

OTHER AREAS AND ACTIVITIES



- **HUMAN RESOURCES AND SERVICES**
- **INTELLECTUAL CAPITAL**
- **SYSTEMS AND OPERATIONS**
- **INNOVATION AND DEVELOPMENT**



● HUMAN RESOURCES AND SERVICES

Human Resources

An integrated model. BBVA considers the role of Human Resources to be a key component of its value creation strategy. Accordingly, it has a complete and comprehensive model for human capital management, which has been equipped with a series of tools that are an assurance of excellence in the recruitment, assessment, development and reward of the Group's professionals.

BBVA Human Resources Model



The model's aim is to help realise the Group's vision, "Working towards a better future for people". This means that the HR model is permanently evolving, constantly adapting to the BBVA Group's strategic needs.

A new structure. In order to respond to the challenges posed by globalisation, at the beginning of 2005 the Human Resources area modified its structure to bring it in line with Group strategy. Accordingly, the Group adopted a global approach to human resources with a local focus in each country, leading to closer ties with business units. These, in turn, have been equipped with the necessary tools and processes for ensuring a better and more independent management of their teams.

Furthermore, this reorganisation has removed intermediate structures, thereby creating a more fluent dialogue between HR units in each country and the core Group units, establishing a reference framework for the pursuit of their business that

ensures a shared vision in the development of people management policies. The overall outcome has been greater involvement by countries in the drafting of global projects and policies and a better integration of transnational teams, as reflected in the 27 corporate projects headed by HR management in each country that have been implemented throughout 2005.

In order to address the globalisation process more efficiently within the sphere of HR, a corporate platform has been designed for the administration and management of people, which has already been implemented for the workforce in Spain and for the management team throughout the entire BBVA Group. This tool will continue to be deployed throughout 2006 in all the other countries in which the Group is active.

Development as the focal point. The Group's HR management model is competencies-driven and is based on the development of an individual's skills and knowledge, as required for responding to the value creation strategy. At BBVA, professional development is seen as a shared task: HR acts as the driving force and support, team leaders cultivate their collaborators and professionals oversee their own self-development through personal initiative. This role distribution has been reflected in the main achievements of each one of the players in 2005:

- 1) In cooperation with all Group units, HR has completed the definition of the necessary competencies for an excellent performance in each role. Furthermore, the appraisal system has been fine-tuned, with improved questionnaires and applications, and existing appraisal techniques have been compounded by new ones, such as 90° assessment. In addition, the effort BBVA makes in staff training, with an investment in excess of €34m in 2005, testifies to its commitment to development, both as forthcoming from strategic needs (73% of training activity has focused on customer and product-oriented schemes) and regarding the needs identified in Individual Development Plans. In 2005, the e-learning platform called *Conoce* (Get to know) has been globalised, and progress has been made in the knowledge certification

policy involving different external bodies, as this is understood to enhance professional employability and customer confidence. At year-end 2005, 2,894 employees had been awarded certificates: 2,534 in EFPA (European Financial Planning Association), 308 in CFA (Chartered Financial Analysts) and 52 in CIA (Internal Auditors Certificate).

- 2) Team leaders have had the opportunity to develop management skills. Amongst other activities, a highlight is the work undertaken by the Management School. Thus, the Group's first 300 executives have undergone the Strategic Leadership Programme (*PLE*), which has been developed in cooperation with INSEAD and the Center for Corporate Leadership. Elsewhere, 240 executives have taken part in the five editions of the Corporate Management Programme (*PCD*) and another 580 middle managers have received training in the Management Development Programme (*PDD*), both organised in cooperation with IESE. The interest of these programmes is heightened by the regular presence of the Chairman, the Chief Operating Officer and members of the Steering Committee, who manifest their commitment by attending the various programmes in order to share their vision of the Group's future and strategy with those taking part.
- 3) Personal initiative on the part of staff also takes centre stage in their development. In 2005, BBVA has provided them with two tools that help to increase their scope for self-improvement. On the one hand, the global application *Apunto* (I note down), designed to help employees consider their potential career roadmap within the Group. This tool enables an applicant to compare their competencies profile with the one required for any other professional role, regardless of the area, with a view to seeking a possible change in duties. For the time being, this tool is available to all Group executives and to all employees in Spain; groups in all the other countries will gradually be incorporated over the coming years. On the other hand, for all those professionals who wish to improve a specific skill, the Group has designed a career

development handbook, with a self-access approach. For each one of the skills defined in the Group's competencies dictionary, the handbook contains a questionnaire that helps to assess personal ability in that specific skill, a list of suitable modes of conduct and possible obstacles that hinder development in practical terms, a proposed line of action to be pursued, as well as a comprehensive detail of courses and suggested reading and audiovisual materials for self-improvement.

A person-based cultural context. HR policies are the more visible face of the commitments embraced with employees in the Group's cultural project: *La Experiencia BBVA* (The BBVA Experience).

2005 has been the year of *Pasión por las Personas* (Passion for People); a corporate project that HR has made its own in order to breathe life into the cultural style that BBVA wishes to have associated with its name. This project is based on the so-called *Voz de los empleados* (Employees' voice), which is highlighted in, amongst others, the *Foros BBVA* (BBVA Fora), a setting for dealing with those issues of greatest concern at any given moment. From this standpoint, seven global programmes have been designed, to be applied in all the countries in which the Group operates. They focus their attention on those aspects in which professionals seek improvement. Thus, implementation is being made of Group schemes on communication, development, leadership, recognition, respect for diversity, respect for another person's time and loyalty, together with numerous local initiatives based on these seven premises.

This means that structure, processes, working methods and projects in people management at BBVA are being transformed in order to respond to the Group's growing global needs.

Purchases

The initiatives pursued by the Purchases unit in recent years have been channelled into the standardisation of processes and the introduction of a global methodology for the negotiation and management of procurement in the BBVA Group. Thanks to these initiatives, a sustainable reduction

has been achieved in the cost of procurement, process efficiency and transparency have been improved and the quality and service provided to users have been enhanced.

The total volume of purchases the Group managed in 2005 exceeded €2.6 billion, with 78% corresponding to expenses and the remainder to investments. Amongst those projects the unit has pursued in processing and continuous improvement in 2005, there are the following highlights:

- Implementation in Spain of a pilot experience in e-invoicing of orders processed through the Adquira marketplace, which has led to the completion of the e-procurement cycle: the supplier submits the invoice to BBVA electronically and, once it has been validated, the system automatically records and pays it. This maximises control over the entire process and generates cost-saving through the simplification and automation of hitherto manual processes.
- A project has been initiated that will permit this Group tool to be accessed directly from the different countries in the Americas for the inclusion of purchase requests for Systems and for Premises and Security projects.
- Extended use has been made of on-line negotiation tools in the Americas (RFQs and e-auctions), with the Group taking part in 2,600 negotiation processes involving such tools.
- Finally, overall supervision has been introduced in this area, both in Spain and in the Americas.

Premises and Services

This unit's mission is to contribute value through the integral management of property for the Group's own use and of the general services associated with it, rendering an improvement in service quality compatible with cost optimisation. In 2005, the Premises and Services unit has overseen expenditure amounting to €448m and has authorised investment projects for €512m.

In Spain, special note should be taken of the expansion of Commercial Banking's network, with work completed on nearly 200 branches, the majority of which correspond to the *Madrid* and

Mediterráneo plans. Implementation has also been made of the personal financial services model in over 100 branches, and refurbishment has begun on the façades of 70 branches. In addition, work has been completed on 50 new *Dinero Express* branches, a network specialising in the migrant worker segment. Regarding landmark buildings, the air conditioning system and electrical installations have been renewed in the Data Processing Centre in Madrid, and a new environmental management system has been introduced for the Castellana, 81 headquarters building in Madrid, with the award of ISO 14001 certification.

A highlight in Mexico has been the opening of 50 new branches, as well as 38 *Revitaliza* plan projects for the refurbishment of the branch infrastructure and the remodelling of the Montes Urales building. Worthy of special mention elsewhere in the Americas is the modernisation of the headquarters in Peru.

● **INTELLECTUAL CAPITAL**

Intangible assets are the key to the competitive success of companies and are a fundamental factor in the creation of value. In this sense, intellectual capital is the differentiating element that enables an organisation to be more creative and innovative, which, in the end, results in an outstanding competitive advantage ensuring development that is sustained and sustainable in time.

The intangible assets making up the BBVA Group's intellectual capital are grouped into three large groups depending on their nature: human capital, referring to the knowledge that the organisation's people and teams have; structural capital, understood as all elements of structural knowledge, that is, information and communication systems, corporate culture, available technology, work processes, management systems, etc.; and, last of all, relational capital, referring to all the relations that the Group maintains with the players in its environment. Within each section, the indices are grouped in relation to the commitments undertaken by the BBVA Group with the main stakeholders with whom it interacts (customers, shareholders, employees, suppliers and society).

HUMAN CAPITAL INDICATORS

| EMPLOYEES | 2005 | 2004 |
|--|---------|--------|
| Managing diversity as a competitive advantage, ensuring equal opportunities and respect for all individuals | | |
| Employees (No.) | 94,681 | 87,112 |
| • Spain | 31,154 | 31,056 |
| • The Americas | 61,604 | 54,074 |
| • Rest of the world | 1,923 | 1,982 |
| Average age of workforce | 38.4 | 38.1 |
| • Spain | 41.9 | 41.6 |
| • The Americas | 36.1 | 35.9 |
| Men/women ratio (%) | 55/45 | 57/43 |
| • Spain | 62/38 | 63/37 |
| • The Americas | 51/49 | 53/47 |
| University graduates (%) | 49 | 47 |
| • Spain | 50 | 48 |
| • The Americas | 49 | 46 |
| Average number of years service of workforce | 13.2 | 13.3 |
| • Spain | 18.5 | 19.3 |
| • The Americas | 9.8 | 9.7 |
| People who work in a country other than their own (Expatriates) (No.) | 227 | 266 |
| Women in management team (levels 0-3) (%) | 4.7 | 4.1 |
| Women in management team (levels 4-5) (%) | 15.8 | 15.4 |
| Promoting personal and professional development, reconciling the Group's and individuals' interests | | |
| New recruits | 3,030 | 2,502 |
| • Young graduates | 2,166 | 1,906 |
| - Spain | 1,150 | 1,177 |
| - The Americas | 1,016 | 729 |
| • Specialists | 864 | 596 |
| - Spain | 247 | 193 |
| - The Americas | 617 | 403 |
| Number of CVs included in the recruiting process | 156,867 | 73,305 |
| People for whose post a functional profile has been defined (%) | 98 | 97 |
| Managers who have undergone 180° assessment (%) | 100 | 100 |
| Managers who have undergone assessment through assessment centre (%) | 55 | 55 |
| Employees who have carried out self-assessment of their knowledge (%) | 77.6 | 74.1 |
| Investment in training (thousand euros) | 34,302 | 34,315 |
| Hours of training given (thousands) | 4,082 | 3,744 |
| • Spain | 1,760 | 1,639 |
| • The Americas | 2,323 | 2,105 |
| Hours of training per employee | 43 | 43 |
| • Spain | 56 | 53 |
| • The Americas | 38 | 39 |
| Managers trained at the School of Management (cumulative number) | 1,720 | 1,092 |
| Steering Committee members committed to Management School training (%) | 100 | 100 |
| Professionals who have worked as internal monitors in the training of employees (No.) | 420 | 502 |
| Evaluation of employee satisfaction with training (score out of 5) | 4.2 | 4.1 |
| Recognising merit, measured by achievement of results, customer service and overall vision of the Group | | |
| Individuals promoted (% of total headcount) | 11.9 | 12.7 |
| Individuals with variable remuneration (%) | 53 | 53 |
| Variable remuneration out of total remuneration (%) | 12 | 12 |

STRUCTURAL CAPITAL INDICATORS

| EMPLOYEES | 2005 | 2004 |
|---|--------|--------|
| Creating a climate of trust based on an open relationship, team support and transparent communications | | |
| Corporate culture fora on <i>La Experiencia BBVA</i> (number of sessions) | 54 | 54 |
| Participants in <i>La Experiencia BBVA</i> fora (No.) | 1,504 | 878 |
| Internal communication channels in Spain (No. annual communications) | 743 | 571 |
| - Weekly/daily | 681 | 526 |
| - Monthly/quarterly | 19 | 19 |
| - Other periodicity | 43 | 26 |
| Satisfaction poll (labour climate; biennial) | | |
| • Spain | | 2003 |
| - Satisfaction index (%) | 61.1 | 60.4 |
| - Motivation index (%) | 70.4 | 70.7 |
| - Image index (%) | 76.2 | 73.7 |
| - Participation index (%) | 47.1 | 47.5 |
| • BBVA Bancomer (Mexico) | | |
| - Satisfaction index (%) | 76.0 | 74.4 |
| - Motivation index (%) | 84.9 | 84.3 |
| - Image index (%) | 86.7 | 84.6 |
| - Participation index (%) | 60.7 | 73.2 |
| • Rest of Group | | |
| - Satisfaction index (%) | 68.6 | 68.3 |
| - Motivation index (%) | 79.2 | 78.8 |
| - Image index (%) | 77.8 | 78.0 |
| - Participation index (%) | 68.9 | 72.9 |
| Stimulating the generation of ideas and the capacity to implement them | | |
| | | 2004 |
| Daily corporate intranet users (No.) | 14,400 | 13,000 |
| Corporate intranet pages viewed daily (thousands) | 2,083 | 2,576 |
| Documents stored on the intranet (thousands) | 995 | 574 |
| People contributing to development and maintenance of intranet content (No.) | 264 | 267 |
| Intranetised processes (cumulative number) | 237 | 175 |
| Intranet projects (No.) | 388 | 264 |
| Efficiency plans implemented (No.) | 623 | 842 |
| Encouraging teamwork within the framework of personal accountability which favours initiative and decision making by individuals | | |
| Meeting rooms equipped with video technology (No.) | 251 | 250 |
| Videoconferences (No.) | 929 | 1,145 |
| Banks and fund managers having implemented internal customer survey (%) | 100 | 100 |
| Virtual work fora in operation (No.) | 796 | 347 |
| Professionals making up the management team (No.) | 1,771 | 1,729 |

RELATIONAL CAPITAL INDICATORS

| | 2005 | 2004 |
|---|--------|--------|
| CUSTOMERS | | |
| Winning the trust of customers through the fulfilment of commitments and ethical and transparent conduct | | |
| Customers (millions) | 38 | 35 |
| Private individual customer satisfaction index (%) ⁽¹⁾ | 67.9 | 67.6 |
| Spontaneous awareness index (1st mention, BBVA brand) (%) ⁽¹⁾ | 12.7 | 13.8 |
| Providing a proactive and customised service, knowing how to treat each customer in terms of their needs and potential | | |
| Branches (No.) | 7,410 | 6,868 |
| • Spain | 3,578 | 3,385 |
| • The Americas | 3,658 | 3,303 |
| • Rest of the world | 174 | 180 |
| Staff in management and front-office positions (%) | 68 | 67 |
| Countries where the Group operates (No.) | 31 | 32 |
| New channels | | |
| • Calls handled by telebanking (millions) | 196 | 79 |
| • Customers using on-line services (thousands) | 4,013 | 3,449 |
| • ATMs and other self-service devices (No.) | 14,509 | 14,231 |
| Offering the best advice and the most efficient solutions with a service that goes beyond the purely financial business | | |
| Public access websites with Group content (No.) | 53 | 43 |
| Network of Group's correspondent banks abroad (No.) | 4,189 | 4,263 |
| SOCIETY | | |
| Encouraging involvement in programmes closely related to social concerns | | |
| BBVA Group foundations (No.) | 5 | 5 |
| <i>Ruta Quetzal</i> participants (cumulative number) | 8,700 | 8,350 |
| Community support: funds allocated by the Group and its foundations (million euros) | 46.5 | 38.3 |
| Socially responsible investment funds (% of the total of investment funds managed) | 1.53 | 1.83 |
| Contributing to the establishment of stable financial systems in all the markets in which the Group operates | | |
| Countries of the Group with Research departments (No.) | 10 | 9 |
| Periodical publications issued by the Group's Research departments (No.) | 32 | 49 |
| Expenditure on publications, sponsorship and collaborations with the Group's Research departments (thousand euros) | 963 | 1,702 |
| Acting in accordance with strict rules of ethical conduct, determining our way of understanding business | | |
| Full audits of branch network for verifying compliance with standards and with money-laundering preventing procedures (No.) | 1,937 | 2,764 |
| SUPPLIERS | | |
| Maintaining a mutually beneficial relationship within the framework of relations with partners, collaborating in the development of their personal and business projects | | |
| Supplier satisfaction index (score out of 5, biennial survey) | - | 3.7 |
| SHAREHOLDERS | | |
| Affording in the long-term a profitability rate higher than that of benchmarked competitors | | |
| Shareholders (thousands) | 985 | 1,081 |
| Shares (millions) | 3,391 | 3,391 |
| Providing timely, comprehensive and accurate information | | |
| Channels available to shareholders (No.) | 12 | 12 |
| Periodical publications issued annually for shareholders (No.) | 21 | 21 |
| Number of enquiries attended to by the Shareholders' Office (annual) | 11,679 | 10,737 |

(1) Source: FRS Inmark, referring to Spain.

● SYSTEMS AND OPERATIONS

The purpose of the Systems and Operations area is to provide backing for the profitable growth of the Group. It operates in three fields, summarised in its mission:

- To ensure day-to-day operations, efficiently anticipating possible problems and seeking solutions and responding quickly to internal clients.
- To ensure that the services infrastructure (technical, functional and that of processes) is flexible, sturdy and capable of responding to the Group's present and future needs.
- To act as managers of change, contributing to the Group's progress.

These three areas encompass its main achievements and actions during 2005.

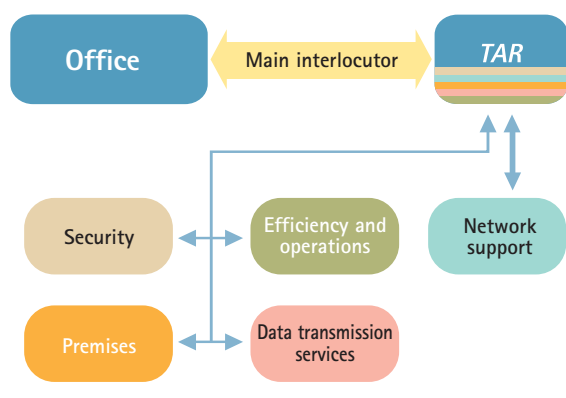
New network support model. During the year the new position of Network Support Technician (TAR) was created. This person acts as the branch's main interlocutor on operational issues, and provides a more flexible service, in closer coordination with the network. The functions of the post include providing technical support on applications and back-up training for users. TARs are responsible for implementing changes and technological modifications, and work with each branch in meeting its targets, as well as addressing issues such as the state of operating quality, the availability of the self-services devices and the quality of attention at bank tills. TARs also implement organisational and morphological

models and participate actively in identifying areas of improvement within the branch and in issues related to maintenance, safety or equipment. As incident receivers and managers, the TARs ensure better knowledge of the general state of the branch and facilitate prioritisation, with backing from other technical areas (Safety, Premises, Efficiency and Operations and Data Transmission Services).

New products and services. Over the year, Systems and Operations has worked to provide suitable and timely responses to the needs of business units in launching new products and services. Examples of the area's involvement in the growth of the Group's business include the *Cuentas Claras*, *Hipoteca Fácil* (Easy Mortgage), the extension of *BBVANet cash* to several countries in the Americas, the *Carteras Gestionadas* funds, the new functions of *BBVANet* and the creation of *Dinero Express*, with all the technological adaptations that each of these required.

Proyecto Prisma. The purpose of *Proyecto Prisma* (Prism Project) is to provide a differentiated transactional offer to companies and institutions. A customer-oriented approach, with tailored solutions, offers a new model for development, based on shared components and macro-processes for all services. In this line, and in the area of the *Proyecto Prisma*, a series of innovative ideas has been established with participation from all supporting business units. These are gradually being implemented in the form of specific trans-national products and services, whose development is accompanied by the necessary technological changes.

Network support



Restructuring of Systems and Operations in the Americas. Creation of Demand Management.

The activities of recent years and establishment of a regional management level, in both infrastructures (data processing centre in Mexico for the entire Latin American region) and the operating models and their supporting applications, have made it necessary to review the model in the areas of local, regional and corporate management.

Organisational changes have been made affecting the Systems and Operations areas of the

banks and the corporate unit of Systems and Operations in the Americas, and a new Demand Management unit has been created, independent of the production areas, for managing the relationship with the business areas in the different countries and with organisational functions in local and regional areas, and for measuring service levels.

Unified platform for Pension Fund Managers (AFPs). This is a regional project, the purpose of which is to develop a platform for all of the Group's pension fund managers in the Americas. It will provide them with a unified system, with a common management model that makes full use of the synergies in the banks' platform, to allow the pension funds to be standardised technologically and operationally, thus improving their efficiency and supporting sustained growth in business. Several phases of the project were implemented in 2005 in Mexico, Chile and Peru.

Development of infrastructure. During 2005, the Group undertook the extension, renovation and new development of key applications for the Group's business, such as a new platform for insurance, loans, telemarketing, self-service devices, risks and cash management. At the same time, the technical infrastructure has been reinforced in Spain and the Americas, with projects for improving host installations, communications structures and operating systems in branch offices. Finally, an important project has begun involving review of the functional architecture and definition of a new Functional Systems Model.

Service continuity. During the year, work continued on deployment of the Business Continuity Master Plan, with the development of new continuity plans intended to: manage possible crises, defining who is responsible for handling them and the execution processes involved; resume activities categorised as critical; and return to normality, indicating which steps need to be taken to resume normal activity.

In Europe, continuity plans have been prepared or updated for the Group's corporate centres, as well as business continuity plans for Retail Banking in Spain and Portugal and activity

continuity plans in BBVA Seguros, Finanzia and Global Markets and Distribution.

In the Americas area, the plans have been concluded for Operations and Retail Banking throughout the region. Additionally, in Argentina, Chile, Colombia, Mexico, Peru, Puerto Rico and Venezuela a second phase has begun, running alongside the continuous updating and testing of the plans. Finally, all pension fund managers in the Group have begun to prepare business continuity plans.

Productivity: Dmas, a lever for effectiveness. The BBVA Group has proven its capacity for efficiency management, and now has one of the highest efficiency rates of any large bank in the Euro zone. Within this framework, the Productivity unit has extended its goals; rather than being limited to cost management, it now addresses process management (the way in which the value added chain is linked up for each function), offering working methods and tools that will facilitate excellence and encourage a culture of continuous improvement.

A new methodology has been developed to focus analysis, review and improvement of the processes properly whilst helping manage change. This is *Dmas* (Define, Measure, Analyse and Excel). By the close of 2005, 192 BBVA Group staff from nine countries had been *Dmas*-certified.

This makes processes the main target of all actions to improve productivity, with the ultimate aim of consolidating BBVA among internationally recognised companies as a paradigm of quality and productivity.

● INNOVATION AND DEVELOPMENT

The high priority that BBVA accords to innovation serves as the inspiration for the Innovation and Development department's activities. Created in 2004, this department was consolidated throughout 2005 – working in close collaboration with other business areas in the Group.

The Innovation Strategy plan, along with Innovation and Development projects, are channelled through four units: Technological Innovation, Business Innovation, New Business Models and *Dinero Express*.

Technological Innovation

The aim of this unit is to make the most of the opportunities offered by new technologies – not only in the Group's relations with customers, but also as an aid in boosting new business opportunities. To this end, Technological Innovation analyses, validates and applies those technological solutions best suited for achieving BBVA objectives. This is a three-part process, as seen below:

- 1) Analysing new opportunities through the continuous assessment of technology news in specialised media. All employees have access on the BBVA intranet to daily news bulletins concerning technology, with detailed analyses of such pertinent technologies as digital identity, on-line marketing and P2P networks.
- 2) Comparing and contrasting solutions and their possible uses in the various business and support areas, followed by their validation through models tailored to business needs.
- 3) Applying the new technologies chosen and carrying out pilot projects with selected users.

The Fourth Seminar on Technological Innovation was held in Madrid in 2005. A similar seminar was also held for the first time in Mexico. They were attended by the Chairman, the CEO and more than 600 executives from the entire Group. The seminars offered an overview of the latest technological advances related to business.

The Technological Innovation Community, a permanent forum for the analysis of technology applied to the financial industry, looked at issues such as the multi-channel service model, e-commerce, the office of the future and mobile services. 2005 also saw the establishment of a new workgroup system, the full integration of participants from business and support areas, and the incorporation of new Latin American members.

Business Innovation

Business Innovation has the goal of identifying and developing proposals of value in the spheres of banking business, management and corporate culture, in order to strengthen the Group's position while boosting its growth possibilities.

Work in 2005 was focused on three main areas of activity:

1) *Pasión por las Personas*

"Passion for People" is a corporate project aimed at increasing the level of customer and employee satisfaction. This project helped to specify the Group's main corporate culture goals, as stated in the phrases "The customer as the core of the business" and "The team as a tool for the generation of value".

In order to identify the needs and expectations of both groups, personal and group interviews were carried out with over 1,500 customers (private individuals and companies) and close to 3,000 employees. The research was rounded out with visits to more than 80 companies well known for their good practices.

2005 also saw the start-up of the *Pasión por las Personas* project at 24 business units and 5 support units, along with the design of 303 plans of action with benefits for employees and customers.

2) Quality and customer service management

Corporate Quality coordinates those Group activities related to continual improvement – especially in areas involving external and internal customers. In 2005, these quality plans were fully integrated with the *Pasión por las Personas* project. In many cases, this project served as the starting point for those plans.

The design for a new corporate-wide customer service model was completed over the course of the year. Said model seeks to standardise the way customers are treated all over the world. Plans are for the model to be simultaneously implemented throughout the Group in 2006. At the same time, BBVA entered into a project aimed at developing advanced customer and employee indicators, which will establish links with value management.

Customer Care Service is responsible for managing complaints in Spain. In the second quarter of 2005, it started up a plan with the goal of exceeding complainer expectations thus taking advantage of the customer complaint as a means of winning over that customer's loyalty.

3) Innovation models and tools

On top of developing growth projects, Innovation and Development aims at providing organisational units with the methodologies they need to carry out their own innovation plans.

With this in mind, 2005 saw the design of an innovation model for the BBVA Group, one that brought together a list of capacities that would place each unit in the best possible situation for innovating. The model compares the current level of each unit with its optimum level, thus leading to plans for maximising that innovative potential of each. The model, which was first introduced as a pilot project in Institutional Banking, includes a number of tools for achieving its ends, such as workshops and methodologies for the promotion of creativity and problem solving.

New Business Models

This unit aims at exploring new growth opportunities as a third way towards earnings and the generation of value, one that complements the more traditional (organic and inorganic) paths to growth.

Its activities are organised into three major areas: customer loyalty, winning over new customers, and exploiting emergent assets and technologies. Particularly noteworthy projects in 2005 include two involved in areas of particular interest to the individual customer: vacation trips and housing.

BBVA has begun selling hotel accommodation under exclusive terms to its customers. Through an agreement with the Hotelopia partner-on-line (part of the First Choice Group), BBVA customers can partake of an offer of over 20,000 hotels in more than 500 locations in Europe, North America, Latin America, the Caribbean and Asia.

BBVA has also entered into a new business model in the area of housing, aimed at winning over and retaining new customers. One of the most noteworthy projects was Homes in Spain – whereby second homes in Spain are marketed in Britain. Here the Group takes full advantage of its experience in the real estate sector (Commercial Banking, Mortgage Banking and Anida) as well as

Atrea's technological platform. By the end of 2005, the offer included over 9,000 vacation real estate properties, with over 100 associated sales points in the United Kingdom. The project made use of the Group's own channels (remote channels and real estate fairs) as well as others arising from third-party agreements.

The Suite Card has been another way of winning over new customers. This is a co-branded credit card targeted at British Internet users, one that awards points for all purchases, and special points for transactions done in Hotelopia. These points can be redeemed for nights at hotels, through Hotelopia. The card was launched in September of 2005; within 4 months there were over 3,000 requests for the Suite card.

New Business Models has also been active in the development of projects aimed at meeting the needs of small and medium-sized enterprises, as well as those working in new technologies (biometrics, geo-positioning and mobility). Similarly, market trend analyses have been carried out with the participation of the entire organisation, all aimed at discovering new business opportunities and ways of creating value through innovation.

Dinero Express

Dinero Express is the BBVA Group's branch network that specialises in serving the immigrant population. 2005 saw the planned expansion of the network to 40 branches. The Group is expecting to open 60 more in 2006.

Dinero Express offers comprehensive solutions to the financial and non-financial needs of this segment by means of an innovative business transformation aimed at approaching this social group. Employing a distinct business model, distribution concept and exclusive sales-point structure, *Dinero Express* is able to offer the immigrant added value, thanks to its specialised nature, comfort, accessibility, efficiency and ongoing promotions.

In 2005, BBVA managed 355,000 money transfers (including those carried out from the Commercial Bank network). In addition, 755,000 international calls were made from the 40 *Dinero Express* branches, which hosted a monthly traffic figure of 100,000 people.