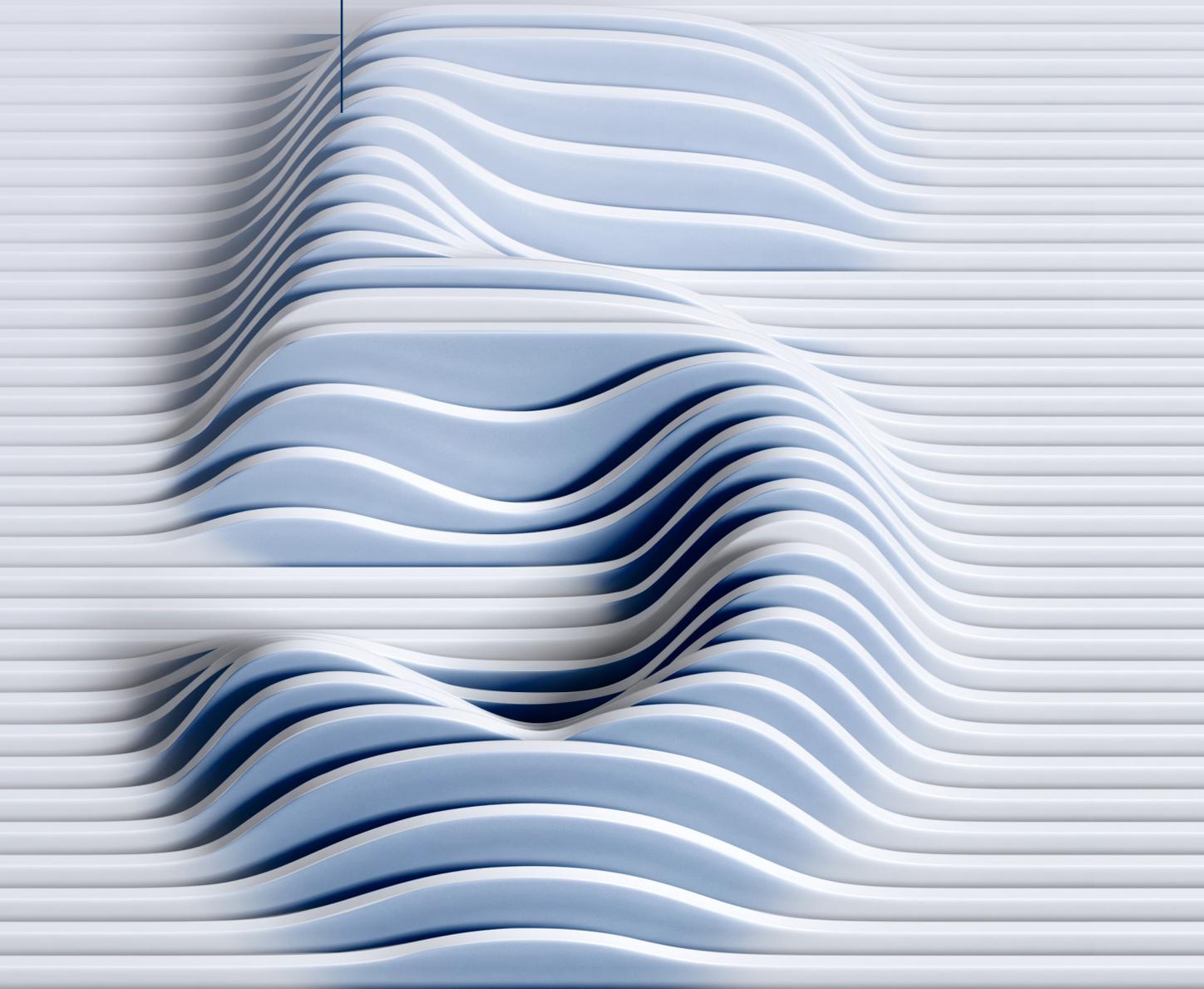

BUSINESS AREAS





2014
BME Clearing is
authorised as CCP
to manage risk

2015
Yield per dividend
exceeds 5%, the Spanish
stock exchange leader
among the world stock
exchanges

EQUITIES

Investors have not had an easy year with the listed Equity products. Dividend yields, which ended the year at 4.5%, were once again the most favourable news in an environment dominated by mostly negative price changes. In the homestretch of 2016 we had a glimpse of the improved confidence among economic agents following the clearing up of some uncertainties and the confirmation of continuity in monetary stimuli by the ECB. The IBEX 35® saw a paring back of its annual loss to close to 2% after reaching nearly 20% in the summer, while the IBEX with Dividends grew by almost 3% per annum. On the stock market, more than 650 billion euros was traded during the year. Foreigners and households are the main protagonists of investment on the stock market.

PRICES AND THE MARKET VALUE OF COMPANIES

The prices of the securities listed in much of the world faced many obstacles from rising rise this year, especially in Europe and Asia. At the end of December, few stock market indexes were not keyed to North American stock markets or emerging markets in Ibero-America, which posted net accumulated gains in the year. It is true that, the S&P 500, by contrast, was close to its historic highs, reflecting differences in the business cycles and in the economic expectations that emerged in the developed regions on both sides of the Atlantic.

As a result of the idea of a united Europe subjected to a permanent debate on the risk that it will break apart, most of 2016 took place in negative territory for the stock markets of the euro zone. It is likely that this weakness in share prices was differentially somewhat worse in Spain during most of the year, to a large extent owing to the particular sectoral composition of the Spanish stock market, where there is a higher representation of banks among the leading listed securities.

The IBEX 35® and the uncertain terrain in 2016: better after the summer

The final loss of the IBEX 35 in 2016, 2.01%, is an exceptionally favourable figure in light of what occurred during the year. In cumulative annual terms, the IBEX 35® experienced losses below 3% only on the first trading day of 2016 (4 January) when it lost 2.42%, on a couple of sessions at the end of April (-2.22% on the 27th of that month), and in the first days of December, when it retreated by about 2.7% on an annual basis. In the final days of the year, a positive boost in share prices took it to a year-end close very near the level at the beginning of the year.

As we will see in this report, the battering of prices during nearly all of 2016 was accompanied by levels of activity that were very contained in important niche areas of the stock market. These areas include trading volumes or IPOs, which, nevertheless, were offset by the favourable results obtained in capital increases and high shareholder compensation amounts which, once again, led the IBEX 35® with Dividends to rise in the year by close to 3%. For the tenth consecutive year, the dividend yield of the Spanish stock market surpassed 4%. This meant that this year losses stemming from price changes became positive yields if we include dividend reinvestment during the year.

DAILY PERFORMANCE OF THE IBEX 35 IN 2016



Within a sideways movement predominantly in an area of a negative annual change, the year had two clearly differentiated parts from the standpoint of the performance of the IBEX 35®. The first part covered through the beginning of the summer and included two strong periods of nervousness in the markets, which concluded with strong daily declines in equity prices. The first of these periods was from 15 January through 24 February. Following the publication of some indicators corroborating signs of a worsening of the global economic climate with oil at

US\$30 and the sharp decline in raw materials prices as well as the outlooks for the Chinese economy, the IBEX 35® experienced four sessions with daily losses above 3%-4% and another four sessions with declines of more than 2%. Altogether, 16 of 26 sessions were negative. Although the Fed's declarations that it would delay its plans to raise interest rates countered part of this downward trend with some significant daily rebounds, the IBEX had an annual cumulative loss of as much as 18.9%, on 11 February.

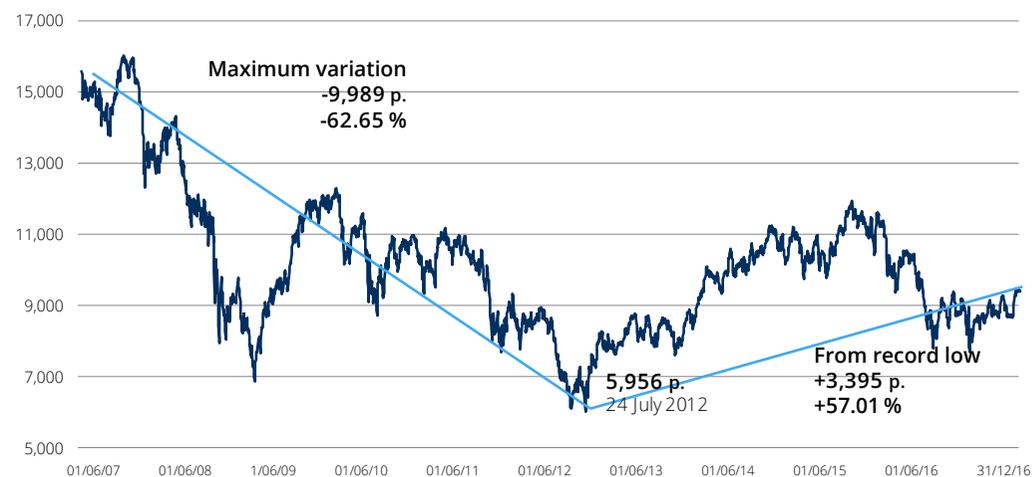
IBEX 35 VS VOLATILITY AND 2016

Accumulated returns at end of each month (%) and annualised volatility in the last six months, also calculated at the end of each month (%)



IMPACT OF THE FINANCIAL CRISIS ON THE IBEX 35

(June 2007-December 2016)

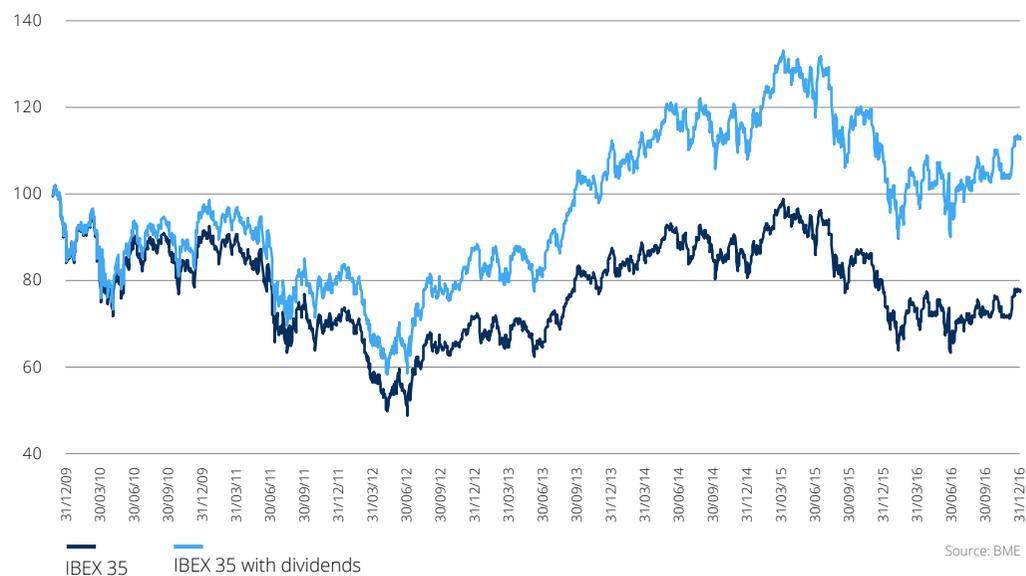


Following this episode, the IBEX embarked on a recovery with peaks and troughs that continued until it reached the annual high until that point of 9,332 points on 27 April. Thereafter, prices declined slowly but steadily until 10 June, when the warnings of a possible rejection of Europe in the British referendum brought about a daily decline of close to 3.2%, which continued with two sessions of losses of more than 2%. These expectations culminated on 24 June with the confirmation of the vote in favour of Brexit and the largest daily drop in the history of the IBEX 35®, 12.35%, or more than 1100 points wiped out in a single session. In this context, the main index of the Spanish stock market reached its low for the year: 7,645.50 points on 27 June and a cumulative annual decline of nearly 20%.

The second part of the year from the standpoint of the performance of the IBEX 35® runs from July through the end of the year. With ups and downs, the index recovered little by little from the sharp decline recorded in June. Finally, in December, the decision on the Italian referendum and the announcement that the ECB will extend until the end of 2017 its debt buyback programme appeared to allay the uncertainties and cleared the short-term horizon for many investors. The upward trend of the IBEX 35® in the final sessions of the year brought to a close a five-month period in which market volatility appeared to have consolidated a declining trend which was intensified in the last month (16%) after reaching an annual maximum high (33%) in the summer. Hence, by late December the IBEX 35® had gained more than 22% from its yearly low (7,645.50), rising to above 9,350 points and to its highest levels during the year.

IBEX 35® vs IBEX CON DIVIDENDOS

(2010-2016) Base 100 31/12/2009



Source: BME

The IBEX Small Cap outperforms its “elders”

As in other niches of stock market activity, the best news regarding the performance of the prices of listed shares in 2016 also came from the segment that reflects the behaviour of the largest companies. The IBEX Small Cap, composed of 30 references, lost 0.1% in the first quarter and 8.1% in the second, before recovering 12% and 6% in the third and fourth quarters. This performance, which is part of a 7% increase in the aggregate capitalisation of member companies at the end of December, points to a very positive and promising value path for most of these companies in 2016, which ended with an annual rise in the index of close to 9%, or 11% if dividends are included.

By contrast, the worst of the year in terms of declining share prices was seen in the IBEX Medium Cap. This indicator posted the worst records throughout the year, providing a further indication of the uncertain environment, although to an extent similar to the IBEX 35®. It was down 9.3% and 7.6% in the first and second quarters of the year. In the third and fourth quarters, it recovered 7.7% and 3.5%. At the end of the year it had cumulative annual losses of close to 6%, or 4.3% if dividends are factored in.

Sectoral analysis

Regarding the sectoral performance of share prices, an analysis of the different categories of activity that make up the General Index of the Madrid stock Market (IGBM) highlights the negative performance of three sectors in 2016 through the end of the year. For the year on the whole, the declines in the Technology and Telecommunications (9%), Consumer Services (8%), and Financial and Real Estate Services (1.6%) sectors stand out.

A review of the performance of the subsectoral indexes shows that 15 of the 27 indexes had, overall, a negative yearly change at the end of December. In terms of sectors with a positive performance, we would point to the Oil subsector with 32% growth and the Chemical sector, with close to 200% growth.

The difficulty for prices to surpass precrisis levels

The negative annual performance of the sectoral indexes has helped keep share prices below the levels posted prior to the beginning of the crisis in 2007. Only two sectors, Consumer Goods and Consumer

Services, have rebounded since then, rising 173% and 10%. Prices in the Financial and Real Estate Services sector and the Basic Materials, Industry and Construction sector, which declined the most during the crisis, remain about 60% and 40% below their 2007 highs. Oil and Technology are also 30% and 40% below their levels of eight years ago.

Important contribution of dividends to share yields

Once again we highlight the importance of dividends and their impact on the indices. The results are greatly boosted if we include the high dividends paid over the past six years by most Spanish listed companies. Over this period the IBEX 35® con Dividendos index outperformed the IBEX 35 by 30 points and in the last annual period alone was 4 points higher. From the lows seen in July 2012, the IBEX con Dividendos has risen by around 90% and the IBEX 35 by 57%.

This once again shows that shareholder remuneration is highly attractive. This has resulted in the Spanish stock market once again being the world leader in dividend yields (+4.5% at year-end 2016).

The Spanish exchange, leader in dividend yields for an entire decade

This year, the Spanish stock market once again leads main global markets for dividend yield rankings. At 31 December, yields amounted to 4.5%, nearly 0.2 percentage points above their monthly average for the last 28 years.

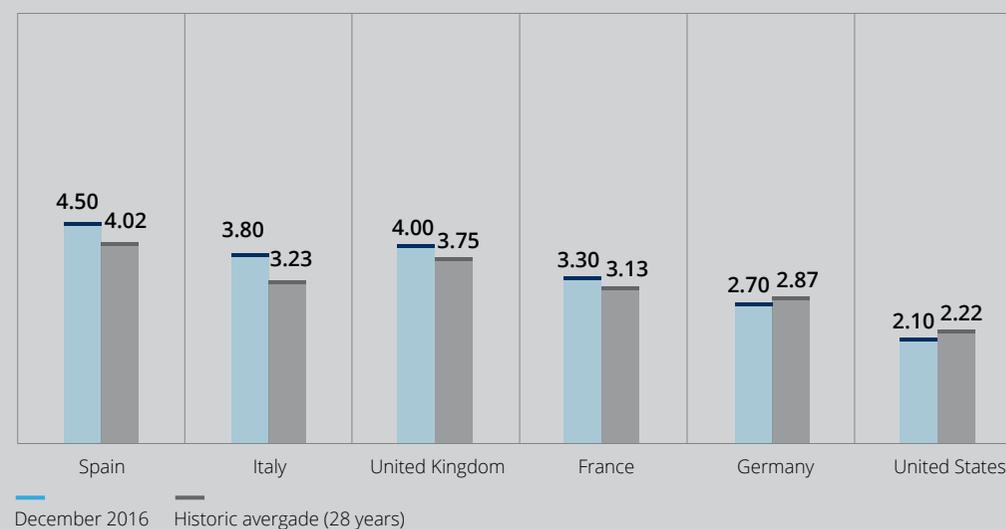
This high dividend yield has been maintained in recent years, and is now one of the hallmarks of the Spanish securities market. For almost 10 years, it has been the leading ratio in the international comparison with advanced markets and economies.

At year-end 2016, 12 of the 85 companies in the three main indices of the IBEX family (35, Medium and Small) offered yearly dividend yields above 5%, with two exceeding 8%.

The interest rate of the 10Y Spanish bond ended December at 1.35%. At that time, the dividend yields of 30 companies in the IBEX 35® were above that level and, in 26 the yields were between 2% and 5%. In addition, 13 of the 20 IBEX Medium Cap companies and 10 of the 30 that made up the IBEX Small Cap offered dividend yields above the Spanish 10Y bond. A total of 53 listed companies had dividend yield rates above the 10Y bond at year-end 2016.

SPAIN, LEADER IN DIVIDEND YIELDS

(December 2016)



Source: Morgan Stanley Cap. Int. (December 2016)

The capitalisation of the Spanish stock market stands at close to 1 trillion euros

In 2016, despite the important decrease in the volume of investment flows channelled through the securities markets as a result of capital increases and IPOs, the capitalisation or aggregate value of the companies listed on the Spanish stock market increased by more than 6%, to 1,035,332 million euros. Under these circumstances, the Spanish stock market's capitalisation remained at around one trillion euros for the fourth year running.

Spanish listed companies alone were worth at year-end 2016 close to 8.6 billion euros less than in December 2015, but 69 billion euros more than at year-end 2013, despite having two consecutive years of declining share prices and 332 billion euros (669 billion euros compared with 337 billion euros) more than the lows of nearly 5 years ago, when the IBEX 35® posted levels similar to its current levels. Spanish listed companies reached their maximum value of capitalisation in June 2007, at 850 billion euros.

Some sectors of activity saw cumulative increases in the aggregate market value of their companies in 2016. Those with the largest increase in value were: Oil and Energy, which grew by close to 3%; Consumer Services, which grew by 2%, thanks to Aena, whose capitalisation increased by 23% in the year to 19,447 million euros; and the Basic Materials, Industry and Construction sector, the value of which rebounded by 2% as a result of earnings of steel-related companies. Some sectors of activity saw cumulative increases in the aggregate market value of their companies in 2016. Those with the largest increase in value were:

The sectors that in 2016 suffered the most significant losses in market value include Technology and Communication, with a 7% decline (primarily as a result of the 13% decrease in Telefónica to close to 44.4 billion euros) and the Consumer Goods sector, which shed 8%. The Financial and Real Estate Services sector maintained its market value, and even rose slightly by 0.6%. The bank that saw the greatest decline in its stock market value was Banco Popular (41%), followed by Banco Sabadell (16%). Those with the largest increase in capitalisation were Bankinter (12%) and B. Santander (10%).

From the standpoint of size, the 20 companies that make up the IBEX MEDIUM CAP were worth 44.8 billion euros at year-end, at market prices. The capitalisation of this group of companies decreased by 4% over the year, and their share of the Spanish stock market overall is 6.7%. The 30 companies that make up the IBEX SMALL CAP, which account for 2% of total capitalisation, have a market value of 13.4 billion euros, 8% higher than a year ago.

INVESTOR ACTIVITY

This area of stock market activity that has felt the greatest impact of the uncertainty in the international and domestic economic and political environment throughout 2016 relates to the amounts traded in most listed products. Investors have proven much more cautious than in preceding years. This, along with the decline in share prices during the year, is the factor that has contributed the most to the decrease in the cash amounts traded in equity products, as well as Fixed Income products, as is detailed in chapter 4 of this report.

The volume traded in shares of the Spanish stock market in 2016 was 652 billion euros, 32% less than in 2015. This decrease is not exclusive to the Spanish securities market, but rather is in keeping with the trend seen in the main stock markets in the world, with the most intense declines having taken place in the large Asian markets. This shows, firstly, the degree to which the portfolios of large investors are globalised and, consequently, the uncontrollable global dynamic of global flows of capital to which stock markets throughout the world are exposed. In addition to this exogenous and inescapable factor for securities market managers there is a series of specific local factors a detailed analysis of which may point to elements that will determine quantitative differences in the general trends observed in the variables of stock market activity between different places.

In the specific case of the amounts traded in shares in 2016, as can be seen in one of the accompanying comparative figures, the declines were generalised throughout the world irrespective of whether or not the main benchmark indices had risen or fallen. In the case of Europe, which is the primary economic area and the sphere of investors represented on the Spanish stock market, the declining volumes of shares traded are on average close to 15%.

The domestic factors that we believe have most affected the Spanish securities market in terms of amounts traded in shares include the greater weight of the banking sector and its overall composition of listed companies (and its decreased importance in terms of participation as an investor sector), the wariness caused by close to a year of a caretaker government, and the impact of the modifications to the procedures for intermediaries to interact with the market following the conclusion of the first phase of the Reform of the post-trading system of the Spanish stock exchange between April and October of the same year.



Stock exchange building.

Market liquidity continues to be quite noteworthy

The progressive monthly decline in the cumulative annual amounts in the trading of shares compared with the previous year has translated into an average per session amount similar to that observed in 2004. They should not, however, lead us to overlook the enormous increase in the transactional capacity of the Spanish securities market. Whereas in 2004, an average of 54,000 purchase and sale trades were executed each day, we are currently at more than 210,000.

The number of share transactions executed in the year was 54 million, slightly below the 61 million recorded in 2015. This figure continues to be very high if we take into account that we began from historic figures (with records set in 2014 and 2015). Cross-trades remain very far above not only the level posted in 2004 but also the level recorded in 2007, when the annual historical peak in the cash amount traded was attained, with 1.66 trillion euros (2.5 times the amount posted in 2016).

The number of orders of equity channelled by the systems of the Spanish stock market in 2016 stood at 611 million, 5% below the level attained in 2015. High-speed algorithmic trading and the upgrade to reduce market access latencies as well as the advanced securities market model that governs the performance of that market in Spain partially explain why, in a bearish market such as 2016, the trading mechanics regarding the management of the volume of orders and executions of sales and purchases was barely affected.

And it is owing largely to these issues that we can better understand why the smaller volume of the amount of transactions posted this year did have a particularly negative effect on the liquidity of the equities market. Indeed, the average spreads in the combined price listings of companies on the three main indexes—IBEX 35®, Medium and Small—remain at record lows.

TRADING OF SHARES IN THE SPANISH STOCK MARKET (SIBE)

Period	Number of sessions	Cash (mlns. of euros)	Number of Securities	Number of Trades	Number of Orders	Average value per session (mlns. of euros)	Average value per transaction (euros)
2003	250	494,346	56,944,007,159	14,028,546	28,545,921	1,977.38	35,238.56
2004	251	636,895	58,840,731,099	13,601,664	25,637,545	2,537.43	46,824.79
2005	255	848,209	77,129,637,091	17,092,433	31,901,237	3,326.31	49,624.82
2006	254	1,150,566	87,183,222,987	23,143,452	40,385,557	4,529.79	49,714.52
2007	253	1,665,873	110,723,382,322	34,541,667	69,995,919	6,584.48	48,227.91
2008	254	1,243,168	119,701,200,701	36,937,580	88,957,918	4,894.36	33,655.91
2009	254	897,187	114,201,475,356	31,606,663	94,219,392	3,532.23	28,386.00
2010	256	1,037,277	133,586,756,603	40,456,534	175,640,317	4,051.86	25,639.30
2011	257	925,321	161,072,208,294	45,801,150	284,876,154	3,600.47	20,203.01
2012	256	698,950	195,990,292,207	40,594,732	251,940,470	2,730.27	17,217.75
2013	255	703,669	198,058,280,964	48,607,561	288,458,392	2,759.49	14,476.53
2014	255	883,869	202,396,476,962	70,921,145	471,886,313	3,466.15	12,462.70
2015	256	962,166	205,835,184,671	61,964,033	645,222,729	3,758.46	15,527.81
2016	257	652,925	177,768,106,300	54,443,888	611,272,764	2,540.57	11,992.63

The Spanish stock market: a pool of liquidity for listed shares securities

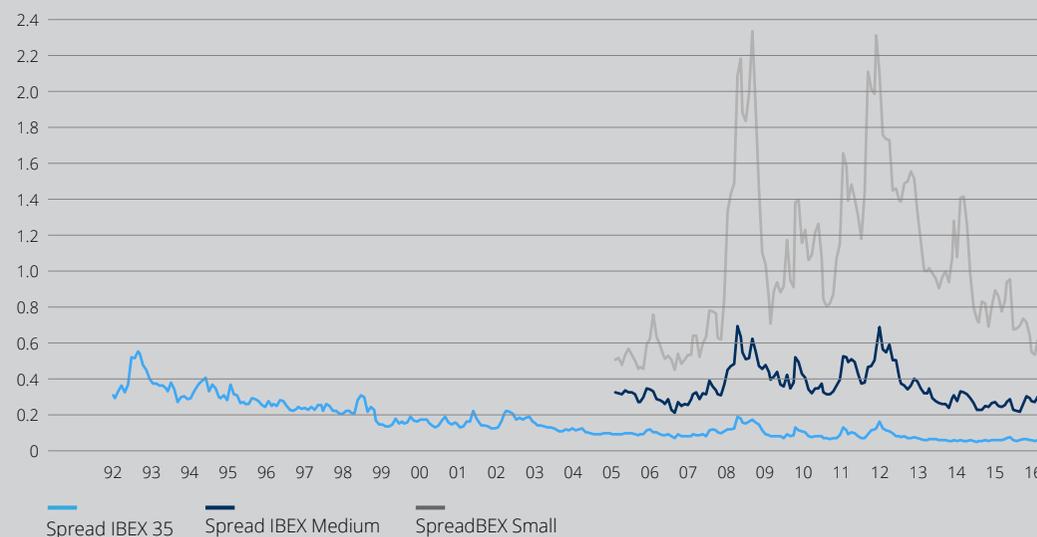
The Spanish stock exchange in 2016 has driven the liquidity of its traded securities, just as it had done recent years. One of the main arguments underpinning the activity of investors vis-à-vis the securities traded on the Spanish trading floor is the low cost of the supported illiquidity. Over the last quarter of a century, the Spanish stock market has gone through a profound process of change and growth. These changes have transformed the technical, operating and organisational systems, making it possible to channel important investment flows and provide the market with greater liquidity in addition to transparency and efficiency.

Over the last year, the wariness resulting mainly from future expectations both in the political sphere (Brexit, US elections) and in the economic sphere (questions regarding growth in China and other emerging economies and uncertainty regarding the recovery

of the euro zone) has not diminished the trading capacity of the Spanish market, which has once again seen an improvement in its liquidity parameters. The quality of the securities traded as well as the quality of the trading supports of the Spanish stock market continue to translate into beneficial liquidity levels, as shown by the fact that three Spanish traded companies are among the ten companies of the euro zone with the strongest share prices, and two other companies rank nineteenth and twenty-fifth. These 5 securities are among the 25 most liquid of the Eurostoxx 50, and continue to account for approximately 13% of capitalisation and total cash traded by the 50 securities on this index. The Spanish stock exchange is the point of reference (benchmark) of liquidity of the securities that it currently has on its platform and their spreads (between selling and buying prices) largely define liquidity.

HISTORIC PERFORMANCE OF THE MONTHLY AVERAGE SPREAD OF THE GROUP OF SECURITIES CORRESPONDING TO EACH IBEX INDEX

Daily month-to-month averages (1992-2016)



THE 2016 RANKING OF TRADING IN THE EUROSTOXX 50 INDEX

Ranking		Name	Total origin	Total MTFs	% of weighting in the Index (Nov. 2016)
1		Banco Santander, S.A.	102,275,010,000.00	29,720,450,450.00	2.90
2		Intesa Sanpaolo S.p.A.	78,991,445,240.00	32,622,293,568.90	1.50
3		UniCredit S.p.A.	74,532,674,090.00	18,993,243,155.50	0.60
4		Total S.A.	71,176,019,740.00	45,792,180,621.00	5.21
5		BBVA, S.A.	70,614,875,260.00	24,952,263,834.00	1.75
6		Daimler A.G.	70,410,726,520.00	42,685,496,843.20	3.11
7		Bayer A.G.	64,272,366,650.00	47,854,716,016.10	3.88
8		ENI S.p.A.	63,712,607,400.00	25,247,487,902.80	1.69
9		Allianz S.E.	59,375,705,540.00	36,486,990,374.00	3.07
10		Telefónica, S.A.	58,464,702,110.00	18,687,058,719.00	2.08
19		Inditex, S.A.	46,371,754,270.00	14,060,265,070.00	1.73
25		Iberdrola, S.A.	39,449,302,430.00	15,570,664,689.00	1.73%

The lower amount of the transactions for shares posted in 2016 has not, however, had an especially negative impact on the liquidity of the stock market. Indeed, the average spreads in the combined price listings of companies on the three main indexes—IBEX 35, Medium and Small—remain at record lows. For its part, the Small has narrowed by 32 basis points compared with 2015. Over the last five years, the benchmark indexes of the Spanish stock market—IBEX 35®, IBEX MEDIUM and IBEX SMALL—have seen a narrowing of their average spreads by 4 bp, 22 bp and 88 bp, respectively. These data are a positive indication of the operation and the attraction capacity of the secure, advanced securities market model that governs the performance of that market in Spain.

Better records for small and medium securities

The stock market remains the main centre for the execution of the purchase and sale of the shares traded on it. The securities of the three large Spanish listed companies continue to be the 10 most liquid in Europe. Specifically, Banco Santander is first with 132 billion euros traded, of which 102 billion euros were executed on the national platform of the stock market (SIBE). Santander accounts for 2.9% of the Eurostoxx 50 index, and 4.09% in terms of volume traded.

Approximately 90% of the trading of shares executed in the stock market corresponds to companies on the IBEX 35®. For this group of companies, cash trades

dropped in the year by close to 31%. This decline is higher for the trading of shares of the 20 companies that make up the IBEX Medium Cap, 38% in the year, which is, nevertheless, a 9% increase for the group of 30 companies that are on the IBEX Small. A reading of these figures also points to something seen in other niches of valuation and stock market activity in a comparison of companies by size: small companies obtained better results this year because their aggregate capitalisation increased, their liquidity improved more than average, and they were more active in terms of number and by relative size regarding financing transactions carried out (especially capital increases).

Foreigners and households continue to be protagonists in a flat corporate environment

For the companies listed on the stock market overall, the sluggishness in the sphere of M&A transactions of all types is unquestionably one factor that influenced the decline in the amounts exchanged by investors with their shares. Both in IPOs (new companies, with the exception of SOCIMIs) as well as in mergers and acquisitions (OPAs, which we will examine below), trading was very low in 2016.

Nevertheless, there are factors such as the increased diversification of indices of listed shares with the capacity to act as underlyings of other negotiable investment products or the growth of assets and

participants in mutual funds in Spain, which have helped mitigate the negative effects of uncertainty on investment in the Spanish stock market. This investment continues to be driven mainly, and increasingly, by foreigners (whose ownership was estimated at close to 43.5% at the end of June 2016) while households are gaining market share and now stand at close to 25% after having seen a substantial improvement in their net financial wealth in recent years after persistent efforts to pay down their debts. By contrast, we should note here the argument put forth regarding the downsizing of the banking sector: The most recent data on share ownership places their proportion of all shares trading on the stock market at a historic low of 3% whereas merely 10 years ago they held about 15%.

The importance of foreigners in the Spanish financial system

Non-resident investors have the largest share of the Spanish stock exchange

Whereas at year-end 2015 foreign investors owned 42.3% of listed Spanish companies, the second largest amount in the time series, estimates for the first six months of 2016 put this share at 43.2%.

If these figures hold through year-end 2016, they would mark a new all-time high. The current share is 12 points higher than that recorded in 1992, and underscores the strong degree of opening to the outside both on the Spanish stock market and, especially, among listed Spanish companies, which have succeeded in leveraging the visibility provided by the stock market and foreign financing in order to grow.

In seven years of intense global financial and economic crisis, aggravated in Europe by the sovereign debt crisis which in Spain peaked in 2011 and in the first half of

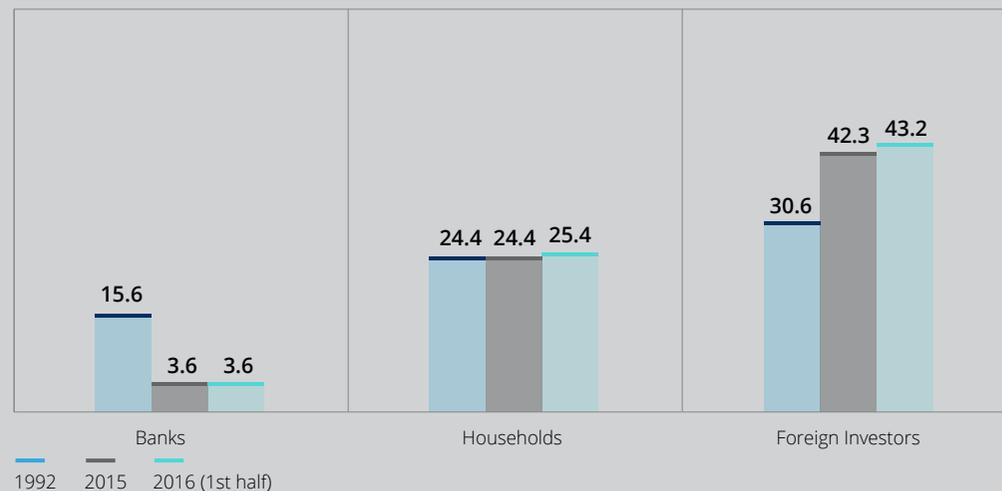
2012, foreign investors' confidence in companies listed on the Spanish stock market has remained steady. Thus, 2014, the share of investors who were foreign set a historic record of 43% and in 2015 the share was the second highest ever, at 42.3%. The figures for the first half of 2016 point to a new historic record.

In the European Union, according to the most recent statistics available (cited above), the share of foreign investors in listed companies stood at 38% in 2012.

The large presence of nonresidents in the domestic stock markets can clearly be seen in their high degree of participation in the trading of shares (about 75%). As investors on the Public Debt market they are also the group with the largest relative share: about 45%.

INVESTMENT IN SPANISH LISTED SHARES

Three large shareholders, three different trends between 1992 and 2016 (%)



Source: BME

Households, driver of trading activity (I)

Financial assets now account for more than 30% of household wealth

Spanish households' property assets are losing ground to financial assets as a share of their overall wealth. Whereas financial assets over the five-year period from 2007 to 2011 accounted for less than 25% of all wealth, since 2013 they have increased and now consistently stand at above 30%.

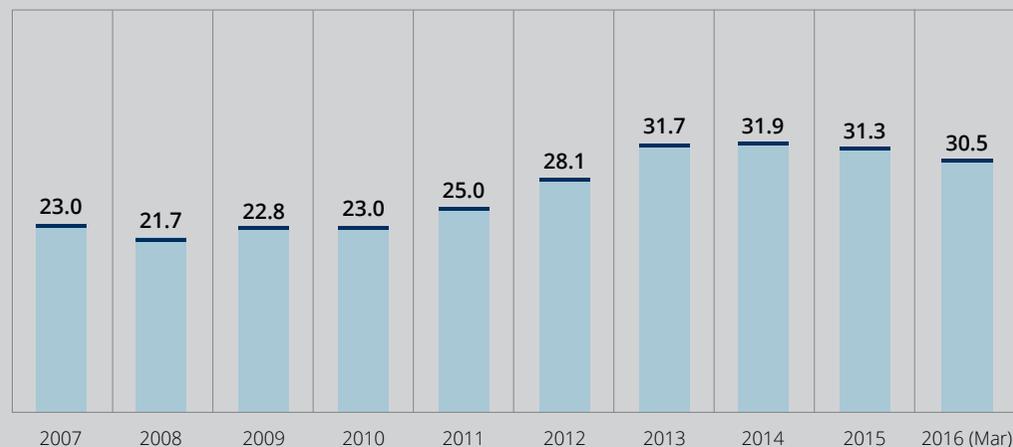
The factors that have led to this new situation are, on the one hand, the increased value of financial assets as a result of the recovery of prices along with the effect of new investments on these assets, and, on the other, the correction in housing prices and the reduction of real estate investment by households.

The total gross wealth of Spanish households at the end of the first quarter of 2016 stood at 6.45 trillion euros, 21% lower than in 2007 but 6% more than at year-end 2013, according to calculations made using statistics from the Bank of Spain. Total gross wealth at the end of the first quarter of 2016 included financial

assets, with a value of €1.96 trillion, 17% higher than in 2008. In addition, the value of real estate assets is estimated at €4.48 trillion, 28% less than in 2007 and 7% more than in 2012.

FINANCIAL WEALTH AS A SHARE OF TOTAL WEALTH OF SPANISH HOUSEHOLDS

(2007-March 2016) Gross financial wealth/Total financial wealth. Percentages (%)



Source: Produced by BME using data from the Financial Accounts of the Spanish Economy and house market statistics. Bank of Spain (Oct 2016)

TOTAL WEALTH OF SPANISH HOUSEHOLDS

(2007-March 2016) Total housing wealth + Total gross financial wealth (Figures in billions of euros)



Housing wealth of households (millions of euros) Gross financial wealth of households (millions of euros)

Source: BME using data from the Bank of Spain

Indebtedness has decreased while net financial assets have increased by 65% since 2008

Total indebtedness of Spanish households continues to decline, although at a slower pace. In the second quarter of 2016 it reached €782,444 million (€0.78 trillion in the graph), with a sharp 18.5% drop since year-end 2008. In the first quarter of 2016, the figure remained stable compared with year-end 2015.

As a result of the increased value of financial assets and the reduction in indebtedness, households' financial wealth (that is, the difference between their financial assets and liabilities) stands at €1.19 trillion at the end of the first quarter of 2016, 65% higher than at year-end 2008. Despite the slight correction in 2016, it remains close to the historic highs set at year-end 2015.

This positive behaviour of households' net financial wealth is proving to be a very important factor in the improvement in private consumption that is driving the economic recovery. Spanish households perceive that their financial position is more comfortable, leading to step up their spending.

The value of financial assets has risen by 17.5% Since 2008

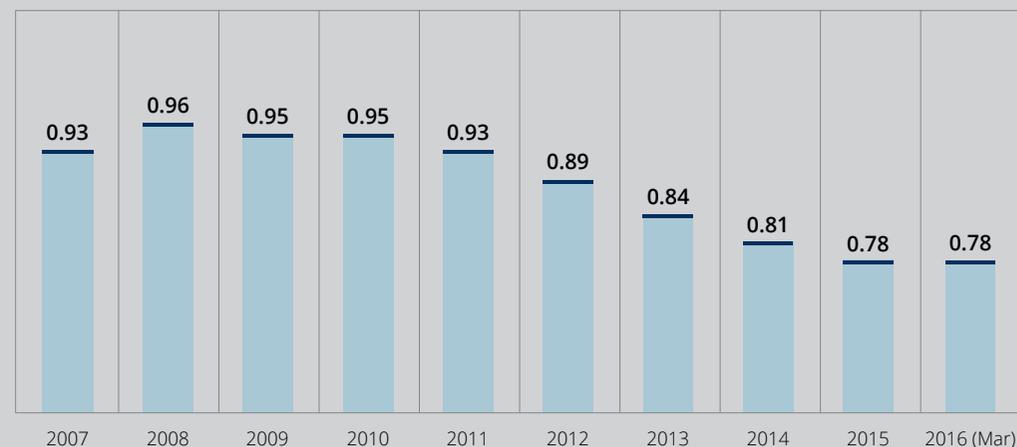
At the end of the second quarter of 2016 Spanish households held financial assets worth €1.20 trillion, 17.5% above year-end 2008, in the midst of the financial crisis.

This increase stems from a growing diversification of the portfolio of financial assets towards instruments such as equity, mutual funds or pension plans.

According to Bank of Spain data for the second quarter of 2016, the value of Spanish households' investments in listed and non-listed securities and in mutual funds at the end of the second quarter of 2016 stood at €692.2 billion, 33% higher than at year-end 2010. In addition, their holdings in pensions, insurance and guarantees at the end of the first quarter of 2016 stood at €338,175 million, 29% higher than at year-end 2007.

INDEBTEDNESS OF SPANISH HOUSEHOLDS

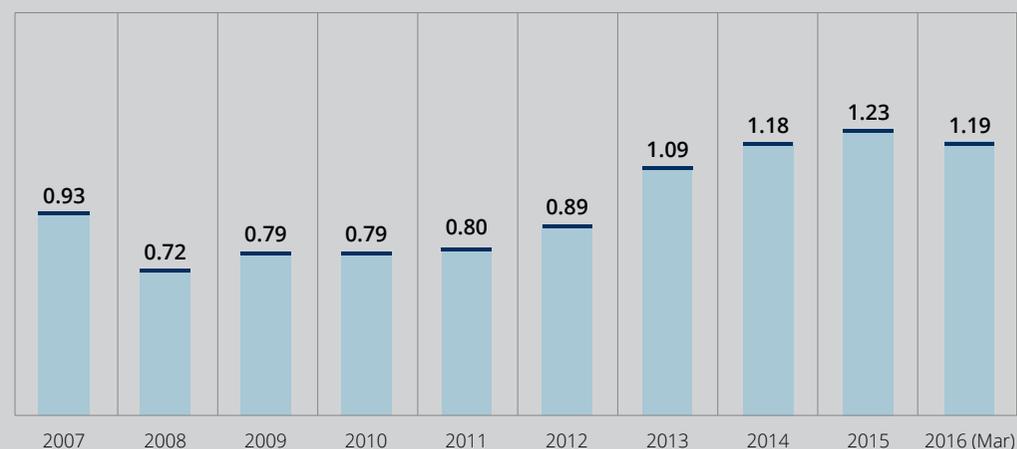
2007-1st half. 2016. Figures in trillions of euros



Source: Bank of Spain

NET FINANCIAL WEALTH OF SPANISH HOUSEHOLDS

(2007-March 2016). Difference between Financial assets and Financial liabilities. Figures in trillions of euros.



* Source: Financial Accounts of the Spanish Economy. Bank of Spain (Oct 2016)

Households, driver of trading activity (II)

Shareholding rebounded in the first half of 2016

Spanish households' ownership of listed companies, after declining in 2015 to 24.4%, edged up by 1% to 25.4% in the first six months of 2016, according to preliminary data.

During the years of crisis, households became one of the drivers of the Spanish stock market, greatly expanding their portfolio of listed equities. The downturn in share prices, lower yields on other traditional household savings schemes, processes to boost capital or shareholders' equity by both financial and non-financial companies and the dwindling attractiveness of real estate investment--the habitual haven of family savings in Spain--help explain the rising proportion of household equity owners since 2008. Household stakes rose by 5.3% in the first half of 2016 compared with 2007, an increase comparable only to that

of foreign investors. Of the factors that explain Spanish households' increased interest in equity, the generous shareholder compensation policies of Spanish listed companies in recent years undoubtedly stand out. This is in addition to the widespread practice of scrip dividends, regarding which most shareholders have opted to receive payments in shares rather than cash. In 2015 and especially in 2016, the volume of scrip dividends has begun to decline sharply.

A study published by the European Commission, using figures from 2012, estimated that 11% of families in the European Union overall held listed securities. The figure for Spain, corresponding to June 2016 (25.4%), is far above the figure for Europe overall.



Ticker of the Madrid Stock Exchange.

The activity in ETFs, warrants and other listed products has also declined

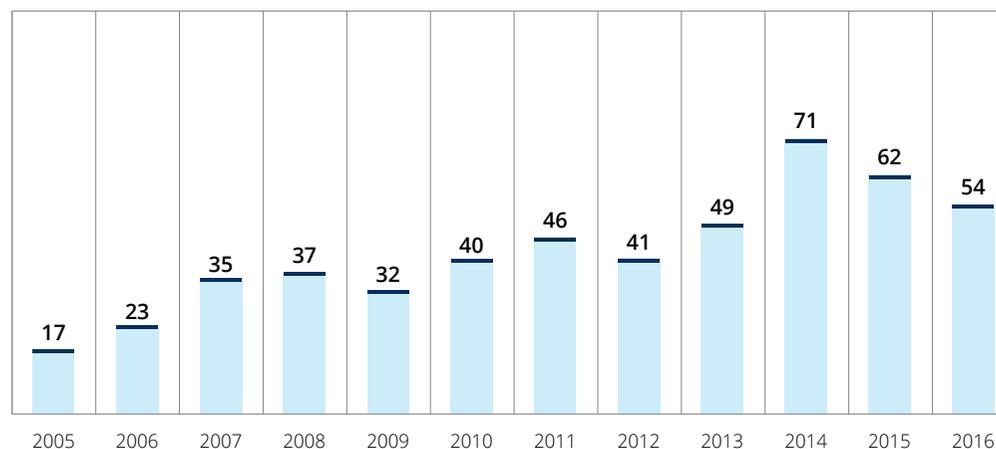
The decline in trading volume with regard to equity products has transferred, to a varying extent, to other listed products that follow shares as underlyings. During the year, trading of ETFs declined by 52%, the number of warrants by 28%, and index futures and options and shares traded on the stock market by 5%.

In the case of ETFs, the impossibility of obtaining a tax treatment of these funds equivalent to that of traditional funds has translated into a diminished interest of issuers to participate in this market segment in Spain. Indeed, of the nearly 70 references listed at year-end 2015, Lyxor, with 19 of the 21 funds registered in the system, is today practically the only reference that continues to actively issue in the market.

Nevertheless, there are some interesting data that we should emphasise. Firstly, 92% of the nearly 6 billion euros traded corresponds to funds linked to the IBEX 35®. Specifically, the Lyxor UCITS ETF IBEX 35® accounts for 32% of the total and the Lyxor UCITS ETF IBEX 35® DOUBLE LEVERAGE accounts for 24%, underscoring the usefulness of strategy indices for portfolio management.

In any event, we must view positively the activity data that have been posted. Firstly because in a year in which, as noted, listed references have been reduced to nearly one fourth, with managed assets declining from 45 billion euros to 15 billion euros, the amount traded in IBEX 35® products in the year was 4.5 times the asset value of the listed references relative to the index, which stood at nearly 1.2 billion euros at 30 December. In addition, we should note that the number of transactions executed on ETFs in the year has declined only by 12.6%, and that the annual cumulative total was 151,317.

NUMBER OF SALES AND PURCHASE TRANSACTIONS ON SHARES EXECUTED ON THE SPANISH STOCK EXCHANGE. (Millions)



The SOCIMI kindle the listed Spanish real estate sector for the third consecutive year

Regarding the market segment corresponding to warrants, the number of outstanding issues at 31 December has remained stable vis-à-vis preceding years (3,999 in December 2016 compared with 4160 the year before), although in 2016 the number of new admissions was 11% lower and trading declined by nearly 28% in terms of number of contracts and by 44% in terms of cash.

The lack of high, more prolonged, volatility and the decreased level of cash activity have had a negative effect on trading volumes in this type of listed products, with decreases in the amounts in all products throughout the year: -17% in number of Bonus and Bonus Cap; -37% in Turbos and Turbo Pro; -94% in Discount warrants; and -65% in Certificates. These declines, measured with regard to the number of products, would be larger if measured in terms of cash. Total trading of these products in 2016 was 617 million euros corresponding to 2,141 million contracts carried out.

Lastly, in July 2016 new index warrants on 16 types of share indexes for 3 and 5 degree leveraged and reverse strategies were launched.

Three years after having been introduced, and with strong support from foreign capital, SOCIMIs are now proving to be a useful instrument for triggering the economic and market reactivation of a sector (real estate) that was hit hard by the crisis and which, despite everything, includes activities that represent somewhat more than 10% of Spanish GDP in terms of supply. With these activities, the stock market capitalisation of the real estate sector has grown from a low of 3.6 billion euros (May 2012) to the current level of 14.8 billion, of which nearly 75% belongs to the 32 SOCIMIs that are now listed following the 17 new additions to the market that took place in 2016. This growth is an important indicator of a return to activity by a key sector for the country's economic structure.

SOCIMIs made a strong entry into the Spanish market in 2014 and continued to flourish in 2016. This year Merlin Properties has become the largest "listed real estate company" in Spain after acquiring Testa from Sacyr for 1.7 billion euros and concluding its merger with Metrovacesa. With these transactions, a group with assets above 9 billion euros, which is listed on the IBEX 35® with a capitalisation above 4400 million euros, has been created. The SOCIMI has risen on the stock market in the last two years: its trading volume jumped from 3345 million euros in 2014 to close to 7350 million euros in 2016.



Silvercode becomes new MAB market company

THE ARRIVAL OF SOCIMIS ON THE SPANISH STOCK MARKET

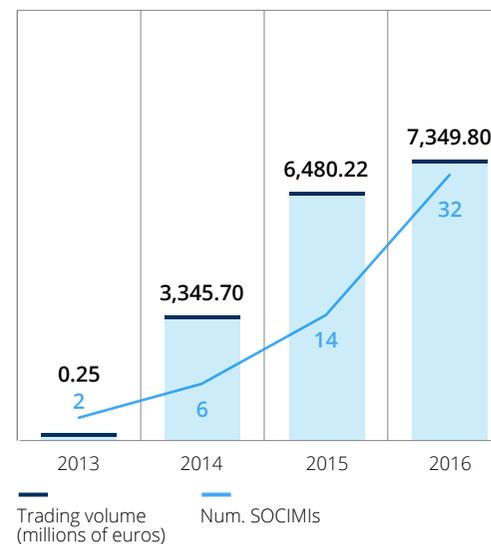
In late 2013, the Mercado Alternativo Bursátil inaugurated the new trading segment of SOCIMIs with two new additions: Entrecampos Cuatro and Promorent. On 2 July 2014 the third of the SOCIMIs, Mercal Inmuebles, was included on the MAB. In 2015, eight new SOCIMIs made their debut on the Alternate Securities Market, thus doubling the number of companies on it in 2014 in this trading segment. This segment currently has 30 listed companies, of which 17 have been included this year. Analysts note that another 35 will be added the coming year.

The three large listed SOCIMIs that opted for the main market (and not the MAB) to do so in 2014— Merlin

Properties, Axiare Patrimonio and Lar España—have focused on obtaining assets allowing them to render viable the extraordinary commitments to their projects made by large international investors. In early December, the significant declared stakes of foreign investors in the equity of these companies stood at 10%, 45% and 58%, respectively. This year, Hispania has joined this group with a stake from foreign investors of close to 73%. Merlin Properties is the largest SOCIMI, with a capitalisation of 4.4 billion euros, followed by Hispania Activos Inmobiliarios with 1.1 billion euros, and Axiare with 939 million euros. In fourth place is Lar España Real Estate, with a market value of 628 million euros.

PERFORMANCE OF TRADING VOLUME AND NUMBER OF SOCIMIS

2013-2016



ISC Freshwater Opening Ceremony Bell. MAB

FIXED INCOME

The decline in outstanding issues is being halted thanks to the increase in trading. The Treasury issues Public Debt with very low and even negative rates. The Mercado Alternativo de Renta Fija (MARF) has consolidated itself as a financing channel for all types of companies especially medium-sized businesses.

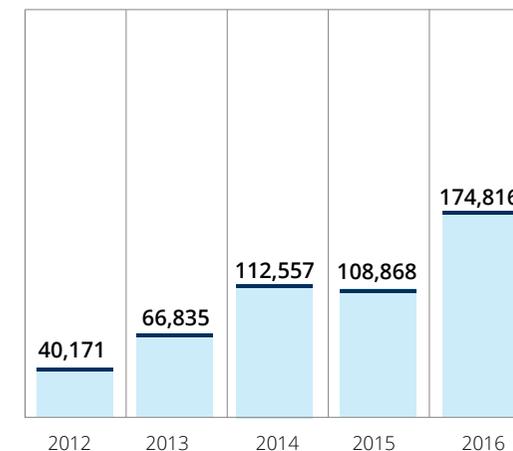
The Corporate Debt Market has continued to reduce the amount of outstanding issues during 2016 as part of a process initiated four years ago. The financial sector clean-up and restructuring process has effected debt repayment in the same period, in some cases prior to their expiration. These balance reductions have not been compensated by new bonds issues as the ECB monetary policy made their refinancing unnecessary (see "Monetary Policy" in section 1 of this Report).

In 2016, the rate of year-on-year decline in the market outstanding balance began to show signs of hitting rock bottom. At the close of this financial period, the negative variation was at -4.4%, compared to -8.7% from the previous year close and very far from the 17.9% of December 2014.

In contrast, the balance of Treasury securities remains in the slight growth area, +4.8% year-on-year, in accordance with the increase in State indebtedness which has exceeded 100% of its GDP in the last few months of the year.

AMOUNT OF PUBLIC DEBT TRADED ON SENAF

2012-2016. (Million euros)



Source: BME

Public sector financing in favourable conditions

Our country's risk premium was relatively stable throughout the year, except for turbulent moments caused by Brexit and the Italian referendum. It was at around 116 basis points at the end of December, a level similar to that in January.

The Treasury has benefitted from ECB interventions through debt purchasing, which have led to the lowest ever issuance rates historically, placing issues with a short-term maturity date in negative territory (-0.396% 3-month Treasury Bills).

The last auction for three and five year State Bonds ended in an average interest of -0.008% and +0.446% respectively. 10 and 30 year commitments gained an average interest of 1.54% and 2.569% respectively. In October, a 50 year auction was held at an interest rate of 2.688%. All in all, the Treasury has consolidated a significant reduction in financing costs, having a positive effect on State accounts which has enabled resources to be allocated to other priority spending areas.

Corporate Debt Issues

The reduction in Public Debt Issue rates has had a parallel effect on corporate debt issues to the extent that 20% of company bonds bought by the ECB throughout Europe were listed with negative interest rates.

In the Spanish Corporate Debt primary market, there is a decline in the volume admitted to trading in the AIAF Fixed Income Market, due to lower requirements by the financial institutions.

Low profitability offered by commercial paper and their weak demand by investors have led to a new cutback in the volume issued, situating it at 22.7 billion euros on 31 December, 17% less than that recorded on the same date one year prior. Medium-term and long-term assets issued dropped 9.4% to 107.3 billion euros.

The segment to have grown in 2016 is Securitisation, mainly as a consequence of the banking institutions' need to reduce the size of their balance sheet. In part, this growth has come at the expense of the same entities' mortgage bonds.

Corporate Debt Trading

Trading data reveals a sharp fall in activity. The total volume traded during the year was 172.8 billion euros, a third of the volume traded throughout the previous year. Double operations (repurchase and sell/buy-back) is the segment which has fallen the most to 42.6 billion (-84.2%), whilst 130.2 billion euros (-46.8%) was contracted at their maturity date.

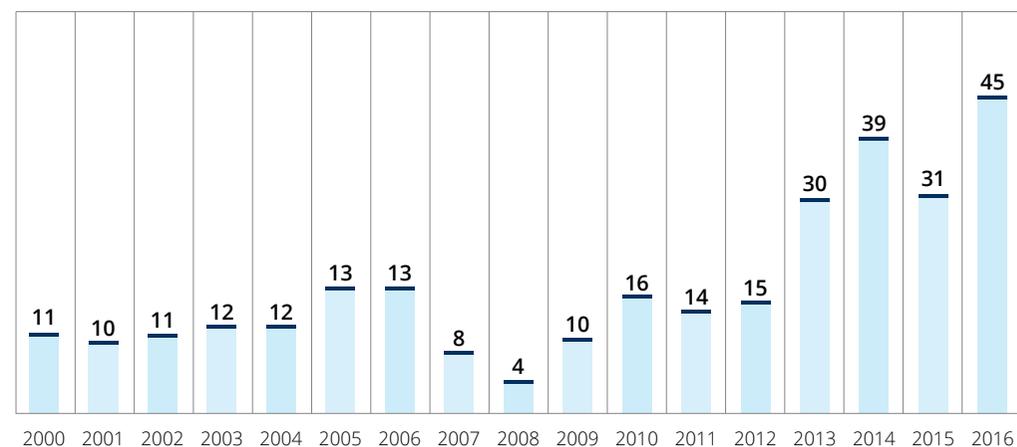
The lower volume of asset issuance has a repercussion on reducing volumes traded. On the one hand, the absence of large agencies among retail investors affects it, reducing the number of transactions and global volume by a considerable amount. On the other hand, institutional investors maintain their positions at expiration, especially in cases which deal with high yield bonds.

BME Public Debt markets

Public debt traded on the SENAF platform grew to attain 174.8 billion euros over the year, which is the equivalent of a 60.6% increase against the same period of the previous year. SENAF is the BME's Public Debt Market which brings together large market makers and operators.

As far as trading public debt on the SEND platform is concerned, private investment dropped by 52.4%.

NO. OF NON-FINANCIAL SPANISH COMPANIES THAT HAVE PROCESSED FIXED INCOME ISSUES. (2010-2016).



Source: Fuertes A; Serena, JM. (2016). "Financing Spanish non-financial businesses in Bond markets"

The number of non-financial Spanish companies present in the fixed income markets reached all-time highs in 2016: MARF contribution

Data for 2016 as a whole, shows that 45 non-financial Spanish companies were financed in Fixed Income markets over the year, indicating a new all-time high. The volume issued in 2016 by these 45 companies, which have used the Fixed Income markets, reaches 23 billion euros.

The increasing access to corporate Debt markets for non-financial Spanish companies is documented in the article "Financing non-financial Spanish companies in bond markets" by Fuertes and Serena (2016). As affirmed by the authors, "the total volume of issuance increased considerably from 2009, in line with global trends towards increased capital market financing following the financial crisis. As such, the annual volume of issuance increased from 10.6 billion dollars in the 2000-08 period to 27.4 billion during the 2009-15 period".

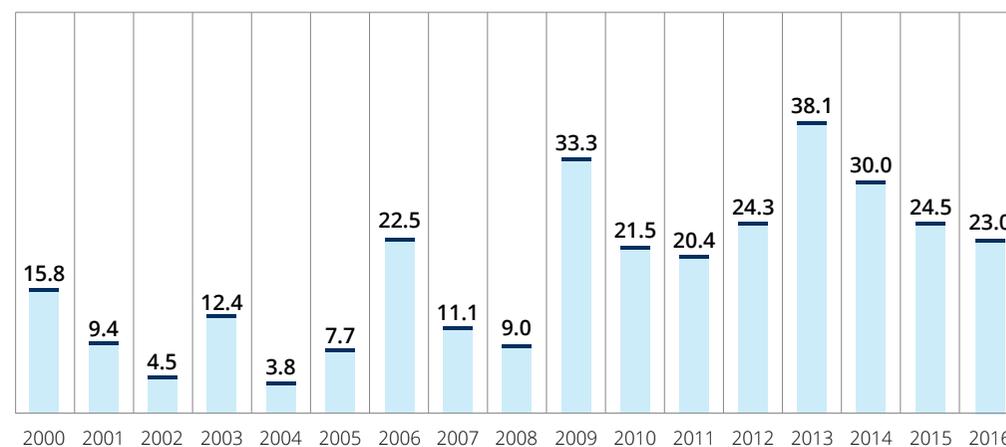
This process has been created in a "context of low interest rates and search for returns which have been implemented following the global financial crisis. Alongside the fall in banking credit, the sector's deleveraging requirements have also caused an increase in business capital market financing" as affirmed by Fuertes and Serena (2016).

In 2007 and 2008, only 8 and 4 non-financial Spanish companies were able to issue on bond markets. Just 5 years later, in 2013, 30 companies issued, increasing the number in 2014 to 39, in 2015 to 31 and in 2016 to 45, indicating a historic high in the number of non-financial companies that issued bonds.

The volumes issued also multiply their volume increasing from 8.9 billion in 2008 to 38 billion in 2013, 30 billion in 2014, 24.4 billion in 2015 and 23 billion euros in 2016.

VOLUME OF FIXED INCOME ISSUES FOR NON-FINANCIAL SPANISH COMPANIES

2010-2016. (Figures in millions of euros)



Source: Fuertes A; Serena, JM. (2016). "Financing Spanish non-financial businesses in Bond markets"

MARF IN 2016: ALMOST 2.3 BILLION ISSUED BY 19 COMPANIES

The Spanish stock market has also contributed significantly to broadening financing options for companies by setting up the MARF (Mercado Alternativo de Renta Fija) in 2013, an electronic platform which provides transparency and liquidity in Fixed Income markets and guarantees the best execution of orders. It was created to respond to the requirements of medium-sized businesses and reduce issuance time for Fixed Income instruments. Throughout its short lifespan, various sizes of company issues have been incorporated to the market which are not present in capital markets.

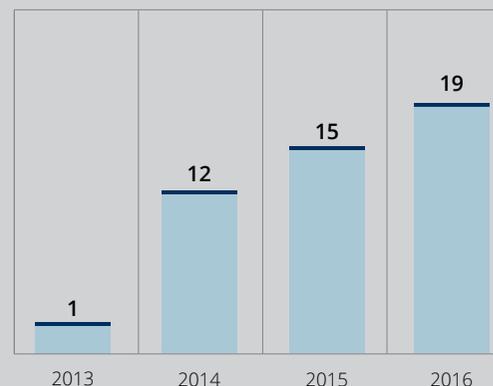
MARF closed the 2016 financial year with an outstanding balance of corporate debt issues in the region of 1.6 billion euros, distributed among just over 1.1 billion euros in bonds and the rest in commercial paper issues. Compared to the close of the previous year, the outstanding balance is 56.6% higher with bonds increasing by 59% and commercial paper by 52%.

In 2016, 19 businesses used the MARF to cover their financing requirements. Of these, 10 were newcomers and the other 9 had already conducted these operations in the past. Among the newcomers to the MARF this year can be found representatives from various sectors such as the maritime industry, namely Naviera El Cano; the explosives for civil use sector, namely Maxam; or automotive replacements, namely Gestamp Automoción. These last companies have each registered company commercial paper programmes for amounts of up to 100 and 150 million euros. Twelve companies have commercial paper programmes running on the MARF.

With the inclusion of the 2016 newcomers, there are 29 companies who have been financed on the BME-operated MARF since its birth in 2013.

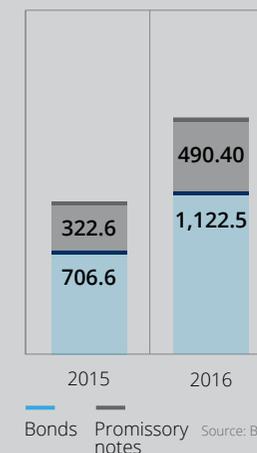
Throughout 2016, admissions for trading on the MARF totalled 2.28 billion euros, a figure which indicates a 174% increase on the previous year and which multiplies by 4.6 that corresponding to 2014, the first year of operations for the BME Alternative Market.

NO. OF ISSUES PROCESSED THROUGH MARF 2013-2016.



Source: BME

OUTSTANDING BALANCE ON THE MARF 2015-2016. (Figures in millions of euros)



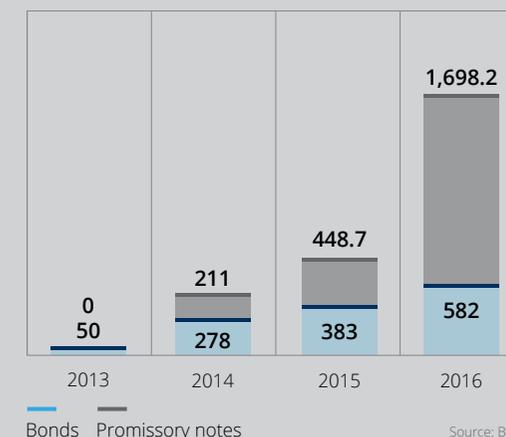
Source: BME

COMPANIES THAT HAVE BEEN FINANCED ON MARF 2013-2016. (From the start to the end of each year)



Source: BME

ISSUES AND ADMISSIONS ON MARF 2013-2016. (Figures in millions of euros)



Source: BME

MARF ISSUANCES SINCE ITS CREATION TO 2016 (By issue date)

Instrument	Issuer	Sector	Coupon (%)	Issue date	Mat. Date	Term	Issue. Max. ⁽¹⁾	Vol. Issued ⁽²⁾	Outstanding balance at 30/12/16	Isin code ⁽³⁾
BONDS	COPASA	CONSTRUCTION	7.5	19/12/2013	19/12/2018	5 YEARS	50,000,000 €	50,000,000 €	50,000,000 €	ES0376156008
BONDS	TECNOCOM	TECHNOLOGY AND TELECOMS	6.5	08/04/2014	08/04/2019	5 YEARS	35,000,000 €	35,000,000 €	35,000,000 €	ES0347582001
PROMISSORY NOTES (PROGRAMME)(4)	ELECNOR	METAL-MECHANICS	DESC (7)	01/04/2014	01/04/2015	3-731 DAYS	200,000,000 €	118,775,064 €	-	(3)
PROMISSORY NOTES (PROGRAMME)(4)	TUBACEX	MINING-METAL	DESC (7)	21/05/2014	15/01/2016	30-365 DAYS	75,000,000 €	29,162,040 €	-	(3)
PROMISSORY NOTES (PROGRAMME)(4)	EUROPAC	PAPER	DESC (7)	18/06/2014	18/06/2015	3-731 DAYS	50,000,000 €	39,693,948 €	-	(3)
BONDS	ORTIZ	CONSTRUCTION	7	03/07/2014	03/07/2019	5 YEARS	50,000,000 €	50,000,000 €	50,000,000 €	ES0305031009
BONDS	EYSA	TRADE & TOURISM	6.875	23/07/2014	23/07/2021	7 YEARS	75,000,000 €	75,000,000 €	75,000,000 €	ES0205037007
BONDS	AUDAX	ENERGY AND WATER	5.75	29/07/2014	29/07/2019	5 YEARS	21,000,000 €	21,000,000 €	21,000,000 €	ES0305039002
SECURITISED BONDS(6)	IM AURIGA PYMES	FINANCIAL SERVICES	4	06/10/2014	22/01/2022	8 YEARS	500,000,000 €	71,000,000 €	68,000,000 €	ES0305041008
PROMISSORY NOTES	BARCELÓ	REAL ESTATE	DESC (7)	22/10/2014	22/10/2015	3-180 DAYS	75,000,000 €	78,376,728 €	24,000,000 €	(3)
PROMISSORY NOTES	COPASA	CONSTRUCTION	DESC (7)	31/10/2014	31/10/2015	3-731 DAYS	20,000,000 €	17,480,766 €	-	(3)
PROJECT BONDS (5)	VIARIO A31	HIGHWAYS	5	25/11/2014	25/11/2024	10 YEARS	47,000,000 €	47,000,000 €	41,499,999 €	ES0205052006
BONDS	COPASA	CONSTRUCTION	7	19/12/2014	19/12/2020	6 YEARS	30,000,000 €	30,000,000 €	30,000,000 €	ES0276156009
BONDS	SIDECU	TRADE & TOURISM	6	18/03/2015	18/03/2020	5 YEARS	55,000,000 €	55,000,000 €	55,000,000 €	ES0305063002
PROMISSORY NOTES (PROGRAMME)(4)	ELECNOR	METAL-MECHANICS	DESC (7)	01/04/2015	01/04/2016	3-731 DAYS	200,000,000 €	169,843,960 €	-	(3)
PROMISSORY NOTES (PROGRAMME)(4)	TUBACEX	MINING-METAL	DESC (7)	20/05/2015	20/05/2016	3-731 DAYS	100,000,000 €	39,919,354 €	-	(3)
PROJECT BONDS (5)	AUTOVÍA DE LA PLATA	TRANSPORT & COMMS	3.169	27/05/2015	31/12/2041	26 YEARS	184,500,000 €	184,500,000 €	183,193,666 €	ES0205068002
BONDS	PIKOLÍN	CONSUMER GOODS	5	27/05/2015	27/05/2025	10 YEARS	20,000,000 €	20,000,000 €	20,000,000 €	ES0205072004
BONDS	PIKOLÍN	CONSUMER GOODS	4.5	27/05/2015	27/05/2022	7 YEARS	10,000,000 €	10,000,000 €	10,000,000 €	ES0205072012
PROMISSORY NOTES	EUROPAC	PAPER	DESC (7)	17/06/2015	17/06/2016	3-731 DAYS	50,000,000 €	9,988,315 €	-	(3)
BONDS	MÁSMOVIL	TELECOMS	5.5	30/06/2015	30/06/2020	5 YEARS	27,000,000 €	27,000,000 €	27,000,000 €	ES0384696003
BONDS	ZELTIA	BIOTECHNOLOGY	4.75	07/07/2015	07/07/2027	12 YEARS	17,000,000 €	17,000,000 €	17,000,000 €	ES0284940006
SECURITISATION PROM. NOTES	IM FORTIA	FINANCIAL SERVICES	DESC (7)	29/07/2015	29/07/2016	3-731 DAYS	400,000,000 €	159,410,452 €	90,000,000 €	ES0505087033
BONDS (PROGRAMME)(8)	SAINT CROIX SOCIMI	REAL ESTATE	(7)	30/09/2015	30/09/2016	2-7 YEARS	80,000,000 €	10,000,000 €	8,000,000 €	(3)

(1) MAXIMUM ISSUE: The maximum outstanding nominal value permitted for the issue as per prospectus.

(2) VOLUME ISSUED: Gross nominal value issued. In the promissory notes programmes, the sum of the tranches issued with varying maturity dates means that the issue can exceed the maximum.

(3) ISIN CODE: Each tranche of an issuance programme is assigned a different ISIN code.

(4) PROMISSORY NOTES (PROGRAMME): Short-term fixed income issuance programme carried out at various times and maturities during the programme's life. The maturity date is the programme's expiry date.

(5) PROJECT BONDS: Issue used to finance large infrastructure projects.

(6) SECURITISED BONDS: Issued for securitisation funds based on commercial credit rights of SMEs, which contribute to meeting payments (coupons and amortisation) with the portfolio of invoices acquired.

(7) DISC.: Issued at discount. Interest rates depend on the issue term of the various tranches.

(8) BONDS (PROGRAMME): Bond issuance programme with various tranches within a baseline programme. The maturity date is the programme's expiry date.

MARF ISSUANCES SINCE ITS CREATION TO 2016 (By issue date)(Continuation)

Instrument	Issuer	Sector	Coupon (%)	Issue date	Mat. Date	Term	Issue. Max. ⁽¹⁾	Vol. Issued ⁽²⁾	Outstanding balance at 30/12/16	Isin code ⁽³⁾
BONDS (PROGRAMME)(8)	OC II-SUGAL	TELECOMS	(7)	21/10/2015	21/10/2016	3-7 YEARS	80,000,000 €	42,000,000 €	42,000,000 €	(3)
PROMISSORY NOTES (PROGRAMME)(4)	COPASA	BIOTECHNOLOGY	DESC (7)	06/11/2015	06/11/2016	3-731 DAYS	20,000,000 €	6,409,867 €	1,231,228 €	(3)
PROMISSORY NOTES (PROGRAMME)(4)	GRUPO ALDESA	FINANCIAL SERVICES	DESC (7)	04/12/2015	04/12/2016	3-731 DAYS	50,000,000 €	13,443,659 €	-	(3)
PROMISSORY NOTES (PROGRAMME)(4)	EL CORTE INGLÉS	REAL ESTATE	DESC (7)	17/12/2015	17/12/2016	3-731 DAYS	300,000,000 €	980,878,601 €	176,200,000 €	(3)
DEBENTURES	CASER	TELECOMS	8	27/02/2016	27/02/2026	10 YEARS	168,800,000 €	168,800,000 €	168,800,000 €	(3)
PROMISSORY NOTES (PROGRAMME)(4)	PIKOLÍN	BIOTECHNOLOGY	DESC (7)	02/03/2016	02/03/2017	3-731 DAYS	50,000,000 €	26,200,000 €	-	(3)
DEBENTURES	AUNOR	FINANCIAL SERVICES	4.75	26/04/2016	30/06/2025	9 YEARS	54,000,000 €	54,000,000 €	54,000,000 €	ES0205082003
PROJECT BONDS (5)	GLOBAL SOL (GPO,SOLARIA)	REAL ESTATE	4.2	17/05/2016	31/01/2037	20 YEARS	45,300,000 €	45,300,000 €	44,389,030 €	ES0205135009
PROJECT BONDS (5)	PIKOLIN	TELECOMS	3.75	18/05/2016	18/05/2021	5 YEARS	14,000,000 €	14,000,000 €	14,000,000 €	ES0305072003
PROMISSORY NOTES (PROGRAMME)(4)	TUBACEX	BIOTECHNOLOGY	DESC (7)	23/05/2016	23/05/2017	3-731 DAYS	75,000,000 €	112,008,823 €	48,700,000 €	(3)
PROMISSORY NOTES (PROGRAMME)(4)	ELECNOR	FINANCIAL SERVICES	DESC (7)	30/05/2016	30/05/2017	3-731 DAYS	200,000,000 €	400,998,115 €	73,000,000 €	(3)
PROJECT BONDS (5)	TEKNIA MANUFACT,	REAL ESTATE	5.5	20/06/2016	20/06/2017	4-7 YEARS	40,000,000 €	20,000,000 €	20,000,000 €	ES0305105001
PROMISSORY NOTES (PROGRAMME)(4)	EUROPAC	TELECOMS	DESC (7)	20/06/2016	20/06/2017	3-731 DAYS	50,000,000 €	29,973,151 €	-	(3)
BONDS (PROGRAMME)(8)	SAINT CROIX SOCIMI	BIOTECHNOLOGY	2.5	23/06/2016	23/06/2021	5 YEARS	8,000,000 €	8,000,000 €	8,000,000 €	ES0305747003
DEBENTURES	SAINT CROIX SOCIMI	FINANCIAL SERVICES	2.5	23/06/2016	23/06/2022	6 YEARS	2,000,000 €	2,000,000 €	2,000,000 €	ES0205147004
DEBENTURES	MASMOVIL	REAL ESTATE	5.75	27/07/2016	27/07/2024	8 YEARS	30,000,000 €	30,000,000 €	30,000,000 €	ES0205138003
PROMISSORY NOTES (PROGRAMME)(4)	ADVEO GROUP	TELECOMS	DESC (7)	20/09/2016	20/09/2017	3-731 DAYS	50,000,000 €	-	-	(3)
PROMISSORY NOTES (PROGRAMME)(4)	MÁSMÓVIL	BIOTECHNOLOGY	DESC (7)	20/09/2016	20/09/2017	3-731 DAYS	30,000,000 €	30,000,000 €	30,000,000 €	(3)
PROMISSORY NOTES (PROGRAMME)(4)	MAXAM	FINANCIAL SERVICES	DESC (7)	14/10/2016	14/10/2017	-	100,000,000 €	45,059,192 €	45,100,000 €	(3)
BONDS (PROGRAMME)(8)	OC II-SUGAL	REAL ESTATE	3	19/10/2016	19/10/2019	3 YEARS	23,000,000 €	23,000,000 €	23,000,000 €	ES0305088017
BONDS (PROGRAMME)(8)	SAINT CROIX SOCIMI	TELECOMS		19/10/2016	19/10/2017	-	70,000,000 €	-	-	(3)
BONDS (PROGRAMME)(5)	NAVIERA EL CANO	BIOTECHNOLOGY	5.5	08/11/2016	08/11/2021	5 YEARS	33,500,000 €	33,500,000 €	33,500,000 €	ES0305198006
PROMISSORY NOTES (PROGRAMME)(4)	COPASA	FINANCIAL SERVICES	DESC (7)	18/11/2016	18/11/2017	3-731 DAYS	20,000,000 €	2,168,772 €	2,100,000 €	(3)
PROMISSORY NOTES (PROGRAMME)(4)	GESTAMP AUTOMOCIÓN. S.A	REAL ESTATE	DESC (7)	28/11/2016	28/11/2017	3-731 DAYS	150,000,000 €	-	-	(3)

(1) MAXIMUM ISSUE: The maximum outstanding nominal value permitted for the issue as per prospectus.

(2) VOLUME ISSUED: Gross nominal value issued. In the promissory notes programmes, the sum of the tranches issued with varying maturity dates means that the issue can exceed the maximum.

(3) ISIN CODE: Each tranche of an issuance programme is assigned a different ISIN code.

(4) PROMISSORY NOTES (PROGRAMME): Short-term fixed income issuance programme carried out at various times and maturities during the programme's life. The maturity date is the programme's expiry date.

(5) PROJECT BONDS: Issue used to finance large infrastructure projects.

(6) SECURITISED BONDS: Issued for securitisation funds based on commercial credit rights of SMEs, which contribute to meeting payments (coupons and amortisation) with the portfolio of invoices acquired.

(7) DISC.: Issued at discount. Interest rates depend on the issue term of the various tranches.

(8) BONDS (PROGRAMME): Bond issuance programme with various tranches within a baseline programme. The maturity date is the programme's expiry date.

OPTIONS AND FUTURES

Trading activity is declining in world markets for equity derivatives. MEFF, the Spanish Options and Futures market, has seen a 5% reduction in the number of contracts traded. The implicit volatility remains unchanged. The range of tradeable products and underlying assets is expanding. Good performance of derivatives linked to dividends.

Trading activity for equity Options and Futures across the world's markets has suffered the consequences of political and economic uncertainty. This has also had negative implications on contractual activity in spot markets in the main global stock exchanges. As FIA (Futures Industry Association) statistics show for the January-November 2016 period, trading went down by 6.1% across regulated index futures markets and by 11.8% in stock futures in comparison to the same period of the previous year. Trading in global regulated markets for index options and stock options fell by 20.7% and 6.4% respectively.

The BME Options and Futures market, MEFF, traded more than 45 million contracts in 2016, 5% less than the previous year. Trading on IBEX 35 Future Contracts was down by 7.4% against the same period in 2015. This is in keeping with trading in most national index futures throughout Europe. Likewise, trading is down in Futures on the French CAC40 Index, the German DAX30, the Dutch AEX25 and the Spanish IBEX35 whilst trading is up in European Future contract Eurostoxx 50.

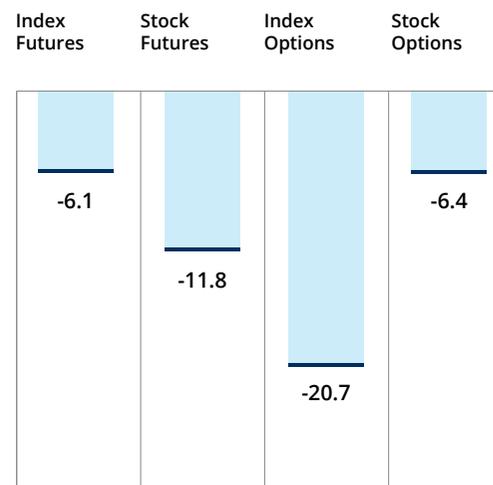
In Index Options trading, a similar pattern can be observed across national Index contracts although the drop in trading is greater than that of the Futures. IBEX 35 Options have seen a 40.8% drop in trading, whilst the volume traded in the French CAC40 Index Options has fallen by 32%, the German DAX 30 by 34%, the AEX25 by 20% and the Eurostoxx Index by 5%.

One year on, MEFF continues to be the Market Leader for Spanish underlying Stock Options. The volume traded has increased by 6.9%. The volume of Stock Futures traded has slightly declined by 5.8%.

Volatility, which is particularly important for the futures and options market, has on average behaved the same in 2016 as in the previous year. The average implicit volatility for IBEX 35 Options throughout 2016 has been at 23.6%, just 0.3 percentage points more than in 2015; but more than four points higher than the average value in 2014. The volatility oscillations has been more exaggerated than the previous year and have reached maximum levels of implicit volatility in the price of options at almost 45% in February and minimum levels at 15% in December. In June, it exceeded 38% as a consequence of "Brexit" and in November hit 30% due to the US elections.

GLOBAL MARKET TRENDS FOR OPTIONS AND FUTURES IN 2016.

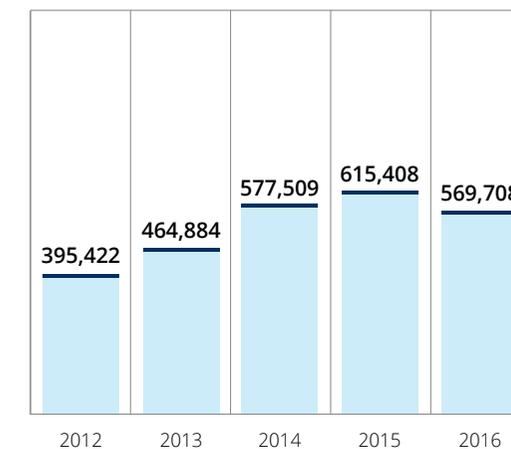
Period from January to November 2016 against the same period in 2015



Source: FIA

AVERAGE MONTHLY VOLUME OF IBEX 35 FUTURES.

No. of contracts traded on MEFF. (2012-2016)



Source: BME

New contracts and more possibilities in those already in operation

Throughout 2016, MEFF has continued to work to offer all market participants new underlying assets and products. Specifically in the month of September, the product portfolio was expanded to include trading futures contracts on new sector indices: IBEX 35 Banks and IBEX 35 Energy. These contracts have a multiplier of 5 euros and the same maturity dates as the Future contracts on the IBEX 35. In the close to three month lifespan that they had in 2016, they traded 1619 contracts, with a nominal value of 4.99 million euros.

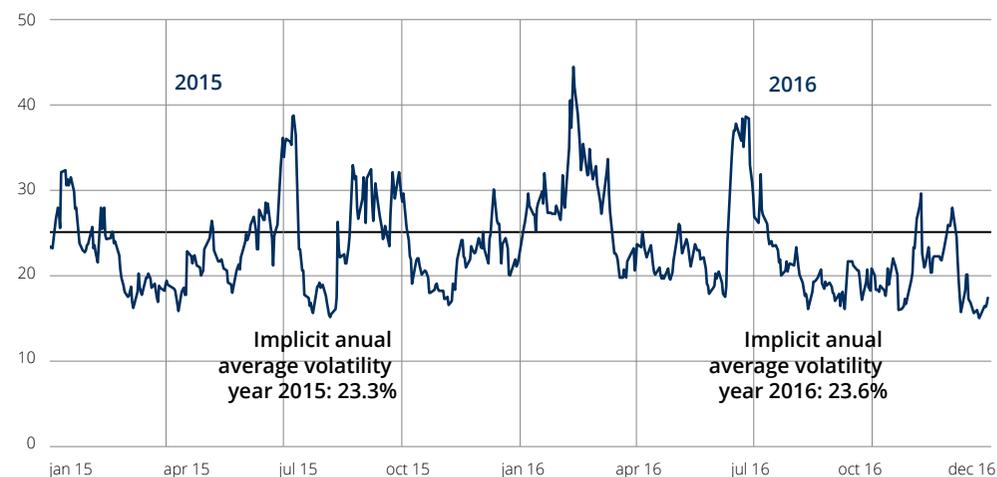
New weekly maturity dates have also been incorporated into the already existing Stock Options contracts in 2016. These options mature on the first, second, fourth and when applicable fifth Friday of each month or previous working day. The already existing normal options which mature on the third Friday will be considered to mature monthly. The Weekly Maturity Options have been admitted in seven underlying assets: IBEX 35, BBVA, Santander, Iberdrola, Inditex, Repsol and Telefónica.

New wind power derivatives

Since December 2016, renewable energy producers and consumers, specifically wind power, have at their disposal wind power derivatives which enable terms to be set in this market. These wind power derivative products enable risk coverage for this type of renewable energy producers. To contribute liquidity to trading, the market relies on the Market Maker figure.

MEFF has also created products based on smaller scale energy at 0.1 Mw in order to make the energy derivatives market more accessible to smaller investors. Trading these contracts coexist with already existing 1 Mw multiplier products.

IMPLICIT DAILY VOLATILITY IBEX 35 OPTIONS (2015-2016)



Source: BME

Positive evolution of derivatives based on dividends

Whilst not given the same publicity, in 2016 MEFF was once again recognised for its trading in contracts linked to dividend payments carried out by the main companies listed on the Spanish stock exchange, which has always been known among developed stock exchanges for its high profitability per dividend for companies listed on it as confirmed by monthly data published in the prestigious MSCI Blue Book publication.

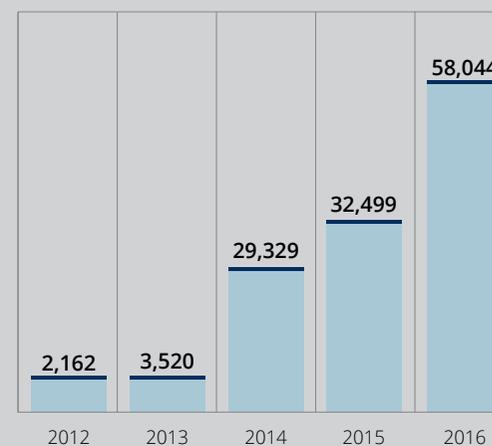
Likewise, trading on IBEX 35 Div Impact Futures contracts increased by 78.6% in 2016 with 58,044 contracts and trading on Stock Dividend Futures contracts increased by 26.1% with 367,785 contracts. Stock Dividend Futures Plus have also taken off. The underlying assets for Stock Dividend Future contracts are dividends corresponding to 1000 shares whilst the underlying assets for Stock Dividend Future Plus contracts are dividends corresponding to 25,000 shares for any given period.

During the second quarter of 2016, the number of underlying company assets increased to include Dividend Futures on Abertis, Banco Popular, Caixabank and Gas Natural. These are added to those already existing for BBVA, Iberdrola, Inditex, Repsol, Santander and Telefónica.

Despite the fact that estimating dividends in the short term (less than a year) can be done with a relatively small margin of error, when trading for longer timeframes, dividend derivatives are used to cover the variation between what has in effect been paid and what was estimated. Investors interested in these derivatives tend to be institutional investors who wish to cover all the risks associated with dividend payment adjustments and do so by selling Dividend Futures.

VOLUME OF IBEX 35 DIV IMPACT FUTURES

Total N. of contracts traded on MEFF. (2012-2016)



Source: BME

CLEARING

In 2016, the clearing process was consolidated in all segments of the Spanish securities market.

In 2016, BME Clearing expanded its activities with new initiatives in two new segments: clearing purchase-sale transactions for securities traded on the Spanish Stock Exchange and clearing OTC interest rate derivatives transactions.

BME, in its role as the Spanish Stock Exchange's Central Counterparty, offers clearing services in five segments: the financial derivatives instruments traded on MEFF, the electricity derivatives instruments registered on MEFF, simultaneous purchase-sale transactions (repos) for Spanish Public Debt, purchase-sale transactions for securities traded on the Spanish Stock Exchange, and OTC interest-rate derivatives transactions.

EQUITIES

The Equities segment revolves around the Central Counterparty service for securities repos traded on the Spanish Stock Exchange. The segment began operating on 27 April 2016 and its implementation was an important and significant part of the system's clearing, settlement and registration reform in Spain.

In 2016, 399,058 transactions were registered as a daily average, with cash clearing averaging 2.1 billion euros per day. The segment boasts 33 clearing members.

FINANCIAL DERIVATIVES

Activity in the main instrument cleared, IBEX 35 futures, fell by 7% in 2016 against the previous year. All in all, the financial derivatives segment has been less active in 2016 than in 2015 when measuring contracts. 12.6 million Index futures and options contracts have been cleared, 21% less than in the previous year and 32.7 million individual stock futures and options contracts, 3% more than in the previous year.

The open position on IBEX 35 futures has remained at an all-time high, at around 90,000 contracts, whilst stock futures and options remain at similar levels to those one year ago.

REPO

The repo segment revolves around the central counterparty service for Spanish Public Debt repos transactions, thus eliminating the counterparty risk for participant entities. In 2016, the registered monthly average was close to 34.1 billion euros over a monthly average of 444 transactions.

It currently has 29 members: 27 are Spanish and 2 are from outside Spain. The financed open position, i.e., the average outstanding balance of non-expired transactions, equivalent to facilitated financing, was 17.4 billion euros at the end of the year.

SWAPS

The SWAPS segment is the central counterparty service for all OTC interest rate derivative transactions. It began operations in 2016, registering its first transaction in January.

In 2016, a total volume of 4.7 billion euros has been registered, with a registered monthly average of 395 million euros.

The segment currently has 9 members, of which 6 belong to category 1, two to category 2 and one to category 3. These categories are established according to the European Commission Delegated Regulation

relating to the obligation to clear transactions in the Clearing House.

The open position has been increasing since operations began at the beginning of the year and reached 1.6 billion euros by the end of the year.

POWER

The energy derivatives segment has continued to attract the interest of multiple active entities in the sector, increasing the number of participants by 17% from 108 participant entities at the end of 2015 to 126 at the end of 2016.

The volume registered in 2016 has risen to 24.1 TWh, which equates to a 4% increase in the volume registered compared to the previous year. The open position attains 9.1 TWh at the end of December 2016, 7% more than one year previous (8.5 TWh).

In December 2016, trading on a new product dedicated to wind power began in the segment. It was specifically directed at entities that produce this energy so that they can better adapt the daily prices that are established for this energy source.

SETTLEMENT AND REGISTRATION

The first phase of the Reform of the post-trading system for the Spanish securities markets is successfully completed. Iberclear is already preparing to migrate the platform to Target2 Securities, due on 18 September 2017. At the same time, securities settlement and registration activity has gone down in 2016 in line with the drawdown of activity in most world stock exchanges. REGIS-TR has consolidated its place as the second biggest European repository.

The number of exchange transactions settled at Iberclear in 2016 shows an average fall of 58% against the same period the previous year, attaining a monthly average of 1.6 billion transactions. The corresponding cash volume settled increased by 8% as 5.3 billion euros was settled on an average daily basis, compared to 4.9 billion the previous year.

The nominal balances recorded at year-end decreased by 1.2% in the securities listed on the AIAF Private Fixed Income Market and increased by 3.6% in the Public Debt Market. Equities dropped by 5.3% at market prices.

In the last weekend of April 2016, Equities were migrated to the new settlement platform ARCO, completing the first phase of Spain's Post-Trading System Reform. Migration from the old platform to ARCO was a success, as operation of the new system stabilised during the first few weeks thanks to the assistance not only from Iberclear, but also from central counterparty entities and in particular, the Participants themselves.

Following this, it implemented change in the settlement cycle from T+3 to T+2 for Equity transactions. This reduction came into effect on 3 October, when the first two working days transaction was settled. The transition from one settlement cycle to another was carried out successfully. It is worth mentioning how smooth the transition was for Spanish Equities to be settled in T+2.

Projects and developments working towards Phase II of the Reform have been pursued so that ARCO is ready to migrate to Target2 Securities, scheduled for Iberclear in the final migration wave, on 18 September 2017.

As will be laid out in more detail, since ARCO was implemented and the transition was made to T+2, increased efforts have been dedicated to this crucial project in continuing to create functional and technical documentation as well as necessary testing so that Participants can make necessary changes both in technical applications and in their operational procedures so that the migration to T2S is successful for the financial community that are the Spanish securities markets.



BME was present as SIBOS 2016, Geneva

Target2 Securities (T2S)

Following on from 2015, when a single European settlement platform was put in place, Target2 Securities, two sets of activities have been developed on the platform in 2016. On the one hand, the platform has remained operational for the Central Securities Depositories (hereafter, CSD), as well as for the National Central Banks, as they were in production (corresponding to the first wave of migration in July and August 2015). Secondly, but no less relevant, another two waves of migration to the platform have taken place; the second and third of the five which are included in the current migration plan.

On 28 March, the Portuguese CSD (Interbolsa) and the Belgian public debt CSD (NBB-SSS) began operations as planned since the change in the migration plan agreed by the Council of Governors of the European Central Bank. This plan was revised by the ESES (Euroclear France, Netherlands and Belgium) platform who delayed the migration to the third wave. This wave migrated on 12 September, including Danish CSDs, VP and VP Lux, as well as the CSDs mentioned in the ESES platform. The migration plan has two more waves scheduled for this year: one in February, which includes the German CSD, Clearstream Banking Frankfurt; and another in September, which includes the Spanish CSD, Iberclear, as the main CSD in this migration wave.

In the same way, the technical platform's functionality was steadily stabilising up to the point of the third migration wave when a significant volume of transactions corresponding to the DCVs from the ESES platform came into play and the platform suffered some delays. To mitigate this impact, it has been necessary to implement various functional changes to attain performance levels more in line with those established in addition to the coordinated work of the CSDs and the platform operator in order to mitigate against these impacts and adequately prepare the platform for a larger volume of migration which will come with the fourth migration wave next February.

REGIS-TR activity in 2016

In 2016, the REGIS-TR scheme was consolidated as Europe's second largest trade repository, processing almost 20 million messages a day. REGIS-TR has maintained its strategy to act as a single regulatory reporting platform for European businesses.

Since October 2015, REGIS-TR has provided a reporting service for energy product transactions according to European REMIT legislation, and in 2016 it also reported on these products to Swiss energy regulator ElCom. Furthermore, in 2016, it announced its intention to provide reporting services according to

FinfraG legislation, which is the Swiss counterpart of EMIR. This service already makes a testing platform available for potential clients to access.

With regards to EMIR legislation, participants and regulators move up the learning curve consolidating their experience in reporting derivatives and slowly improving the quality of information reported. Following the implementation of "Level 1 validation" and "Level 2 validations" defined by ESMA in 2015; the next challenge to improve quality in EMIR comes in the form of new technical reporting standards which will become obligatory towards the end of 2017.

The extensive use of LEI can be considered one of the keys in attaining high standards in data quality, and the task remains to attain a harmonisation process in generating and using the UTI (Unique trade identifier). This is a topic which has been worked on a lot in 2016 by international work groups and public market consultations.

Within the field of regulatory reporting, the year was marked by strengthening new reporting obligations which come from new European MiFIR (Markets in Financial Instruments Regulations) and SFTR (Securities Financing Transactions Regulation) regulations. These obligations detail another level of regulation

which marks a new challenge for financial sector participants to comply with.

A new feature this year has been the XML ISO 20022 Reporting format which has been consolidated as the standard international Regulatory Reporting format for all these new obligations. REGIS-TR intends to apply for a license to become a European repository under SFTR. For this, REGIS-TR is actively participating in the process of defining a second tier of SFTR regulation through public talks and consultations, as well as open forums organised by ESMA. It also participates actively in international consultations and forums such as IOSCO, the European Commission, ESMA and the European Central Bank.

With regards to its position as repository to the community of supervisors and regulators, REGIS-TR already provides information to over 30 European regulators, consolidating its position as a consultation tool for supervisors.

MARKET DATA

Robustness and improvement in managing information generated by the Spanish stock market are key characteristics of the year's activity. Increased technology and capacity to serve informative content on financial market products shared now in over 95,000 delivery locations worldwide.

In 2016, BME Market Data continued to add new content to its information supply. BME Market Data currently provides over 95,000 delivery locations worldwide with real-time information on 49,684 Equity, Fixed Income and Derivative instruments, and also on 245 indices calculated by the Group.

BME continues to implement its pioneering commercial strategy in regularisation and maximising the Group's information in new ways for clients, such as those carried out by the clearing platforms which depend on BME information to be able to carry out transactions; for those companies who generate reference prices for derivative product trading or for

those who create CFDs from information generated by the markets and systems operated by the BME Group and which serve as a model for Information Business Units that form part of other European stock markets.

With regards to the new real-time content available, BME Market Data has carried out the necessary developments to integrate the 16 new BME calculated stocks strategy indices into the BME Data Feed, trading new sector index futures; as well as additional content on autonomous Public Debt, Repos and MEFF weekly options.

From the technological innovation perspective, BME has finalised some important changes in the system's structure which consolidates all real time content from the Group into a single information flow ("BME Data Feed"). This project has doubled the system's capacity with regards to managing BME clients' direct connections, notably improving the platform's performance and placing it in an enviable position to be able to add new content, guaranteeing and increasing the high performance level currently offered.

In addition, 2016 has seen the same trend as in recent years of increasing the number of BME Market Data clients, specifically those who have chosen direct connection to the information servers. These clients want to minimise reception times and the treatment of the information signed up for as well as receiving, without intermediaries, information on the biggest markets in terms of the liquidity of instruments listed on the Spanish market.

BME Market Data has expanded its analytical and end-of-day products and services with the addition of new content which various BME markets have incorporated into their platforms and with the evolution of information service provision which has been developed in line with client requirements. It is worth pointing out intermediary products which provide aggregate data on intermediation activity (trading) of the various members of the Equity markets operated by the BME Group as well as content on the Fixed Income markets. BME currently delivers 2300 end-of-day files at the end of each session.

Expansion of activity linked to regulatory compliance

It is an extremely intense year in terms of developing legislation arising from the MiFID II Directive, expected to come into force by January 2018. BME has been following the regulatory process very closely so it can offer new services to help clients comply with their regulatory obligations.

As a result of this work, BME is working to gain authorisation to operate an Approved Publication Arrangement (APA), a figure authorised under MiFID II as part of the EU's new regime of post-trade transparency whereby investment firms must publish trade reports on OTC trades in financial instruments in real time.

Finally, in this same area of complying with legislation, BME Market Data continues to provide the Transaction Information System to the investment service companies and credit institutions that have to notify the CNMV (National Securities Market Commission) of the transactions made in the non-BME markets or systems. This year, this service will have notified the supervisor of over 1.7 million transactions. BME Market Data is coordinating projects within the BME Group related to updating this service to the standards required under MiFID II, which requires among other things more detailed information on each reported transaction to be referred.

With these two services, BME aim to offer a range of regulatory reporting products to facilitate the clients' compliance with regulatory obligations in an ever increasingly complex and changing environment.

BME Market Data continues exploring opportunities to launch new products and added value services aimed at market participants. The challenges which have come from the regulatory environment together with constant technological innovation have required BME Market Data to constantly improve its services and create new information products which fulfill the clients' new and sophisticated requirements in a speedy and efficient way. BME Market Data retains permanent contact with its clients in order to know first hand their requirements and gain key knowledge to be able to move forward in challenges related to information sharing.

IT & CONSULTING

Extending market boundaries: connectivity, compliance, international consultancy and digital services for information products and activities linked to the financial sector.

Visual Trader

In 2016, services introduced to boost transactional ease and trading security to the Spanish securities market have entailed improving ultra-low latency access to the Spanish Market and instruments made available to trading members to monitor the risk of an institutional client to be settled in real time.

In 2016, Visual Trader continued to play an active part in improving services and ultra-low latency access to the Spanish stock exchange with the launch of a new version of the nanoDriver interface, which improves access speed by 20%.

In addition and in response to requests from market members, KillSwitch has been added to the interface to enable the blocking of trades from certain direct access clients should the connection to their systems fail. In such cases, KillSwitch will disconnect the client from the market and thus block their operations, even canceling outstanding positions in the market if the member so requires.

Another initiative launched by Visual Trader in 2016 is the monitoring tool, Visual Flow, which provides a comprehensive view of the status of all the connections which a market member receives orders from (whether by direct routing, through other networks or from terminals). The Visual Flow application detects all types of problems and displays where the incident is found, as well as allowing alerts to be configured by the user.

Following the recent Reform for the Spanish Securities Clearing and Settlement System, we brought out Visual CCP Risk, an application that monitors and controls risk arising from transactions by an entity's clients. The system calculates margins to be posted by the entity for each account in the Central Counterparty (CCP).

Ahead of the introduction of MiFID II, Visual Trader deployed the Transaction Cost Analysis Visual TCA service. To make this calculation, all daily trades by clients are processed and compared to the entire market (including different trading centres) using statistical performance analyses such as VWAP or Implementation Shortfall (IS), with detailed analysis of the various implicit transaction costs paid in the trades. All this

information is provided to the client in detailed reports which can be used to draw up an in-depth post-trade analysis of all operations.

During the second half of the year, work has continued on algorithmic trading provision. This has included making improvements on the set of internally developed algorithmic orders. New certification for algorithmic orders offered by global brokers connected to the Visual Trader network have been added to the service's initiative, thus increasing the possibilities for automated trading by the system's clients.

Likewise, together with other BME businesses, the company is working on various international projects in Africa and South America. Finally, with regards to services connecting BME to access centres (HUBs) in London, seven new entities have been connected over the year and another four are in the process. A new line is expected to be put into operation soon, significantly heightening assurance given that the service will continue.

BME Innova

Digital Signature services place BME at the forefront of speed and security in the world of contracting. Internal consultancy work is increasing.

In the process of internationally expanding BME services and platforms, BME Innova provided various international consultancy services in 2016. They include the following:

- Finalising development and start-up of SMART BBV, the Trading Platform for the Bolivian Stock Market (BBV) as part of moving closer to completing its technological and functional upgrade. This platform, provides support for both Equities and Fixed Income trading.
- Migrating the SIBE platform to the SIBE SMART platform for Equities in the Caracas Stock Exchange (BVC).

- Continuing to provide support for the Algerian Public Debt platform, implemented in 2015 by BME Innova. It is functioning normally and in fact BME Innova has incorporated functional and usability improvements which have been well received by its client and beneficiary, the Algerian Ministry of Finance and the Directorate General of the Treasury.

In 2016, in line with its subsidiary role of BME innovation, BME Innova also launched BME ConfidenceNet, BME's confidence services.

The ConfidenceNet Services, whose value proposition is described by its slogan "My voice Signs and BME Confirms", give digital, straightforward and authoritative shape to contracting, agreement, consent and similar activities within companies or between them and their private clients. The BME ConfidenceNet Platform enables companies to carry out these activities digitally. For those who did not have an adequate electronic system previously, they will now be equipped to carry out the entire trading process digitally. This is relevant because it concludes a Digital Transition which began a long time ago but which, in many cases, has remained incomplete.

AS for BME Innova Regulatory Obligation Compliance Services, BME ComplianceNet, has implemented functional and usability improvements in 2016, both in SIR, the platform for comprehensive regulatory reporting, and in SICAM, the technological platform against market abuse. These are both leaders within their respective areas in Spain.

Regarding the Technological Infrastructure Services, BME AlterNativ, which include outsourcing production and/or contingency infrastructures, continue to be well received and highly praised by companies. This is a true reflection of how business culture is evolving, at an increasing rate, towards outsourcing non-Core Business features of companies in order to concentrate resources on the business core where differentiation and value creation for clients is found.

Finally, BME HighWay, BME's Financial Communication Services, has been revamped and reinforced with the incorporation of more financial entities to its banking world and with the deployment of a new version of the platform which enables the use of more types of files and incorporates Bulk Payment functions, non-hierarchical group signing and pending signature alerts.

Infobolsa

Reinforcing expansion throughout Latin America, leader in digital developments in financial information services and automation service growth for Financial Advice and Portfolio Management processes.

In 2016, Infobolsa was involved in new initiatives to maintain its position as Spain's leading supplier of financial information services. In the same way, it has expanded its service provision in Latin America, consolidating its presence in Mexico and Colombia, thanks to strategic agreements that exist between the Mexican Stock Exchange and the Colombian Stock Exchange respectively. It has also started commercial activity in Costa Rica, working closely with its Stock Exchange.

Information sharing services, launched in the Colombian market last year, have experienced notable growth. In 2017, they will be complemented with functions to send orders, both from terminal services and from Financial Apps for iOS and Android.

One year on, the online broker services have consolidated themselves as some of the services displaying the most potential in the company. In this sense, Infobolsa has been awarded three new multichannel online broker projects after competing in bids. These projects, which will start in 2017, are related to three national financial entities and will enable Infobolsa to provide more than half a million end users with information solutions and order sending throughout the next year.

There have been around half a million downloads of the iOS and Android app, putting it in the Top 3 for financial apps for this type of information.

In Europe, the official Euronext app, comprehensively developed and hosted by Infobolsa, has solidified its position in countries where it operates and hopes for greater growth in the number of downloads after the launch of the Android version, which will be released at the end of this year.

Openfinance, supplier of tools for automating Financial Advice and Portfolio Management processes, has signed agreements in 2016 with four relevant financial entities in Mexico, Colombia and Costa Rica to supply and implement the Openworkplace® platform to carry out management activities related to the client as well as offering and monitoring investment proposals in financial advice commercial management.

With this agreement, Openfinance continues advancing in Latin America where it already has a significant presence in Chile, Mexico, Colombia and Costa Rica, contributing in a significant way to making a reality the commitment BME has in the region through adapting and implementing innovative products and services.



Infobolsa's App