



**BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE
MERCADOS Y SISTEMAS FINANCIEROS, S.A.**

ANNUAL GENERAL SHAREHOLDERS MEETING

Madrid, 25 April 2019

Address by the Chairman of the Board of Directors

Antonio J. ZOIDO MARTÍNEZ

Good afternoon, ladies and gentlemen.

First of all, as Chairman, and on behalf of BME's Board of Directors, I would like to welcome you and thank you all for attending this General Shareholders Meeting.

And I extend this greeting to everyone who works at the companies belonging to our Group. On my behalf, and on behalf of the Board, I wish to express our gratitude.

THE MARKET ENVIRONMENT

2018 proved to be a very complex affair for the international financial markets and for investors.

The global economy slowed in response to various sources of instability with potentially dire implications, notably rising levels of protectionism coupled with trade disputes between certain superpowers, the spread of political instability, especially in Europe, further complications surrounding Brexit, declining commodity prices, the virulent monetary crisis plaguing the emerging block and new episodes of spiralling public and private debt across the globe.

Over the course of the year, the main international bodies have downgraded their annual global growth forecasts, the last one coming at the hands of the OECD in November, which lowered its outlook to 3.5%, four tenths of a percentage point lower than in May. The euro area economy has also suffered from these downgrades, with expected growth now dipping below 2%.

More than ten years have passed since the onset of the global economic crisis, and yet the monetary authorities of the main economic areas continue to play a prominent and crucial role by shaping and steering the world economy with their decisions.

In Spain, the economy entered a more mature phase of the cycle in 2018, impacted by the economic slowdown in Europe and across the globe and by the ongoing crisis in certain emerging economies. Two drivers of the Spanish economy lost momentum: consumption, due to the progressive waning of demand, and exports as Europe and the emerging block gradually lose steam.

In this context, it is important to have certain caveats in mind when reading the business performance of companies dedicated to managing the most developed markets, such as our own.

First of all, we are talking about the relentless regulatory activity and ensuing supervisory measures and requirements. This phenomenon, which is clearly supranational in nature but applies domestically, has been exacerbated by the fears that emerged during the recent financial crisis and must naturally run its own course, meaning it will require the necessary political attention before it can take effect administrative effect. As far as I'm concerned, I feel obliged to point out that the practical implications of all this—in terms of the explicit and implicit costs and the undesired effects on the development of the markets—are huge and must clearly be taken into account when reading and interpreting our business performance.

As a natural product of this overwhelming flow of new rules and regulations we have certain other elements that are also behind the problems facing the markets today. First of all, I am talking about the high and worrying degree of market fragmentation, including the regulatory, fiscal and risk assessment implications and other related issues. In fact, this has now become a central concern of the international organisations tasked with supervising the markets.

And secondly, we have the problem that all these rules and regulations are being interpreted differently across countries and regions, which are subject to varying degrees of supervision and are applying different tax and fiscal regimes to equivalent situations, ultimately leading to an uneven playing field in a highly internationalised world. This raises serious doubts on how to

properly deploy the measures and actions aimed at improving market development and performance.

The current fragility of the EU's flagship project, the so-called Capital Markets Union (CMU), or the ongoing dispute between the European Parliament and the European Central Bank on the responsibilities of each body as before central counterparties (CCP), are just some examples of this troubling situation.

Last but not least, it is hugely important that we continue to focus our attention on technological progress and on how technology is key to improving the performance of our markets.

STOCK MARKET PERFORMANCE IN 2018

Against this backdrop, the IBEX 35 was down 15% at year-end 2018, although the combined capitalisation of listed companies remained above one trillion euros. The Spanish stock market started the year strongly, gaining more than 10% in the first three months.

Volatility remained at historically low levels, at around 15%, compared to 31% at the end of 2016 or the more than 20% reported between 2012 and 2015.

Historical interest shown by foreign investors

The Spanish securities market has continued to count on the support of foreign investors. In 2018, they owned a record 46% of total market capitalisation, compared to 36.8% in 2008.

The market provides 15.2 billion euros to companies

The Spanish stock market has continued to impress in allowing companies to raise funds. In 2018 alone, it generated 15.2 billion euros in funding. A total of 141 operations were carried out, 4 more than in 2017.

Since 2000, the Spanish exchange has channelled close to 780 billion euros in financing and investment in shares. The markets have remained active, catering to investors despite the crisis and the ups and downs of the economy.

Reduction in the number of IPOs

We witnessed a heavy slowdown in the number of new companies joining the market across Europe, with an average decline of more than 50% compared to 2017. A large number of operations were abandoned in the last few months of the year in response to high levels of uncertainty. In Spain, five companies made their stock market debut.

Improved showing from the MAB

The growth market continue to gain weight within the larger system as a viable option for companies looking to raise funds through capital and debt. MAB incorporated 23 new companies and there are already more than 100 enterprises trading on this market.

Growing presence of REITs

In the REITs segment, 67 are already admitted to trading on MAB, while 4 are listed on the main market. This is a phenomenon we would be wise to follow and analyse closely.

60% more issues on the MARF alternative fixed income market

In the realm of Fixed Income, MARF has continued to impress. At the end of 2018, the outstanding balance of issues reached 3.32 billion euros, up 46.9% on 2017. Meanwhile, the volume of issues increased 60% last year, to reach 6.35 billion euros.

FINANCIAL RESULTS

Ladies and gentlemen, the financial results of BME are a product, without doubt, of its considerable prowess and its unique set of skills. We have managed to attain impressive returns on capital and levels of operating leverage, despite the complex economic and regulatory landscape I mentioned earlier in this address.

More to the point, the Spanish market has been affected by government plans to apply a tax on financial transactions, which has generated considerable uncertainty among national and international investors. We sincerely hope that this initiative will be discarded due to the negative and adverse impacts it would have on the market, mainly on liquidity and costs for clients.

Despite this negative environment, BME's results for 2018 exceeded the estimates of most analysts.

Profit reaches 136 million euros

BME's net profit in 2018 came to 136.3 million euros, down 11% on 2017. Net turnover stood at 304.2 million, 5% down, while costs totalled 118 million, up 7.4%.

Rest assured that our CEO will discuss the results obtained in 2018 at greater length during his address.

RESOLUTIONS

As provided for in the agenda for this General Meeting, the Board of Directors will propose the approval of the accounts for the year ended on 31 December 2018.

Distribution of a final dividend

The distribution of a final gross dividend of 0.57 euros per share has also been submitted for approval. If ratified, it will be paid on 10 May.

The Company's pay-out stands at 96%, making it one of the highest in the market.

CORPORATE GOVERNANCE

Ladies and gentlemen, following the plan implemented in 2017, and once this General Shareholders Meeting has ended, I will stand down from my executive functions and will continue to serve as non-executive Chairman of the Board of Directors. From today, Javier Hernani will become the Company's most senior executive officer.

In line with best corporate governance practices, we are now completing the process of reorganising the Company's corporate governance structure. These changes were initiated in 2017 following the appointment of Javier Hernani as Chief Executive Officer, who since then is vested with all the powers that can be delegated by the Board.

Amendments to various articles of the Bylaws have been laid before this General Meeting in order to maintain the figure of Lead Independent Director, regardless of my impending status as non-executive director and the fact that we have removed the Bylaw requirement of having an Executive Committee.

On a separate note, I would like to highlight the improvements made to the Company's corporate governance since last year's general meeting. The main aim of these improvements is to make the Board of Directors more independent, with independent directors now exceeding 50 percent, and to reflect this also in the composition of the Appointments and Remuneration Committee, in which independent directors now constitute a large majority. Changes have also been made to increase the presence of women on the Company's most senior governing body.

CLOSING REMARKS AND OUTLOOK FOR THE FUTURE

Last year marked ten years since the onset of the last deep crisis. During this period, our markets have gained weight within the larger financial system, now accounting for 40% of corporate financing compared to the 60% arranged through the banking sector. In 2008, these proportions were 20% and 80%, respectively. The markets also managed to become more transparent and efficient over the period.

In the unique and privileged position in which you, shareholders and the Board of Directors, have placed me since the beginning of BME, I have had the opportunity to lend my contribution and effort - alongside all other employees of BME, under the lead of the Board of Directors and the assistance of decisions overwhelmingly supported year after year by the General Shareholders' Meeting - to a clearly positive development of the company.

I must point out how - in that scenario as a publicly-traded company, which began in mid-2006, and which was followed by the great crisis only a year later - BME has emerged from a complicated period with an enviable financial health, and having efficiently fulfilled its corporate commitments with shareholders, workers, and the community in which it operates.

And BME also emerges away from shipwrecks, expensive salvages and other unfortunate mishaps that have taken place in the system. In that time that I regard as complicated, BME has never abandoned its function of providing funding, of being a trading and liquidity venue and of providing stability and credibility to the financial system every day, every second, providing price discovery for the country's most important assets.

This has been a good lesson for the future and one we should be proud of and you, shareholders, in the first place.

To conclude. In the first part of my address I pointed to the difficulties and complexities we faced. Despite this challenging environment and with the culmination of its corporate design BME embraces its Strategic Plan and is firmly committed to improving its processes, making further advances and generating growth, without ever losing sight of its shareholders, for whom it will maintain the most generous remuneration policy possible.

Thank you very much.