

Business Performance

First quarter 2018

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First quarter 2018

- Bolsas y Mercados Españoles (BME) reported a net profit of €37.9 million for 1Q 2018, a decrease of 3.6% year-on-year.
 - Net profit improved for the second consecutive quarter, exceeding the third and fourth quarter of 2017 by 5.3% and 2.3%, respectively.
 - The figures for net revenue, operating costs and EBITDA have remained at levels very similar to those reached during the previous quarter, 4Q 2017.
- The addition of Metrovacesa and two new REITs during the quarter highlight the growth in the real estate sector on the market. Total capitalisation of the real estate subsector and REITs almost reached €29 billion, doubling the value from two years ago. At the close of the quarter there are now 54 REITs in the markets managed by BME, with a capitalisation of close to €20 billion.
- The MARF, Spanish Alternative Fixed-Income Market, ended the quarter with an issued and admitted volume of €1.7 billion, 92.5% up on the previous year, and with an outstanding balance of €2.9 billion, 40.0% higher than at 31 March the previous year.
- The total volume of financial derivatives contracts traded in the market managed by BME during the first quarter was up 1.6% compared to the same period of the previous year. The most emblematic product, the IBEX 35® futures, increased in volume by 11.9% compared to the same period of the previous year, whereas MiniIBEX® futures rose 14.9%. Options traded on the IBEX 35® increased by 36.8% during the quarter.
- The increased activity in derivative products has generated better results in the Clearing activity. In the first quarter of 2018, 3.2 million index options and futures contracts were cleared, up 19.8% on those cleared during the same period of 2017.

Financial Statements

BOLSAS Y MERCADOS ESPAÑÓLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. AND SUBSIDIARIES COMPRISING THE BOLSAS Y MERCADOS ESPAÑÓLES GROUP CONSOLIDATED PROFIT AND LOSS ACCOUNTS (UNAUDITED)	1Q18	1Q17	Δ
	(Th.Eur.)	(Th.Eur.)	%
Operating Income	81,191	82,294	-1.3%
Revenue	80,591	81,079	-0.6%
Other operating income	256	904	-71.7%
Own work capitalised	344	311	10.6%
Variable direct cost of operations	(2,177)	(804)	170.8%
Net Revenue	79,014	81,490	-3.0%
Operating Expenses	(28,348)	(27,726)	2.2%
Employee benefits expense	(18,784)	(18,264)	2.8%
Other operating costs- external services	(9,477)	(9,345)	1.4%
Taxes	(87)	(117)	-25.6%
Earnings before interest, taxes, net impairment losses and depreciation	50,666	53,764	-5.8%
Amortisation	(1,948)	(2,031)	-4.1%
Depreciation	16	(1)	-1,700.0%
Earnings before interest and taxes	48,734	51,732	-5.8%
Net financial income	21	0	-
Share of profit (loss) of associates	1,282	444	188.7%
Profit before tax	50,037	52,176	-4.1%
Income tax expense	(12,170)	(12,871)	-5.4%
Consolidated profit for the period	37,867	39,305	-3.7%
Profit attributable to non-controlling interests	(30)	(14)	114.3%
Profit attributable to owners of the parent	37,897	39,319	-3.6%
Earnings per share	0.46	0.47	-3.6%

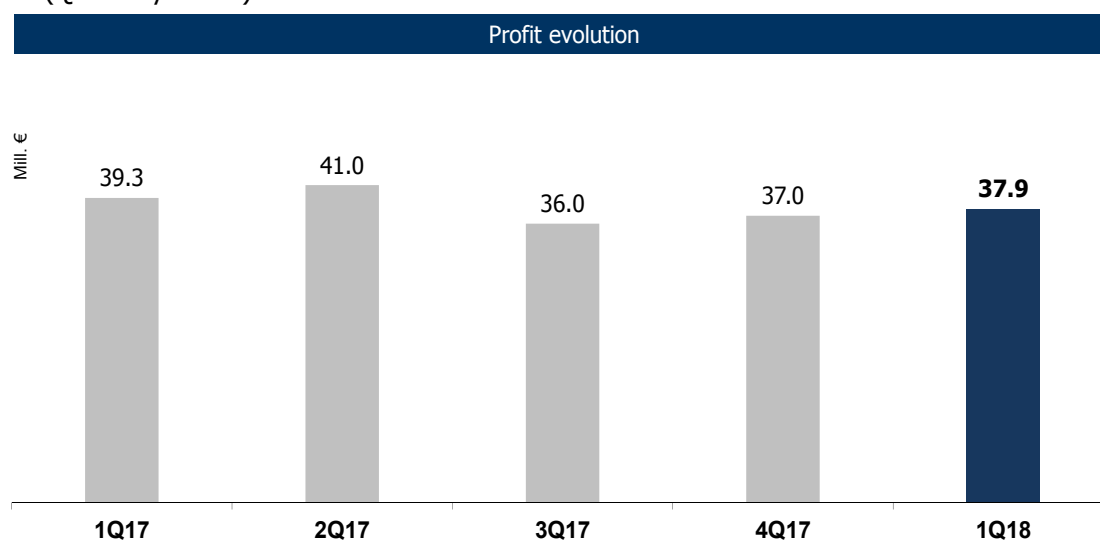
Bolsas y Mercados Españoles (BME) reported a net profit for the first quarter of 2018 of €37.9 million, down 3.6% on the same period of the previous year, but an improvement on that recorded for the two previous quarters which registered net profits of €36.0 and €37.0 million.

Revenue for the quarter stood at €81.2 million, down 1.3% year-on-year and in line with the fourth quarter of 2017 (€81.6 million). After deducting the variable direct costs of operations, net revenue fell 3.0% to €79.0 million compared to the same period of the previous year. The figure for the previous quarter, 4Q 2017, was practically the same, €79.2 million.

The total operating costs of BME Group in the first quarter stood at €28.3 million, 2.2% more than the same period of the previous year. The EBITDA for the period totalled €50.7 million, 5.8% less than the first quarter of 2017 and practically the same as the €50.8 million for the previous quarter.

Earnings per share during the first three months of the year rose to €0.46, one cent less than the first quarter of 2017 and one cent more than previous quarter.

BME: Profit attributable to The Group (Quarterly series)



Financial Statements

BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. AND SUBSIDIARIES COMPRISING THE BOLSAS Y MERCADOS ESPAÑOLES GROUP	as of 31/03/2018	as of 31/03/2017	Δ
CONSOLIDATED BALANCE SHEETS AT CLOSING DATES (UNAUDITED)	(Th.Eur.)	(Th.Eur.)	%
NON-CURRENT ASSETS	175,129	175,847	-0.4%
Goodwill	88,718	88,718	0.0%
Other intangible assets	14,581	18,019	-19.1%
Property, plant and equipment	42,562	42,756	-0.5%
Non-current financial assets	20,032	17,618	13.7%
Deferred tax assets	9,236	8,736	5.7%
CURRENT ASSETS	18,030,995	22,612,365	-20.3%
Trade and other receivables	88,156	90,680	-2.8%
Current financial assets	14,706	55,099	-73.3%
Other current financial assets- non Group	17,596,564	22,180,689	-20.7%
Other current assets	3,175	2,813	12.9%
Cash and cash equivalents	328,394	283,084	16.0%
TOTAL ASSETS	18,206,124	22,788,212	-20.1%
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	468,365	465,364	0.6%
Capital	250,847	250,847	0.0%
Reserves	112,085	100,795	11.2%
Parent company shares or equity holdings	(13,087)	(13,313)	-1.7%
Prior years' profit and loss	153,319	160,260	-4.3%
Profit/(loss) for the period	37,897	39,319	-3.6%
Interim dividend	(83,133)	(83,096)	0.0%
Other equity instruments	7,723	7,802	-1.0%
Valuation adjustments	2,714	2,750	-1.3%
Non-controlling interests	139	244	-43.0%
NON-CURRENT LIABILITIES	20,202	20,449	-1.2%
Non-current provisions	14,913	15,148	-1.6%
Deferred tax liabilities	5,275	5,287	-0.2%
Other non-current liabilities	14	14	0.0%
CURRENT LIABILITIES	17,717,418	22,302,155	-20.6%
Other current financial liabilities- non Group	17,596,479	22,180,566	-20.7%
Trade and other payables	101,406	103,171	-1.7%
Other current liabilities	19,533	18,418	6.1%
TOTAL LIABILITIES	17,737,620	22,322,604	-20.5%
TOTAL EQUITY AND LIABILITIES	18,206,124	22,788,212	-20.1%

The group includes as a balance of assets and liabilities the amounts related to:

Guarantees received from participants

Financial instruments in which it acts as central counterparty

Receivables balance (payables) on settlement of daily operations with options and futures

Receivables balance (payables) of cash withheld for settlement

These amounts increase, for the same amount, the balances of the accounts "Other current financial assets- non Group" in the assets of the balance sheet and "Other current financial liabilities - non Group" in the liabilities of the balance sheet. This presentation criterion has no impact on income or equity.

BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. AND SUBSIDIARIES COMPRISING THE BOLSAS Y MERCADOS ESPAÑOLES GROUP	31/03/2018	31/03/2017	Δ
CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)	(Th.Eur.)	(Th.Eur.)	%
Profit before tax	50,037	52,176	-4.1%
Adjustments to profit	907	2,145	-57.7%
Changes in working capital	14,160	14,547	-2.7%
Trade and other receivables	(7,883)	(8,899)	-11.4%
Current financial assets excluding non-Group current financial assets	(1,135)	(1,279)	-11.3%
Trade and other payables	5,664	6,084	-6.9%
Other current liabilities	17,784	17,465	1.8%
Other non-current assets and liabilities	(270)	1,176	-123.0%
Other amounts received/ (paid) in operating activities	(12,151)	(12,879)	-5.7%
Net cash flows from operating activities	52,953	55,989	-5.4%
Net cash flows from investing activities	363	2,666	-86.4%
Net cash flows from financing activities	(661)	0	-
Net increase/(decrease) in cash and cash equivalents	52,655	58,655	-10.2%
Total cash and cash equivalents at beginning of year	275,739	224,429	22.9%
Total cash and cash equivalents at period end	328,394	283,084	16.0%

Note: For the purpose of clear presentation of changes in working capital, cash flows from Other current financial assets and liabilities - non Group are included in the consolidated cash flow statement by its net amount.

BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. AND SUBSIDIARIES COMPRISING THE BOLSAS Y MERCADOS ESPAÑOLES GROUP (CHANGE IN SHAREHOLDERS' EQUITY) (UNAUDITED)	1Q18	1Q17
	(Th.Eur.)	(Th.Eur.)
Equity attributable to owners of the parent Opening balance	430,147	423,792
Transactions with parent company shares and equity holdings	(661)	0
Increases / (reductions) in equity resulting from business combinations	(175)	0
Equity-settled share-based payments	622	863
Total recognised income and expense	38,432	40,709
Profit for the year	37,897	39,319
Measurement of financial instruments	698	1,855
Translation differences	11	(1)
Tax effect	(174)	(464)
Equity attributable to owners of the parent Closing balance	468,365	465,364

Highlights

■ The overall turnover in equities reached €147.5 billion, 7.8% less than the same period of 2017, and the number of trades stood at 12.5 million, down 2.8%.

In March 2018 started a new equity tariff scheme for those values above the €10 billion free float market capitalizations, consisting of a rate of 0.3 basis points over the value traded. Turnover during the first quarter by these values reached €94.8 billion, 64.2% of the total turnover, with a decrease of 8.9% compared to the previous year.

An agreement was reached with Liquidmetrix to publish the

reports on the execution parameters of the platforms providing trading services in Spanish securities. The reports produced and which are available on the BME website http://www.bmerv.es/ing/Miembros/MIFID_II.aspx, for 2018 indicate the spread of prices offered by BME as the most reduced and competitive for all shares registered, listed and traded in Spain.

A total of €4.5 billion in new investment flows and financing in stock has been channelled to the market through public offerings, new admissions and capital increases of already listed companies.

Bolsas y Mercados Españoles (Quarterly Overview)	1Q18	1Q17	Δ
Equity			
Trading			
Turnover (Mill. Eur.)	147,547	160,013	-7.8%
Number of trades	12,505,469	12,865,851	-2.8%
Number of shares (Million)	41,211	52,223	-21.1%
Average amount per trade (Euros)	11,799	12,437	-5.1%
Listing (Mill. Eur.)			
Market Capitalisation	1,142,142	1,143,046	-0.1%
Investment Flows channelled through Exchange	4,516	9,448	-52.2%
Fixed Income			
Trading			
Turnover (Mill. Eur.)	53,508	82,098	-34.8%
Number of Operations	15,948	23,318	-31.6%
Listing			
AIAF volume admitted (nominal Mill. Euros)	105,258	112,422	-6.4%
Public Debt	72,609	65,467	10.9%
Corporate Fixed Income	30,949	46,072	-32.8%
MARF	1,700	883	92.5%
Derivatives			
Futures (number of contracts)			
Index Futures	2,147,987	1,904,523	12.8%
Stock Futures	3,007,320	2,904,169	3.6%
Options (number of contracts)			
Index Options	1,087,720	795,295	36.8%
Stock Options	4,796,943	5,263,345	-8.9%
Open interest (number of contracts)	8,913,572	9,648,704	-7.6%
Clearing			
Financial Derivatives (number of contracts)	11,039,970	10,867,332	1.6%
Energy Derivatives (Volume Mwh)	2,644,990	4,804,402	-44.9%
Repo (Turnover Mill. Eur.)	35,489	107,501	-67.0%
Interest Rates Derivatives (Notional value reg. €Mill.)	15	255	-94.1%
Equity (Transactions cleared)	25,010,302	25,731,038	-2.8%
Settlement & Registration			
Operations settled	2,330,233	2,897,909	-19.6%
Turnover settled (billion euros daily avg.)	79.6	172.0	-53.7%
Volume registered - end of period- (billion euros)	2,334.0	2,335.1	-0.0%

The favourable moment currently experienced by the property market in Spain is being reflected in the market: on 6 February 2018 shares in Metrovacesa were admitted to trading on the Exchange with a capitalisation at the close of the first day of trading of €2.4 billion, and the incorporation of REITs continued with two new companies. At the close of the quarter there are now 54 REITs in the markets managed by BME, with a capitalisation of close to €20 billion.

- The entry into force in 2018 of the European regulation MiFID II has resulted in significant changes for Fixed Income, the trading of which is now subject to market and transparency rules similar to those in effect for Equities.

BME fixed income has substantially modified the structure and organisation of its markets and platforms. The market has incorporated the option to trade according a request for quote for illiquid instruments, while at the same time increasing the number of issues available for trading: on 1 March more than 80 leading references of the debt from European countries such as Germany, Austria and Holland were already included in the market and available to intermediaries and end investors.

The MARF, Alternative Fixed Income Market, continues to consolidate itself as a new source of financing that complements bank lending. During the first quarter of 2018, the volume issued and admitted grew at a rate of 92.5% compared to the same period of 2017, to stand at €1.7 billion. At the close, the outstanding balance was €2.9 billion, up 40.0%.

- Turning to the Settlement and Registration of traded securities, after the demanding reform undertaken in 2017, Iberclear has moved forward with its projects to offer cross-border settlement and custody services to its participants, both autonomously and jointly with specialised entities.

- The Central Counterparty entity, BME Clearing, has completed the preparatory work for the launch of the central counterparty service for natural gas, which is scheduled to start in May. It will be integrated into the energy segment of BME Clearing.

- Trading in IBEX 35® derivatives has increased across the board around the increased volatility in the cash market for Spanish shares. IBEX 35® futures increased in volume by 11.9% compared to the same period of the previous year, whereas MiniIBEX® futures grew 14.9%. Trading in IBEX 35® options increased 36.8% and young products such as IBEX® Impacto Dividendo futures increased their traded volume by

77.5% during the first quarter of the year.

In January the derivatives market announced the preparatory work and launch at the end of 2018 of new FX futures contracts, thereby increasing the range of instruments offered to its members and investors. These contracts shall be called FX Rolling Spot Future.

- In January, BME announced the acquisition of a 9.7% shareholding in Finect, which offers investors a specialised community, interactive tools to improve decision-making and financial information based on Smart data technology. This operation will provide greater diversification for BME and will expand its commitment to a sector currently in boom and with future prospects, namely Fintech, or companies specialising in digital financial services.

- REGIS-TR®, the European trade repository ended the first quarter of the year with a growth of 4.2% in the number of open accounts and 19.2% in the number of registered contracts. The preparatory work relating to the application for the licence to operate as a Trade Repository adapted to the European SFTR regulation are at an advanced stage.

- At its meeting on 19 March 2018, the Board of Directors convened the Annual General Shareholders' Meeting which is scheduled to be held at second call on 26 April 2018 in the Palacio de la Bolsa, Plaza de la Lealtad 1, Madrid.

The Board of Directors' proposals to be put before shareholders at the General Shareholders' Meeting include the issuance of a final dividend of €0.78 gross per share (€0.6318 net) which will be effective on 11 May 2018 to shareholders entered in the Shareholder Register on 10 May 2018 (record date). The ex-dividend trading date (ex-date) will be 9 May 2018.

The Board of Directors also submits the proposal to the General Shareholders' Meeting to re-elect Ignacio Garralda Ruiz de Velasco as Director and to appoint Ana Isabel Álvarez Fernández, David Jiménez Blanco, Isabel Martín Castella and Juan Carlos Ureta Domingo, all qualifying as independent Directors, which would cover the vacancies on the Board due to four Directors stepping down from their posts.

In line with the best practices in corporate governance, if the above proposals are approved by the General Shareholders' Meeting, more than half of the Directors will be considered independent Directors.

Key performance indicators

The monitoring of BME's financial and economic management is performed through three indicators that allow this to be compared with other companies, in particular those from the sector in which BME operates. The efficiency ratio measures the percentage of operating costs of total net revenue, the ROE measures the return of own resources and the revenues not linked to volumes (RNLV) over operating costs measures the coverage of costs with revenues not linked to trading volumes, which are all dependent on cycles.

During the first quarter of 2018 BME's efficiency ratio was 35.9%. The figure for 2018 is better by 7.3 percentage points with regards to companies in the sector that are comparable with BME.

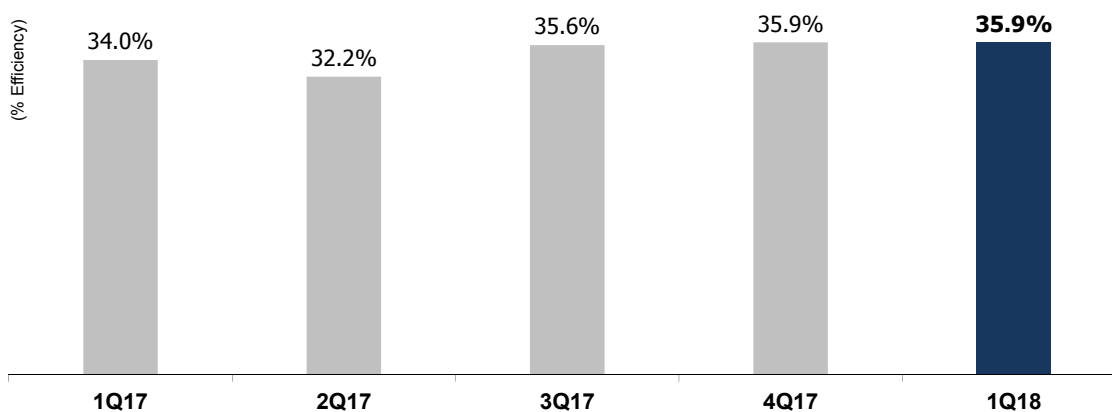
The ROE reached a value of 33.9% for the quarter, year-on-year. When compared to the average of comparable companies in its sector, BME's ROE is higher by 15.4 percentage points.

The ratio of revenues not linked to volumes over the cost base stood at 128% for 1Q, showing an increase of 4 percentage points when compared to the same period of the previous year, thus maintaining a strategic trend for the company: increase those revenues not directly linked to the cyclical contexts of trading volumes of the financial instruments markets in which the company operates.

Bolsas y Mercados Españoles (KPIs)	1Q18	1Q17
RNLV/Cost base ratio	128%	124%
Efficiency ratio (%)	35.9%	34.0%
ROE (%)	33.9%	35.5%

BME efficiency ratio (Quarterly series)

Consolidated efficiency ratio evolution



Staff

Bolsas y Mercados Españoles (Staff)	1Q18	1Q17
Average number of staff	743	745
Employees as at balance sheet date	745	745

Share Performance

The share price of BME at the close of 1Q 2018 was situated at €27.50, up 3.6% on the close of 2017. It exceeded the whole of the Spanish stock market measured by the reference indicator, the IBEX 35®, which fell 4.4% from 10,043.90 points to 9,600.40 points.

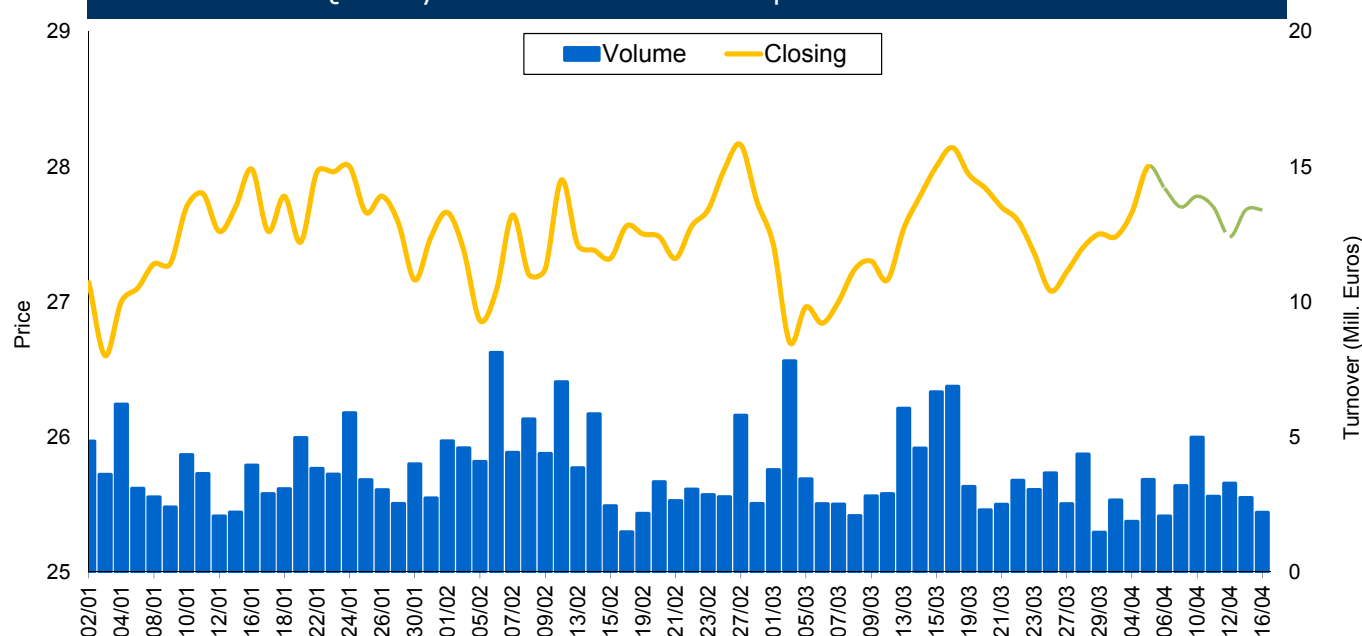
In the 12 month period up to March 2018, BME's share price fell 11.6%, whereas the decrease in the IBEX 35® was 8.2%. In terms of total return, with reinvestment and distribution of

dividends, the return on BME shares for the 12 month period up to March 2018 was a loss of 6.1%.

The activity in BME's stock decreased during the first quarter of 2018 compared to the same period of the previous year. The number of trades in the stock fell 12.4%, the total number of securities traded by 14.7% and the daily average volume by 15.6% to €3.8 million.

BME: Share performance

Quarterly BME's turnover and share performance evolution



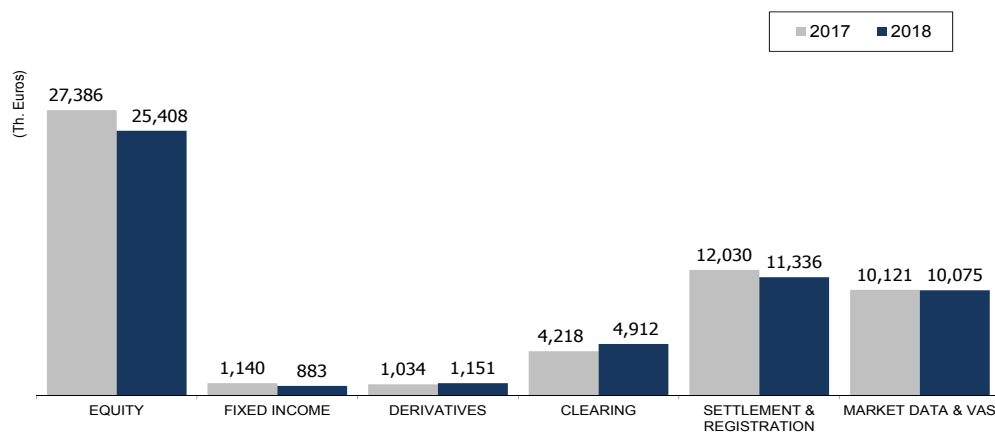
Bolsas y Mercados Españoles (Share performance)	1Q18	1Q17	Δ
BME's share performance			
Higher quote	28.24	31.16	-9.4%
Lower quote	26.20	28.00	-6.4%
Average quote	27.48	29.27	-6.1%
Closing quote	27.50	31.10	-11.6%
BME's trading daily turnover (Mill. Euros)			
Higher daily turnover	8.1	11.2	-27.7%
Lower daily turnover	1.5	0.8	87.5%
Average daily turnover	3.8	4.5	-15.6%
BME's shares trading (Mill. Shares)			
	8.7	10.2	-14.7%
BME's number of trades			
	41,673	47,549	-12.4%

Business Units Quarter Overview

Bolsas y Mercados Españoles (Business Units 1Q18) (Thousands of Euros)	Equity	Fixed Income	Derivatives	Clearing	Settlement & Registration	Market Data & VAS
Net Revenues	35,501	2,084	2,925	7,436	15,071	15,861
Operating Costs	(10,093)	(1,201)	(1,774)	(2,524)	(3,735)	(5,786)
EBITDA	25,408	883	1,151	4,912	11,336	10,075

Key Investment Highlights Key Financial Business Units overview

EBITDA evolution by Business Unit (1Q18)



Bolsas y Mercados Españoles	Net Revenues		
Business Units Net Revenues (Thousands of Euros)	1Q18	1Q17	Δ
Equity	35,501	37,721	-5.9%
Fixed Income	2,084	2,314	-9.9%
Derivatives	2,925	2,599	12.5%
Clearing	7,436	6,541	13.7%
Settlement & Registration	15,071	15,890	-5.2%
Market Data & VAS	15,861	15,724	0.9%
Total	78,878	80,789	-2.4%
Corporate Unit	4,536	5,578	-18.7%
Consolidation adjustments	(4,400)	(4,877)	-9.8%
Consolidated	79,014	81,490	-3.0%

Bolsas y Mercados Españoles	EBITDA		
Business Units EBITDA (Thousands of Euros)	1Q18	1Q17	Δ
Equity	25,408	27,386	-7.2%
Fixed Income	883	1,140	-22.5%
Derivatives	1,151	1,034	11.3%
Clearing	4,912	4,218	16.5%
Settlement & Registration	11,336	12,030	-5.8%
Market Data & VAS	10,075	10,121	-0.5%
Total	53,765	55,929	-3.9%
Corporate unit	(3,099)	(2,165)	43.1%
Consolidated	50,666	53,764	-5.8%

Note: The information presented in the first quarter of 2017 of the Derivatives, Clearing and Market Data & VAS business units as well as the amount of eliminations correspond to proforma data in which, for comparability purposes, have been collected as if had been produced linearly from January 1, 2017, the economic effects resulting from the agreements between the different infrastructures of the Group as a result of their adaptation to the MIFID II regulations, which were fully booked in the fourth quarter of 2017. Therefore, the information corresponding to the first quarter of 2017 differs from public information presented in the year 2017.

Equity

Net revenue obtained by the Equities business unit for the first quarter (1Q) of 2018 rose to €35,501 thousand, 5.9% lower than that obtained for the same period in 2017. The resulting EBITDA was down 7.2%, to stand at €25,408 thousand.

The unit's operating costs for the first quarter fell 2.3% compared to 1Q 2017. This performance has mitigated the impact on the EBITDA of the fall in quarterly revenue from trading (-7.7%). Revenue from listing activities for the quarter was €6,054 thousand, 4.2% up on that obtained in 1Q 2017.

Trading revenues accounted for 82.9% of the unit's revenues in 1Q 2018, compared to the 17.1% from listing activities.

In 1Q 2018, €147.5 billion were traded in equities, 7.8% less than the same period of 2017 and 7.0% less than 4Q 2017, whereas the number of trades associated to this volume was 12.5 million, 2.8% down on that recorded for 1Q 2017.

In March 2018 started a new equity tariff scheme for those values above the 10 billion free float market capitalizations, consisting of a rate of 0.3 basis points over the value traded. Turnover during the first quarter by these values reached €94.8 billion euros, 64.2% of the total turnover, with a decrease of 8.9% compared to the previous year. Other revenues in equity trading come from the maintenance of the previous tariff scheme for lower capitalization stocks and the application of fees regarding the characteristics of the orders.

Almost since the beginning of the year the activities of the Equity unit have been conditioned by significant factors of uncertainty associated to the sharp correction experienced by the stock exchanges in early February and the intense process of adaptation to the regulatory changes in the sector. These are circumstances that do not favour the transactional circulation of capital flows.

Bolsas y Mercados Españoles (Equity Business Unit Income) (Th.Eur.)	1Q18	1Q17	Δ
Net Revenues	35,501	37,721	-5.9%
Per transaction and regarding characteristics of the orders	29,447	31,909	-7.7%
Listing and other services	6,054	5,812	4.2%
Operating Costs	(10,093)	(10,335)	-2.3%
EBITDA	25,408	27,386	-7.2%

Bolsas y Mercados Españoles (Equity Business Unit Activity Overview)	1Q18	1Q17	Δ
TRADING (Mill. Euros)	147,547	160,013	-7.8%
Equity			
Turnover (Mill. Euros)	146,441	158,777	-7.8%
Number of trades	12,450,140	12,808,676	-2.8%
Average amount per trade (Euros)	11,762	12,396	-5.1%
Exchange Traded Funds (ETFs)			
Turnover (Mill. Euros)	981	1,096	-10.5%
Number of trades	30,608	26,255	16.6%
Warrants			
Turnover (Mill. Euros)	125	140	-10.7%
Number of Trades	24,721	30,920	-20.0%
Number of shares (Mill. Shares)	41,211	52,223	-21.1%
LISTING			
Number of Companies listed	3,086	3,427	-10.0%
Market Capitalisation listed (Mill.Euros)	1,142,142	1,143,046	-0.1%
Investment Flows channeled through Exchange (Mill. Euros)			
New listed companies	718	1,985	-63.8%
Already listed companies	3,798	7,463	-49.1%

Business Units Quarter Overview

An agreement was reached with Liquidmetrix to publish the reports on the execution parameters of the platforms providing trading services in Spanish securities, which provide the intermediaries with tools in order to show their best execution policy. The reports produced and which are available on the BME website http://www.bmerv.es/ing/Miembros/MIFID_II.aspx, for 2018 indicate the spread of prices offered by BME as the most reduced and competitive for all shares registered, listed and traded in Spain.

In March, the “double volume cap” (DVC) mechanism envisaged by the new Mifid II regulation was activated, setting limits on trading in dark pools to improve the price formation and attract volume to transparent markets. In those values that exceed the limits, a temporary prohibition of trading on non-transparent platforms is imposed. Fourteen Spanish stocks are subject to that restriction at the end of the first quarter.

The investment flows channelled to the Exchange in already listed shares during the first quarter of 2018 represent an injection of €3.8 billion. Of which, those originating from increases destined for scrip dividends totalled €1.3 billion.

With regard to the addition of new companies to the market, these flows reached €718 million in 1Q 2018. Of particular significance being Metrovacesa, which on 6 February, through

a public offering, placed €645 million among investors.

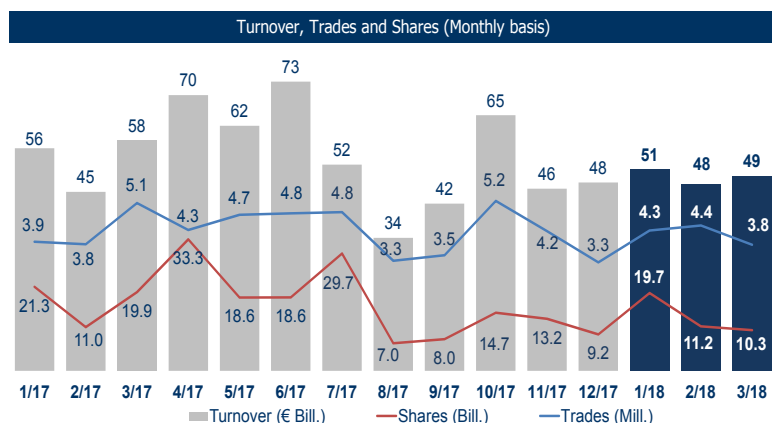
In the Alternative Market (MAB), two new REITs and the company Robot, S.A. have been listed in the first quarter of 2018, bringing the number of companies admitted to 92. Including the rest of the segments, the number of entities admitted to the MAB as of March 31, 2018 amounted to 2,910, 10.1% less than on the same date of 2017.

The capitalisation of companies admitted to listing on markets managed by BME at 31 March 2018 reached €1.14 trillion, in line with the same date in 2017.

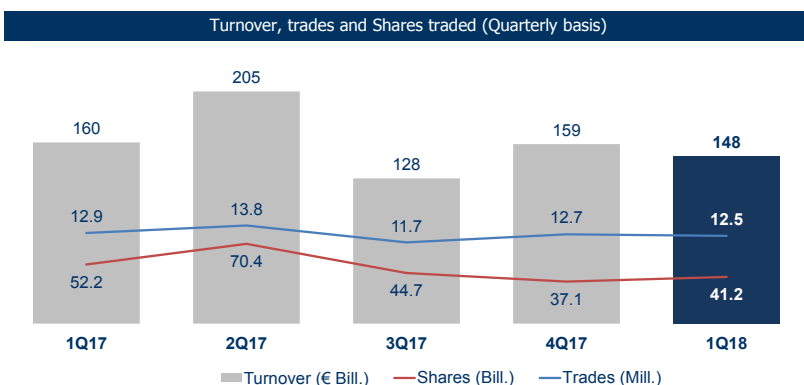
Turning to trading in warrants and certificates, 1Q 2018 closed with a decrease of 10.7% in cash traded compared to 1Q 2017, to stand at €125 million. The number of trades also fell by 20.0% during the period. However, the number of warrant issues admitted during the quarter reached 1,785, up 27% on 1Q 2017.

In exchange traded funds (ETFs), there was a fall of 10.5% in the cash traded in 1Q 2018. However, trades increased 16.6% compared to 1Q 2017, to 30,608. On 31 March 2018, the assets managed in ETFs linked to the IBEX® indices totalled €1.4 billion.

Equity Business unit Activity Overview



Equity Business unit Activity Overview



Fixed Income

The entry into force in 2018 of the European regulation MiFID II has resulted in significant changes for Fixed Income, the trading of which is now subject to market and transparency rules similar to those in effect for Equities.

The impact of the changes continues to leave its mark on the activity and business of the Fixed Income Unit, with greater intensity in the area of trading than in the listing of securities.

Thus, the volume admitted to trading on the AIAF Fixed-Income Market in the first quarter of 2018 stood at €105.3 billion, down 6.4% compared to the same period in 2017. Public debt issues totalled €72.6 billion, up 10.9%, whereas private fixed income issues totalled €30.9 billion, (-32.8%).

The MARF, Spanish Alternative Fixed-Income Market, ended the quarter with an issued and admitted volume of €1.7 billion, 92.5% up on the previous year, and with an outstanding balance of €2.9 billion, 40.0% higher than at 31 March the previous year.

Trading during the first quarter of 2018 is not comparable to that of 2017 because in accordance with the new regulations, Regulated Markets may only publish those trades that are performed using their electronic trading systems. Taking into account trading via the electronic platforms of BME Fixed Income, public debt turnover was €53.3 billion, 7.2% higher than the comparable trading registered for the same period in 2017, whereas the turnover of private fixed income was €176 million, up 15.0% compared to the first quarter of 2017.

Net revenue for the Fixed Income business unit for the first quarter of 2018 totalled €2,084 thousand, down 9.9%, on that obtained during the same period of 2017. Of this amount, 43.6% corresponds to admission revenue, with an increase of 6.9% compared to the previous year, whereas the remaining 56.4% correspond to trading revenue, showing a decline of 19.7%. EBITDA for the third quarter totalled €883 thousand (down 22.5%).

Bolsas y Mercados Españoles (Fixed Income Business Unit Income) (Th.Eur.)	1Q18	1Q17	Δ
Net Revenues	2,084	2,314	-9.9%
Trading	1,175	1,464	-19.7%
Listing	909	850	6.9%
Operating Costs	(1,201)	(1,174)	2.3%
EBITDA	883	1,140	-22.5%

Bolsas y Mercados Españoles (Fixed Income Business Unit Activity Overview)	1Q17	1Q16	Δ
TRADING (Mill. Euros)	53,508	82,098	-34.8%
Platform			
Public Debt	53,332	49,758	7.2%
Private Fixed Income	176	153	15.0%
Bilateral			
Private Fixed Income	0	32,187	-100.0%
Total Operations			
Platform	15,948	14,028	13.7%
Bilateral	0	9,290	-100.0%
LISTING (Mill. Euros)			
Volume admitted (nominal)	105,258	112,422	-6.4%
Public Debt	72,609	65,467	10.9%
Private Fixed Income	30,949	46,072	-32.8%
MARF	1,700	883	92.5%

Note: During the quarter bonds from the Governments of Germany, Austria and the Netherlands for the amount of €1,094 billion, which have not been included in the figures corresponding to Public Debt, have been admitted to trading.

Derivatives

The total volume of Financial Derivatives contracts traded on the market managed by BME during the first quarter increased 1.6% compared to the same period from the previous year.

The IBEX 35® products, the main source of revenue of the derivatives unit, has presented the most positive behaviour. The most emblematic product, the IBEX 35® futures, increased in volume by 11.9% compared to the same period of the previous year, whereas MiniIBEX® futures rose 14.9%. Trading in IBEX 35® options maintained its upward trend of the previous year and trading grew by 36.8%. Despite having a lower weight on the market overall, young products such as the IBEX® Impact Dividend increased their traded volume by 77.5% during the first quarter of the year. At the close of the quarter, the total open position in IBEX 35® products had increased 33.6% year-on-year.

Equity derivative products closed a negative quarter with a fall of 8.9% in options compared to the same period of 2017, and an increase of 0.8% in futures. More recently launched products, such as equity dividend futures, have registered an increase of 128.3% in the first quarter of the year.

Trading in energy derivative products during the first quarter performed negatively with a decrease of 44.9% in the volume of megawatts/hour. This reduction parallels that experienced in OTC transactions on the organised markets.

As a result of the good performance of IBEX 35® products, net revenue for the derivatives products business unit totalled €2,925 thousand during the first quarter with an increase of 12.5% year-on-year. Costs during the third quarter amounted to €1,774 thousand, up 13.4%, whereas the EBITDA of the business unit totalled €1,151 thousand, up 11.3% with respect to the same period in.

In January the Derivatives unit announced the preparatory work and launch at the end of 2018 of new FX futures contracts, thereby increasing the range of instruments offered to its members and investors. These contracts will be called FX Rolling Spot Future.

Bolsas y Mercados Españoles (Derivatives Business Unit Income) (Th.Eur.)	1Q18	1Q17 (*)	Δ
Net Revenues	2,925	2,599	12.5%
Operating Costs	(1,774)	(1,565)	13.4%
EBITDA	1,151	1,034	11.3%

(*) Correspond to proforma data as indicated on page 12.

Bolsas y Mercados Españoles (Derivatives Business Unit Activity Overview)	1Q18	1Q17	Δ
Financial Derivatives (number of contracts)	11,039,970	10,867,332	1.6%
Index Derivatives (number of contracts)			
IBEX 35® Index Futures	1,704,051	1,522,880	11.9%
Mini IBEX 35® Index Futures	427,489	372,008	14.9%
IBEX 35® Div Impact Futures	15,588	8,780	77.5%
IBEX® Sectorial Futures	859	855	0.5%
IBEX 35® Index Options	1,087,720	795,295	36.8%
Open Interest	997,362	746,488	33.6%
Total notional value (Mill.Euros)	184,575	157,925	16.9%
Equity Derivatives (number of contracts)			
Equity Futures	2,864,619	2,841,669	0.8%
Equity dividend Futures	142,701	62,500	128.3%
Equity Options	4,796,943	5,263,345	-8.9%
Open Interest	7,916,210	8,902,216	-11.1%
Total notional value (Mill.Euros)	5,228	5,885	-11.2%
Energy Derivatives (Mwh)	2,644,990	4,804,402	-44.9%
Number of Trades	937,755	854,276	9.8%

Clearing

The unit's activities include the clearing and settlement of all financial and electricity derivatives traded or registered on the Spanish derivatives markets managed by BME, cash transactions for equities traded on systems managed by BME, repo transactions in fixed income securities (Spanish public debt repos) and interest rate derivatives outside the organised markets (OTC). The first few months of 2018 saw the completion of the preparatory work for the launch of the central counterparty clearinghouse service for natural gas, which is scheduled to start in May. It will be integrated into the energy segment of BME Clearing.

The operation generated net revenue of €7,436 thousand during the first quarter of 2018, representing an increase of 13.7% compared to that of the previous year. After deducting costs for the quarter of €2,524 thousand (+8.7%), EBITDA stood at €4,912 thousand, an increase of 16.5% year-on-year.

The positive behaviour of the derivatives market in Spanish underlyings operated by BME has pushed the unit's results. In the first quarter of 2018, 3.2 million index options and futures

contracts were cleared, up 19.8% compared to those cleared in the same period in 2017. The volume of individual equity derivatives or share dividend contracts were slightly down (-4.4%) to stand at 7.8 million contracts cleared.

The equity clearing segment cleared 25.0 million transactions during the first quarter of 2018, 2.8% less year-on-year, for a turnover of €290.1 billion.

Both clearing in electricity derivatives and fixed income securities (repos) have performed negatively. The volume of cleared electricity derivatives for the first quarter of 2018 was 2.6 TWh, 44.9% less than the same period of the previous year and showing an open position at the end of the quarter of 7.4 TWh, a 15.7% decrease year-on-year. A total of 532 transactions with fixed-income securities (repos) were cleared in the first quarter of 2018, down 60.5% year-on-year, with a value of €35.5 billion, a 67.0% decrease on the same period in 2017. Trades in interest rate derivatives in the first quarter of 2018 had a notional value of €15 million, with the open interest at the end of March being €485 million.

Bolsas y Mercados Españoles (Clearing Business Unit Income) (Th.Eur.)	1Q18	1Q17 (*)	Δ
Net Revenues	7,436	6,541	13.7%
Operating Costs	(2,524)	(2,323)	8.7%
EBITDA	4,912	4,218	16.5%

(*) Correspond to proforma data as indicated on page 12.

Bolsas y Mercados Españoles (Clearing Business Unit Activity Overview)	1Q18	1Q17	Δ
Financial Derivatives			
Index Derivatives (number of contracts)	3,235,707	2,699,818	19.8%
Equity Derivatives (number of contracts)	7,804,263	8,167,514	-4.4%
Open Interest (number of contracts)	8,913,572	9,648,704	-7.6%
Energy Derivatives			
Volume (Mwh)	2,644,990	4,804,402	-44.9%
Open Interest (Mwh)	7,355,597	8,723,865	-15.7%
Repo			
Turnover (€ Mill.)	35,489	107,501	-67.0%
Number of Operations	532	1,346	-60.5%
Interest Rates Derivatives			
Notional value registered (€ Mill.)	15	255	-94.1%
Open Interest (€ Mill.)	485	1,213	-60.0%
Equity			
Number of transactions cleared	25,010,302	25,731,038	-2.8%
Equity turnover cleared (€ Mill.)	290,080	316,950	-8.5%

Settlement & Registration

As already mentioned at the close of the fourth quarter of 2017, after the completion of the Reform of the Securities Clearing and Settlement System, Iberclear is already fully immersed in the development of customer-oriented projects.

Part of the efforts made by the Unit during this first quarter of 2018 has focused on the progress of its CBS Project to offer cross-border settlement and custody services to its participants, both in technological development and operational homologation as well as the meetings held with the latter to discuss their preferences between the different international markets.

During the quarter, Iberclear presented the documentation required in order to obtain the license within the scope of the CSD regulation (Regulation (EU) no. 909/2014 of the European Parliament and the Council). These works fall within the process to obtain the authorisation of Iberclear as a Central Securities Depository in accordance with European regulation.

In terms of turnover for the business unit, revenue in 1Q 2018 totalled €15,071 thousand, down 5.2% on that registered for 1Q 2017.

The connection to Target2 Securities last September resulted in the adaptation of the Settlement and Registration business unit model to the new regulatory environment, which now has a relative weight that is lower in the generation of revenue in the settlement component and higher in the registration

component. During 1Q 2018 settlement revenue fell by €2.1 million, down 44.1% compared to the same quarter of 2017, whereas registration revenue increased €1.3 million, up 16.1% compared to the same quarter in 2017, to stand at €9,164 thousand. Lastly, other services provided by the unit to settlement and registration entities and registered issuers, represented a quarterly net revenue of €3,298 thousand, 0.9% lower than that for 1Q 2017.

Operating costs of the unit fell by 3.2% in 1Q 2018 compared to those recognised during the same period in 2017.

The combination of figures for revenue and costs resulted in an EBITDA for the first three months of 2018 of €11,336 thousand, 5.8% lower than the total one year ago.

This data is in line with a decrease in settled trades of 19.6% for the quarter compared to 1Q 2017, totalling 2.3 million trades, corresponding to an average daily settled cash of €79.6 billion, down 53.7% year-on-year.

In respect of the volume registered at the end of the first quarter of 2018, this amounted to €2.33 trillion, an amount practically equal to that at the end of the same quarter, year-on-year. Of this volume, the cash volume registered in equities was €821.4 billion, representing a fall of 3.9% compared to the figure from 1Q 2017.

Bolsas y Mercados Españoles (Settlement & Registration Business Unit Income) (Th.Eur.)	1Q18	1Q17	Δ
Net Revenues	15,071	15,890	-5.2%
Settlement	2,609	4,671	-44.1%
Registration	9,164	7,890	16.1%
Other services	3,298	3,329	-0.9%
Operating Costs	(3,735)	(3,860)	-3.2%
EBITDA	11,336	12,030	-5.8%

Bolsas y Mercados Españoles (Settlement & Registration Business Unit Activity Overview)	1Q18	1Q17	Δ
Operations settled	2,330,233	2,897,909	-19.6%
Turnover settled (billion euros daily avg.)	79.6	172.0	-53.7%
Volume registered - end of period- (billion euros)	2,334.0	2,335.1	-0.0%
Nominal Registered in Fixed Income	1,512.6	1,480.1	2.2%
Market Cap registered in Equity	821.4	855.0	-3.9%

Market Data & VAS

The Market Data & VAS business unit groups together a wide variety of customers and services. The vast majority of the services offered include a significant technological base which is an essential part of the value added provided.

Net revenue obtained by the unit in the first quarter of 2018 increased 0.9% compared to the same period of 2017 reaching a total of €15,861 thousand. Costs increased 3.3% during the quarter, resulting in an EBITDA of €10,075 thousand, 0.5% down on that recorded for 1Q 2017.

There are two groups of main products that stand apart in the Information services and products section (Market Data): Real Time and End of Day.

For Real Time, the quarter closed with a fall of 0.9% in the number of customers, compared to those at the close of 2017, with the number of customers with a direct connection to information services remaining constant. With regard to the number of end users of the information, the quarter closed with a decrease of 12.6% compared to 1Q 2017.

Of particular note is the implementation of new software versions relating to the dissemination of primary information within the new MiFID II regulatory framework, as well as that originating from the new APA BME platform, managed by BME Regulatory Services, which on 3 January 2018 began publishing the details of OTC trades on financial instruments of investment services companies in real time, as well as the firm trading prices of the Systematic Internalisers that have contracted the service with BME Regulatory Services.

Turning to End of Day products, the number of customers increased 7.2% compared to that at the close of 1Q 2017. Within this scope, this quarter saw the commencement of trading in products resulting from the entry into effect of MiFID II, MiFIR and their implementing legislation; specifically, trading in: i) FIRDS securities master files, ii) end of day information generated by the APA BME and iii) PRIIP KIDs files for Options and Futures. The equities and derivatives' end of day files have

also been adapted to the new regulation, affecting the securities master, as well as prices, volumes and tick data.

The net revenue obtained during the quarter for the primary information services totalled €10,069 thousand, 3.4% less than the same period a year ago. Its contribution to the unit's total revenue is 63.5%.

In respect of the sale of products and Value Added Services (VAS), in 1Q 2018 net revenue was €5,792 thousand, up 9.3% on that obtained in 1Q 2017. Its contribution to the total revenue of the unit increased to 36.5%.

The most significant events for this scope of BME's activities for the quarter are the following:

The number of orders managed by BME Inntech during 1Q 2018 experienced a slight fall of around 2.3% compared to the same period of 2017. In particular, the flows sent by the automatic routing systems of the Spanish market fell by 3%, although there was an increase in those sent to international markets.

With the entry into force of European Directive MiFID II, the services of a regulatory nature that BME provides customers have seen a boost. Specifically, there was a successful commencement to the Approved Publication Agent (APA) and Approved Information System (AIS) services provided by BME Regulatory Services.

The Transaction Cost Analysis (TCA) service, designed to evaluate the execution quality in the trading business, has been well received.

Lastly, turning to the international consultancy projects, of particular mention is the completion of the works on the implementation in Venezuela of the Fixed Income segment on the SMART platform, together with the development of a FIX for Fixed Income. The implementation works for customers in Bolivia and Algeria continue.

Bolsas y Mercados Españoles (Market Data & VAS Business Unit Income) (Th.Eur.)	1Q18	1Q17 (*)	Δ
Net Revenues	15,861	15,724	0.9%
Primary Source information services	10,069	10,425	-3.4%
Value Added services	5,792	5,299	9.3%
Operating Costs	(5,786)	(5,603)	3.3%
EBITDA	10,075	10,121	-0.5%

(*) Correspond to proforma data as indicated on page 12.