business Language Testing Service) are some of the qualifications the group has worked on in 2004.

Training in BBVA

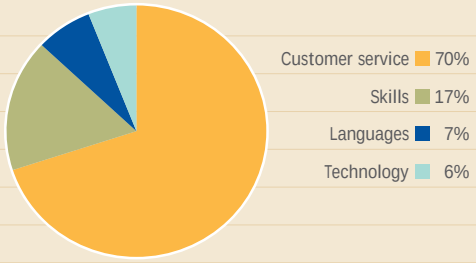
Indicator	2004	2003
Total investment in training (thousand euros)	34,315	34,568
Hours of training provided (thousands)	3,744	3,700
Spain	1,639	1,710
The Americas	2,105	1,990
Hours of training per employee	45	43
Spain	55	55
The Americas	40	37
Training via e-learning (percentage)	9	9
Spain	9	9
The Americas	4	4
Assessment of training satisfaction (over 5)	4.1	4.2

Key aspects of the Training Plan 2004

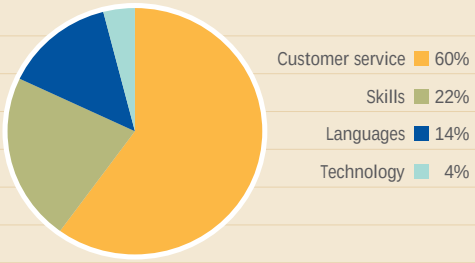
Customer Service	Customer service programmes for over 15,000 employees, product programmes for over 24,000 employees and programmes designed to streamline customer service processes for more than 8,000 employees.
Management Skills	Skills development in BBVA is undertaken from two complementary perspectives: the programmes of the School of Management, which in 2004 involved 1,000 senior executives in the Group (over 50% from units in Latin America) and the skills development programme, involving over 11,000 staff members.
Languages	It is essential to know foreign languages in BBVA, as this is a key factor in catering for customers' needs in a global environment. Accordingly, besides increasing its activity in this field, BBVA has enhanced quality, by reducing the number of students per group and introducing new learning resources, and it also offers the option of "full immersion" courses through its Language School.
Technology	This training area organises schemes involving management models and tools, work and productivity methods and microinformatics.

Training schemes in 2004

% hours allocated



Budget



It is worth mentioning at this point the position of leadership attained by BBVA in Spain in EFPA certifications. With 1,956 certificates accumulated so far, the Group stands at the forefront of the sector in number of staff with this qualification. Furthermore, this same year has seen the introduction of EFPA level II, with 301 members of staff already registered.

Special note should be taken of the fact that BBVA has been chosen amongst the ten top European companies in the development of leadership involving its senior executives, according to a study made by Hewitt Associates on 110 large corporations in 13 European countries. Moreover BBVA includes in its educational programs a broad range of issues related to human rights.

> Training channels

All training activity in BBVA is undertaken through three channels: presential, distance and e-learning. The effectiveness shown by distance learning in BBVA has meant the implementation of a global e-learning platform with a single model for the entire group, which is being gradually introduced in Spain, Mexico and Peru, encompassing over 20,000 employees.

> Knowledge Management

The role of development and learning in BBVA is understood in its widest sense, as a far-reaching task involving people and channels, rendered possible by both new technologies and the underlying culture.

This is the idea behind the Virtual Communities, aimed at continuous learning via the sharing of experiences throughout the Group. The launch of the Customer Project, which involved the appointment in each branch of a person charged with its implementation –quality supervisors–, furthered the creation of a network for the sharing of knowledge, experiences, opinions and work methods. The monitoring of these exchange fora by the different supervisors in each area has meant the gathering of suggestions that would otherwise be difficult to

> Knowledge management

Communities and fora	2004	2003
Number of virtual fora on the corporate intranet	347	169

> Promotion and salaries in the Group

Indicator	2004	2003
Persons promoted (% of total workforce)	13	26*
Persons with variable income (percentage)	53	53
Variable income over total income (percentage)	12	11

* The high percentage of promotions in 2003 is due to the fact that the restructuring of the Group involved widespread changes in duties, with the assumption of greater responsibilities.

BBVA Business School

It is a key element within the human resources management model, in which the development of talent is one of the priority goals.
It is organised into three lines of approach that respond to the development of the three main skills required by the Group: Management, Finances and Languages.
The School of Management, in collaboration with leading international business schools, provides in-depth knowledge on BBVA's culture and values and develops management skills, especially those required for decision-making. 1.092 senior staff have so far taken part in its sessions.
The School of Finances caters for needs in highly specialist knowledge in financial matters. Senior management and specialists in risk, markets, economic scenarios and finances in general are given an opportunity at the School to learn about and analyse the latest trends, news and changes in legislation involving the sector, under the guidance of renowned experts in these matters through modern hands-on approaches.
The School of Languages pursues its activity employing a system of "full immersion", aimed at developing communication within a business environment.

collect and finding solutions to minor everyday situations.

This exercise in sharing led to the initiative for disseminating *Best Practices* through the issue of the CD's "Lessons on work improvement" and "Lessons learnt from Customers", which describe the innovative experiences of individuals and teams in the Group, with the dual purpose of recognising the efforts of their protagonists and providing solutions that can be applied by other staff in the Group.

> Seeking coherence between principles and action. Compensation policies

Policies for the recognition of effort in BBVA seek coherence between the vision and daily business. Accordingly, the salary paid to each member of staff in the Group is based on their responsibility, job profile and performance. The reward system is objective (measurable results), transparent (it may be consulted on the corporate intranet) and of global application, with variations due to differences in the cost of living or the specific socio-economic circumstances prevailing in each country.

In order to reward the contribution of tangible results, whilst upholding the degree of internal and external fairness, the group has various kinds of salary payments:

- Fixed income.
- Standard variable income.
- Special incentives.
- Shares and long-term incentives for the management team.

The remuneration policy reflects the Group's strategy, by gauging compliance with the goals set for each member of staff, which are no more than an expression of the same. Monitoring their achievement is performed by means of the Performance Assessment process, in which 15% depends on customer satisfaction and 10% responds to the extent in which individual conduct is in line with the principles of corporate culture.

Thus, in terms of rewards, BBVA not only complies with legislation and collective bargaining agreements applicable to the sector, but also and according to the various employment surveys, the Group's salaries are above average for the market, when compared to similar organisations.

> Channels of communication in Spain
(number of annual communications)

Communication channel	2004	2003
Crónica	4	4
Adelante	4	0
Buenos Días	236	229
Actualidad	290	132
Canal BBVA	26	29
Actividad	11	11

> *The BBVA Experience* forums in Spain

Indicator	2004	2003
Management School	30	30
Breakfasts	24	9
TOTAL	54	39

> Internal communication

The Department of Internal Communication, embedded in the area of Communication and Corporate Image, and Human Resources are charged with administering the channels for participation and communication with the people that make up the BBVA Group, for the purpose of establishing an open and transparent relationship, based on trust, innovation and teamwork. Internal communication is an element of cohesion, favouring the integration of the different areas and organisations and is closely linked to the management of human resources. In BBVA, it relies on both technology and cultural considerations. The corporate intranet is the main channel, albeit not the only one, for the dissemination of information and for continuous and up-to-date communication. Furthermore, it is a virtual medium for teamwork and for the disclosure of successful solutions.

Channels for corporate communications and employee participation

Accessible over the intranet, the Employee Portal is one of the principal channels of communication and services designed for the people in BBVA. On an interactive basis, it allows for the management of processes and gathers information on the various management systems involving Human Resources, payslips, social benefits and loans for employees, as well as providing access to an extensive range of training schemes through the BBVA Campus. This portal also provides access to the Employee Service Department and to the Employee Dossier, enabling each individual to manage their personal data. What's more, it is one of the vehicles of communication for the Group's management model and policies in human resources.

The main channels of communication designed for staff in Spain are featured in this table. There are channels of a similar nature operating in each country.

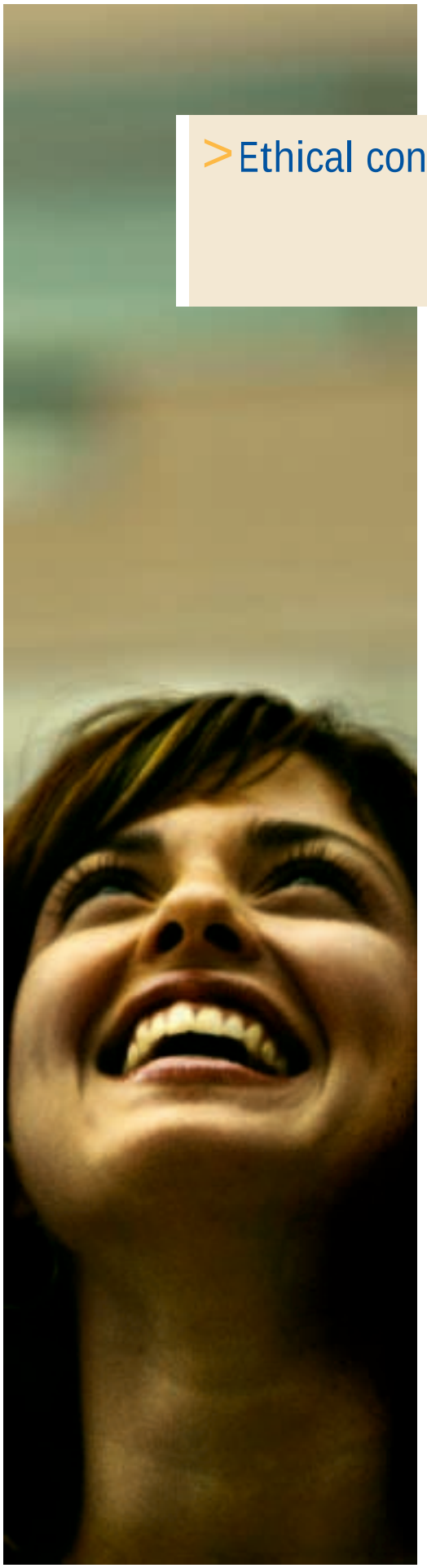
A prominent channel of communication is the section "*Tribuna*" in the Group's daily e-bulletin *Buenos Días* that is posted on the corporate intranet. "*Tribuna*" is an outlet reserved for voluntary contributions from those members of staff who so wish, which not only provides opinion or information on relevant issues for the group's staff, but is also used for knowledge sharing, translating into plain language matters that concern the different areas.

Channels of communication in Latin America

Country	Communication channels
Mexico	Monthly magazine *Enlance* and intranet.
Peru	Monthly bulletin *Notas de interés*, quarterly magazine *Crónica* and intranet.
Puerto Rico	Weekly bulletin *Nuestra Gente*, monthly magazine *Entérate* and quarterly magazine *BBVA Informa*.
Venezuela	Bi-monthly magazine *Entorno*, weekly posters *Provisual*, weekly e-newsletter *Provinfórmate*, monthly newsletter *Hechos Noticiables*, other monthly newsletters targeting different employee groups: *Fondos Mutuales, Bancaseguros, Impulso a la excelencia*.
Argentina	Monthly magazine *En Contacto* and intranet.
Colombia	Quarterly magazine *Nuevo Horizonte* by AFP *Horizonte* and *Notiacción* by *Banco Ganadero*, monthly newsletter and intranet.
Chile	Quarterly magazine *GenteBBVA* , internal newsletter *GenteBBVA* and intranet.
Panama	Quarterly magazine *Entorno*.
Andorra	Monthly magazine *Activitat*.

One of the channels of communication and participation that is having the greatest impact in the group is that consisting of presential fora, which have been instituted by the Department of Communication and Development of Corporate Culture, for the triple purpose of furthering communication between the Management Committee and the Group's staff, verifying the management of *The BBVA Experience* and channelling the organisation's response to staff demands. These fora are held in the School of Management (where sessions are held involving the Management Committee and the Group's senior executives and specialists) and in breakfasts organised for small groups with the Chairman, the CEO and the Head of Human Resources. All these are greatly appreciated by Group staff given the proximity, transparency and trust they convey and as an opportunity for getting to know each other.

Innovation constitutes another of BBVA's fundamental pledges. To this end, the Department of Innovation and Research provides a channel, *Proyecto Innova*, in which Group staff may voluntarily develop new ideas that can be embodied in projects. It has become consolidated as a mainstay of staff involvement, with over 600 proposals presented in Spain throughout 2004, leading to numerous improvements and the launch of new projects.



> Ethical conduct

Approval was granted in December 2003 to the Group's Code of Conduct, in accordance with one of the precepts of *The BBVA Experience*: "Ethical conduct and personal and professional integrity as a way of understanding and doing business". Its implementation and dissemination throughout the Group have taken place in 2004, in parallel with the introduction of control procedures that oversee its compliance. The results of this process have been submitted before the United Nations Global Compact as exemplary practice of BBVA.

> Equal opportunities and non-discrimination

For some time now, BBVA has been pursuing a policy in furtherance of diversity and equality. The publication of the Code of Conduct has meant its formal acceptance, stressing its respect for legality and the utmost confidentiality, whilst encouraging transparency and individual and corporate accountability.

Regarding the presence of women in the workforce, recent years have registered a clear upward trend, with recruitment in BBVA recording a higher percentage of women than men.

Diversity men-women (percentage)

Indicator	2004 Women	2004 Men	2003 Women	2003 Men
Total adjusted average	43	57	42	58
Spain	37	63	36	64
The Americas	47	53	47	53

New recruitments in Spain* (percentage)

Indicator	2004 Women	2004 Men
Percentage of recruitments by gender	57.4	42.6

*Figures are only available for Spain, given that US legislation does not permit the gender breakdown of recruitment, although it does permit this for the overall workforce.

Women employed according to level in Spain (percentage)

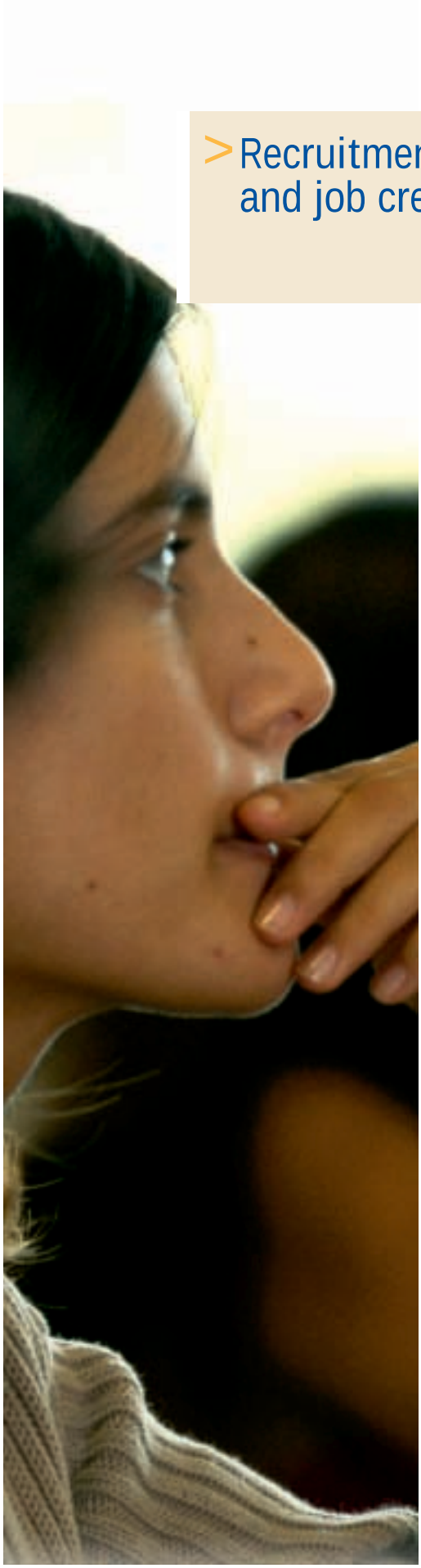
Indicator	2004	2003
Management team	11.2	11.1
Technicians	34.4	33.5
Office staff	43.8	43.4
General services	18.6	19.1

Support for staff in resolving conflicts

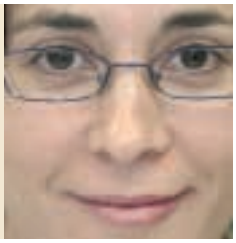
Human Resources attends to BBVA staff by providing legal guidance for employees in the Group's companies and departments on rights and duties forthcoming through labour relations, both internal and involving third parties, as conducive to the resolution of conflicts.

Likewise, awareness of labour legislation is encouraged and disseminated, with strict compliance thereof, in order to avoid possible breaches of employment regulations or inappropriate procedures, which could become the cause of liability for the BBVA Group or its staff.

The group also applies cross-board and objective coordination to disciplinary matters, paying special attention to prevention, with recognition of employee rights and assurances, at the same as it pursues an ongoing policy of reinstatement.



> Recruitment and job creation



Attracting major talent is one of the greatest challenges facing BBVA. The Group is permanently on the lookout for quality professionals who share the same values of corporate culture and fit a general profile: versatile, showing initiative, customer-focused, believing in teamwork, willing to adapt and self-confident.

BBVA has a global recruitment policy. The management of the recruitment process for candidates is undertaken by means of a novel tool, "*e-preselec*", which directly includes the personal summaries submitted by candidates into a database via the corporate website and which, in an initial stage, has been introduced in several banks in the Group. Subsequently, the candidates proceed to a series of tests, drawn up by BBVA, in response to the Group's requirements and the characteristics of each job profile. All this ensures that the recruitment process is objective and the same for all candidates, with the only requirement being to have the right corporate skills and technical knowledge.

To uphold fairness and transparency in the recruitment process, the Group has a strict Code of Procedure, which includes respect for equal opportunities, objectivity, confidentiality and the assurance of information for candidates.

BBVA seeks to keep a hold on talent: people who want to progress with the Group, pursuing a career that is personally and professionally fulfilling. Accordingly, BBVA has an Induction Scheme for the Group's new recruitments, which in the majority of cases includes a comprehensive training programme that combines presential and distance training, as well as an induction kit, in paper format, which introduces the new arrival to *The BBVA Experience* and to its corporate structures and policies.

> Youth employment

The Group's desire to become the first option for the finest talent is apparent in the various recruitment channels it deploys: BBVA's corporate website (posting of job offers and continuous gathering of personal summaries), the media and the "talent nurseries" that it visits on a regular basis (business schools, state and private universities) allow for simultaneously publicising job offers and selecting the target areas.

> Trainees

BBVA plays an active role in the training of students for the labour market by means of a programme of grants for job placements, with agreements subscribed with more than 50 Spanish universities and educational institutions.

The grants last for between 3 and 6 months, and the trainees receive instruction that is suited to their duties as well as help towards paying the cost of their education. Once the grant period has ended, a meeting is held with each trainee in which they are asked to give their assessment – the average score between 0 and 10 for the past year was 8.5. The number of trainees in Spain has risen from 175 in 2003 to 325 in 2004. In addition, an agreement has been reached in 2004 with the Centre for Educational Resources of the ONCE, the Spanish organisation for the visually impaired, to include disabled trainees.

> Integration of the disabled into employment in Spain

BBVA applies various recruitment processes in partnership with foundations and associations that cater for these groups (such as FUNDOSA, ADECCO and ATAM), for the purpose of hiring candidates who fit the required profile, mainly for positions in the branch network.

> New Group recruitments

Area	2004	2003
Spain	1,370	1,429
The Americas	1,132	1,018
TOTAL	2,502	2,447

> Presentation of BBVA job offers in Spain

Events	2004
No. presentations in Universities	19
No. presentations in Business Schools	6
No. Employment Fora	11

> Health and safety

Health is part of the well being of the people working in BBVA and one of the main concerns of the Group's Corporate Social Responsibility. The foremost efforts are focused on preventive measures and instruction and information on health lifestyles that reduce the risk of industrial illnesses or accidents, and assuring customers security in any facilities.

BBVA has a specific unit for matters of prevention: The Industrial Health Section, embedded within Human Resources and Services, with three areas of activity:

- Healthcare at work. This service involves specialised medical and health staff, responsible for monitoring employees' health.
- Technical Prevention Section. This caters for the specialities of safety, industrial hygiene and ergonomics and applied psychosociology.
- Affiliated healthcare company.

They are all staffed by specialists distributed throughout various locations, in order to ensure the proper coordination of prevention measures.

The coordination of the various services and benefits that BBVA has in Spain is arranged through committees involved in safety prevention and the health of staff. These committees are to be extended next year to other countries in The Americas, as they have revealed their potential as channels for promoting health and the prevention of industrial hazards:

- State Committee for Health & Safety (CESS).
- Health & safety Committee for singular buildings (CSS).

These committees are the result of an agreement between BBVA and the trade unions dating back to 2001 and deploy their activities through the Health & Safety Committees in those

Main areas of risk and response taken by BBVA

Area of risk	Definition	Main responses	Level of progress
Premises	Materials and quality of office air	– New design of offices	Completed
		– Plan for the refurbishment of singular buildings	80% completed
	Emergencies in the event of fire or serious accident	– Self-protection and evacuation plans	Completed
		– Protocols for reporting accidents	Completed
Ergonomics	Workstation design	– Supervision of compliance with regulations governing office furniture	Continuously underway
		– Technical guides for the prevention of industrial hazards	Completed
		– Manual on preventive measures	Completed
	Change of office equipment	– Replacement of 25,000 screen with TFT flat-screen technology	Due to be completed in the first quarter of 2005
	Display of information	– NACAR Project: increase in font size on computer screens and maximum use of the screen	Due to be completed in the first quarter of 2005
Preventive healthcare	Healthy lifestyles	– Anti-smoking campaign	Completed
	Prevention of illnesses	– Campaign of medical check-ups	Performed annually
		– Campaign of flu vaccinations	Performed annually
		– Risk assessment in pregnancy	Completed
		– Medical advice on the intranet	Completed
		– Affiliated healthcare company	Completed
Information and training	Information	– Guides and handbooks	Completed
	Instruction	– Online courses	Completed
Participation	Involvement of BBVA staff in prevention committees	– Deployment of the trade unions in the risk management of industrial hazards	Completed

Hours of work lost in Spain

Indicator	2004	2003
Hours of work lost through sick leave	2,021,460	2,003,701
Accident rate (hours lost due to industrial accident)	71,631	76,776

centres that have more than one hundred employees. In Spain, there are also 76 territorial Health & Safety delegates, distributed throughout the Bank's various territorial units. State Committee for Health & Safety is considered an equal and collegial body and responds to enquiries and the participation of staff in all matters related to the prevention of industrial hazards in the company. It is made up of 22 members, of whom 11 represent the company and 11 are Prevention

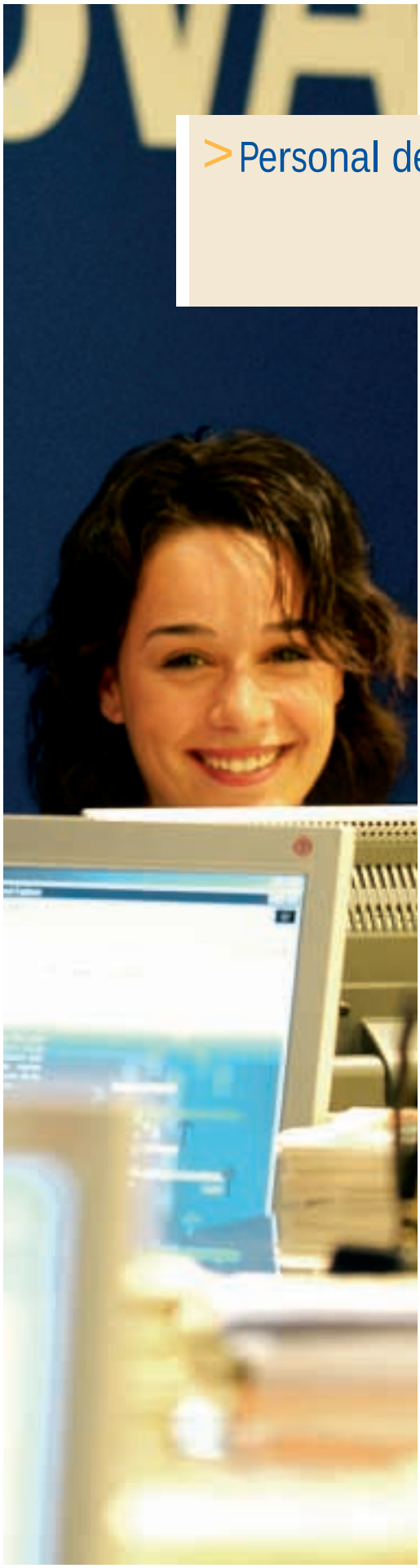
Ergonomics. Preventive measures

The Employees Health Portal provides BBVA staff with guidelines that set out to encourage habits and postures that avoid fatigue or muscular damage. They contain advice on the correct posture to adopt at the workstation, muscle strengthening, the way to avoid damage to the back or how to carry weights when required to do so. All office furniture has been checked by the Department of Industrial Health to ensure that it complies with official standards and current legislation.
CRT tube screens in the branch network are currently being

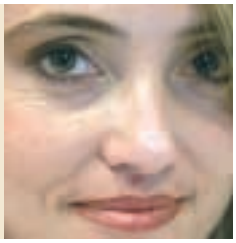
delegates chosen from amongst staff representatives.

Internal Audit performs checks in branches to ensure compliance with labour legislation regarding the possession of the required documentation in matters of the prevention of industrial hazards. Furthermore, in 2004 BBVA passed an external and independent audit on its System for the Prevention of Industrial Hazards.

replaced by 15" and 17" TFT flat screens, affecting over 25,000 screens throughout Spain. The expected benefits are an improvement in screen displays and the adaptation of monitors to new technologies, which will mean reduced energy consumption, saving on air conditioning and less workstation fatigue. This has involved the purchase of over 22,000 new TFT 17" approved screens, with the process for the replacement of screens due to conclude in the first quarter of 2005.



> Personal development



For BBVA, it is a priority to contribute to the personal development of each and every one of its staff. The fulfilment of all the aspirations and expectations of the people at BBVA is part of the management approach to generating enthusiasm that defines the organisation as a differentiating feature.

Within the working environment, a definition has been made of those main areas of action that:

- Further a greater reconciliation between work and family life.
- Establish support programmes for the families of BBVA staff.
- Foster the involvement of BBVA staff in social initiatives.

> Social benefits

Social benefits vary depending on the country and the background of the staff. In Spain, although it is true that very important collective agreements have been reached in different employment issues, an agreement is still pending on the cross-board treatment of the different conditions existing in social benefits, attributable to the regulations of those entities existing prior to Group's constitution.

Generally speaking, the main social benefits available to employees of the BBVA Group in Spain are:

- Education allowances for employees' children and family-members.
- Allowances for employees looking after disabled children or relatives.
- Supplementary holiday bonuses.
- Special bank loans, credits, fees and terms.
- Company store vouchers.
- Care Fund, set up to cater for special contingencies, such as special medical

procedures and serious family circumstances that are not covered by Social Security.
- Christmas gift.
- Holiday apartments and facilities.
- Long service awards.
- Life assurance.

> Reconciling work and family life

Over the course of an active working life, a large part of the time for BBVA staff is spent within the work place. In addition, the greater number of women in employment has led to major social change, requiring the design of a new scenario capable of providing solutions with regard to family life, but also with regard to companies.

The problem posed is a complex one and needs to be addressed from different perspectives. BBVA wishes to be involved in this challenge, introducing a series of measures that favour:
- Maternity and paternity leave, without this having a negative bearing on the possibilities for access to employment, on terms of employment or on access by women to positions of special responsibility.
- Making it easier for men to share in the care of their children from the very moment of birth or their becoming part of the family.

> BBVA Family Plan and other schemes for the family environment

In February 2004, the Chairman of BBVA presented the Plan for Action in Society – BBVA Family Plan, which amongst its various schemes includes programmes targeting the families of staff:
- Instruction within the family environment.
- Programmes for promoting voluntary work.

The first of these considers extending online training programmes for BBVA staff at home, incorporating content for professional development with special courses catering for the household sphere. Highlights within the catalogue of family instruction are:
- English for Kids.
- How to study better.
- Communicating within the family.
- Environment.
- Interpersonal relations.
- Customer tie-in.

Along these lines, mention should also be made of two initiatives by BBVA Banco Provincial in Venezuela: the organisation of workshops for parents on the teaching of values and Holiday Camps, which provide the children of staff with leisure, sports and cultural activities, and help them to discover new regions, their culture and folklore. In addition, the children of staff take part alongside their parents in events designed to prevent drug dealing and consumption.

Some relevant data on social benefits

- The provision made in 2004 for the Care Fund amounted to 946,810 euros.
- The number of people who have benefited from the use of the holiday facilities amounted to 5,548 employees and 8,108 family members.
- The number of employees who have enjoyed holiday apartments subsidised by BBVA in 2004 amounted to 953.

BBVA Bancomer.
Voluntary work through the Training Centres

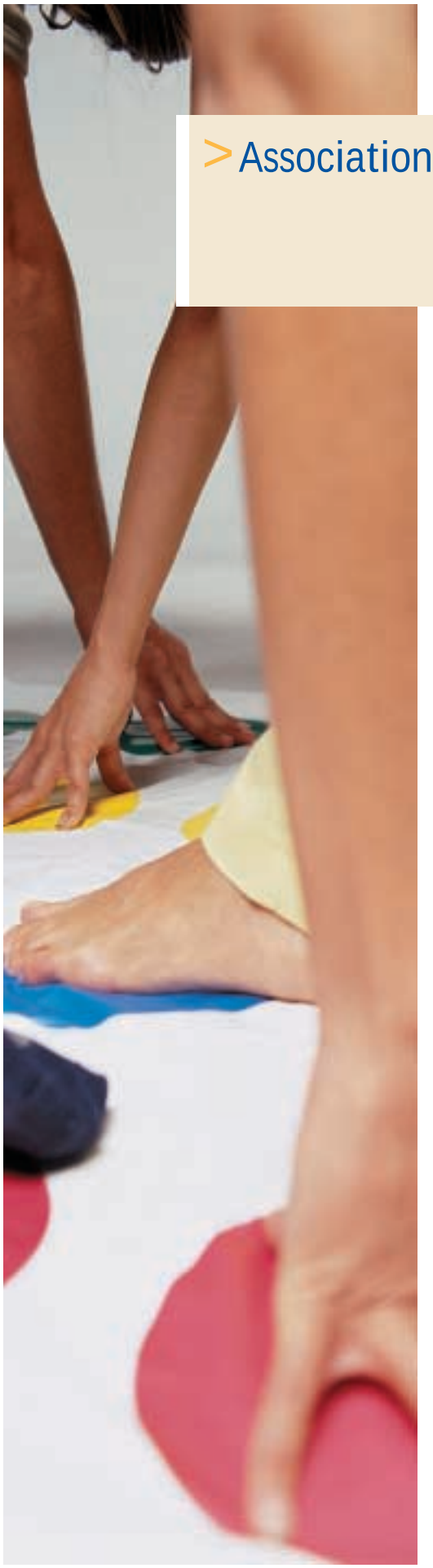
The aim of the BBVA Bancomer Voluntary Work Group is to provide a voluntary social service to communities with scant resources, arranging courses that allow for the acquisition of knowledge and attitudes that further personal and family development, improving quality of life. This voluntary work is largely undertaken thanks to the involvement of staff and their families.

The programme began in 1984 in the Magdalena Contreras Delegation, in Mexico's Distrito Federal, with seven women volunteers and 20 students. Today, there are almost 300 people working throughout the country, providing voluntary social services and organising courses in communities with few means. Within the context of this programme, the BBVA Bancomer Foundation invested 2,900,000 Mexican pesos in 2004 in training schemes and adult education in the 24 integral training centres it maintains, which provide instruction for 3,200 adults on literacy courses, basic education (primary and secondary) and occupational training. They are targeted at people with few resources who have not had access to proper education or who wish to learn a trade. So far, 8% of the students have opened small businesses after passing through the training centres. The centres also cater for 305 minors, who receive instruction in values. Finally, the BBVA Bancomer Foundation has backed the creation of the internet portal www.hacesfalta.org.mx, which aims to encourage voluntary work in Mexico through people's involvement in social interest schemes.

Regarding the second programme of the Family Plan, it includes training and instruction schemes (online course on voluntary work and information on NGO's and relief campaigns). Moreover, a new programme of voluntary work is scheduled for 2005.

Yet regardless of the Plan, the social commitment of BBVA staff is high. Many of them are very aware of social problems and play an important part in the communities they serve. This attachment has given rise to programmes for promoting voluntary work that enable BBVA staff to take part in social schemes in their communities, sharing their time with those in greatest need.

Especially interesting are various schemes within this sphere in different Group companies in Latin America: Mexico, Argentina, Colombia, Panama, Peru (where BBVA Banco Continental organises a programme in conjunction with the Bank's Pensioners' Association) Puerto Rico and Venezuela. In this latter case, and besides the programmes organised by the BBVA Provincial Foundation, the Bank is to launch a far more ambitious programme in 2005.



> Associationism

The Group's Code of Conduct states that BBVA is to pursue its business without interfering in, conditioning or influencing the political pluralism of the societies in which it is present. Consequently, relations with political parties, trade union organisations and other key players in social life are governed by the principle of legality, respecting and applying the legal regime and the internal regulations that may be developed accordingly. BBVA therefore fully supports freedom of association and trade union activity. The Group ratifies this by embracing the values proclaimed by the International Labour Organisation and its explicit adherence to the United Nations Global Compact.

By means of various mechanisms, the trade union associations obtain information and partake of important decisions in BBVA employment policy, in order to uphold the principles of transparency, concurrence and contrast, also with the assurance of information on major investment and divestment decisions.

Corporate policies and principles are laid down for the entire Group, albeit respecting the different regulations in each country. In 2004, BBVA and the trade union representatives have created a European Workers' Committee within the framework of current legislation in those countries within the European Area in which the group is present.

As for Latin America, an agreement of intent was subscribed in December 2001 with trade union representatives for the purpose of facilitating the presentation of ideas and initiatives that have a positive bearing on the evolution of industrial relations, within a climate of consensus and maximum harmony.

Trade union associations in the BBVA workers' committee in Spain

Item	2004	2003
Number of associations represented in the Workers' Committee	11	11

> Sustainable management of resources

- Key indicators of environmental performance
- Commitment to sustainable management
- Environmental Management System
- Eco-efficiency in the consumption of natural resources
- Climate Change and loss of biodiversity
- Indirect environmental impact. Risk management
- Environmental training and awareness-enhancing

> Key indicators of environmental performance

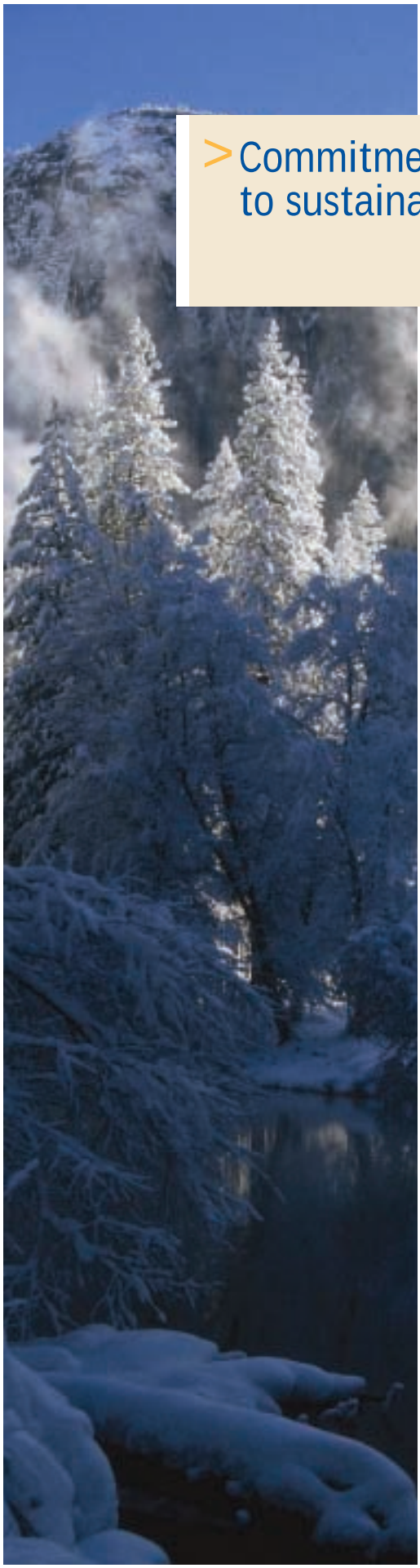
> Key indicators of enviromental management system

Indicator	Unit	2004	2003	Δ% on previous year	Target 2005
INDICATORS OF DIRECT EFFECT: ECO-EFFICIENCY					
CO_2 emitted/used	tn	3.7	3.7	1.9	yes
Electricity consumed per employee	kwh	7,565	7,173	(5.7)	yes
Water consumed per employee	m^3	53.2	52.6	1.3	yes
Paper consumed per employee	kg	130.4	116.8	8.0	yes
A4 paper recycled/A4 consumed, Spain	%	98.5	98.6	(0.1)	yes
Ecological paper/total consumed, Spain(1)	%	99.2	99.4	(0.2)	yes
ECF paper/total roll paper consumed	%	100.0	100.0	0.0	yes
Toners sent for recycling(2)	kg	26,765	19,976	34.0	yes
Computers sent for recycling(2)	kg	33,880	–	–	yes
INDICATORS OF INDIRECT EFFECT					
Certified suppliers	%	92.3	50.7	82.1	yes
Environmentally certified purchases	%	69.2	38.0	82.1	yes
Operations analysed for environmental risk	nº	5,397	–	–	no
Operations refused for environmental risk	nº	5	–	–	no
Total Kyoto risk(3)	%	4.3	–	–	no
Financing of wind energy(4)	€m	138.8	89.1	55.8	yes
Funds in socially responsible investment	€m	932.6	784.0	19.0	no
Proportion of total investment funds managed in socially responsible investment	%	1.8	1.7	6.4	no
Total environmental patronage	€m	5.0	3.1	64.6	yes

Indicator	Unit	2004	2003	Δ% on previous year	Target 2005
ENVIRONMENTAL MANAGEMENT INDICATORS					
Preliminary Environmental Management System(5)	–	medium	nil	–	yes
Environment committee meetings held	nº	1	1	0.0	yes
Environmental targets by country	yes/no	yes	no	–	yes
Full-time environmental specialists	nº	2	0	–	yes
Environmental training	hours	1,331	0	–	yes
Internal newsletters on the environment	nº	10	0	–	yes
ISO 14001(6)	nº	4	5	(20.0)	yes
Fines, lawsuits or legal non-compliances	nº	0	0	–	no
Improvement in application of Equator Principles	yes/no	no	–	–	yes

Unit: (tn) tonnes; (kwh) kilowatts per hour; (m^3) cubic meter; (%) percentage; (kg) kilograms; (nº) number.

(1) Ecological paper includes 100% recycled paper and ECF paper free of elementary chlorine.
(2) With certificate for each delivery to an authorised and ISO certified company in Spain.
(3) Estimation of Group financing in industries regulated by Royal Decree 1866/2004, of 6 September 2004, approving the National Plan for Allocation of Emission Rights, 2005-2007, as porcentage.
(4) BBVA is the leading financier in Spain of installed wind power capacity. During the last 5 years BBVA has participated in the financing of 2,303 MW to an amount of over €1,468m and $205m.
(5) The first steps in the Environmental Management System were taken in 2004. In 2005, this system, based on ISO 14001, is expected to make substantial progress in all fields.
(6) During 2004 the approach to ISO 14001 certification was changed, turning it into more of a management tool. In 2005 it is hoped to replace the current certificates with others of greater scope and strategic sense.



> Commitment to sustainable management

The financial sector is well placed to play a significant role in fostering sustainable development. More than through the eco-efficiency of the resources it uses, it can bring most influence to bear through its financial activities themselves. The management model used by BBVA incorporates an environmental dimension into business decision-making, especially areas with the greatest potential environmental impact.

With a view to reconciling economic, social and environmental interests harmoniously, BBVA has built its specific commitment to the environment on three main pillars: strict compliance with current legislation, responsible conduct in its everyday activity and a proactive influence on the conduct of stakeholders. This threefold commitment is in turn manifested in seven priority areas of activity:

- The establishment of quality and efficiency targets related to the environment and use of natural resources, working to develop initiatives that will help reduce our ecological footprint.
- Use of environmental criteria when analysing risks of the financial operations; designing and implementing risk assessment criteria, promoting financial products that foster environmental improvement and developing environmentally sound investment initiatives.
- Proactive involvement in customers' projects for environmental conservation and improvement, opening channels of participation in initiatives of environmental improvement and forming alliances that will generate quantifiable environmental improvements.
- Working with suppliers to encourage best environmental practices and develop

Forums, initiatives and emerging standars

UNEP-FI	BBVA has been part of this joint initiative between the United Nations Environment Programme (UNEP) and the financial sector since 1998. The aim of the programme is to promote best environmental and sustainability practices at all operating levels within financial institutions.
	BBVA is a member of the "Latin America" and "Sustainability Reporting" taskforces; the latter is preparing a supplement of environmental indicators for financial institutions, for the Global Reporting Initiative (GRI). (www.unepfi.net).
Global Reporting Initiative	BBVA has helped prepare the supplement of environmental indicators for financial institutions and promotes the use of GRI as a basic standard of sustainability information at international level.
Equator Principles	BBVA has been a member since 2004 (www.equator-principles.com).
AENOR	During 2004, BBVA was on the taskforce reviewing the standard for Analysis and Assessment of Environmental Risk (UNE 150008:2000EX), promoted by the Spanish Standards and Certification Association (AENOR).
Carbon Disclosure Project	BBVA has participated in this initiative to provide transparent information on the environmental impact of its activities since 2003 (www.cdproject.net).
Madrid 2012	BBVA is working with the Sustainability Indicators group of the Madrid 2012 Candidacy to host the Olympic Games, alongside other Spanish companies in the Dow Jones Sustainability Index. BBVA has also signed up to the Madrid bid's "Green Letter" (www.madrid2012.es).

environmental requirements that will reduce the Group's negative environmental impact.

- Support for environmental initiatives in society, using lines of sponsorship and patronage –largely managed by the foundations– geared towards conserving the natural surroundings, especially in the areas of research and dissemination.
- Encouragement of good environmental practices among employees, designing initiatives for environmental improvements in processes, guides to good practices and training and information seminars, providing support to environmental aspects of BBVA's forums for exchanging information and knowledge management.
- Support for innovation, favouring the design of new financial services that generate environmental benefits through the Group's commercial action.

BBVA is an active participant in the development and implementation of a range of emerging initiatives and standards. It cooperates in designing them in order to help further the financial sector's commitment in this field. As well as being a member of the United Nations Global Compact, BBVA also participates in a number of forums (see table "Forums, initiatives and emerging standards".

> Environmental Management System

An environmental management system (EMS) is a tool that organisations can use to systematically monitor whether they are achieving the level of environmental performance they have targeted. BBVA's EMS applies to all activities and countries in which the group operates. Its scope is therefore global, as reflected in the statements contained in the Group's environmental policy.

BBVA's EMS includes the organisational structure, planning of activities, responsibilities, practices, procedures, processes and resources for developing, introducing, implementing, checking and updating the environmental policy, using the continuous improvement methodology established under standard ISO 14001, the world's most widely accepted standard on environmental management.

During 2004, we undertook a profound review of our ISO 14001 certifications policy. The aim was threefold:

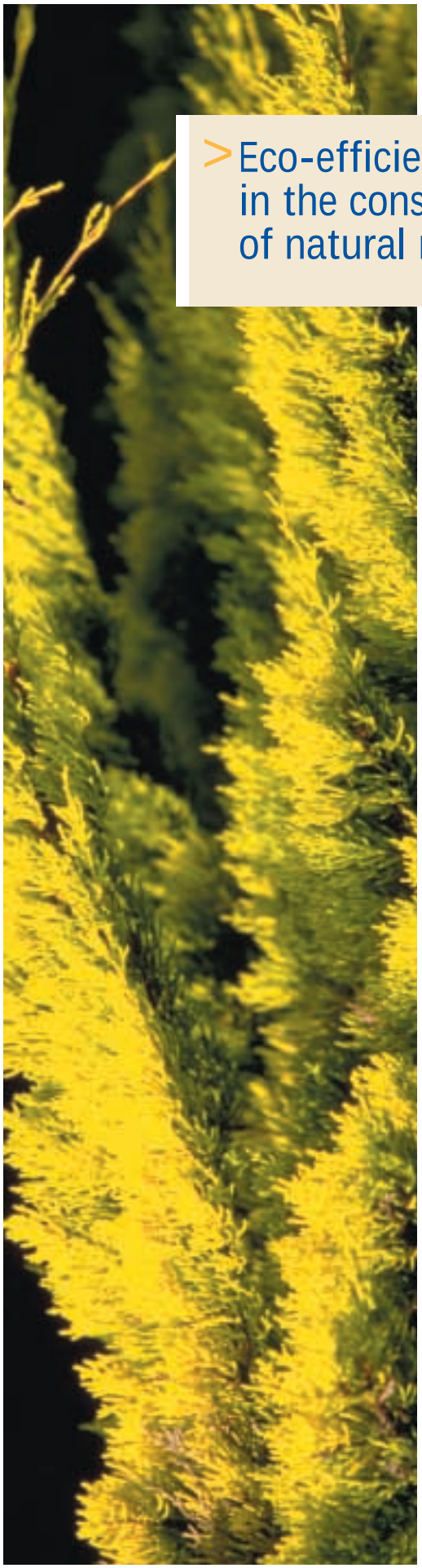
- To integrate ISO 14001 into the day-to-day running of the group. We have decided to increase the scope, focusing on emblematic buildings and business areas –initially in Spain– that encompass sufficient activities, structures and staff to help replicate and extend the certifications as management system to the rest of the organisation.
- To complete some of the business units that have already been certified with ISO 9001 certification and environmental management certification ISO 14001. This will help develop an integrated certification that fully exploits the synergies that exist between the two, advancing towards fully integrated quality and sustainability systems. This is, for example, the goal set for the activities of Anida.

- To further decentralise management among areas keen to use ISO 14001 as a tool for managing their environmental impacts. Backing this process is the environment team from the Department of Corporate Social Responsibility which coordinates all the group's ISO 14001s.

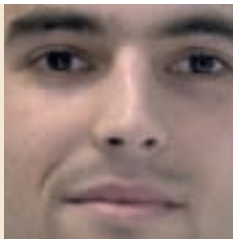
In this scenario, only four ISO 14001 certifications were gained in 2004, but their scope will increase substantially during 2005. Our goal is to follow the methodology of the ISO 14001 model progressively and undertake certifications in areas that might be of special strategic interest.

Special mention should be made of the Banc Internacional d'Andorra-Banca Mora, the only bank in the Group and one of the few in the world to achieve ISO 14001 certification for all its activities and all the centres in which it operates.

During 2004, a meeting of the Environmental Policy Committee was held, which was attended by all the areas in the Group most directly affected by the environmental issue. The meeting approved the environmental management system.



> Eco-efficiency in the consumption of natural resources



Eco-efficiency is a concept first devised at the 1992 Earth Summit in Río de Janeiro. It establishes the ratio between the increase in people's quality of life and the environmental impact of the activities they perform. Practices that allow wealth to be generated with a reduced consumption of natural resources are classed as "eco-efficient".

> Paper consumption

Paper is an essential resource in any bank. It is used primarily for correspondence with customers and for internal activities. BBVA chiefly uses two types of paper: one for transactions sent to customers and the other for use in printers and photocopiers. In Spain, approximately 55% of all paper consumption comes from transactions.

99% of all paper used in BBVA transactions in Spain is of low environmental impact type (only 1% of the paper consumed is of conventional type). All paper used in operations in Spain (deliveries to customers in flyers from roll paper) has been bleached using the ECF – Elemental Chlorine Free—method, which has less environmental impact than traditional bleaching using chlorine gas. 98.5% of printer and photocopier paper is entirely recycled and bears the "Blue Angel" stamp (used paper which comes entirely from selective collection, with no use of bleaching chemicals).

Our goal for most is to reduce paper consumption, increase the use of recycled paper and low-impact unbleached paper and encourage the use of environmentally friendly technologies (videoconferencing, remote connections between

Indicators of Eco-efficiency

Indicators of Eco-efficiency(*)	Unit	Spain 2004	Spain 2003	Spain Δ % on previous year	Mexico 2004	Mexico 2003	Mexico Δ % on previous year	Rest of Latin America(1) 2004	Rest of Latin America(1) 2003	Rest of Latin America(1) Δ % on previous year	Rest of world(2) 2004	Rest of world(2) 2003(3)	Rest of world(2) Δ % on previous year	TOTAL 2004	TOTAL 2003	TOTAL Δ % on previous year
CO_2																
Total CO_2 emitted(4)	tn	103,040	113,045	(8.9)	127,443	128,891	(1.1)	31,309.5	24,760.0	26.5	4,848	1,337	262.6	266,641	268,033	(0.5)
Total CO_2 per employee	tn	3.3	3.6	(7.9)	5.2	5.1	1.0	2.2	1.6	33.1	4.3	5.3	(20.4)	3.7	3.7	1.9
Direct emissions of CO_2	tn	23,002	24,635	(6.6)	5,049	5,765	(12.4)	2,403.5	401	499.4	–	–	–	30,454	30,801	(1.1)
CO_2 from energy consumed	tn	2,221	2,283	(2.7)	–	–	–	1,231(5)	401(6)	258.1	13.4	–	–	3,670	2,684	36.7
CO_2 from travel	tn	20,781	22,352	(7.0)	5,049	5,765	(12.4)	1,173(7)	–	–	–	–	–	27,002	28,117	(4.0)
CO_2 from aeroplane travel	tn	9,357	10,740	(12.9)	3,667	4,404	(16.7)	–	–	–	–	–	–	13,024	15,144	(14.0)
CO_2 from road travel	tn	11,424	11,611	(1.6)	1,382	1,361	1.5	263(8)	–	–	–	–	–	13,069	12,973	0.7
Indirect emissions of CO_2	tn	80,038	88,410	(9.5)	122,395	123,126	(0.6)	28,906	24,359(9)	18.7	4,835	1,337	261.7	236,174	237,231	(0.4)
ENERGY																
Total electricity consumed	kwh	190,114.509	210,000,000	(9.5)	208,864,925	210,112,348	(27.6)	128,419,048	98,540,496(9)	30.3	10,621,692	3,169,008	235.2	538,020,174	521,821,852	3.1
Electricity consumed per employee	kwh	6,180	6,753	(8.5)	6,161.6	8,337.5	(26.1)	8,833	10,274(9)	(14.0)	9,358	12,676	(26.2)	7,565	7,173	5.5
Total gas consumed	m^3	586,092	366,518	59.9	0	0	0.0	267,634(9)	271,140(9)	(1.3)	–	–	–	853,726	637,658	33.9
Gas consumed per employee	m^3	19.1	11.8	61.6	0	0	0.0	30.1(9)	28.2(9)	6.4	–	–	–	12	8.8	37.0
WATER																
Total water consumed	m^3	1,509,951	1,537,326	(1.8)	1,160,836	1,159,580	0.1	1,060,031	1,073,992.9(6)	(1.3)	55,477	54,172	2.4	3,786,295	3,825,071	(1.0)
Water consumed per employee	m^3	49.1	49.4	(0.7)	47.0	46.0	2.2	72.9	77.4	(5.8)	48.9	47.0	3.9	53.2	52.6	1.3
PAPER																
Total paper consumed	tn	5,820	5,327	9.3	2,920	2,831	3.1	455	260(9)	75.1	155	130	19.4	9,276	8,498	9.2
Total paper consumed per employee	kg	189.1	171.3	10.4	118.3	112.3	5.3	37.2	27.1(9)	37.4	136.7	112.7	21.2	130	116	11.7
Total consumption, A4 type	tn	3,210	2,746	16.9	1,876	1.877	0.0	455	260	75.1	–	–	–	5,541	4,882	13.5
Total consumption of roll paper in operations	tn	1,608	1,585	1.5	449	368	22.2	–	–	–	49.7	49.0	1.5	2,107	2,002	5.3
Total consumption of envelopes	tn	1,002	996	0.6	595	587	1.4	–	–	–	31.0	30.8	0.6	1,628	1,614	0.9
RECYCLED WASTE																
Paper	kg	566,080	90,390	526.3	–	–	–	491,500	81,700	501.6	86,900	42,900	102.6	1,144,480	214,990	432.3
Computers	kg	33,880	–	–	–	–	–	–	–	–	–	–	–	33,880	–	–
Toner	kg	15,750	12,600	25.0	–	–	–	9,929	6,278	58.2	1,086	1,098	(1.1)	26,765	19,976	34.0

WASTE DONATED				
Computers	nº	314	–	–
Items of Furniture	nº	532	–	–
Mobiles	nº	350(10)	–	–
USE OF HARMLESS TECHNOLOGIES				
Videoconferences	nº	1,455(11)	–	–
Rooms equipped for videoconferencing	nº	252	236	6.8
PAPER TYPE				
ECF paper/total roll paper consumed	%	100.0	100	0.0
A4 paper recycled as a proportion of A4 paper consumed	%	98.5	98.6	(0.1)
Ecological paper as a proportion of total paper consumed	%	99.2	99.4	(0.2)

(*)In accordance with GRI the data for the CSR Report 2003 have been updated using more exact measuring methods applied in the EMS.

Unit: (tn) tonns; (kwh) kilowatts per hour; (m^3) cubic meter; (%) percentage; (kg) kilograms; (nº) number.

(1) Includes the Group's banks in: Venezuela, Argentina, Colombia and Peru.
(2) Includes the Group's banks in Portugal and Andorra.
(3) 2003 data correspond exclusively to Andorra.
(4) In calculating the CO_2 emissions, we have used the methodology proposed under the Greenhouse Gas Protocol, www.ghgprotocol.org
(5) Data for Venezuela, Argentina and Colombia.
(6) Argentina. Argentina reports a total of 217,140 cu. m., down 1.3%, which we have extrapolated from other countries as the 2003 figure is not available.
(7) BBVA Colombia and BBVA Banco Continental in Peru.
(8) Data for BBVA Banco Continental in Peru.
(9) BBVA Banco Provincial in Venezuela and BBVA Banco Francés in Argentina.
(10) In Spain BBVA is involved in the "Donate your mobile" scheme, organised by the Red Cross and Entreculturas, with 167 containers installed.
(11) 170 correspond to BBVA Colombia and 140 to BBVA Banco Continental in Peru.

Statistics on use of services related to paper consumption in 2004 (España)

Indicator	Number
Customers with virtual correspondence	35,404
Products with virtual correspondence	159,761
Alerts by virtual correspondence	7,898
Documents viewed	1,170,310
Paper-free customers	3,871

workstations, intranet, virtual correspondence, electronic documentary archives, etc).

BBVA offers its customers electronic banking systems that help reduce or even eliminate correspondence on paper, replacing it with virtual means. During 2004, this project resulted in a saving of over 300,000 documents.

Promoting recycling

The main waste generated by group's business consists of: paper, printer and photocopier toner and electronic material, as well as waste related to property administration (batteries, oils, fire-fighting equipment and packaging). The latter are managed in accordance with the procedures set out in ISO 14001 and always in accordance with the suppliers' instructions.

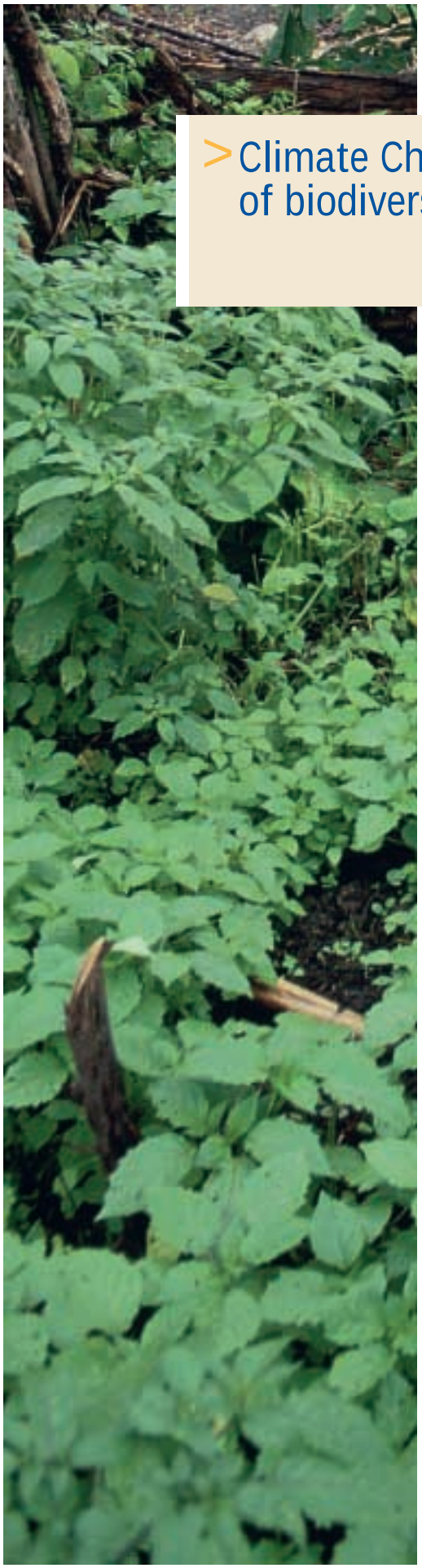
2004 saw significant progress in the recycling of obsolete electrical and electronic equipment. In Spain a new procedure has been introduced for having all computer waste treated by an authorised waste manager with ISO 14001 certification, who issues the corresponding destruction certificates in compliance with the most demanding EU regulations. Any appliances which are still useful are treated and donated free of charge to NGOs. During 2004, 314 computer units were donated. Following this process, a total of 33,880 kg was treated under the new IT waste management procedure by an authorised and certified manager.

During 2004, the group began replacing 25,000 CRT (cathode-ray tube) computer monitors with flat TFT screens, which offer greater viewing quality and are substantially more efficient in terms of energy consumption, cooling needs, space and electro-magnetic emissions. This process is being carried out by authorised managers with ISO 14001 certification.

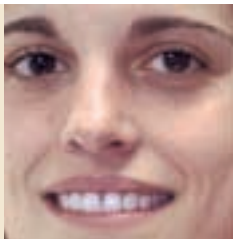
BBVA is now participating in a national campaign for collecting mobiles (www.donatumovil.org) led by the Fundación Entreculturas and the Spanish Red Cross. The mobiles donated are repaired free of charge or recycled, and the profits are reinvested in humanitarian projects run by the two organisations. By the end of the first year, it is approximately 200,000 phones, valued at around €700,000, are expected to have been donated.

Sustainable waste management

During 2004, a new procedure began for treating waste of all types generated in the group's activities. A total of 33,880 kg of electrical and electronic appliances have been disposed of under the new procedure. All deliveries are backed by the necessary environmental processing certificate. A similar process has been used with nearly 20,000 toner cartridges per year, under the management of a certified specialist company in accordance with ISO 14001. We are also studying the possibility of donating any possible profits from the sale of the used cartridges to environmental NGOs to be used in key environmental projects.
314 useful computer units have also been donated. These were restored to complete operability by volunteers from BBVA's Systems and Operations area. Over the year 532 items of furniture were donated to humanitarian organisations.



> Climate Change and loss of biodiversity



Biodiversity is one of the chief lines of action of the BBVA Foundation (see chapter on "Community support"), but it is also a concern of the Group in its everyday activity.

Greenhouse gas emissions are caused by the day-to-day running of properties and climate in control and also in transport. Indirect emissions are generated by power consumption, and can be reduced by means of savings in power consumption and the use of more environmentally friendly sources of electricity (wind-power, hydro power, etc). The methodology used for calculating CO_2 emissions is as established in the *Greenhouse Gas Protocol* (www.ghgprotocol.org), an instrument developed jointly by the World Business Council for Sustainable Development and the World Resources Institute, two of the most prestigious institutions in the environmental sphere.

The issue is also beginning to have important economic consequences, with the development of new markets as a result of the Spanish government's approval of the ´National Plan for the Allocation of Emission Rights in compliance with the Kyoto Protocol, which has been in force since February 2005. BBVA has already organised a number of events and presentations with the agents involved, and with experts from each of the industries. These events have placed BBVA in an advantageous position, where it can now offer innovative asset management and project financing arrangements to business customers.

The Group also seeks to take advantage of new opportunities by getting involved in other initiatives in the context of the Kyoto commitments. In particular, it has widened its participation in the development of a market in emission rights. Iberclear, a company in which

BBVA has holdings, has been selected to manage Spain's official Register of Emission Rights. The Group is already participating in the flexible mechanisms established by the Kyoto protocol –trading in rights, financing of clean development mechanisms and joint implementation and encouragement of carbon funds– giving its backing to all the mechanisms established under the protocol in Spain and Latin America.

The group has also been involved in the "Carbon Disclosure Project", an initiative of Rockefeller Philanthropy Advisers, since it was first set up in 2000. The project encourages transparency and best environmental practices on climate change among the 500 largest companies in the world. During its second edition in 2004, it had the express backing of managers of assets in excess of $10,000bn (www.cdproject.net).

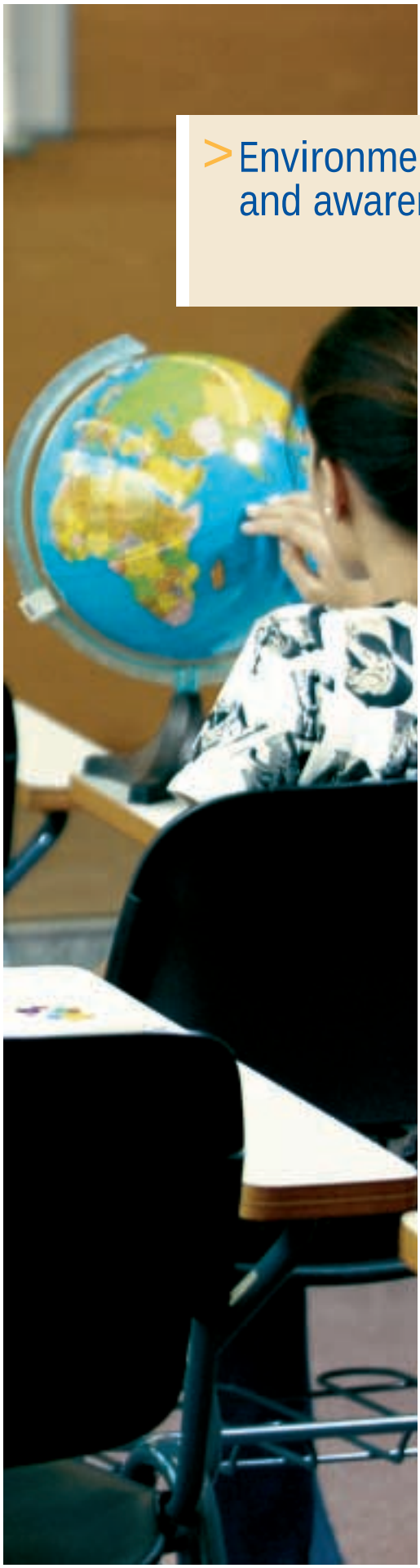
> Indirect environmental impact. Risk management

Assessing the indirect environmental impacts resulting from the financing of companies and investment projects is a complex task, necessitating specific methodologies for risk analysis. With growing legal pressure on environmental aspects, BBVA can contribute in its role as a financier to promoting the use of viable and less pollutant alternatives, thus helping to reduce environmental damage.

During 2004 BBVA also signed up to the Equator Principles, a series of guidelines from the International Finance Corporation (an agency of the World Bank) for taking social and environmental factors into account in financing large investment projects in emerging markets.

During 2004 the bank continued to develop its “Ecorating” project. This is a risk management tool which enables companies to be classified on the basis of their environmental risk profile. A model is being developed that will cover BBVA's needs but have no impact (or only a minimum one) on the environment in the area of systems design and development.

BBVA is also introducing methodology for detecting and evaluating reputational risks; it has developed a specific tool (Rep-tool) to analyse the endogenous and exogenous factors that create this type of risk. The model integrates the environmental and social risk factors of the credit activity, particularly large investment projects, which by their nature are deemed to have the greatest potential impact and which if improperly managed, could involve a greater credit risk on the part of the borrower and a greater risk of harming the group's reputation.



> Environmental training and awareness-enhancing

As well as the environmental requirements set out in the group's Code of Conduct, an essential ally of environmental improvement policies are the men and women of BBVA. Consequently, a number of different actions are being developed to encourage and enhance their environmental sensitivity.

> Awareness tasks

BBVA's Communication and Corporate Image area sends out regular information on ways of improving environmental performance, thus helping publicise the environmental policy.

The intranet and the various websites are used to give information on news, events, calls for projects and good environmental practices. During 2004, a number of different articles with an environmental content were posted on the intranet. The goal for 2005 is to increase the amount and quality of the information contained on the site.

BBVA also seeks to raise awareness of these issues among society at large, through a range of actions. As well as the important work carried out by some of the group's foundations (see chapter on “Community Support”), BBVA has also worked on awareness-enhancing programmes. These included a programme developed jointly with the Red Cross and Entreculturas for collecting and recycling mobile phones (since 31 December 2004, BBVA customers and employees have deposited 350 phones in the 167 containers installed), and the drafting of a report in collaboration with Ferrovial, Fundación Entorno y Fundación Ecología y Desarrollo, entitled *Socially*

Responsible Investment. From Values to Action, which was presented at the Seventh National Conference on the Environment.

During 2004 we also began bringing out a fortnightly newsletter *Actualidad Medioambiental* which includes national and international news on the relationship between the environment and business management. The ten editions published in 2004 were distributed to over 300 of the group's executives and employees.

BBVA's Studies Service has also worked to extend awareness and disseminate information on environmental issues, with the publication of a number of reports on climate change and the Kyoto Protocol.

> Training

In 2004 an online environmental awareness course was started up over the group's intranet. 156 employees from the Group participated, giving over a total of 862 hours. These attendance figures are a clear indicator of the level the interest in these issues among BBVA staff. As a result the Training Department plans to upgrade the course curriculum in 2005 and extend access to employees in Latin America.

Another two key environmental training initiatives carried out in Spain last year were:

- Course for Anida entitled "Environmental Management Applied to BBVA's Real Estate Area", given by specialist consultants.
- Specialised training for the Institutional Banking unit, prior to the launch of a project for encouraging Local Agenda 21 among Spanish municipalities. Over 170 people participated in the initiative, also given by a specialist consultant.

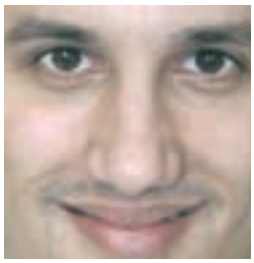
> Innovation

During 2004, the corporate programme Innova included the environment among its areas of improvement, with special stress on possible contributions via financial products and services, as well as best practices of eco-efficiency in the consumption of natural resources. Based on an assessment by a team of environmental experts, nineteen of the proposals were awarded prizes for their applicability, environmental impact and financial viability.

> Innova Projet: environment

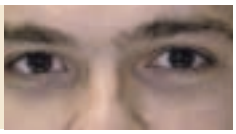
Type of proposal	Number	Percentage
Paper saving and recycling	21	43.8
Products and services	9	18.8
Energy efficiency and renewable energy sources	8	16.7
Waste recycling	3	6.2
Occupational health and working environment	3	6.2
Prizes and awards	3	6.2
Water consumption	1	2.1
TOTAL	48	100

> Community support



> Introduction
> The BBVA Group foundations
> The BBVA Families Plan
> Theme areas

> Introduction



Community support actions are part of BBVA's general commitment, addressed comprehensively by diverse areas of the Group*, through a number of different channels of action. The Group develops financial services designed to improve the social and economic welfare of each society in which it operates; its carries out social actions targeted at the most vulnerable groups in society; it provides sponsorship and patronage; and it acts in collaboration with employees, suppliers and customers. These actions are geared towards:

> Resources allocated to social action (1) (thousand euro)

	2004	2003	2002
BBVA Group in Spain and Portugal(2)	18,886	11,256(3)	7,571(3)
BBVA Group in Latin America(2)	1,598	3,822	2,642
BBVA Foundation	14,570	16,387	15,134
BBVA Bancomer Foundation	2,934	3,348	3,132
BBVA Provincial Foundation	198	291	270
BBVA Banco Francés Foundation	100	159	112
BBVA Banco Continental Foundation	32	46	61
TOTAL	38,318	35,309(3)	28,922(3)

(1) Resources for 2004 includes only the economic contributions made by the Group, except:
- Foundations, where resources include own purposes, administrative and structure costs of each foundation.
- The Foundations, Research, Premises and Services departments (including the Historical Archive) and Institutional Banking, where the work time of the staff has also been accounted.
- Premises and Services (including the Historical Archive), Retail Banking Spain and Portugal, Institutional Banking and Communication and Corporate Image, for which the value of premises made available and contributions in kind have been accounted.

* Through this chapter where "Group BBVA" its used, it refers to the whole Group and its foundations.

- Supporting complete and sustainable development of the societies in which it operates.
- Promoting values consistent with the United Nations' Universal Declaration of Human Rights.
- Collaborating in addressing social concerns and needs.

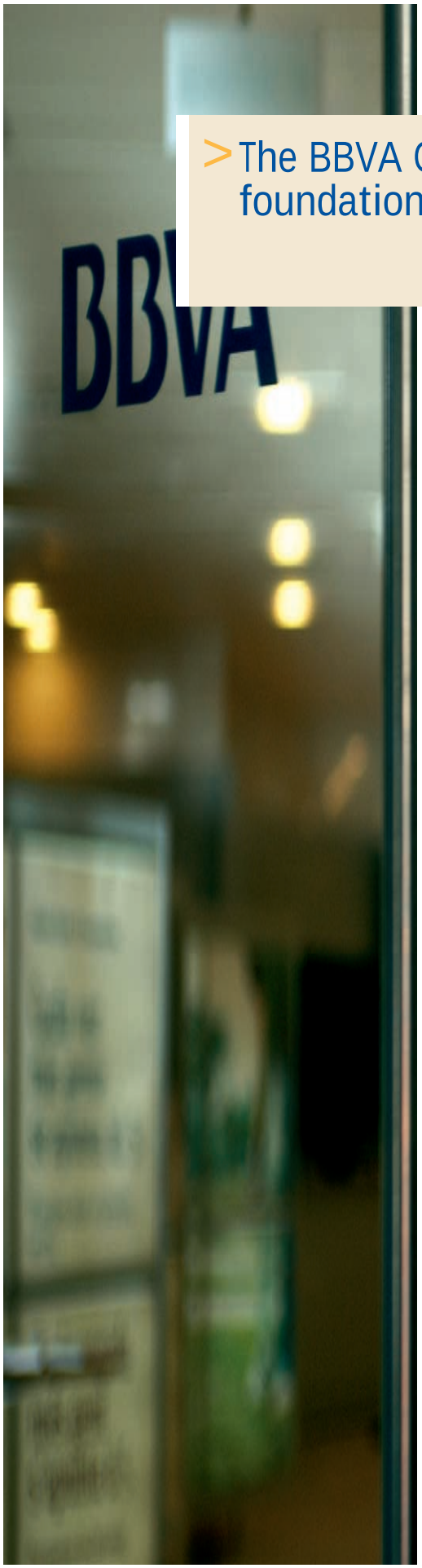
To achieve these goals, it is necessary to analyse the basic characteristics and needs of each society. BBVA does this through permanent dialogue with social partners and objective assessment procedures to evaluate the requests for collaboration it receives. This is the basis of BBVA's social action, which seeks to cater to social needs of all kinds (related to economic issues, care, health, culture, education, science and the environment) Clearly, work of this kind is non profit-making, but it is intended to of use to the group as a strategic investment that will generate value in the medium and long term, insofar as it contributes to a better and more harmonious integration in each society in which the group operates.

	2004	2003	2002
Social Sciences	10,003	9,943(3)	14,804(3)
Training	4,814	6,920	
Health	1,344	2,277	
Promotion of Social Responsibility	303	247	-
Social Care	4,537	1,484	1,811
Environment	5,038	3,060	643
Culture	9,242	7,695(3)	6,460(3)
Other fields and structural expenses of the foundations	3,037	3,683	5,204
TOTAL	38,318	35,309(3)	28,922(3)

- Evaluation of the Birth Loan, which takes into account the direct costs (operating expenses, financing costs and dissemination expenses).
- In no case are the social benefits stipulated in labour agreements –targeted at employees or their families– and grants and work experience within the Group, included.
– For the purposes of converting the contributions of Latin American countries made in local currency, the average euro exchange rate for the corresponding years have been used.

(2) Does not include the foundations.

(3) Figures revised since publication in the 2003 CSR Report with the inclusion of items effectively satisfied in each year which were not included at that time and, as a result of more precise allocations. The result of this revision is an increase in investment of €843,000 for 2003 and €1.268m for 2002.



> The BBVA Group foundations

The Group's foundations are not-for-profit organisations created and maintained with one specific and exclusive aim: to cooperate in the comprehensive development of society, through actions of different natures particularly in the fields of science, culture, education, health, the environment and social care.

They are the material expression of the Group's corporate social responsibility and in particular its commitment to trying to enhance the societies in which it carries out its business. The central framework of the five foundations in the Group is social commitment, objectivity, independence, a desire for excellence and an orientation towards the issues of greatest relevance for the societies in which it operates.

> BBVA Foundation (Spain)

The BBVA Foundation is an expression of the BBVA Group desire for corporate social responsibility and its social commitment, marked throughout its history by the generation of public assets in the area of knowledge.

The foundations' programmes are characterised by values of objectivity, innovation, independence and transparency. They seek to promote and undertake high-quality scientific research in three main fields:

- Social Sciences.
- Biomedicine, Health and Sanitary System.
- Environment (Environmental Sciences).

The programmes focus on aspects of particular social interest. They are geared to offering solutions, generating knowledge and innovation and addressing issues that have the greatest social impact in the present and the greatest potential impact in the near future. A primary concern is to

promote scientific knowledge and interdisciplinary research on some of the basic emerging questions of the twenty-first century, with a view to creating meeting points between the areas of research and decision making. All of these activities are carried out within a global perspective, but with particular attention on Spain, Europe and Latin America.

For further information, see (www.fbbva.es).

> BBVA BANCOMER Foundation (Mexico)

he foundation's essential activity involves promoting the development of Mexican society in the social, educational, artistic and cultural arena. It has two key objectives:

- To increase the level of culture and education in the country as a preliminary step towards achieving greater quality of life.
- To help improve the living conditions of especially disadvantaged groups.

It pursues these aims through:

- Promotion of educational, artistic and cultural activities.
- Cooperation in activities of social development and care that benefit communities with limited resources.
- Closer ties of friendship with institutions with similar purposes.

For further information, see (www.bancomer.com).

> BBVA PROVINCIAL Foundation (Venezuela)

he foundation's primary aim is to conduct programmes that favour social progress in Venezuela, particularly in the fields of education and the arts.

The basic lines of action are:

- Educational Programme: centres on the Papagayo Project, which provides education in values and promotes reading and literary creation in basic public education.
- Exhibition Programme.
- Socio-cultural Programme: provides support and sponsorship for activities by non-profit organisations and institutions.
- Publishing Programme: promotes reading among children and education in values.

For further information, see (www.provincial.com/fundacion/fp_1.html).

> BBVA BANCO FRANCÉS Foundation (Argentina)

The foundation's primary aim is to contribute to an improvement in general quality of life within Argentinean society. Its actions consist mainly of:

- Encouraging entrepreneurialism.
- Strengthening the third sector.
- Promoting art as a community cultural expression.

The foundation also works to promote corporate social responsibility, encouraging investigation and public events and working in close cooperation with the Ecumenical and Social Forum. The ESF –which BBVA Banco Francés was involved in setting up– is an ambitious forum for companies, humanitarian organisations and religious denominations to deliberate on values, society and the economy.

For further information, see (www.bancofrances.com.ar).

> BBVA BANCO CONTINENTAL Foundation (Peru)

The foundation's main area of activity is the promotion of the country's social and cultural development, with particular stress on the visual arts and the dissemination of cultural events.

Its most important activity is the support it gives to the Museum of Pre-Columbian Art, created in 2003 with decisive input from the foundation and situated in premises owned by BBVA Bank Continental in Cuzco (the "Cabrera House"). For this initiative, the bank was awarded the Medal of Honour of Peruvian Culture by the Peruvian National Institute of Culture. It also operates another four exhibition halls in Trujillo, Iquitos, Cajamarca and Lima.

For further information, see (www.continental.grupobbva.com).

> The BBVA Families Plan

The BBVA Families Plan, approved by the Board of Directors on 22 December, 2003, is a corporate programme of action in society. It is intended to complement other programmes developed by various units of the Group, which cater for the specific conditions and basic needs of the societies or sectors in which they operate. In view of these many different channels and criteria of action, the Families Plan is intended to demarcate a corporate focus on the area of social action and a specific course of action.

The plan seeks to develop towards four basic aims:

- To consolidate a channel for social action that will constitute an overall manifestation of the Group, in keeping with its character and strategy and reflecting its culture, its values, the way in which it seeks to interact with society and the role it wants to play in that.
- To demarcate a clearly differentiated and differentiating strategy of social action.
- To enhance the usefulness of social action both for society at large and for the Group.
- To involve a broad group from the organisation in social action, strengthening that action's position as a general reflection of the company.

The plan centres on an essential field in personal and social development and one which clearly complements the group's primary activity: the family. The name is deliberately wide-reaching, to reflect BBVA's respect for the many different structures of family life that now exist and highlight the strict ideological neutrality with which we want to address the issue.

Backing the plan is a desire to help tackle the economic needs of families in the societies in which BBVA operates. We are convinced that this is a very useful way of helping improve the future

of those societies and collaborating in their comprehensive development.

It is particularly geared towards the most needy families and most vulnerable groups (children, young people, the elderly, women.) and is structured into three programmes:

- Family Financing Programme.
- Family Patronage Programme.
- Employees Programme.

The three programmes address very different spheres of action: financial initiatives, direct support, educational activities, analysis and research, forums of collective dissemination and debate, publications, etc. Together, these are designed to offer a comprehensive approach to the complex issue of the family.

> Main actions in 2004

The main area of action of the plan during 2004 was the development in Spain of the Programme of Family Financing, centring on "Family Loans" –small loans for financing specific projects or catering to specific family needs under highly advantageous conditions. The first system set up (to be followed by others in 2005) was the "Birth Loan", which provides support to any woman who has recently given birth or adopted a child. The conditions are exceptional: €3,000 at 0% interest, with no commission and a pay-back period of 3 years. All mothers are eligible to apply for the loan: Spaniards, foreign residents, working or unemployed, single or married women.

Following the great success of the first campaign (February-June 2004), with 11,783 loans awarded, a second campaign was launched (October 2004 -February 2005). By 31 December 2004, a further 4,559 new loans had been granted. Total loans during the year came to €48.6 million.

The *Family Patronage Programme*, consists of two lines:

- *Projects for the Future*: this includes the most important patronage projects being developed by different units in the Group in the family area, and particularly the area of youth and training. For the moment, the projects involved are: BBVA Quetzal Route, Fundación + Familia, Programme of Family Aid (Fundación Ayuda contra la Drogadicción), Francisco Giner de los Ríos Prizes for Improvements in Educational Quality (BBVA Foundation), BBVA Bancomer in Education (BBVA Bancomer Foundation), Education Programme to Prevent Addiction (BBVA Bancomer Foundation and Fundación Ayuda contra la Drogadicción) and Papagayo Project (BBVA Provincial Foundation).
- *BBVA Family Centre*: this is a project which was designed over the last year. It is meant to act as a space for information, guidance and a search for solutions to the main problems of the family economy.
- During the year, under the *Employees Programme*, a number of on-line training initiatives were started up for the homes of the Group's employees in Spain (with courses on subjects such as office IT, tax, professional and social skills, languages, household economy, etc.) and voluntary workers were provided with information and training.

> Theme areas

The BBVA Group's main actions in this field were in the following categories:

- Social Care.
- Education.
- Culture.
- Health.
- Social Sciences.
- Environment.
- Promotion of the Company's Social Responsibility.

> Collaborating in Social Care

This area covers the contributions made to humanitarian organisations and direct aid (economic, material and human resources) primarily for emergency situations and to cater to the basic needs of disadvantaged groups.

Spain

Family Financing Programme

The Family Financing Programme, which falls into the first of the three large fields of the BBVA Families Plan (see above), mainly offers financial products under very advantageous conditions, intended to help meet important family requirements. In 2004, the main line of action was the "Family Loans", the first initiative of which was the "Birth Loan".

Direct aid

As well as the direct aid provided to humanitarian causes and organisations, the group also gives its

time and the use of its facilities for non-profit social interest groups.

During 2004, it participated in a large number of humanitarian aid programmes, working with a many social care institutions. Some of the most important initiatives were:

- *"Family Aid Programme" organised by the Fundación Ayuda contra la Drogadicción (FAD).*
- *Fundación + Familia.*
- *Donation of office furniture and computers.*
- *Aid fund to finance the education of children of victims of the March 11th attacks in Madrid.*

Latin America

All institutions in the BBVA Group in Latin America were involved in social care activities during 2004. These included:

Educational Programme for the Prevention of Addictions, BBVA Bancomer Foundation in Mexico

Project of School Addiction Prevention, designed using methodology and materials from the Fundación Ayuda contra la Drogadicción (FAD) and in collaboration with the Mexican Secretary of Public Education.

Alliance for a Venezuela Without Drugs

BBVA Banco Provincial collaborates with the Community Educational Programme for Preventative Action, developed by the National Committee for the Prevention of Illicit Drug Use (CONACUID).

> Promoting education

The BBVA Group sees this as a fundamental part of our support to the community. We consider education to be a decisive core instrument in the development of the different societies in which we operate. Through many of its units, the group gives strong support to a range of educational projects, both on its own initiative and in collaboration with different public and private educational institutions.

Spain

The Group promotes a large number of initiatives with a view to supporting educational innovation and improvements in the quality of education.

Education in the BBVA Foundation

The BBVA Foundation has a specific programme for improving education quality and promoting advanced training, seeing these as key elements in the progress of modern society, and stressing the important role of values in the learning process. Some of the many processes for which backing is provided include:

- Francisco Giner de los Ríos prizes, awarded since 1983 for improvement in educational quality in collaboration with the Spanish Ministry for Education and Science.
- The foundation is the primary private institution collaborating in the summer courses organised by the University of the Basque Country, staged for the twenty-third year in 2004.
- Cooperation with several university institutions to finance specific courses. Further information is given in the corresponding sections of this Report.

The BBVA Quetzal Route

The BBVA Quetzal Route has become the BBVA Group's flagship programme in the area of youth and education. In 2004, the programme took in Spain and Mexico.

At the end of the year, the BBVA Quetzal Route 2005 ("From the Cities of Kings to the Amazon and the Land of the Basques") was announced. For further information, see (www.rutaquetzal.com).

Other initiatives

- The Department of Human Resources provides training for university students to help integrate them into the labour market. This takes the form of articulated educational practice, in accordance with current legislation, through educational co-operation agreements at national and international level.
- The Blue Joven Awards for Young Entrepreneurs of Andalusia and the Balearic Islands, in collaboration with the respective regional governments.
- Collaboration in the Blue Joven Programme with the International Association of Students of Economic Science (AIESEC).
- Initiatives carried out by the Institutional Banking unit to contribute to good practices and improve management by civil servants in local corporations. One of the most important of these initiatives was a four-year agreement signed in 2004 with the Spanish Federation of Municipalities and Provinces (FEMP).
- Foro Local [Local Forum], an institution promoted and part-owned by the BBVA Group (together with the General Council of Schools of Local Government Secretaries, Comptrollers and Treasurers), which also conducts training and information schemes and brings out a range of publications, including *The Mayor's Handbook [El Manual del Alcalde]*. It awards the "Local Forum Observatory Prize", which distinguishes relevant work in economic and financial areas for local revenue offices.
- Collaboration by the Capital Markets department (in the Wholesale Banking unit) and Corporate Social Responsibility department in the project "Schools for Peace" conducted by Action against Hunger in Colombia [Acción contra el Hambre en Colombia]. The project sought to improve the school environment by involving authorities, teachers, families and communities in areas that have been de-structured by violence.

Latin America

The Group's institutions are involved in a wide range of initiatives in Latin America. These are mainly promoted by the foundations, although the banks and insurance and pensions managers are also involved in educational projects. Some of the most important projects include:

Educational programmes in Venezuela (BBVA Banco Provincial Foundation)

- Papagayo Project: with the support of UNESCO, which considers it to be "an innovative project for Latin America". The project seeks to provide education in values through reading and literary creation.
- Editorial Infantil [The Children's Publisher]: connected to the national network of public libraries, it works intensively to encourage reading among children.
- Training Programme for Micro-enterprises. For further information, see

(www.provincial.com).

Educational programmes in Mexico (BBVA Bancomer Foundation)

The "Bancomer in Education" programme carries out the following activities:

- Scholarship Programme: allows children from families with limited resources to have access to middle school and improve their prospects for the future.
- Excellence Scholarships (ITESM): Programme to support academically high-performing young people with limited economic resources wishing to enter baccalaureate or university studies in the Monterrey Technological Institute of Higher Studies.
- "Mad Science" Workshops: a stand with demonstrations at the Children's Museum in Mexico City and workshops in a number of official schools, to arouse interest among children and young people in the sciences in a way that is interesting, applicable and entertaining.

- Programme of competitions intended to encourage creativity particularly in drawing and composition, organised in collaboration with educational authorities and companies. The winners, their teachers and their schools, receive scholarships up to university level, computers, sports equipment, savings accounts and other prizes.
- Comprehensive Skills Centres, where volunteers from BBVA Bancomer participate actively in providing basic and vocational training to low-income students with a low academic level, particularly in deprived rural areas.

For further information, see (www.bancomer.com.mx/nuestrom/index.asp).

APRENDO BBVA: a commitment to the future in Peru (BBVA Banco Continental)

Campaign for raising public awareness about the financial system and its functions. This entertaining learning system uses simple, familiar language and is targeted at younger schoolchildren and their families. It is intended to spread practical basic knowledge about the economy, banking, pensions and insurance.

The programme also seeks to promote young people's business creativity through training and through a project of micro-financing that generates employment and development.

Educational initiatives in Argentina (BBVA Banco Francés Foundation)

The Foundation carries out a range of educational activities, including "School and Museum", a programme of tours for schoolchildren of the Museum of work by the painter Líbero Badií, owned and run by the Foundation.

BBVA Banco Francés also promotes a training programme for bank customers (focusing on languages and basic general knowledge required in preparing for civil service examinations) and contributes to the activities of the business training programme for young people of the Fundación Junior Achievement (on which it is a board member).

> Encouraging Culture

Another of the BBVA Group's key traditional fields of social action encompasses the world of general art and culture, in which it offers many different activities in Spain and Latin America.

Spain

Visual Arts

Reflecting the importance given by the group to the promotion of culture, in 2003 it approved a new cultural programme, managed by BBVA's Cultural Activities Department, integrated in the Communication and Corporate Image area, which consolidated its activities during 2004.

Among other activities, it offers a major exhibition programme, including shows it organises itself and others in collaboration with galleries and other institutions, as well as a programme for restoration of the group's art collection.

- BBVA Exhibitions: BBVA Collection.
  The group owns and curates a collection of over 3,000 works of art. In 2004, an exhibition of pieces from the collection toured a number of countries in Latin America, as a result of a series of collaboration agreements.
  For further information, see (www.bbva.es/BBVA/ColeccionBBVA/).
- Exhibitions in collaboration with other institutions**.** Among this most important were:
  - Treasures of the Soumaya Museum (Mexico). BBVA exhibition halls in Madrid (spring 2004) and Bilbao (summer 2004).
  - The Spanish portrait in the Prado Museum. Prado Museum, Madrid, 19 October 2004 - 6 February 2005.
  - Woman. Metamorphosis of Modernity. Fundación Joan Miró, Barcelona, 25 November 2004 - 6 February, 2005.
  - 17th Exhibition of Audiovisuals. BBVA exhibition hall, Bilbao, 1 - 22 December 2004.

- Restoration and Conservation of the Art Collection.
  Working in conjunction with a number of civil and religious institutions, this programme is intended to contribute to the recovery and conservation of some particularly significant items of Spain's artistic heritage. These include emblematic buildings and other assets considered to be of fundamental importance in the history of art. A publication is brought out on each project, with an artistic study and a technical report on the work. Recent restoration work includes:
  - Altarpiece of St Martin with St. Ursula and St. Anthony, by Gonçal de Peris, in the Museum of Fine Arts, Valencia. Completed in May 2004. In collaboration with the Valencian Regional Ministry of Culture.
  - The Madonna Appearing to St. Francis, by Juan Van der Hamen, in the Convent of the Clarissa Order in Santa Isabel de los Reyes, Toledo. Completed in December 2004. In collaboration with the Real Fundación de Toledo.
- Restoration work currently underway:
  - Sepulchre of Ordoño II in the Cathedral in León. In collaboration with the chapter of the Cathedral of León.
  - St. Michael's Chapel in the Cathedral of Jaca, by Juan Moreto, in collaboration with the General Government of Aragon and the Bishopric of Jaca.
  - Wooden ceiling of the Myrtle Court in the Alhambra, Granada. In collaboration with the Board of Governors of the Alhambra and the Generalife.

Music

This is another field towards which the BBVA Group's channels its cultural patronage, supporting numerous musical institutions throughout Spain.

Xacobeo 2004 Cultural Programme

To mark the commemoration of the Compostela Holy Year in 2004, BBVA signed a collaboration

agreement with the Government of Galicia to sponsor the Cultural Programme, Xacobeo 2004. The programme covers a wide range of important cultural events, mainly in the field of music and the visual arts.

BBVA Historical Archive and Museum

The archive forms the historical memory of the BBVA Group. It has a museum of the economic history of the nineteenth century, with a series of publications on Spanish financial history and answers queries from researchers. It has also promoted the "BBVA Historical Archive Youth Cultural Competition".

Other cultural initiatives

Various departments of the BBVA Group in Spain provide support and sponsorship for cultural initiatives. The Asset management and Private Banking areas do important publishing work, with copies going to public libraries throughout the country, the Cervantes Institute (which forwards them to its offices abroad) and libraries in penal institutions.

Latin America

The Group's institutions in Latin America carry out a large number many initiatives of cultural support. In addition to the travelling exhibition mentioned above, some of the most significant areas are:

BBVA Bancomer Foundation Cultural Promotion Programme

Contributes through the Fund for Support to the Arts, to publications and projects oriented towards the visual and dramatic arts, building a platform for promoting Mexican artists and researchers. Initiatives include:

- Bancomer Art Show, an annual review of the visual arts scene in the country.
- Exhibitions with major media coverage and creation of an ambitious database on Mexican art.
- Juan Rulfo Prize for Latin American and Caribbean Literature, presented as part of the Guadalajara International Book Fair at the end of each year.

Exhibition Programme of the BBVA Provincial Foundation

The programme focuses on promoting Venezuelan artists and plays a key role in the country's art scene. During 2004 new exhibitions and parallel meetings were organised. Highlights included an exhibition of work by Juan Araujo and an exhibition of open-air sculptures.

The bank also promoted a programme of holiday camps for employees' children. The camps are particularly intended to promote culture and a knowledge of Venezuelan folklore.

BBVA Banco Francés Foundation's Art and Society Programme

The programme operates in three main areas:

- Cultural promotion, with agreements with institutions such as the Metropolitan Museum of the City of Buenos Aires and sponsorship for exhibitions, some travelling.
- Programme of restoration and conservation of the Badií Collection (bequeathed to the Foundation by the artist Líbero Badií), with a digital inventory of the collection itself, educational tours for schoolchildren and an open-doors day known as the "Night of the Museums".
- Programme of conservation of architectural heritage, involving restoration of significant pieces of Argentina's artistic heritage.

Cultural Programme of the BBVA Banco Continental Foundation

Exhibitions by Peruvian artists in the foundation's halls in Lima, Cajamarca, Iquitos and Trujillo, and collaboration with the important Museum of Pre-Columbian Art of Cuzco, housed in one of the bank's buildings (the Cabrera House). This is one of the most important collections of pre-Columbian art in the world.

CBBVA Colombia National Painting Competition

Forum for participation where Colombian artists can find a scenario for creation and reflection.

This is the most important event of its kind in Colombia.

For further information, see (www.bbva.com.co).

> Investing in health

Health is one of the most basic needs of all human beings and with increased quality of life, it is an increasing concern for advanced societies. Health is a key element in the BBVA Group's social action policy.

Spain

The BBVA Foundation has a particular area devoted to this field: Biomedicine, Health and the Health Care System. With the general aim of improving our understanding of all issues that affect public health, the foundation lays particular stress on biomedical research and the consequences it is having in the health system, the training of professionals, the level of health and the quality and way of life of society at large. Its activities in this field are concentrated in two programmes:

- Bio-medicine: with lines of work in Epidemiology, Bioinformatics and Molecular Medicine.
- Health and the Health Care System.

The foundation fosters research in both areas, –particularly through public calls for submissions for aid–. It organises meetings, seminars and specialist courses, as well as conferences and public dissemination events, and also publishes a range of texts arising out of these initiatives.

Specific initiatives during 2004 included the commencement of the research selected in the first call for bioinformatics research projects; development of specific programmes for training Latin American specialists in Spain in the area of bio-medicine (in collaboration with the Fundación Carolina); publication of the second call for research projects in economics and health management and life expectancy and health; the programme of international oncology meetings; and continued collaboration in an important research project, "Development and Assessment of New Strategies for Controlling Malaria". This project has been run by the Clinic Hospital of Barcelona in Mozambique since 2002, under the aegis of the World Health Organisation.

The Institutional Banking unit also continued to work with the Fundación Fernando Abril Martorell in organising a season of conferences on subjects of interest to the health care industry. The conferences are held at the headquarters of Banco de Crédito Local.

Latin America

Some of the most important initiatives carried out by the Group's institutions in Latin America include: collaboration by the BBVA Provincial Foundation with the "Alliance for a Drug-Free Venezuela" programme; an educational programme to prevent addiction organised in Mexico by the BBVA Bancomer Foundation and the Fundación Ayuda contra la Drogadicción, in collaboration with the Secretary of Public Education; ongoing collaboration by BBVA Banco Uruguay and its employees with the children's section of the Hospital Pereira Rosell; and the help provided by BBVA Banco Francés to Argentinean health care institutions.

> Developing social sciences

Spain

Traditionally, the BBVA Group has always led the way in promoting knowledge, information and research in the social sciences, particularly economics, by supporting surveys, publications, activities by external specialists and conducting its own direct undertakings. Various units and institutions within the Group are involved in this field, particularly the BBVA Foundation and the various Research Department in the Group.

The social interest activity of the Research Department

The BBVA Group has important research departments in many of the countries in which it operates: Spain, Argentina, Colombia, Chile, Mexico, Peru, Puerto Rico, Uruguay and Venezuela. Under unified corporate management, these services together form one of the most important sources of economic information and research in world banking. Their primary function is to provide internal guidance, but they also play a key social interest role through their reports, research and publications. In addition, they work intensely in numerous public events, media, forums, taskforces and research networks and provide backing for a range of national and international institutions devoted to economic research. Their basic aims are to foment economic knowledge, enhance information and foster research, while also lending support to public institutions in decision making in areas of economic policy.

Particular important are its publications (a total of 49, mostly periodicals), distributed free of charge and mostly available over the Internet; they disseminate hard and fast analyses and information on global problems and trends in economic activity, with particular stress on financial markets and on the specific economic situations at which they are targeted.

BBVA Foundation

The BBVA Foundation's concern with the broad area of subjects studied by the social sciences is largely channelled towards encouraging scientific research and debate in particularly dynamic areas, both from a strictly scientific dimension and because of the potential applications in the challenges and opportunities of early twenty-first century society:

- Socio-economics (with specific lines on "economic growth and capitalisation" and "The Economics of the Company and the Economics of Innovation").
- Demographic Change, Family and Social Integration.
- European Studies.
- Values, Education and Public Opinion.
- Knowledge Society and Information Technology.

In all of these fields, the foundation focuses on promoting knowledge, fostering research, supporting training and publishing texts (related to the work it performs). It pays particular attention to disseminating the knowledge generated, by organising meetings and seminars for experts and information programmes targeted at the general public.

Among of the most important of many activities during 2004, were the commencement of the research projects selected in the second call for research projects in the social sciences (economics, demographics and population studies and European studies), awarded in December 2003, and the publication of the third call for projects (November 2004). Other notable activities include the third Annual Courses in Specialist Journalism organised by the BBVA Foundation, the Journalism School of the Autonomous University of Madrid and *the El País newspaper and* a new programme of grants for training Latin American specialists in Economics (Finance), in collaboration with the Fundación Carolina.

Latin America

The group's institutions in Latin America also carry out a range of social-interest activities related to the world of the social sciences. Some of the most outstanding last year were:

BBVA Banco Francés (Argentina)

- Incentive to the recognition of business endeavour ("Promote Entrepreneurs" Programme), particularly through backing for prizes for Agricultural Entrepreneurs (awarded for the fifteenth year in 2004) and Entrepreneurs Displaying a Spirit of Solidarity (awarded for the third time last year).
- Contributions to different institutions of economic research and collaboration in forums and events on this area: participation at the

Seventh Workshop on Economics and Finance, organised in collaboration with the Torcuato Di Tella University and the BBVA Foundation.
- Promotion of economic and business activity, one of the basic pillars of the BBVA Banco Francés Foundation, with support for research into the economic and business situation of Argentina and organisation and promotion of public events addressing these issues.

BBVA Colombia

- Backing for research programmes, backed by publications and debate and dissemination activities, in collaboration with the Fundación CEGA (created in 1982 by the bank and by Colombian agricultural associations and maintained by the bank itself), dealing with basic issues of the Colombian economy, with particular stress on the agricultural industry.

BBVA Continental (Peru)

- APRENDO Programme, intended to promote a basic knowledge of the economy and the financial sector among schoolchildren, and various aid schemes for economic institutions and forums (including aid to the Economic Forum of the Chamber of Industry and Commerce).

BBVA Banco Provincial (Venezuela)

- Training programme for owners of micro-enterprises in collaboration with the Metropolitan University. Between 2004 and 2005 the programme is catering for 5,000 small entrepreneurs, who will subsequently be able to access preferential financing from the bank.
- Collaboration by the BBVA Provincial Foundation in the Venezuelan Network for Social Development.
- A number of collaboration agreements with public and private institutions to encourage greater knowledge of the Venezuelan economy. Among the most important are the agreements with the Central University of Venezuela and the Latin American Forum.

> Conserving the environment

The BBVA Group sees the environment as a key area of support for the community, and contributes to its conservation in a number of areas: in its day-to-day activities (as detailed elsewhere in this Report)- and in its social action, where to which it assigns significant budgetary provisions, largely channelled though its foundations in Spain and Mexico.

Spain

The main player in this field is the BBVA Foundation, which devoted 40% of its total budget for 2004 to the environment, up 60% on the previous year.

One of the foundation's three working areas, Environmental Sciences, is devoted to this area. This area's work consists mainly of two fields:
- Conservation of biodiversity.
- Regulation and management of protected natural spaces.

As in its other areas, the foundation's work in this field is oriented towards promoting and disseminating scientific knowledge; it promotes research, organises meetings, seminars and courses for specialists and conferences, provides backing for advanced training and brings out publications on the subjects dealt with. The foundation has also set up an important group of international prizes.

Major initiatives in this area in 2004 included:
- Award of the First BBVA Foundation Prizes for Biodiversity Conservation in Spain and Latin America. The aim is to support scientific research and innovative actions in the field of conservation, and publicly highlight the importance of the environment. These are the largest prizes awarded anywhere in the world in this area (€1m in all), and the quality and independence of the international jury guarantees the maximum scientific exactitude in the selection process. 153 projects were received in three categories (Research, Practical

Fundación Empresa y Sociedad

As a board member of the foundation, BBVA is committed to:

- Improving its strategy and practice in the area of social action.
- Giving proper information on its social action.
- Supporting the foundation's institutional activities for promoting social action in the business sector.

Action and Dissemination of Knowledge). The prizes were awarded at the end of 2004 (www.fbbva.es).

- Aid for Research Projects in Conservation Biology (following a call for projects at the end of 2003, with a budget of €2.4m). Twelve projects were selected.
- Launch of the Second Call for Applications for Aid for Research in the area of Conservation Biology with another twelve aid packages and a total provision of €2.4m.
- Programme of scholarships for training Latin American environmental specialists in Spain, in collaboration with the Fundación Carolina.
- Presentation of an advanced system for digitalising information sources for the Doñana Nature Park in Spain, in conjunction with the Higher Board of Scientific Research.
- Encouragement of projects of research into various natural areas in Latin America, within the framework of the programme of aid to research in Conservation Biology.
- Course on Environmental Journalism, within the framework of the summer courses organised in collaboration with *El País* and the Autonomous University of Madrid.

Latin America

In 2004, the group's banks in Argentina, Colombia, Mexico and Peru joined the United Nations Global Compact, three of whose ten commitments are related to the environment.

The following initiatives were particularly important:

- In Mexico, the BBVA Bancomer Foundation gave significant support to the conservation of local forests. In 2004 it entered an agreement with Pronatura, the Government of the Federal District and the National Autonomous University of Mexico to promote the project "Conservation and Environmental Education in the Ajusco Medio Ecological Park of the City of Mexico" (the park is a protected natural area covering 7,217 hectares) (www.fundacionbbvabancomer.com).
- In Venezuela, BBVA Banco Provincial collaborated on a programme of environmental patronage to support public institutions and NGOs, with particular stress on the conserving the country's beaches. It also provided support for projects for raising environmental awareness and recruiting environmental volunteers from amongst bank employees.
- BBVA Colombia participated alongside the Alexander Von Humboldt Institute of Research into Biological Resources and the Ministry of Agriculture, Rural Development and the Environment in awarding the prizes in the National Sustainable Bio-commerce and Biotechnology Competitions.
- In Peru, BBVA Banco Continental represented the BBVA Group at the official presentation in Latin America of the United Nations Environment Programme's initiative for financial institutions (UNEP-FI), and played an active role in the Latin America Task Force

started under this initiative. It submitted its conclusions at the Annual Meeting of UNEP FI, held in Paris on October 2004 (www.unepfi.net).

In Argentina, the BBVA Banco Francés Foundation sponsored the First Seminar on Environmental Quality "Educating for the Present and for the Future", organised by the Agronomy School of the University of Buenos Aires and the Argentinean Association of Soil Sciences. It also participated in the breakfast meetings on "The Environmental Responsibility Agenda in Business" organised by the Fundación Compromiso and the US Chamber of Commerce in Argentina.

> Promoting social responsibility in the company

BBVA places great importance on a general promotion of corporate social responsibility. This is reflected in the many references made by the chairman in his public declarations, but also in the bank's ongoing work in the field of social promotion and dissemination.

Spain

This promotional work is seen as an extension of the group's social action: collaboration in activities of social dissemination and improving the understanding of the interested public and specialists on the nature of the concept and the measures required to implement it. In general, the task is carried out by the Corporate Social Responsibility Department, but the Communication and Corporate Image Area (particularly the Department of Corporate Identity and Reputation) is also involved.

One fundamental aspect of this work is the group's active participation in institutions and forums promoting social responsibility in Spain. These include:

- The Forum for Corporate Reputation, of which BBVA is one of the four founding members (together with Telefónica, Repsol YPF and Aguas de Barcelona) which concentrates particularly on CSR.
- Fundación Empresa y Sociedad, on whose board BBVA sits and which focuses on promoting social action in business.
- Corporate social responsibility committee of the Spanish Association of Company Accounting and Administration (AECA).

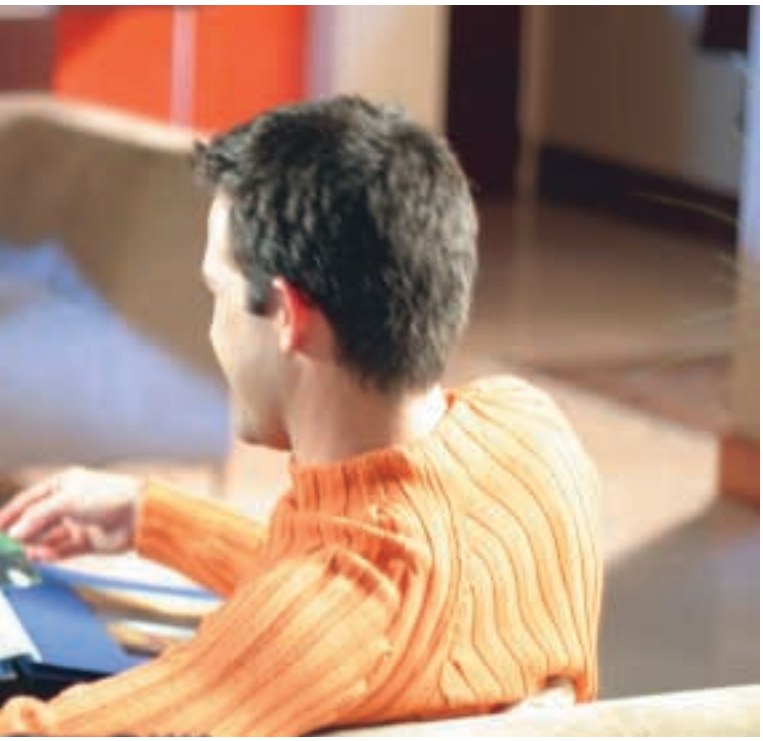
BBVA's direct CSR-related activity consists mostly of backing for research (reports include *Socially Responsible Investment. From Values to Action*, with Ferrovial, Fundación Entorno and Fundación Ecología y Desarrollo, and *Microfinances in Latin America*, with Fundación

Codespa), training (course on "Ethics and CSRT: Businesses and human rights", with Economistas sin Fronteras and the UNED, Ávila, 7-9 July) and extending information (series of talks on "The Company's Social Responsibility" –Social Action, Madrid, 18-21 October– and a seminar to present the United Nations Global Compact in Bilbao, 11 October, with Iberdrola and the Eroski Group).

The Department of Corporate Social Responsibility also participated in numerous public acts dealing with these issues, and was represented on several radio programmes and in a number of articles in the press and in specialist journals. These activities also tie in closely with the work of the Department of Corporate Identity and Reputation on issues related to the company's image, brand and social reputation, which also involved frequent public appearances and articles in the general media and specialist publications.

Latin America

Some of the Group's banks in Latin America are also very active in this task of social promotion of CSR. Four cases are particularly important:



- BBVA Banco Francés is a backer of the Ecumenical and Social Forum, a major initiative for Latin America as a whole to encourage ethics, solidarity, public participation and social responsibility among organisations (with a specific chair on Social and Public Responsibility). It also provides backing for awards to Entrepreneurs Displaying a Spirit of Solidarity. Directly and through its BBVA Banco Francés Foundation, it does considerable work in encouraging studies into CSR and participating in forums and public events related to these subjects (with especial involvement in promoting the UN Global Compact in Argentina).
- BBVA Banco Continental has participated actively in the Latin America Task Force of the UN Environment Programme Initiative for Financial Institutions of the (UNEP-FI), in representation of the BBVA Group.
- BBVA Bancomer has been working closely with the Mexican Centre for Philanthropy for some time. For the fourth year running it was awarded the certificate for Socially Responsible Companies.
- BBVA Banco Provincial developed a solid CSR programme in 2004 and made a signed undertaking to publish an annual CSR report from 2005, becoming the first bank in the group to do so.

Four institutions in the Group officially signed up to the UN Global Compact during 2004, thus helping promote the initiative in their respective countries: BBVA Banco Continental, BBVA Banco Francés, BBVA Bancomer and BBVA Colombia.

> Major lines of work in 2005

Bringing BBVA's vision ("Working for a better future for people") to fruition requires an ongoing effort to better understand and satisfy stakeholders' needs and expectations. In its quest for continuous improvement, the group constantly establishes new areas of work to help it implement its vision. These range from actual principles and policies to developing and introducing the systems,

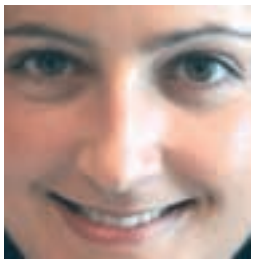
Major lines of work in 2005

Target	Lines of work and emblematic projects
Solutions	Broadening of considerations on environmental and social criteria in products and services, with a wider search for appropriate solutions for public and private institutions that will satisfy basic needs and particular attention to offering products linked to the area of the family under preferential conditions.
BBVA staff	Constant attention to employees' expectations, with an improvements in channels for professional development, the management of teamwork and in occupational health and other aspects.
Suppliers	Development of systems and procedures to help build a closer relationship with suppliers, based on mutual benefit, within the framework of an enhanced standardisation process. Continuous improvements in the channels of communication with suppliers.
Integrity	Continued promotion of strict standards of ethical conduct as a source of value creation and way of ensuring stakeholders' confidence in BBVA's capacity to meet its commitments to them.
Transparency	Promotion of transparency in communications with all stakeholders and in our modus operandi in all areas.
Reputation	Initial introduction of a system for monitoring and managing our reputation, using indicators that will evaluate stakeholders perception and the actual underlying situation of our administration, identifying specific risks and opportunities for our reputation and acting in consequence.
	Development of new technological tools and strengthening of training and resources for preventing the use of the group's products and services for illicit money-laundering activities or for financing terrorist activities.

processes and tools that will allow them to be put into action. Throughout this Report, we have mentioned a number of fields, methodologies and instruments used by BBVA works to meet its commitments on responsibility. Although it is far from being exhaustive, there follows a list of ten of the Group's main lines of work for 2005 which are most closely related to this commitment:

Target	Lines of work and emblematic projects
International commitments	Strengthening of the mechanisms for fulfilling our commitments under the international principles to which we have signed up, strengthening the system for monitoring compliance with the UN Global Compact, UNEP-FI and the Equator Principles and promoting the Global Compact in all countries in which the group has a significant presence.
Environment	Systematic consideration of environmental factors in the products and services offered by BBVA and in analysing of credit risk; broadening of ISO 14001 certifications and general development of the Group's environmental management system.
Community	Strengthening of the channels of support to the community, developing the BBVA Families Plan and reinforcing the action of the Group's foundations and the main sponsorship and patronage programmes.
CSR management	Improvement in CSR information system, extension of the scope of independent verification of the Annual Corporate Social Responsibility Report and consideration of specific reports in banks in the group in Latin America.

> Annexes



> GRI
> Global Compact
> Equator Principles
> Principles governing this Report
> Verification Report
> How to get involved in developing BBVA's commitment

> GRI

> Global Reporting Initiative (GRI) Indicators

> Vision and Strategy, Profile and Governance Structure and Management Systems

1	Vision and Strategy	Pages
1.1	Statement of the organisation's vision and strategy regarding its contribution to sustainable development.	3-5
1.2	Statement from the CEO (or equivalent senior manager) describing key elements of the report.	3-5

2	Profile	Pages
	ORGANISATIONAL PROFILE	
2.1	Name of reporting organisation.	10-11
2.2	Major products and/or services, including brands if appropriate.	8-11, 62-83
2.3	Operational structure of the organisation.	9, Annual Report 2004
2.4	Description of major divisions, operating companies, subsidiaries, and joint ventures.	8-11, Annual Report 2004
2.5	Countries in which the organisation's operations are located.	10-11
2.6	Nature of ownership; legal form.	8-11, 42, Annual Report 2004
2.7	Nature of markets served.	8-11, Annual Report 2004
2.8	Scale of the reporting organisation.	8-11, 62-83, Annual Report 2004
2.9	List of stakeholders, key attributes of each, and relationship to the reporting organisation.	4, 24-25
	REPORT SCOPE	
2.10	Contact person(s) for the report, including e-mail and web addresses.	175
2.11	Reporting period (e.g., fiscal/calendar year) for information provided.	3, 170
2.12	Date of most recent previous report (if any).	4
2.13	Boundaries of report (countries/regions, products/services, divisions/facilities/joint ventures/subsidiaries) and any specific limitations on the scope.	170-171
2.14	Significant changes in size, structure, ownership, or products/services that have occurred since the previous report.	12-13, Annual Report 2004
2.15	Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organisations.	170-171, Annual Report 2004
2.16	Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Note 1

Vision and Strategy, Profile and Governance Structure and Management Systems (cont.)

2	Profile	Pages
	REPORT PROFILE	
2.17	Decisions not to apply GRI principles or protocols in the preparation of the report.	158-165, 170-171
2.18	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits.	41-46, 121, 132-133
2.19	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.	121, 132-133
2.20	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.	171-173
2.21	Policy and current practice with regard to providing independent assurance for the full report.	171-173
2.22	Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available).	Annual Report 2004 (which includes Corporate Governance Report), (www.bbva.com)

3	Governance Structure and Management Systems	Pages
	STRUCTURE AND GOVERNANCE	
3.1	Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation.	Corporate Governance Report (included in the Annual Report 2004)
3.2	Percentage of the board of directors that are independent, non-executive directors.	28, Corporate Governance Report (included in the Annual Report 2004)
3.3	Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities.	119
3.4	Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities.	119, 52, Corporate Governance Report (included in the Annual Report 2004)
3.5	Linkage between executive compensation and achievement of the organisation's financial and non-financial goals (e.g., environmental performance, labour practices).	94-95, Corporate Governance Report (included in the Annual Report 2004)
3.6	Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.	28, 32-34, 51, 171, Annual Report 2004 (which includes Corporate Governance Report), (www.bbva.com)
3.7	Mission and values statements, internally developed codes of conduct or principles, and polices relevant to economic, environmental, and social performance and the status of implementation.	3, 18-21, 26-30, 32-34
3.8	Mechanisms for shareholders to provide recommendations or direction to the board of directors.	2-5, 49, Annual Report 2004 (which includes Corporate Governance Report), (www.bbva.com)

Vision and Strategy, Profile and Governance Structure and Management Systems (cont.)

3	Governance Structure and Management Systems	Pages
	STAKEHOLDER ENGAGEMENT	
3.9	Basis for identification and selection of major stakeholders.	4, 18, 24-25
3.10	Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.	25, 33, 46, 48, 57-59, 89, 116-117, 170, 174-175
3.11	Type of information generated by stakeholder consultations.	57-59, 89
3.12	Use of information resulting from stakeholder engagements.	116-117, 132-133, 25, 33, 48, 56-59, 88-89, 94-97
	OVERARCHING POLICIES AND MANAGEMENT SYSTEMS	
3.13	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	28-29, 75, Annual Report 2004 (www.bbva.com)
3.14	Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses.	3, 28-29, 53, 67, 75, 108, 117, 134-151
3.15	Principal memberships in industry and business associations, and/or national/international advocacy organisations.	13, 70, 75, 110-111
3.16	Policies and/or systems for managing upstream and downstream impacts.	154-155, 27-29, 62-83, 116-117, 122-125, 132-133
3.17	Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities.	3, 50-53, 126-127, 132-133
3.18	Major decisions during the reporting period regarding the location of, or changes in, operations.	3, 12-13
3.19	Programmes and procedures pertaining to economic, environmental, and social performance.	Note 2
3.20	Status of certification pertaining to economic, environmental, and social management systems.	15, 59, 115, 119, 122-123

Performance Indicators

(1)	Economic Performance Indicators	Pages
	DIRECT ECONOMIC IMPACTS	
	Customers	
C	EC1. Net sales.	Annual Report 2004
C	EC2. Geographic breakdown of markets.	10-11
	Suppliers	
C	EC3. Cost of all goods, materials, and services purchased.	41, 45
C	EC4. Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements.	Nd
A	EC11. Supplier breakdown by organisation and country.	Nd
	Employees	
C	EC5. Total payroll and benefits (including wages, pension, other benefits, and redundancy payments) broken down by country or region.	44
	Providers of Capital	
C	EC6. Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed.	42, Annual Report 2004
C	EC7. Increase/decrease in retained earnings at end of period.	Annual Report 2004
	Public Sector	
C	EC8. Total sum of taxes of all types paid broken down by country.	46, Annual Report 2004
C	EC9. Subsidies received broken down by country or region.	Nd
C	EC10. Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group.	132-133
A	EC12. Total spent on non-core business infrastructure development.	76, 83, 143-145
	INDIRECT ECONOMIC IMPACTS	
A	EC13. The organisation's indirect economic impacts.	50-53

Note 1: Some of the information published in this Report modifies the information in previous reports, in order to get a more logic framework.
Note 2: BBVA believes this indicator is properly reflected along the whole Report.
Na: Non applicable.
Nd: Non available.

Performance Indicators (cont.)

(1)	Environmental Performance Indicators	Pages
	MATERIALS	
C	EN1. Total materials use other than water, by type.	121
C	EN2. Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organisation.	114, 120-122
	ENERGY	
C	EN3. Direct energy use segmented by primary source.	114, 121
C	EN4. Indirect energy use.	Nd
A	EN17. Initiatives to use renewable energy sources and to increase energy efficiency.	75, 129
A	EN18. Energy consumption footprint (i.e., annualised lifetime energy requirements) of major products.	Na2
A	EN19. Other indirect (upstream/downstream) energy use and implications, such as organisational travel, product lifecycle management, and use of energy-intensive materials.	121, 124
	WATER	
C	EN5. Total water use.	121
A	EN20.Water sources and related ecosystems/habitats significantly affected by use of water.	Na2
A	EN21. Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources.	Na2
A	EN22. Total recycling and reuse of water.	Na1
	BIODIVERSITY	
C	EN6. Location and size of land owned, leased, or managed in biodiversity-rich habitats.	Na2
C	EN7. Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater and marine environments.	Na2
A	EN23. Total amount of land owned, leased, or managed for production activities or extractive use.	Na1
A	EN24. Amount of impermeable surface as a percentage of land purchased or leased.	Na2
A	EN25. Impacts of activities and operations on protected and sensitive areas.	Na1
A	EN26. Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored.	Na2
A	EN27. Objectives, programmes, and targets for protecting and restoring native ecosystems and species in degraded areas.	148-150
A	EN28. Number of IUCN Red List species with habitats in areas affected by operations.	Na1
A	EN29. Business units currently operating or planning operations in or around protected or sensitive areas.	Na1
	EMISSIONS, EFFLUENTS, AND WASTE	
C	EN8. Greenhouse gas emissions.	15, 114-115, 121, 124-125
C	EN9. Use and emissions of ozone-depleting substances.	Nd
C	EN10. NOx, SOx, and other significant air emissions by type.	Nd
C	EN11. Total amount of waste by type and destination.	121-123
C	EN12. Significant discharges to water by type.	Na2
C	EN13. Significant spills of chemicals, oils, and fuels in terms of total number and total volume.	Na2
A	EN30. Other relevant indirect greenhouse gas emissions.	121
A	EN31. All production, transport, import, or export of any waste deemed “hazardous” under the terms of the Basel Convention Annex I, II, III, and VIII.	Na1
A	EN32.Water sources and related ecosystems/habitats significantly affected by discharges of water and runoff.	Na2
	SUPPLIERS	
A	EN33. Performance of suppliers relative to environmental components of programmes and procedures described in response to Governance Structure and Management Systems section (Section 3.16).	45, 117

Performance Indicators (cont.)

(1)	Environmental Performance Indicators	Pages
	PRODUCTS AND SERVICES	
C	EN14. Significant environmental impacts of principal products and services.	68-69, 75, 126
C	EN15. Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed.	Na1
	COMPLIANCE	
C	EN16. Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues.	115
	TRANSPORT	
A	EN34. Significant environmental impacts of transportation used for logistical purposes.	Na2
	OVERALL	
A	EN35. Total environmental expenditures by type.	114

(1)	Social Performance Indicators	Pages
	LABOUR PRACTICES AND DECENT WORK	
	Employment	
C	LA1. Breakdown of workforce, where possible, by region/country, status (employee/non-employee), employment type (full time/part time), and by employment contract (indefinite or permanent/fixed term or temporary). Also identify workforce retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region/country.	87, Annual Report 2004
C	LA2. Net employment creation and average turnover segmented by region/country.	101
A	LA12. Employee benefits beyond those legally mandated.	106-107
	Labour/Management Relations	
C	LA3. Percentage of employees represented by independent trade union organisations or other bona fide employee representatives broken down geographically OR percentage of employees covered by collective bargaining agreements broken down by region/country.	111
C	LA4. Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations (e.g., restructuring).	110, 95-97
A	LA13. Provision for formal worker representation in decisionmaking or management, including corporate governance.	110
	Health and Safety	
C	LA5. Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.	102-105
C	LA6. Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.	102-105
C	LA7. Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).	103
C	LA8. Description of policies or programmes (for the workplace and beyond) on HIV/AIDS.	76
A	LA14. Evidence of substantial compliance with the ILO.	105, 110
A	LA15. Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements.	102, 110
	Training and Education	
C	LA9. Average hours of training per year per employee by category of employee.	92-93, 115
A	LA16. Description of programmes to support the continued employability of employees and to manage career endings.	92-94
A	LA17. Specific policies and programmes for skills management or for lifelong learning.	90-92, 94

(1)	Social Performance Indicators	Pages
	Diversity and Opportunity	
C	LA10. Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring.	27, 98-99, 101
C	LA11. Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate.	99, Annual Report 2004
	HUMAN RIGHTS	
	Strategy and Management	
C	HR1. Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.	27-29, 86-112
C	HR2. Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection suppliers/contractors.	27-29, 45, 83
C	HR3. Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring.	27, 29, 45
A	HR8. Employee training on policies and practices concerning all aspects of human rights relevant to operations.	94
	Non-discrimination	
C	HR4. Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.	27-28, 63-65
	Freedom of Association and Collective Bargaining	
C	HR5. Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.	110-111
	Child Labour	
C	HR6. Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/ programmes to address this issue, including monitoring systems and results of monitoring.	27-29
	Forced and Compulsory Labour	
C	HR7. Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	28-29
	Disciplinary Practices	
A	HR9. Description of appeal practices, including, but not limited to, human rights issues.	27-28, 99
A	HR10. Description of non-retaliation policy and effective, confidential employee grievance system (including, but not limited to, its impact on human rights).	27-28,99
	Security Practices	
A	HR11. Human rights training for security personnel.	Nd
	Indigenous Rights	
A	HR12. Description of policies, guidelines, and procedures to address the needs of indigenous people.	75
A	HR13. Description of jointly managed community grievance mechanisms/authority.	57, Annual Report 2004
A	HR14. Share of operating revenues from the area of operations that are redistributed to local communities.	132-133
	SOCIETY	
	Community	
C	SO1. Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	50-53, 132-151, 56-57
A	SO4. Awards received relevant to social, ethical, and environmental performance.	39, 42

Performance Indicators (cont.)

(1)	Social Performance Indicators	Pages
	Bribery and Corruption	
C	SO2. Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption.	27-29, 51-52
	Political Contributions	
C	SO3. Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.	27-28, 110
A	SO5. Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates.	Nd
	Competition and Pricing	
A	SO6. Court decisions regarding cases pertaining to anti-trust and monopoly regulations.	Nd
A	SO7. Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour.	27
	PRODUCT RESPONSIBILITY	
	Customer Health and Safety	
C	PR1. Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	57-60, 103
A	PR4. Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these breaches.	56, 102
A	PR5. Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health and safety of products and services.	Na1
A	PR6. Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility that the reporter is qualified to use or has received.	39, 42
	Products and Services	
C	PR2. Description of policy, procedures/management systems, and compliance mechanisms related to product information and labelling.	27-28, 57-59
A	PR7. Number and type of instances of non-compliance with regulations concerning product information and labelling, including any penalties or fines assessed for these breaches.	57
A	PR8. Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction. Identify geographic areas covered by policy.	15, 56-59
	Advertising	
A	PR9. Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising.	27
A	PR10. Number and types of breaches of advertising and marketing regulations.	57
	Respect for Privacy	
C	PR3. Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy.	27, 57
A	PR11. Number of substantiated complaints regarding breaches of consumer privacy.	57

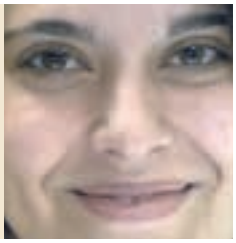
(1) (C) Core indicator; (A) Additional indicator.
Na1: This situation does not exist, has not been register during de Report period and/or does not exist plans for taking it into account.
Na2: This issue has not been identified during the materiality process (page 105).
Nd: Non available.

Financial Services Sector Supplement

		Pages
CSR	MANAGEMENT SYSTEM	
CSR1	CSR Policy.	24-30
CSR2	CSR Organisation.	32-34
CSR3	CSR Audits.	15, 51, 105, 171
CSR4	Management of Sensitive Issues.	15, 27-29, 51
CSR5	Non-Compliance.	Na1
CSR6	Stakeholder Dialogue.	25, 33, 39, 46, 49, 56-59, 89, 117, 170, 174-175
INT	INTERNAL SOCIAL PERFORMANCE	
INT 1	Internal CSR Policy.	27-28, 86-111
INT 2	Staff Turnover and Job Creation.	100-101
INT 3	Employee Satisfaction.	89
INT 4	Senior Management Remuneration.	Annual Report 2004 (which includes Corporate Governance Report) (www.bbva.com)
INT 5	Bonuses Fostering Sustainable Success*.	94-95
INT 6	Female-Male Salary Ratio*.	94-95
INT 7	Employee Profile.	15, 87, 101
SOC	PERFORMANCE TO SOCIETY	
SOC1	Charitable Contributions.	15, 132-133
SOC2	Economic Value Added.	38-53
SUP	SUPPLIERS	
SUP 1	Screening of Major Suppliers.	30, 45
SUP 2	Supplier Satisfaction.	15
RB	RETAIL BANKING	
RB 1	Retail Banking Policy (socially relevant elements).	62-66
RB 2	Lending Profile.	70-73
RB 3	Lending with High Social Benefit.	62-67
IB	INVESTMENT BANKING	
IB 1	Investment Policy (socially relevant elements).	75-77
IB 2	Customer Profile: Global Transaction Structure.	75
IB 3	Transactions with High Social Benefit.	75
AM	ASSET MANAGEMENT	
AM 1	Asset Management Policy (socially relevant elements).	68-69
AM 2	Assets under Management with High Social Benefit.	69
AM 3	SRI Oriented Shareholder Activity.	68-69
INS	INSURANCE	
INS 1	Underwriting Policy (socially relevant elements).	66, 27-28
INS 2	Customer Profile.	66
INS 3*	Customer Complaints.	58-59
INS 4	Insurance with High Social Benefit.	66

Na: Non applicable.
Nd: Non available.

> Global Compact



> BBVA & the ten UN Global Compact Principles

> BBVA & the ten UN Global Compact Principles

	UN Global Compact Principles
	HUMAN RIGHTS
1	Business are asked to support and respect the protection of international human rights within their sphere of influence.
2	Make sure their own corporations are not complicit in human rights abuses.
	LABOUR
3	Business are asked to uphold the freedom of association and the effective recognition of the right to collective bargaining.
4	The elimination of all forms of forced and compulsory labour.
5	The effective abolition of child labour.
6	The elimination of discrimination in respect of employment and occupation.
	ENVIRONMENT
7	Businesses are asked to support a precautionary approach to environmental challenges.
8	Undertake initiatives to promote greater environmental responsibility.
9	Encourage the development and diffusion of environmentally friendly technologies.
	ANTI-CORRUPTION*
10	Promotion and adoption of initiatives to counter all forms of corruption, including extortion and bribery.

* Orientative equivalence in between the Global Compact Principles and the GRI core performance indicators. www.unglobalcompact.org.

Chapter of BBVA 2004 CSR Report	GRI Indicator*
HUMAN RIGHTS	
The BBVA Group, Corporate principles, The people at BBVA, Creating direct value, Corporate and real-estate holdings, Community support, Ethical conduct, Recruitment and job creation.	HR1, HR2, HR3, HR4
The BBVA Group, Corporate principles, Creating direct value, Corporate and real-estate holdings, Community support.	HR2, HR3
LABOUR	
Learning and development, Health and safety, Associationism.	HR5, LA3, LA4
Corporate principles.	HR7
Corporate principles.	HR6
Corporate principles, Ethical conduct, Recruitment and job creation.	HR4, LA10, LA11
ENVIRONMENT	
Corporate principles, Banking for large companies and project finance, www.bbva.com (Environmental Policy).	3.13
Letter from the Chairman, Investment funds and socially responsible investment in BBVA, Banking for small and medium-sized companies and microenterprises, Banking for large companies and project finance, Institutional banking, Key indicators of environmental performance, Ecoefficiency in the consumption of natural resources, Climate Change and loss of biodiversity, Indirect environmental impact, Risk Management.	EN1-EN16, 1.1
Banking for large companies and project finance, Climate Change and loss of biodiversity, Environmental training and awareness-enhancing.	EN17
ANTI-CORRUPTION	
Corporate principles, Implementing corporate principles, Creating indirect value.	SO2

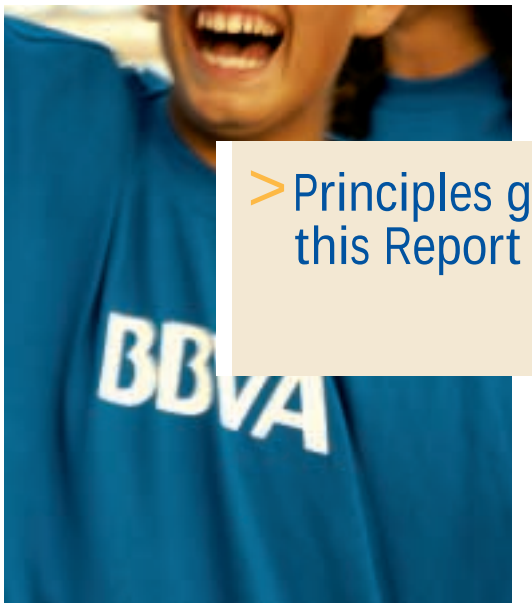
> Equator Principles

The Equator Principles are a set of social and environmental guidelines established by the International Finance Corporation, an agency that forms part of the World Bank, to govern bank financing of major investment projects in emerging countries.

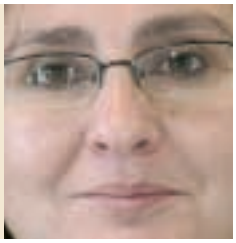
More information:
www.equator-principles.com

Equator Principles in this Report

	Pages
Letter from the Chairman	3
The BBVA Group	12
The BBVA Pledge	29
Creating Value	53
Solutions for a Better Future	75
Sustainable Management of Resources	115,117,126
Major Lines of Work in 2005	155



> Principles governing this Report



BBVA's commitment to transparency has played a key role in preparing this Report. We have used a systematic and rigorous process that allows us to

Materiality

Issues that are material are those that are important for stakeholders

The contents of this Report have been selected using a materiality study, based on some of the AA1000 principles, adapting the materiality test proposed by AccountAbility (www.accountability.org.uk). As part of the test, we analysed information practices in the financial sector as well as press contents, covering issues and institutions relevant to the industry within the geographical areas in which the group operates. This study also takes into account the main guidelines and initiatives within the context of sustainability and CSR.

One key aspect in determining materiality was a process of internal consultation. Work sessions were held, with participation from leading areas of the group. The purpose was not merely to report on the results of the materiality test, but also to use them to determine what aspects of CSR give BBVA a competitive advantage. The joint result of the materiality study and the working sessions was a key factor in establishing the structure and contents of this Report.

Response

The response of information proposed to cover the material aspects

In drawing up this Report we have tried as far as possible to include information related to data for the whole group for 2004 (including historical data, where relevant). Any limitations on information are stated in the Report. The Report encompasses all material aspects within the context of BBVA's commitment on social responsibility.

We have sought to strike a balance, providing sufficient consistent information. This has involved choosing qualitative and/or

identify the most relevant (or material) aspects of corporate social responsibility (CSR) for BBVA; determine the means of responding to each of these aspects and, provide an acceptable level of certainty with regard to the validity and exactitude of the information set out in this Report.

quantitative indicators, and determining the extent to which the data presented should be broken down. In this process, we have followed the guidelines of the Global Reporting Initiative, and have included the information required for a GRI *'in accordance'* rating for the Report. The Report is complemented by the BBVA Annual Report (which contains a specific report on corporate governance), and the information available at www.bbva.com. The Group continues to work to improve the quantity and quality of this information.

Exactitude of the information

The precision of the information determines the level of certainty of any proposed response

BBVA has a number of mechanisms for providing a high level of assurance of the veracity of the information it provides in this Report.

Internally, the various management systems provide a solid framework, which serve to obtain, manage and provide the relevant information. These systems undergo the same verification and monitoring processes the Group commonly applies to all information. Within the process of preparing this Report, the CSR department has consulted and verified information with the departments that provided it.

In addition, throughout 2004 the group made important improvements to this process, with an independent verification of the data related to the GRI indicators. The report on this verification can be found in the following section of this document.

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REPORT ON AGREED-UPON PROCEDURES FOR THE INDEPENDENT VERIFICATION OF THE INDICATORS OF *BBVA'S 2004 ANNUAL CORPORATE SOCIAL RESPONSIBILITY REPORT*

To management of BBVA:

We have performed the procedures agreed upon with you, which are listed below, on the indicators of *BBVA's Annual Corporate Social Responsibility Report* for 2004. The preparation of this report is the sole responsibility of BBVA's Corporate Social Responsibility Department.

Our work was conducted in accordance with the *2002 Sustainability Reporting Guidelines* of the Global Reporting Initiative (GRI) and with the generally accepted professional standards in Spain relating to agreed-upon procedures.

The procedures performed were as follows:

- Meetings with BBVA Group personnel to gather the information required for the independent verification.
- Checking that the contents of the *2004 Annual CSR Report* do not contradict any relevant information provided by the BBVA Group in its Annual Report.
- Analysis of the adaptation of the contents and structure of the *2004 Annual CSR Report* to the GRI standard and checking that the indicators established relate to those recommended in the aforementioned standard.
- Review, through verification tests conducted on a selected sample, of the calculation of the performance quantitative indicators included in the *2004 Annual CSR Report*, and of the adequate compilation thereof based on the data supplied by the BBVA Group's information sources.
- Review of qualitative matters relating to the indicators included in the *BBVA 2004 Annual CSR Report*.
- Analysis of reasonableness of the criteria used by BBVA in order to consider certain indicators as "not applicable" or "not available".

Our indicator review focused solely on the BBVA Group's activities in countries falling within the scope of its *2004 Annual Corporate Social Responsibility Report* and during the period from January 1 to December 31, 2004.

A list of the indicators analyzed and a description of the type of verification performed is included in the Exhibit to this report.

As a result of the application of the agreed-upon procedures described above, the following matters were disclosed:

- The structure and contents of *BBVA's 2004 Annual Corporate Social Responsibility Report* comply with the principles and guidelines of the GRI Standard. However, the characteristics specific to the financial business and the information systems specific to the BBVA Group required, in certain cases, adjusting the GRI indicators to such circumstances.
- In general, where information was not available for all the countries or for all the activities carried on by the BBVA Group, this was indicated in the section of the Annual CSR Report describing the related indicator.

The scope of the agreed-upon procedures applied was limited to verification of the aforementioned indicators for 2004 and did not include a review of *BBVA's 2004 Annual Corporate Social Responsibility Report* as a whole. Had we performed additional or different procedures, other matters might have been disclosed that would have been reported.

Madrid, February 11, 2005

Deloitte, S.L.

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REPORT ON AGREED-UPON PROCEDURES FOR THE INDEPENDENT REVIEW OF THE INDICATORS OF BBVA's 2004 ANNUAL CORPORATE SOCIAL RESPONSIBILITY REPORT

Exhibit: Indicators reviewed and type of review

Review of quantitative indicator calculations and qualitative aspects, and of the appropriate compilation thereof based on the data supplied by the various BBVA Group units and external information sources.

EC1 (a)	EC2	EC3 (a)	EC5	EC6	EC7	EC8 (a)	EC10	EC13	EN8
EN14 (a)	EN16 (e)	EN17	EN27	EN30	EN33	EN35 (a)	LA1	LA2	LA3 (a)(e)
LA4	LA5	LA6 (e)	LA8	LA9	LA10	LA11	LA12	LA13	LA14
LA15 (e)	LA17	HR1	HR2	HR3	HR4	HR5	HR6	HR7	HR8
HR9	HR10	HR12	HR13	HR14 (a)	SO1	SO2	SO3	SO4	SO7
PR1	PR2	PR3	PR4 (e)	PR5	PR7 (e)	PR8	PR9	PR10 (e)	PR11

Partial review consisting of checking the estimates made and their appropriate compilation based on the data supplied by the various BBVA Group units.

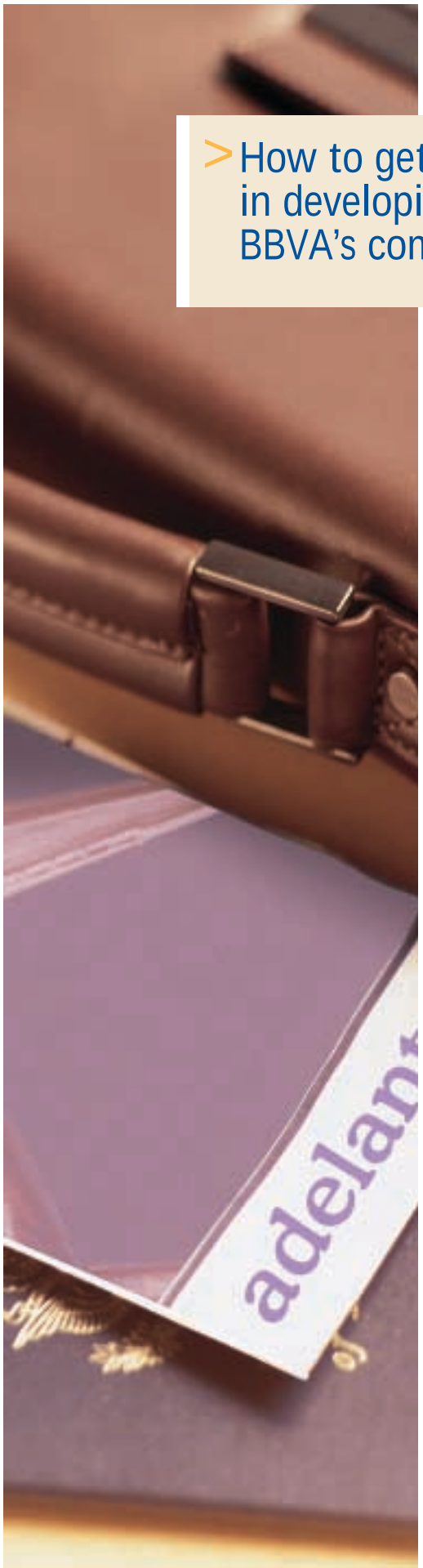
EN1	EN2	EN3	EN5

Partial review due to non-availability of all the information required by the GRI indicator.

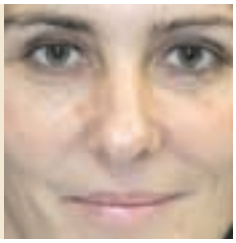
EC12	EN11	EN19	LA7 (e)	LA16

(e): Indicator relating exclusively to BBVA Spain.

(a): Indicator adapted by BBVA to the characteristics specific to its line of business and information systems.



> How to get involved in developing BBVA's commitment



In order to meet its commitments to its stakeholders, BBVA needs to provide opportunities for them to become involved. BBVA is open to dialogue, new ideas, suggestions and criticism, which can help it transform and improve the way in which it meets its commitments. This participation can be channelled in several ways:

Contributing new ideas

Through specific proposals for setting up plans, programmes or projects that will help fulfil BBVA's commitments to its stakeholders.

Entering in action

Participating actively in the actions organised or promoted by the group's institutions or its foundations.

Sharing impressions

Sending opinions, remarks and criticism on plans, programmes, projects, reports, etc, performed by the group or its foundations.

In this Report we have set out some of the many ways in which BBVA tries to channel its stakeholders' participation. For the area of corporate social responsibility, you can contact our CSR department (see details below). Specific correspondence will be redirected to the relevant areas.

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