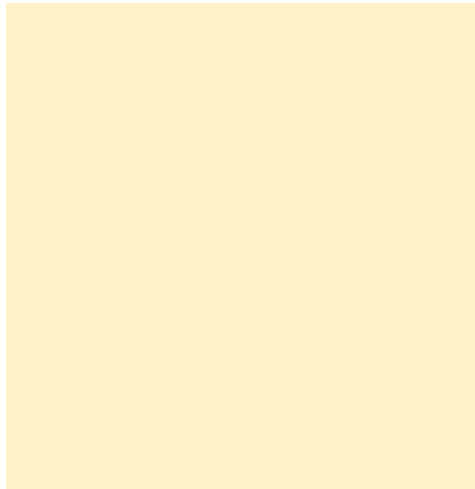
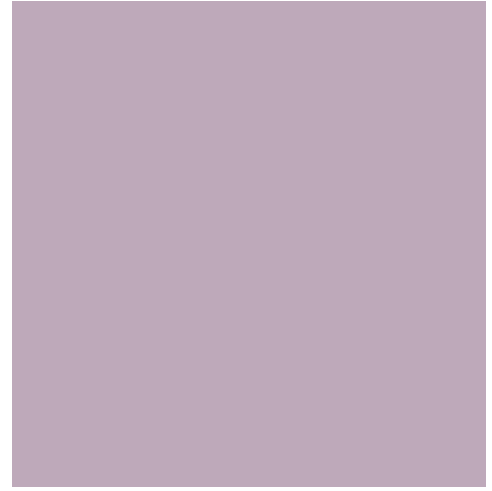




BBVA



**Audit and Compliance Committee Report
2003**

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Report on duties and activities
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Report on duties and activities

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Banco Bilbao Vizcaya Argentaria, S.A. has an Audit and Compliance Committee, formed exclusively by independent Directors who are not members of the Bank's Executive Committee. Their task is to assist the Board of Directors in overseeing accounts and exercising control of the BBVA Group.

The Committee is governed by article 48 of the Company Bylaws and article 20 onwards of the Board of Directors Regulations. It also has its own specific regulations.

In compliance with said regulations, the committee shall have a minimum of four Directors appointed by the Board, all of them independent Directors. One of them shall act as chairman, also appointed by the Board.

Members of the committee must understand the nature of the Group's businesses and the basic risks associated with them. It is also essential that they be prepared to use their judgement derived from their professional experience, with an independent and critical attitude. In any event, the committee chairman shall have expertise in financial management and shall understand the standards and accounting procedures required by the regulators for the banking industry.

In pursuit of its duties, and pursuant to its Regulations, the committee may summon external experts for advice on relevant issues, when this cannot be given by in-house experts or technical staff for reasons of expertise or independence.

The Committee may also request personal help and reports from any member of the management team when these are deemed necessary to comply with its duties in relevant matters.

On 31st December 2003, the BBVA Audit and Compliance Committee comprised the following members:

Chairman**Mr. Ricardo Lacasa Suárez****Members****Mr. Juan Carlos Álvarez Mezquíriz****Mr. Ramón Bustamante y de la Mora****Mr. Ignacio Ferrero Jordi****Ms. Susana Rodríguez Vidarte**

DUTIES

The scope of its duties is as follows:

- To supervise the extent, adequacy and effectiveness of the internal control systems and to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies, including those of countries where the group carries out its activities.
- To monitor compliance with applicable domestic or international standards regarding money laundering, conduct in the securities markets, data protection and the scope of the Group's activities related to competition. It shall also ensure timely and suitable compliance with requests for information or action by official authorities.
- To ensure that the internal codes of ethics, conduct and securities market operations, as they apply to Group personnel, comply with legislation and are adequate for the Bank's purposes.
- To carefully monitor compliance with the provisions of the BBVA Directors' Charter and ensure Directors comply with the applicable standards of conduct in the securities markets.

ACTIVITIES

The Board of Directors has approved specific Regulations for the Committee, which can be found on the Company website. They provide a detailed list of the Committee's duties within the scope mentioned above and contain rules governing its composition and operation.

In accordance with art. 6 of its regulations, the Audit and Compliance Committee shall meet as often as necessary to fulfil its duties. However, an annual meeting schedule shall be drawn up to cover its fundamental tasks.

The officers responsible for Accounts, Internal Audit and Standards Compliance may be invited to attend the meetings and, at the request of these officers, other staff from these departments who have particular knowledge or responsibility in the matters contained in the agenda, can also be invited when their presence at the meeting is deemed advisable.

The Audit and Compliance Committee held thirteen meetings in 2003. Each meeting lasted a full working day, following a full agenda. Ten of them were ordinary meetings, while the other three were called specifically to deal with issues of special interest.

The meetings were regularly attended by the Chairman's Chief Officer, who is responsible for the Accounts, Internal Audit and Standards Compliance areas, and other Group staff, when the items on the agenda so required.

Hearing from the members of the management staff provided Committee members with information to better understand the issues under their scope of duty. Moreover, management staff held periodic

meetings with the Chairman to help him prepare the Committee meetings and deal with points requiring specific attention.

FINANCIAL STATEMENTS

One of the duties of the Audit and Compliance Committee is to ensure that the financial statements are correct, reliable, sufficient and clear. This applies to the Bank's financial statements and those of its consolidated group.

To such effects, the Committee is constantly monitoring the way the accounts are being drawn up, reviewing their content in detail before they are presented to the Board of Directors. It holds frequent meetings with Bank executives in charge of the accounts and the external auditor.

The Committee, in the presence of the external auditor, reviewed both the annual accounts to 31st December 2002 and the interim accounts for each quarter. Its members also received timely information on the monthly performance of the income statement.

In January 2004, the Committee also analysed the accounts to 31st December 2003, before the Board of Directors filed them.

Both the Banco Bilbao Vizcaya Argentaria, S.A. accounts and those of its consolidated group for the years 2002 and 2003 have an unqualified auditors report.

The Committee also supervises the financial and accounting information that BBVA furnishes the regulators and the markets in Spain and in other countries to whose jurisdiction its operations are subject. In particular, the Committee checks the protocols that are lodged each year with the Spanish Comisión Nacional del Mercado de Valores (CNMV) and the Securities and Exchange Commission of the United States (SEC).

EXTERNAL AUDIT

Another essential duty of the Audit Committee is to select the external auditors for the Bank and its Group, and for all the companies in it. It must also verify, with proper periodicity, that the external audit schedule is being carried out in compliance with the agreed service level, and that said level satisfies the requirements of the competent authorities and the Bank's governing bodies.

To such end, the Committee is in constant contact with the external auditor. In 2003, it met with the auditors in plenary session eight times, and further specific meetings were also held between the Committee Chairman and the external auditors in which they tracked issues of special interest regarding the drawing up of the financial statements and the quality of the job being done by the external audit.

During its meetings in 2003, the Committee analysed in detail and approved the external audit schedule for this year, for the Bank and for the companies comprising its consolidated Group. It periodically monitored its implementation and evolution, and approved the budget allocation for the Bank's and the Group's external audit for 2003. The figures for this are itemised in the Annual Report.

Likewise, it read the report from the external auditors with their recommendations on 2002, and the plans drawn up jointly with the internal audit. It duly monitored their subsequent implementation.

The Committee also filed the proposed appointment of external auditors for the Bank and its consolidated group's 2003 accounts. It suggested the Board of Directors submit to the consideration of the General Shareholders Meeting that the firm, Deloitte & Touche Spain, S.L. be appointed. This was duly resolved by the GSM on 1st March 2003.

The Committee must also oversee the independence of the external auditors. This entails the following two duties:

- To ensure that the auditors' warnings, opinions and recommendations cannot be compromised.
- To establish the incompatibility between provision of audit services and provision of consultancy. The only exception may arise when there are no alternatives in the market to the auditors or companies in the auditors' group of equal value in terms of their content, quality or efficiency. In this hypothetical case, the Committee must grant its approval, which can be done in advance by delegation to its Chairman.

During the year, the Audit Committee and its Chairman, in periodic meetings with the external auditor, have focused detailed attention on the progress and quality of external audit work. It has been monitoring the engagement of consultancy services to ensure compliance with the Committee's Regulations and the applicable legislation in order to safeguard the independence of the external auditor.

INTERNAL AUDIT

During 2003, the Committee has duly supervised the internal Group audit. It has analysed and approved the internal audit schedule for the year, and has constantly monitored its implementation and development, through ongoing contacts with the Internal Audit Officer, who has addressed the Committee on seven occasions. The Internal Audit Officer has also held periodic meetings with the Committee Chairman to report on the performance of internal audit activities over the year.

REGULATORY COMPLIANCE

During 2003, the Committee has constantly monitored the activity of the Group's Regulatory Compliance Department, examining the draft BBVA Code of Ethics and Conduct before it was approved by the Board of Directors and following up on the development, adaptation and implementation of the BBVA Group Code of Conduct in Securities Market Operations.

It has also analysed and approved the annual action plan of the Regulatory Compliance Department and throughout the year has invited the officers from this Area to address the Committee on five occasions. There have also been specific meetings between Department representatives and the Committee Chairman.

OTHER ACTIVITIES

The Committee has been informed of the what has been done by the external regulators in Spain and abroad regarding the Bank and its Group during 2003 within the scope of its activity. These include the Bank of Spain, the Comisión Nacional del Mercado de Valores (CNMV) and the Securities and Exchange Commission (SEC) in the United States. It has also ensured compliance with requirements from these agencies in a timely and proper manner. Officers from BBVA areas and units involved in such matters have reported to the Committee.

The Committee, in pursuit of its duties, has also been informed of other issues of special relevance that fall within its scope. For example, issues regarding the reform of international accounting standards (IAS) and the development and ramification of Spanish and American regulations applicable to its operation, especially on auditing. To such end, it has maintained an excellent relationship with the officers responsible for the Bank's executive areas with knowledge of these matters.

CONCLUSION

Finally, it can be stated that during 2003 the Banco Bilbao Vizcaya Argentaria, S.A. Audit and Compliance Committee has kept up an intense level of activity and sufficient information has been reported to it. This has enabled it to fulfil the duties commended to it for the year by the Board of Directors.