

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

2015

Bankia

In compliance with Recommendation 6 of the Good Governance Code of Listed Companies, this report includes information on auditor independence, the functioning of the committee and related party transactions.

Contents

1. INTRODUCTION.....	1
1.1. FORMATION AND COMPOSITION.....	1
1.2. RESPONSIBILITIES.....	2
1.3. FUNCTIONING AND ATTENDANCE.....	7
2. REPORT ON ACTIVITIES.....	8
2.1. FINANCIAL REPORTING.....	8
2.2. EXTERNAL AUDIT ACTIVITY.....	9
2.3. INTERNAL AUDIT ACTIVITY.....	11
2.4. REGULATORY COMPLIANCE COMMITTEE.....	12
2.5. RELATED PARTY TRANSACTIONS.....	13
2.6. CORPORATE GOVERNANCE.....	14
2.7. OTHER ACTIVITIES.....	15

1. INTRODUCTION

1.1. FORMATION AND COMPOSITION

Article 529 terdecies of the Spanish Corporations Act (Ley de Sociedades de Capital) provides that public companies must create, at the minimum, an Audit Committee, the composition, functioning and responsibilities of which are regulated in Article 529 quaterdecies.

The Bankia Audit and Compliance Committee was formed on 16 June 2011 by resolution of the Company's Board of Directors, and its rules of procedure, composition, responsibilities and powers are regulated in article 46 of the Bylaws, as developed in article 14 of the Board of Directors Regulations. The Bylaws and the Board of Directors Regulations were amended in 2015 to adapt them to the Law on regulation, supervision and solvency of credit institutions, to the new Good Governance Code of Listed Companies approved by Spain's securities exchange regulator, the Comisión Nacional de Mercado de Valores (CNMV), in February 2015, to the modifications of the Spanish Corporations Act introduced by Law 22/2015 of 20 July 2015 on Auditing of Accounts, and by Law 5/2015 of 27 April 2015 to promote lending to business, and to introduce certain improvements of a technical nature deriving from the aforesaid rules.

The Audit and Compliance Committee will be composed exclusively of non-executive directors, the majority independent, with a minimum of three and a maximum of five directors, all of the foregoing without prejudice to attendance, when so expressly resolved by the members of the Committee, of other directors, including executive directors, senior managers and any employee. In any event, the number of members of the Committee will be determined directly by express resolution, or indirectly by the filling of vacancies or appointment of new members within the established maximum.

According to the Bylaws and the Board of Directors Regulations, the members of the Audit and Compliance Committee will be appointed by the Board of Directors based on their knowledge, abilities and experience in accounting, auditing or risk management and the responsibilities of the Committee. The members of the committee, as a whole, must possess the relevant technical knowledge of the banking sector. The Committee will be chaired by an independent director who, moreover, must have knowledge, abilities and experience in accounting, auditing or risk management.

The chairman of the Audit and Compliance Committee must be replaced every four years and may be reelected after the term of one year elapses since he left office.

During 2015, Bankia's Audit and Compliance Committee was made up of the following four directors:

AUDIT AND COMPLIANCE COMMITTEE ⁽¹⁾			
DIRECTOR	OFFICE	CATEGORY	APPOINTMENT DATE
Mr. Alfredo Lafita Pardo	Chairman	Independent	08-06-2012
Mr. Joaquín Ayuso García	Member	Independent	24-07-2013
Mr. Jorge Cosmen Menéndez-Castañedo	Member	Independent	01-06-2012
Mr. José Luis Feito Higuera	Member	Independent	01-06-2012

Non-Director Secretary: Mr. Miguel Crespo Rodríguez

No member of the Audit and Compliance Committee performs executive duties in the Company and all of them are classified as independent directors. Furthermore, all members of the Committee are professionals with the requisite knowledge, abilities and experience in accounting, auditing and risk management, and the members of the committee, as a whole, possess the relevant technical knowledge of the banking sector.

1.2. RESPONSIBILITIES

The responsibilities of the Audit and Compliance Committee are set out in article 46 of the Bylaws and have been developed in article 14 of the Board of Directors Regulations.

According to article 14 of the Board of Directors Regulations, without prejudice to other tasks assigned to it by the Board of Directors, the Audit and Compliance Committee will have all the functions assigned to it by the applicable legislation (in particular, banking laws and regulations), specifically including, without limitation, the following basic responsibilities:

- a) Reporting to the General Meeting of Shareholders on questions posed in respect of matters within the competence of the Committee, in particular regarding the results of the audit, explaining how it has contributed to the integrity of the financial information and the role played by the Committee in this process.
- b) Monitoring the effectiveness of the internal control of the Company, the internal audit, the regulatory compliance, and systems for risk management, and discussing significant

⁽¹⁾ The background and professional experience of the members of the Audit and Compliance Committee may be consulted on the Company's website: www.bankia.com

weaknesses in the internal control system detected in the development of the audit with the auditor, all without compromising its independence. For such purposes, the Committee if applicable may submit recommendations or proposals to the Board of Directors and the corresponding term for their monitoring. In particular, regarding internal reporting and control systems:

- verifying the appropriateness and integrity of internal control systems and reviewing the appointment and replacement of those responsible therefor;
 - reviewing and monitoring the process of preparation and the integrity of the financial information on the Company and, where appropriate, the Group, reviewing compliance with legal provisions, appropriate definition of the scope of consolidation and proper application of accounting principles;
 - periodically reviewing the internal control and risk management systems, so that the principal risks are identified, managed and appropriately disclosed;
 - seeing to the independence and effectiveness of the internal audit and regulatory compliance functions; reviewing the annual work plan; proposing the selection, appointment and removal of the head of internal audit functions, who will report directly to the Committee on issues arising in the conduct thereof and at the end of each year will submit an activities report; proposing the budget for those departments; receiving periodic financial information on their activities; and verifying that senior management is acting on the findings and recommendations in its reports. In particular, the internal audit function will respond to information requests received from the Audit and Compliance Committee in the exercise of its duties;
 - monitoring the performance of the regulatory compliance unit, the head of which will report directly to the Committee on issues arising in the implementation of the annual work plan, and at the end of each financial year will submit an activities report;
 - establishing and supervising a mechanism that allows employees, on a confidential basis, to communicate potentially significant irregularities, specially financial and accounting, arising within the Company, promoting compliance with the Code of Ethics and Conduct approved by the Company, verifying the functioning of the Ethics and Conduct Committee within the scope of its authority, which Committee will submit an activities report to the Audit and Compliance Committee at the end of each financial year; and
 - establishing and supervising the existence of a model for prevention and detection of crimes that may result in criminal liability of the Company.
- c) Monitoring the process of preparation and presentation of the required financial information and presenting recommendations or proposals to the board of directors, aimed at safeguarding its integrity, and in particular:

- reporting in advance to the Board of Directors on the financial information which the Company must make public on a regular basis.
 - reviewing the Company's accounts, monitoring to compliance with legal requirements and proper application of generally accepted accounting principles, and reporting on proposed changes of accounting standards and principles suggested by management; and
 - reviewing the issue prospectuses and the periodic financial information, if any, that the Board is required to provide to the markets and market supervisory bodies.
- d) Submitting to the Board of Directors proposals for selection, appointment, reelection and replacement of the auditor, taking responsibility for the process of selection, in accordance with the provisions of Community regulations, as well as the terms of its engagement.
- e) Establishing the appropriate relationships with the external auditor to receive information regarding such questions as may result in a threat to the independence thereof, for review by the Committee, and any others related to the process of auditing accounts and, when appropriate, authorising the permitted services, on the terms contemplated in the Community regulations and in the applicable rules regarding independence, and such other communications as may be contemplated in the legislation regarding auditing of accounts and audit standards. In particular:
- acting as a communications channel between the Board of Directors and the auditors, evaluating the results of each audit and the responses of the management team to its recommendations and mediating in the event of disputes between the former and the latter regarding the principles and criteria applicable to the preparation of the financial statements;
 - receiving regular information from the outside auditor on the audit programme and its implementation, and verifying that senior management is acting on its recommendations;
 - ensuring that the external auditor at least annually has a meeting with the full Board of Directors to report to it on the work performed and the evolution of the accounting and risk situation of the Company;
 - supervising compliance with the audit contract, seeking to ensure that the opinion on the annual accounts and the principal content of the auditor's report are drafted clearly and accurately;
 - ensuring the independence of the external auditor in the performance of its duties and, to that end:
 - maintaining relationships with the statutory auditor in order to gather information on matters that may call its independence into question, as well as any other matters relating to the audit process, and engaging in such other communications with the

statutory auditor as are contemplated in the audit legislation and technical standards for audits;

- ensuring that the Company and the auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
- seeing to it that the remuneration of the external auditor for its work does not compromise its quality or independence;
- in the event of resignation of the external auditor, reviewing the underlying reasons; and
- monitoring that the Company reports any change of auditor as a material disclosure, accompanied by a statement regarding the existence of disagreements with the outgoing auditor and, if applicable, the substance thereof.

In any event, annually it must receive from the external auditors a declaration of their independence as regards the Company or entities directly or indirectly related thereto, as well as detailed and individualised information on additional services of any kind provided to and the corresponding fees perceived from such entities by the external auditor or persons or entities related thereto, pursuant to the legislation on rules regulating the activity of auditing accounts.

- f) Annually, prior to the issue of the audit report, issuing a report stating an opinion as to whether the independence of the auditors of the accounts or audit companies has been compromised. This report in any event must contain a reasoned evaluation of the provision of each and every one of the additional services that have been provided, taken individually and as a whole, other than the legal audit, as regards the scheme of independence of the auditors and regulations governing the activity of auditing accounts.
- g) Supervising compliance with the Board of Directors Regulations, the company's internal code of conduct for the securities markets, the manuals and procedures for prevention of money laundering and, in general, the company's governance and compliance rules, and making the necessary proposals for improvement thereof. In particular, the Audit and Compliance Committee is to:
- Supervise the shareholder and investor communications and relationships strategy, including small and medium-sized shareholders.
 - Periodically evaluate the adequacy of the Company's corporate governance system in order for it to fulfil its mission of promoting the interests of society and, as applicable, taking account of the legitimate interests of stakeholder groups.
 - Review the Company's corporate social responsibility policy, seeing to it that it is aimed at creation of value.

- Monitor the corporate social responsibility strategy and practices and evaluate the degree of compliance thereof.
 - Monitor and evaluate the processes of relationships with the various stakeholder groups.
 - Evaluate everything related to non-financial risks of the Company, including the operational, technological, legal, social, environmental, political and reputational risks.
 - Coordinate the process of reporting non-financial and diversity information, in accordance with applicable regulations and international standards of reference.
 - Receive information and, if applicable, issue reports regarding measures disciplining members of the Board of Directors or senior management of the Company.
- h) Reporting to the Board on the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, as well as and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group.
- i) Reporting in advance to the Board of Directors on any matters within its remit envisaged by law, the bylaws and the board of directors regulations.
- j) Any other functions entrusted to it or authorised by the Board.

The provisions of paragraphs d), e) and f) of the preceding subsection will be understood to be without prejudice to the rules regulating auditing of accounts.

In addition, the Audit and Compliance Committee will report to the board, prior to the adoption by it of the corresponding decisions, on related party transactions.

The Audit and Compliance committee will be informed of any fundamental changes or corporate transactions the Company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, in particular, on the proposed exchange ratio.

For better performance of its duties, the Audit and Compliance Committee may seek the advice of outside professionals on matters within its competence. The Committee will also prepare an annual report of its actions, highlighting the principal incidents, if any, that have arisen in respect of matters that fall within its competence.

1.3. FUNCTIONING AND ATTENDANCE

Pursuant to Article 14 of Board of Directors Regulations, the Audit and Compliance Committee shall:

- Meet as often as called by resolution of the Committee itself or its Chairman, and at least four times per year.
- Be quorate with the attendance, in person or by proxy, of at least a majority of its members; and adopt its resolutions by majority of those in attendance at the meeting, in person or by proxy. In the event of a tie, the Chairman will have a casting vote.
- The members of the Committee may extend proxies to other members.
- Any member of the management team or employee of the Company who is requested to do so must attend the Committee meetings, to cooperate with it and provide access to any information they may have. The Committee also may require the attendance of the statutory auditor.
- The Chairman of the Audit and Compliance Committee at any time may contact the officer of the Company responsible for internal audit, requesting information therefrom regarding the internal audit actions that are being taken. Regardless of the corresponding organisational structure, the officer responsible for internal audit will maintain a constant functional relationship with the Audit and Compliance Committee and its Chairman. In any event, the Committee will oversee the performance of the internal audit unit.
- The resolutions of the Audit and Compliance Committee will be maintained in a minutes book, each entry in which will be signed by the Chairman and the secretary.

In the period from 1 January to 31 December 2015, the Audit and Compliance Committee held a total of 16 meetings, 100% of which were attended by the Committee members (in person or by proxy).

The meetings are regularly attended by the Corporate Head of Internal Audit, the Corporate Comptroller and the Corporate Chief Compliance Officer of Bankia to report on questions that fall within their functional area of responsibility, provided their presence has been requested. The external auditors, as part of their duty to report to the Committee, have always attended meetings when their presence was required, attending a total of six meetings, either to report on their activities or to hear the financial information submitted to the Committee.

Article 14 of the Board Regulations sets forth that the Committee may request the presence of any member of the management team or employee of the Company. To such end, in 2015, in addition to the regular attendees cited above, Committee meeting attendees included the following officers:

- Corporate Chief Financial Officer.
- Corporate Head of People.
- Corporate Head of Corporate Banking.
- Corporate Head of Investees.
- Corporate Head of Wholesale Risks.
- Corporate Head of Retail Risks.
- Head of the Customer Care Service.
- Head of Tax Advising.
- Head of Investment Management.
- Head of Global Risk Management.
- Head of Network Operations Management.

2. REPORT ON ACTIVITIES

The Audit and Compliance Committee worked primarily in six main areas, monitoring:

- The Group's financial reporting.
- External audit activity.
- Internal audit activity.
- Regulatory compliance activity.
- Related party transactions.
- Corporate governance.

2.1. FINANCIAL REPORTING

The Committee's responsibilities for supervising the drawing up of financial information have been channelled through attendance by the Comptroller to explain the Company's accounting and financial statements and the quarterly closings before their submission to the Board of Directors and subsequent disclosure to the market and submission to the competent supervisory bodies. The Comptroller also presented the Audit and Compliance Committee with the monthly budget monitoring reports.

The Comptroller provided detailed reporting and explanations on the process of drawing up and adapting Bankia's individual and consolidated financial statements as well as the key trading figures. The Committee was also informed of the appropriateness of the figures presented as regards application of accounting criteria to generate information that is clear, relevant and reliable, in conformity with the applicable accounting standards.

At its meeting of 27 February 2015, the Committee agreed to report to the Board of Directors in favour of authorising the 2014 individual and consolidated financial statements.

At its meeting on 21 July 2015, after hearing the external auditors, the Committee agreed to report favourably to the Board of Directors on the interim financial statements at 30 June 2015.

The Comptroller reported periodically to the Audit and Compliance Committee on the monitoring of the Restructuring Plan. And the Comptroller also presented to the Committee at its meeting of 26 May 2015 the draft Bankia Accounting Policies and Procedures Manual.

The Audit and Compliance Committee is responsible for supervising the effectiveness of the Company's internal controls, internal audits and risk management systems. In particular, it is charged with knowing and supervising the preparation and completeness of the Company and Group's financial reporting and reviewing compliance with the regulatory requirements and the proper definition of the scope of consolidation. For this purpose, the Committee was informed on the system for internal control of financial reporting (SICFR).

2.2. EXTERNAL AUDIT ACTIVITY

The General Meeting of Shareholders of the Bank held on 25 June 2013 appointed Ernst & Young, S.L. auditor of the financial statements of the Company and its consolidated Group for financial years 2013, 2014 and 2015.

Relations and communication with the external auditors have been a regular activity of the Committee, the Corporate Internal Audit Department and the Office of the Corporate Comptroller. The external auditors attended all Audit and Compliance Committee meetings when the agenda featured questions relating to their duties, as noted in section 1.3 of this report.

The presence of the external auditors at Committee meetings held in 2015 was primarily for the following purposes:

- Report the conclusions of the audit of the individual and consolidated financial statements for 2014.
- Report the audit work done on the quarterly financial information for the first and third quarter of 2015.
- Report on the planning, scope and conclusions of the audit work on the semiannual financial statements at 30 June 2015.
- Report on the planning, scope and monitoring of the audit work on the individual and consolidated financial statements for 2015.

Toward this end, the independent auditor provided detailed information to the Committee on the planning and progress of the work, highlighting the principal issues and phases of the accounts review work, the projected timetable and the material specific issues for the year. The Committee carefully analysed all information submitted in its meetings.

At the meeting of the Committee held on 26 May 2015, the external auditor presented the Complementary Report to the audit report on the financial statements and the Annual Report on the Protection of Customers' Assets.

Also, in the meeting held on 14 December 2015, the external auditor reported to the Committee on the state of the audit work on the financial statements at 31 December 2015.

The Audit and Compliance Committee examined the fees paid by the various Bankia Group companies to the external auditor, Ernst & Young, S.L., in 2015. A breakdown of those fees follows:

- For auditing the consolidated abridged interim financial statements for the first half of 2015, and for auditing the individual and consolidated annual accounts for Bankia, S.A. and its subsidiaries in the Bankia Group: EUR 1,433 thousand.
- For auditing and reviewing the financial statements of the companies in the Bankia Group, EUR 224 thousand.
- For other examinations and audit-like services performed pursuant to regulatory requirements or to requests by supervisors of Group entities: EUR 300 thousand.
- For other professional services provided to various Group entities: EUR 193 thousand.

The services contracted by the Bankia Group comply with the independence requirements set forth in the regulatory provisions governing the activity of auditing accounts and do not include the performance of tasks incompatible with the audit function.

The Committee received the auditor's written confirmation of its independence refer to the Bankia Group and its directly or indirectly related entities in accordance with the requirements set forth in the Audit Act in relation to independence. In this respect, the external auditor confirmed to the Committee that Ernst and Young, S.L., in its capacity as statutory auditor of Bankia, is independent with respect to the Company and to its directly and indirectly related companies, according to the terms of the regulations on auditing of accounts.

In addition, at the Committee meeting of 26 October 2015 a proposal was submitted for renewal of the external auditor for 2016, with the Committee agreeing to state its approval and report favourably on the proposal.

2.3. INTERNAL AUDIT ACTIVITY

The internal audit function, which is covered by Bankia's Audit Function Statute, is an independent, objective assessment and consulting activity designed to add value to the Bank and improve the Group's operations. It helps the organisation to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes and information systems.

The Chairman of the Committee at any time may contact the officer of the Company responsible for internal audit, requesting information therefrom regarding the internal audit actions that are being taken. Also, regardless of the corresponding organisational structure, the officer responsible for internal audit will maintain a constant functional relationship with the Audit and Compliance Committee and its Chairman. In any event, the Audit and Compliance Committee will oversee the performance of the internal audit unit.

At the meeting of the Audit and Compliance Committee held on 23 January 2015, the Corporate Head of Internal Audit reported on the monitoring of compliance with the 2014 Internal Audit Plan. And at the meeting of 23 March 2015 he presented the Summary of the 2014 Internal Audit Activity to the Committee.

With respect to the 2015 Audit Plan, the Committee received regular reports on its progress and on the actions taken by Internal Audit, which were monitored at regular intervals. The Corporate

Head of Internal Audit gives the Committee quarterly Audit Plan progress reports, containing details of the work carried out and any resulting recommendations.

At the meeting of the Committee held on 14 December 2015, the Corporate Head of Internal Audit presented the 2016 Internal Audit Plan and the Budget and Resources Plan, which the Committee agreed to submit to the Board of Directors for approval.

Corporate Internal Audit also periodically reports to the Committee on a series of singular transactions it has analysed or supervised and the actions it has taken in respect of these transactions.

Additionally, amongst others, it presented the Committee with the assessment report on efficiency and compliance with Bankia's governance rules and procedures, the review of the Pillar III Disclosures (Information of Prudential Relevance) of the BFA Group, the proposal for renewal of the external auditor for 2016, and sundry reports requested of it over the course of the year.

2.4. REGULATORY COMPLIANCE COMMITTEE

Bankia's Corporate Chief Compliance Officer regularly attends Committee meetings to discuss matters that fall within his remit.

The Committee received timely progress reports on the following compliance monitoring activities:

- Activities involving the provision of MiFID investment services.
- Monitoring of compliance with the Internal Rules of Conduct in the Securities Markets.
- Anti-Money Laundering and Terrorist Financing (AML&TF).

He also regularly reports to the Committee requests submitted and inspections carried out by supervisory bodies and regional governments.

Other actions on which the Committee has been informed by the Corporate Compliance Office include the proposal to update the Commercial Communication Policy, the proposal in relation to transparency obligations and prevention of market abuse for senior management, review of compliance with the protective measures for destitute mortgage debtor and the proposed incentives policy of the Bankia Group, amongst others.

2.5. RELATED PARTY TRANSACTIONS

Article 14.7 of the Bankia Board of Directors Regulations provides that the Audit and Compliance Committee will report to the Board of Directors on related party transactions before the Board makes a decision on such transactions. In this connection, article 35 of said regulations provides that the Board will review transactions the Company engages in, directly or indirectly, with directors, with shareholders or with persons related to them. Engaging in such transactions will require authorisation from the Board, after a favourable report from the Audit and Compliance Committee.

As regards transactions with significant shareholders of the entity, as Bankia is a listed company, on 28 February 2014 BFA, Tenedora de Acciones, S.A.U. (BFA) and Bankia, S.A. entered into a new Framework Agreement which superseded and replaced the agreement signed on 22 June 2011. The purpose of the Framework Agreement is to regulate the relationship between BFA and Bankia. It defines the necessary mechanisms, within legal limits, (i) to ensure proper coordination, at all times, between Bankia and BFA and the companies in its Group; and (ii) to manage and minimise possible conflicts of interest between BFA and Bankia (especially as regards related party transactions), while ensuring due respect for and protection of the interests of BFA and Bankia shareholders, within a framework of transparency in relations between the two entities.

The Framework Agreement may be developed through service concession arrangements.

The Audit and Compliance Committee is the governance body responsible for overseeing the Framework Agreement, with the following primary responsibilities:

- Following submission of a reasoned proposal by an internal assessment committee made up of the heads of Risks, Internal Audit and Regulatory Compliance, to be informed of intentions to carry out any transaction between the parties to the Agreement that could be classified as related parties.
- Demand any information it considers necessary from the body appointed by the entity, in order to be able to complete the necessary case report, with the power, where the Chairman considers it necessary, to request the presence of executives of Bankia or, where applicable, BFA. In the latter case, the request for an appearance will be channelled through the chairman of the BFA Audit and Compliance Committee. Lastly, where considered appropriate, the Committee may engage an advisor or independent expert to assist it in its functions.
- Assess the circumstances and submit a detailed report to the Board of Directors, before the transaction is carried out, except where the amount or terms are such that it is sufficient that

the Committee be notified or where the transaction is of a customary or recurring nature and as such is covered by a general authorisation granted by the Board of Directors. In all cases, the Board will be informed.

- Report to the Board of Directors, in advance, on the information on related party transactions subject to the Framework Agreement that is to be included in the Annual Corporate Governance Report and other information that is to be made public.
- Report as necessary to the Board of Directors on compliance with the Framework Agreement.
- Report, in advance, on any proposal to amend the Framework Agreement and put forward proposals for improving the agreement.
- Any other missions and responsibilities assigned to it by the Board of Directors under the Framework Agreement.

In its meetings during 2015, the Committee examined the relevant reports on related party transactions and forwarded them to the Board of Directors for approval.

The Committee also analysed proposed risk transactions involving members of the Bank's governing bodies in compliance with the provisions of article 35 of the Board of Directors Regulations.

2.6. CORPORATE GOVERNANCE

The Board of Directors Regulations provide (article 14.4) that one of the meetings of the Audit and Compliance Committee *"will be used to evaluate the efficiency of and compliance with the Company's governance rules and procedures, and prepare the information the Board must approve and include in the annual public documentation"*.

Pursuant to said provision, the Committee periodically monitors the efficiency of the governance rules and procedures and the level of compliance with them, paying special attention to the internal and external regulatory and governance framework linked to the interrelationship of the Bank's governance bodies and executive areas, emphasising the oversight function of the Board of Directors and the Audit and Compliance Committee's role in such oversight work.

At its meeting on 23 January 2015, the Committee received the report on the assessment of efficiency and compliance with Bankia's governance rules and procedures, which was presented at that meeting.

In performing the evaluation of the information that the Board must approve and include in the annual public documentation, once such information has been prepared the Committee checks the appropriateness of its content.

In this regard, the Committee gave the Board a favourable report on the content of the 2014 Annual Corporate Governance Report (ACGR) and on the 2014 Annual Report on Remuneration. Both reports were approved by the Board at its meeting of 23 February 2015. The ACGR was made available to the shareholders as part of the documentation presented to the General Meeting and the Annual Report on Remuneration was brought to a consultative vote at the General Meeting.

In order to adapt the Bylaws and the Regulations of the General Meeting and the Board of Directors to Law 10/2014 of 26 June 2014 on regulation, supervision and solvency of credit institutions, and to the modifications of the Spanish Corporations Act introduced by Law 31/2014 of 3 December 2014, Law 22/2015 of 20 July 2015 on Auditing of Accounts and by Law 5/2015 of 27 April 2015 to promote lending to business, as well as the new Good Governance Code of Listed Companies approved by the Comisión Nacional del Mercado de Valores (CNMV) in February 2015, the Audit and Compliance Committee reported favourably to the Board of Directors on the proposed amendments to said Bylaws and Regulations, which may be consulted on the corporate website (www.bankia.com).

In addition, at its meeting of 24 November 2015, the Audit and Compliance Committee was informed of the drafts of the documentation on the Corporate Governance System, and decided to issue a report in favour of approval of that proposal by the Company's governing bodies.

2.7. OTHER ACTIVITIES

In addition to the work and activities outlined above, the Bankia Audit and Compliance Committee also studied and supervised, amongst others, the following areas:

- Treasury shares: the Committee receives monthly reports on treasury shares transactions.
- Registration Document: on 23 June 2015, the Committee resolved to report favourably on and submit to the Board of Directors the proposed Registration Document and Base Prospectus of Non-equity Securities and Base Prospectus of Promissory Notes, which was entered in the CNMV registers.

- Information of Prudential Relevance: at its meeting of 23 March 2015 the Committee reviewed the 2014 Report of Prudential Relevance.
- Year-end documentation: at its meeting on 19 February 2015, the Committee reported favourably to the Board of Directors on the documentation and reporting in relation to year-end 2014.
- Policy on outsourcing of services and functions: this policy received a favourable report from the Committee at its meeting of 21 July 2015.
- Corporate tax policy and tax risks control and management system: this policy and system were reported to the Committee on 20 April 2015 and are subject to quarterly monitoring of their implementation.
- Transfer prices: the Committee receives quarterly reports on revenue from services provided to BFA by Bankia.
- Settlement on distribution between BFA, Tenedora de Acciones, S.A.U. and Bankia of the costs arising from the civil suits brought by retail investors against both entities for the placement in the primary market of shares in the Bankia IPO.
- Annual Report of the Customer Care Service: the head of the Customer Care Service Office presented the 2014 Annual Report of the Customer Care Service Office to the Committee, prior to its submission to the Board of Directors.