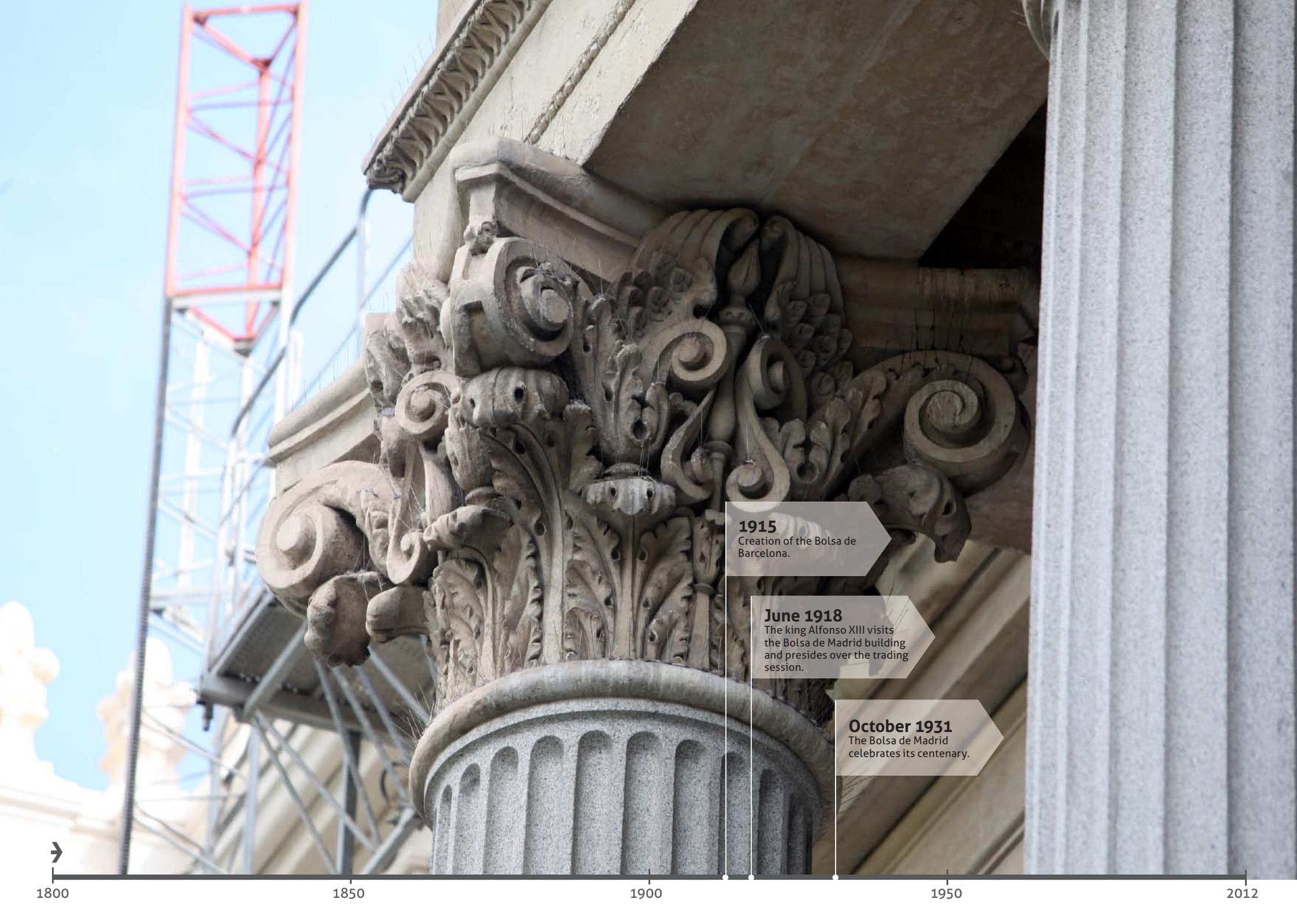


The background of the slide features abstract, flowing geometric shapes in shades of light blue and white, creating a sense of movement and depth. The shapes are smooth and organic, resembling liquid or soft surfaces. The overall color palette is cool and professional.

4. BME Business Areas



1915

Creation of the Bolsa de Barcelona.

June 1918

The king Alfonso XIII visits the Bolsa de Madrid building and presides over the trading session.

October 1931

The Bolsa de Madrid celebrates its centenary.



1800

1850

1900

1950

2012

4

BME Business Areas

In a year dominated by considerable financial tension and a steady decline in the global economic outlook, the performance of BME's various business areas has been moderately positive.

BME recorded net profit of €155.1 million in 2011, a small 0.6% increase compared with 2010. Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled €223.1 million, the result of subtracting the €98.34 million in operating costs from the €321.4 million in revenue. The slight year-on-year setback in revenue (-1.5%) was more than offset by a reasonable cut in expenses (down 4.7% yoy in 2011). Excluding extraordinaries, net profit was up 3.3% in the year.

The fact that BME has been able to achieve these good results in 2011 is especially impressive in a context in which fierce international competition has combined with a number of regulatory decisions to take a heavy toll on precisely the company's largest source of income: trading in equity products. The CNMV's precautionary ban on establishing or increasing short positions in listed Spanish financial securities, in place from 11 August 2011 to 15 February 2012, was almost certainly the main cause of the decline in revenue in the final quarter of the year (-5.6%) and led to a parallel erosion of the company's net profit in the same period (-2.3%).

4

BME Business Areas

Most of these difficulties were overcome by stepping up efforts to cut costs (which in the final quarter were reduced by 4.8%) and boosting revenue from activities not linked to trading volume. In 2011, revenue not linked to volumes climbed 9 points to cover 112% of BME's cost base, a record in the Group's short history. This means that diversification of the range of products and services offered by BME is steadily bearing fruit and strengthening the company against possible market downturns. More clearly put, the figure means that all the revenue obtained by the company from services associated with its various trading platforms revert directly to its global business margin.

Finally, of the seven Business Areas into which BME classifies its activities in terms of management, five have seen their annual revenue and EBITDA increase. The only declines were in Equity and Derivatives.

Revenues from trading accounted for approximately 52% of total Group revenues in 2011 (equity trading alone accounted for 42%). This is a 3-point drop compared with 2010 and represents a 51.4% contribution to profit (down 2.5 points). Including the Clearing and Settlement Unit, whose business is closely and primarily linked to trading volumes, the total weighting of these divisions as a share of BME's revenues and net profit comes to 76.6% and 79.4%, respectively (close to 80% in 2010).

Furthermore, in 2011 the various initiatives and alternatives launched by the Spanish stock market in the last few years to boost transparency, financing, security and confidence in securities markets

and the financial system as a whole recorded more activity and showed signs of increasing acceptance in terms of demand. Market Data, REGIS-TR, Meff Power and InResearch are some of these initiatives, described below. Others, like MAB Growth Companies and SEND for retail investors, are platforms for which the company has high growth expectations in the next few years.

The prudent management of company funds, aimed at optimising their usage and boosting the value of the company, is rendered even more evident by two standard parameters for the comparison of BME's performance with that of its competitors. The efficiency ratio for 2011 was 30.6%, i.e. 1 point lower than in 2010 and 14% below the global sector average. This ratio measures the percentage of costs incurred over each unit of revenue. In addition, year-end ROE (35.1%) was 17 points above the sector average and almost 1 full point above the previous year's figure (ROE = Return on Equity).

BME's share performance in 2011 appears to have priced in a positive market assessment of the decisions made at the company and the results obtained. Share performance advanced 17% in the year, compared with a decline in the average among market operators worldwide (measured by the DJ Global Index Exchange) of 20.3%, and a drop of 13.1% in the IBEX 35, representing the Spanish market as a whole. This increase corresponds to an annual increase in average daily trading volume in BME shares of 7.4% in cash terms (euros). The number of BME shares traded in the year was just over 133 million, with 303,000 trades performed.

The company's market value at 2011 year-end was €1,739.2 million, with each share worth €20.8.

Ratio of expenses covered by revenue not linked to trading volume (%)



BANCA CÍVICA is listed on the stock exchange

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BME Business Areas

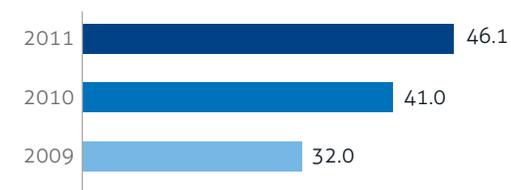
Equities

BME's Equities business is its main revenue stream. In 2011 this area contributed 41.9% of the Group's total revenue and 43.8% of EBITDA through activities derived almost exclusively from the trading of shares, ETFs, warrants, certificates and so-called "cuotas participativas" on its platforms. The relative weighting of the equities business increases with the addition of revenue from the sale of licenses for the use of proprietary BME indices and annual issuer listing fees within the Information and Listing business units.

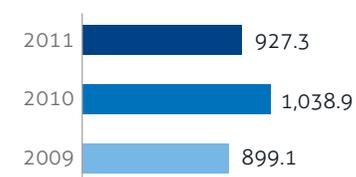
In 2011, this activity's weighting in the Group declined by close to 1.8% in revenue terms and 2.4% in EBITDA. This was due mainly to a 3.4% drop in funds raised in the year, despite the moderate 0.6% increase in costs. Final EBITDA was €100,921 million, the result of subtracting expenses of €32,384 million from €133,305 million in revenue.

Before analysing the causes of the moderate decline in revenue items in this area of BME's business, it is worth highlighting the sound performance in cost terms. The slight 0.6% increase with respect to 2010 is almost 2% lower than the general inflation rate in Spain, and shows the company's ability to flexibilise its growth levers when the economic environment requires a more stringent rationalisation in the use of resources, without compromising on the internationally top-ranking quality standards in all the products and services supplied to the market.

Record High in the number of equity trades (Millions)



Equities trading volume (Billion Euros)



Equities

	2011	2010	%
For the Business			
Revenue (million euros)	133,305	138,026	-3.4
Expense (million euros)	-32,384	-32,195	0.6
EBITDA (million euros)	100,921	105,831	-4.6
For the revenue sources			
Trading (million euros)	927,308	1,038,909	-10.7
In shares			
Cash (million euros)	922,171	1,031,316	-10.6
Number of trades	45,756,725	40,402,128	13.3
Average value per trade (euros)	20,154	25,526	-21.0
In ETFs			
Cash (million euros)	3,495	5,968	-41.4
Number of trades	43,461	63,154	-31.2
In warrants			
Cash "premiums" (million euros)	1,642	1,625	1.0
Number of trades	303,948	348,010	-12.7
Total shares traded (millions)	165,005	137,929	19.6
Share capitalisation (million euros)	966,058	1,071,633	-9.9

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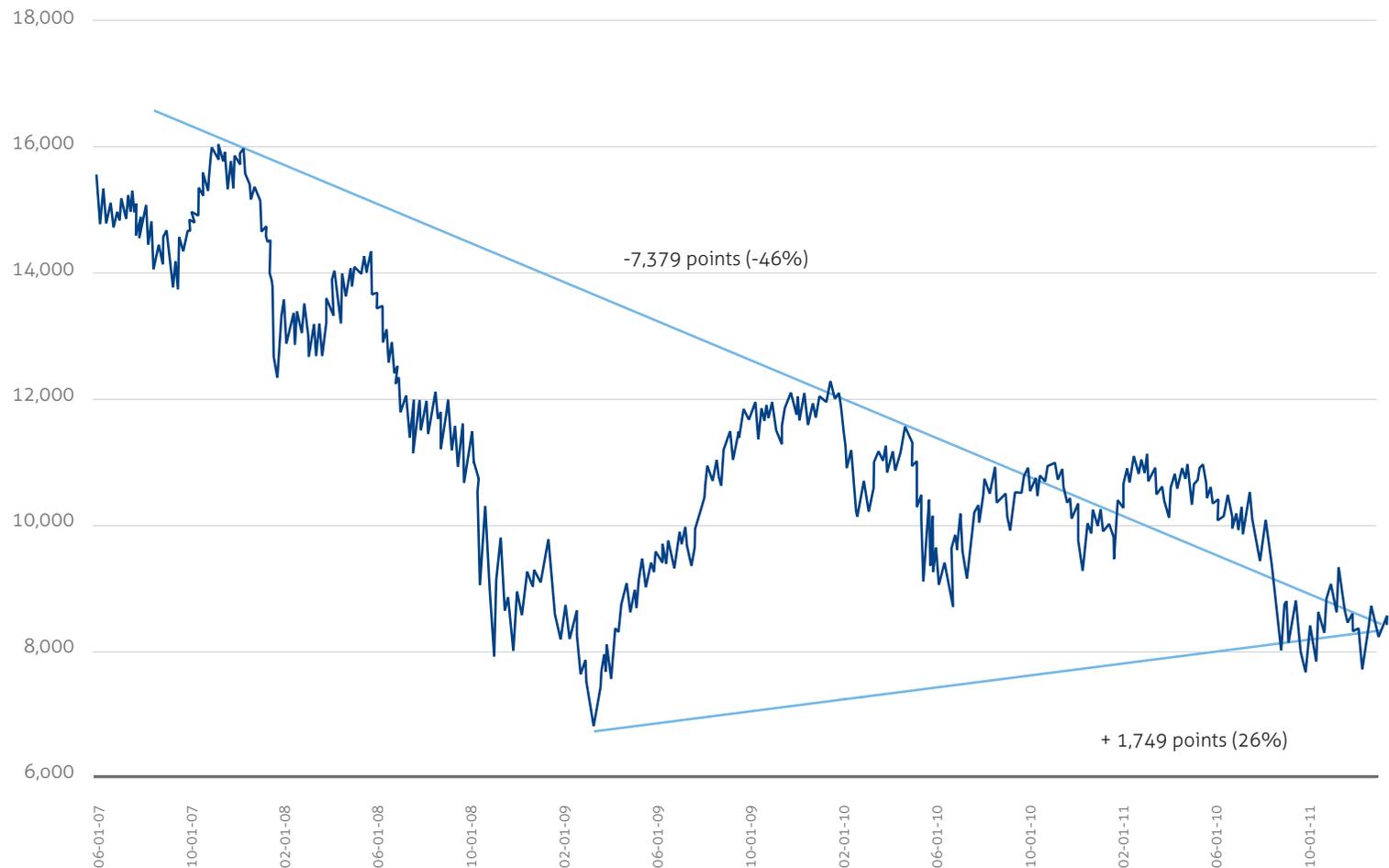
BME Business Areas

The impact of the drop in listed share prices

BME's revenue core in this area depends essentially on two variables: the price of listed shares and the number of shares traded through platforms operated by the company. With regard to the first variable, in 2011 the considerable volatility gradually regained its grip on share performance in the wake of a relatively calm first half of the year. The decline in share prices was widespread, and in many cases significant, especially among companies within the financial industry. The IBEX 35, the benchmark Spanish equities index, saw 13.1% wiped off its value in the year.

This undoubtedly had a negative impact on the amount of fees charged by BME for bid-order transactions conducted through its platforms. The cash value of shares traded in 2011 was €922 billion: a hefty sum, close to Spain's GDP, but nevertheless 10.6% lower than the 2010 figure.

IBEX 35 performance from November 2007, the start of the financial crisis, to December 2011



4

BME Business Areas

Spotlight 2011: a tough year for international equity markets

The slowdown in what had been a sustained economic recovery, coupled with further episodes of financial tension, which took a particularly severe toll on the euro area, resulted in a generally difficult year for international stock markets, with expectations tumbling to pre-crisis levels as the year progressed. Global indices lost between 7.5% and 8% in 2011, stemming the tide of recovery in the equity markets, which began with gains in 2009 and continued in 2010.

Evidently, continental European indices generally underperformed the global 8% benchmark, with significant punishment for Greece's Athens Composite (-52%) and Austria's ATX (-35%), and less severe setbacks for Italy's FTSE MIB (-25%), Portugal's PSI (-20%), Belgium's Bel-20 (-19%), Germany's DAX (-17.5%), France's CAC 40 (-17%) and our own IBEX 35 (-13%). The Euro Stoxx 50 lost 17%.

The UK's FTSE 100 (-5.6%) and Ireland's ISEQ (1%) outperformed the global average. The positive performers in 2011 were the Nasdaq (+2.7%) and the Dow Jones (+5.5%), in the US. Indices in emerging markets had a disappointing 2011: The MSCI EM dropped 15%, in line with the Asian emerging markets indicator, while the Latibex Top retreated 17%.

By sector, the underperformers were again the equity indices comprising financial and banking securities on both sides of the Atlantic. The S&P 500 Banks lost 12%, while the MSCI EMU Financial Sector slumped 30%. On the positive side, US tech securities continued to perform well, driving a third consecutive year of gains in the Nasdaq.



The Colombian company SURAMERICANA is listed on Latibex

Summary of world stock exchange indices
(Trend in 2011)

	% Change in 2011
US Dow Jones Industrial Average	5.5%
US NASDAQ 100	2.7%
Ireland ISEQ Overall	0.6%
US S&P 500	0.0%
UK FTSE 100	-5.6%
Islamic countries Dow Jones Islamic World	-7.1%
World MSCI World Large Cap (Large Companies)	-7.2%
World MSCI The World Index	-7.6%
Switzerland SMI	-7.8%
World Stoxx Global 1800	-8.0%
World MSCI World Mid Cap (Medianas Compañías)	-9.4%
Europe STOXX 600	-11.3%
Netherlands AEX	-11.9%
US S&P 500 Bancos	-12.3%
Spain IBEX 35	-13.1%
MSCI Emerging Markets	-14.9%
Norway OSE OBX	-15.3%
Asia Ex-Japan MSCI AC Asia Pacific ex JP	-16.3%
France CAC 40	-17.0%
Europe Euro STOXX 50	-17.1%
Latin America FTSE Latibex Top	-17.1%
Japan Nikkei 225	-17.3%
Germany DAX	-17.5%
Belgium BEL-20	-19.2%
World Stoxx TMI Small	-19.7%
Portugal PSI General	-20.4%
World MSCI The World Index / Financial Sector	-20.6%
Italy FTSE/MIB	-25.2%
Euro Area MSCI EMU / Financial Sector	-29.8%
S&P 500 / Diversified Financials -IG	-30.9%
Europe MSCI Europe / Financial Sector	-33.8%
Austria ATX	-34.9%
Greece Athex Composite	-51.9%

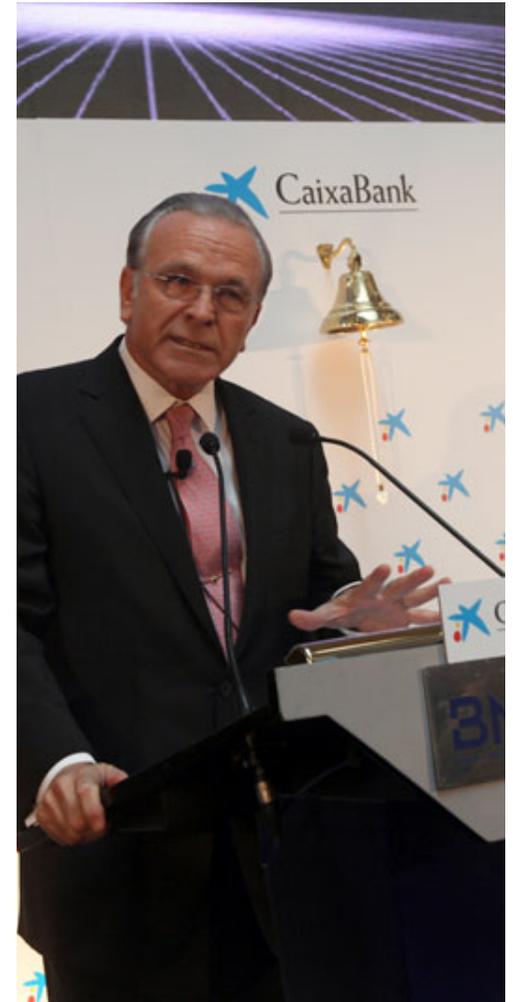
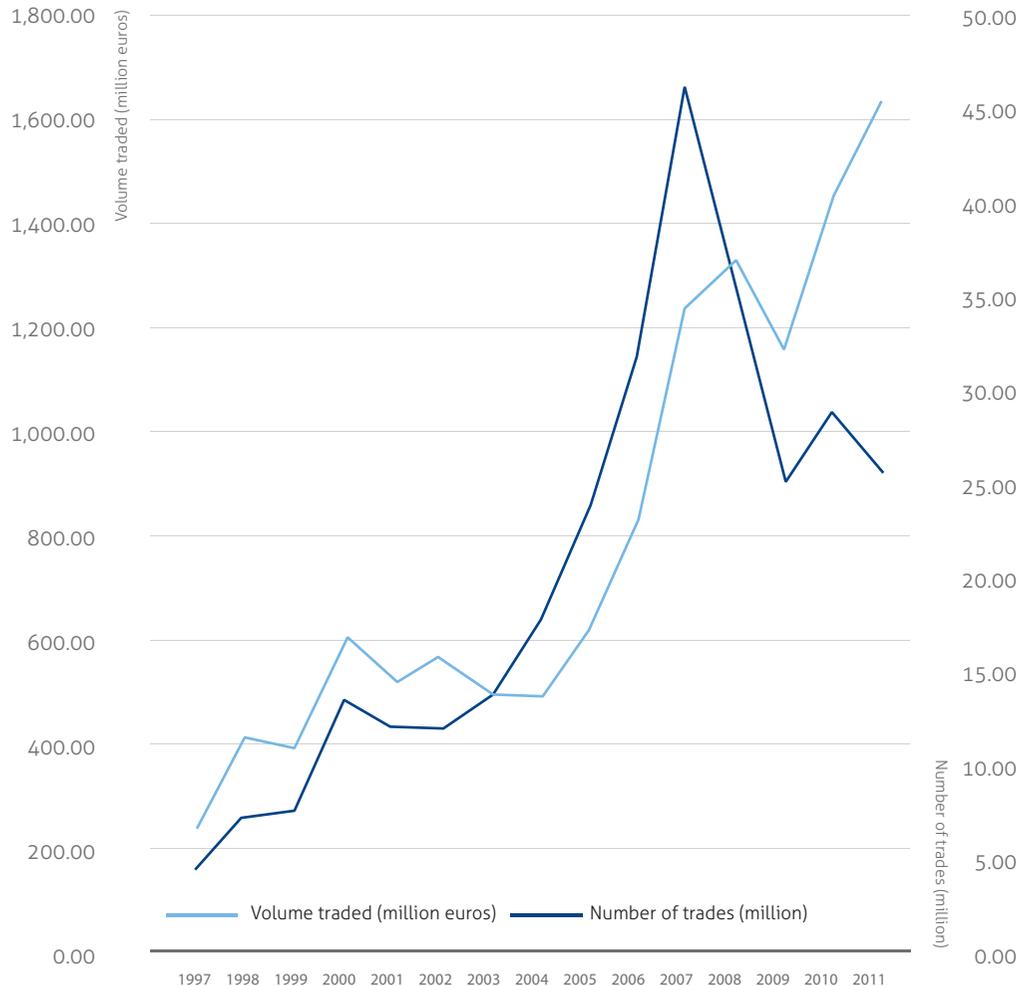
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BME Business Areas

Pillars of BME's business sources

Despite the decline, the impact on BME's results has not been excessive for various reasons linked to the quality of the securities traded, its extremely balanced market model based on cutting-edge technology, and the advantages of the funding mechanisms which regulated markets provide at all times and which, during the year, were especially useful as part of the process to restructure the Spanish financial system. These factors broadly explain the growth in the second variable which refers to the generation of revenue in the company's Equities division: a record number of trades in shares (45.7 million), up 13.3% compared with 2010, and also 19.9% growth in the volume of securities traded (165 billion). This implied a 23% year-on-year increase in BME's income to trading volume ratio.

Shares traded on the Spanish Exchange (1997-2011)



CAIXABANK is listed on the stock exchange

4

BME Business Areas

Four Spanish companies are among the six most traded stocks in the euro area

Market liquidity is visible in the main listed stocks. Shares of Telefónica, Banco Santander, BBVA and Repsol are among the top six most liquid stocks in the euro area. Based on 2011 data for the pan-European Eurostoxx 50 index, which comprises the 50 largest listed stocks in the euro area, shares of these Spanish corporations rank first, second, fourth and sixth in terms of annual trading volume. Other stocks also listed on this index are: Iberdrola, ranked sixteenth, and Inditex, ranked twenty-seventh after joining the index in September. The ranking only takes into account trading volume for each stock listed in the European index in their markets of origin, normally located where the companies represented by the stocks have their registered headquarters.

In 2011, the six Spanish companies belonging to the Eurostoxx 50 accounted for 26.7% of the total trading volume of the index's 50 constituents, far outstripping their combined index weighting of 13.9%, and even further exceeding the weighting of the Spanish economy in euro area GDP (11.7%).

Ranking of Trading in Stocks belonging to the Pan-European EUROSTOXX 50 Index

Ranking	Name of stock	Effective volume origin (euros)	Effective volume MTFs (euros)	% weighting in the index (December 2011)
1	Telefonica SA	212,136,998,300	2,178,061,416	3.98
2	Banco Santander SA	191,657,924,500	1,984,790,384	3.76
3	UniCredit SpA	127,134,962,920	17,930,318,541	0.79
4	Banco Bilbao Vizcaya Argentaria SA	116,463,842,190	1,339,562,467	2.41
5	ENI SpA	91,741,896,540	27,977,698,228	3.17
6	Repsol YPF SA	91,139,863,590	905,684,546	1.45
7	Siemens AG	83,958,277,380	47,251,723,283	4.77
8	Intesa Sanpaolo SpA	81,782,109,030	21,656,952,790	1.35
9	Deutsche Bank AG	78,420,601,530	34,150,556,316	2.05
10	Daimler AG	72,533,528,300	33,817,594,290	2.26
16	Iberdrola SA	56,897,219,970	820,918,683	1.32
27	Inditex SA	40,073,633,080	704,042,396	1.00

Two Spanish companies are the most liquid in Europe for the second consecutive year (Billion Euros)



4

BME Business Areas

Liquidity remains high despite the drop in share prices

Baseline 100 in 2005

**Diversification and efforts to boost liquidity**

A differentiating factor that underpins BME's business outlook is the considerable geographical diversification of its revenue sources over a broad set of listed companies. In 2011, close to 60% of overall turnover in non-financial companies listed on Spanish stock markets came from trading outside Spain. This international exposure renders the businesses less vulnerable to local risks, strengthens them and, at the same time, indirectly boost the quality of the main "commodity" traded on BME's platforms, i.e. shares.

To continue to shore up liquidity in the broad group of smaller listed companies, on 28 September 2011 BME joined forces with the Spanish Institute of Financial Analysts (Instituto Español de Analistas Financieros - IEAF) to set up a service to enable companies wishing to obtain broader analyst coverage to contact companies offering analysis at a very competitive price and with guaranteed independence.

A consistent market model

However, none of this would be possible without a transparent and secure market model based on state-of-the-art trading and access technologies. This is the only way to achieve the flow of trading volume in a year in which international competition between platforms has become much more aggressive and when there have been major restrictions on short selling in listed financial stocks.

In 2011, BME held more than 95% of the global trading in shares it has listed. Other similar, major securities markets have punished more severely by the fiercer competition from new figures (trading platforms) which emerged after the new European MiFID directive came into force (currently under review). Bolstered by lower regulatory costs, these platforms are implementing such aggressive pricing strategies as to be called into question, in some cases.

Furthermore, the CNMV's ban on short selling in listed financial stocks, in place from 11 August 2011 until February 2012, hampered trading in these stocks, whose weighting in the Spanish stock market is 30% of the total in terms of capitalisation. Trading volume in financial securities fell by 42% between August and December.

4

BME Business Areas

Perhaps the clearest picture of the impact of the CNMV's ban on the market is provided by the performance of price spreads. Until (and including) July, the IBEX 35 spread was in the 0.06%-0.09% range, and in August it moved to 0.14%, although in December it returned to levels of around 0.09%. This shows how many investors, particularly foreigners who are the most active in the Spanish stock market (accounting for more than 60% of the value of listed shares) continue to prefer the major Spanish players. Market liquidity remains very high and is one of the main pillars of the Spanish stock market vis-à-vis new trading methods and investment alternatives.

Technology as a differentiating factor

This liquidity is also underpinned by the technology in place. High Frequency Trading (HFT) in securities markets has made a strong impact on stock markets as a natural progression in the wake of the widespread introduction of electronic markets and the increasing use of computerised trading systems. In accordance with the development of market infrastructure and communications technology, this method of trading in electronic markets has gained weighting in the main US and European trading hubs in the last five years. BME is no exception.

The SIBE is due for an overhaul in April this year to better adapt BME's systems to new demands in terms of transaction speed and volume in the market. In the last full year of operation, the SIBE channelled 285 million orders (a record for the seventh consecutive year), an increase of 62% compared with 2010, and in June it executed more transactions than in its 20-year history: 4.5 million.

ETFs, warrants and certificates

Some of these improvements have also benefited other securities also traded on the BME platform which, despite having a scant weighting in the total of this business area, do contribute positively to broadening BME's range of products and services. These are ETFs, warrants and certificates, whose performance has been mixed.

In 2011 the number of ETFs listed rose to 70. There were 348,000 trades in the warrants and certificates segment (-12.7%), representing a value (premiums) of €1.62 billion (+1%). The number of warrants listed in 2011 increased by 27% year-on-year to 9,163.



DIA is listed on the stock exchange



LUMAR is listed on MAB

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BME Business Areas

The volume of capital channelled by markets was considerable, bolstering BME's main sources of revenues

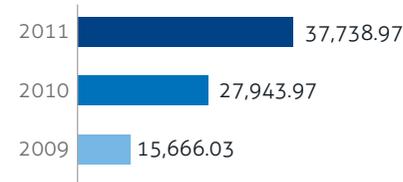
One last aspect that boosted BME's revenues in 2011 was the recourse by a number of companies to the market for various reasons, most notably the difficulties in securing funding and the recapitalisation requirements and restructuring of the Spanish financial system. The funds obtained directly or indirectly by BME through various corporate operations conducted by listed companies had an impact on operating revenue in the Equities and, especially, the Listing, units. These operations (flotations, capital increases, etc.) not only had an immediate positive effect on the Group's operating income but also helped strengthen coverage by broadening the spectrum of potential future revenue sources.

Equity market investment flows channelled through the stock market in 2011, including shares already admitted to trading and new shares admitted, amounted to €37.73 billion. This reflects growth in investment flows in both newly-listed companies and companies already admitted to trading. The total implied a 35.1% increase compared to investment flows channelled through the exchange in 2010, the fourth-highest figure in the history of the Spanish securities market. A significant chunk of these funds corresponds to capital increases which, overall, totalled €19.77 billion.

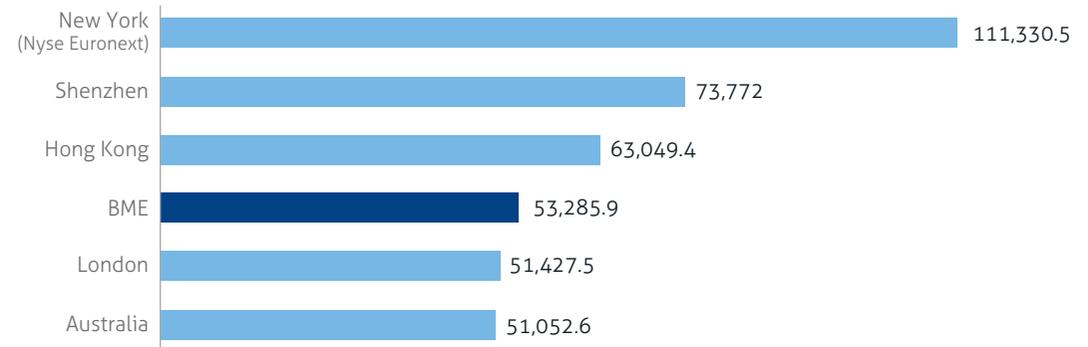
Despite the tough year for equity markets, investments in the Spanish market appear to have remained highly dynamic. The sound performance was due to several factors: liquidity, the companies' appeal and access to the market. All of these are supports for investment in Spanish stock markets which undoubtedly include channelling resources to funding processes of varying scales, especially in a context in which confidence is at a low ebb and the flow of credit appears, at times, to be blocked.

These circumstances have led companies to increasingly seek financing in the market. In the last four years, since the crisis deepened, there has been an increase in capital increases not linked to asset swaps, in other words, increases paid in cash or used to transform borrowings into equity as well as new scrip issues earmarked to remunerate shareholders who have chosen this option. In the last four years, the amount of capital increases not linked to asset swaps totalled close to €50.00 billion, almost 15% more than in the previous seven years.

Investment Flows channeled through the stock exchange (Million Euros)



Ranking of world's stock exchanges by investment flows (Million Dollars)



4

BME Business Areas

Capital increases totalling €19 billion

In 2011, the market again fulfilled its main function as a source of funding for businesses. A large number of issuers seeking financing tapped the stock market, a significant volume through capital increases and a very respectable volume through share offerings. In the year as a whole, the market provided a total of €19.77 billion in funding to companies. Of this amount, €16.06 billion came from capital increases made by companies already in the market (€15.02 billion from companies listed in the main market; €35 million from companies listed in the MAB, in the growth companies segment, and €1 billion from SICAVs) and the remaining €3.70 billion were tapped through capital increases linked to pre-listing processes (€3.69 billion for companies accessing the main market and €13.4 million for companies accessing the MAB, in the growth companies segment).

39 listed companies tapped the main market for funding and 5 tapped the growth companies segment of the MAB. A total of 82 operations were conducted.

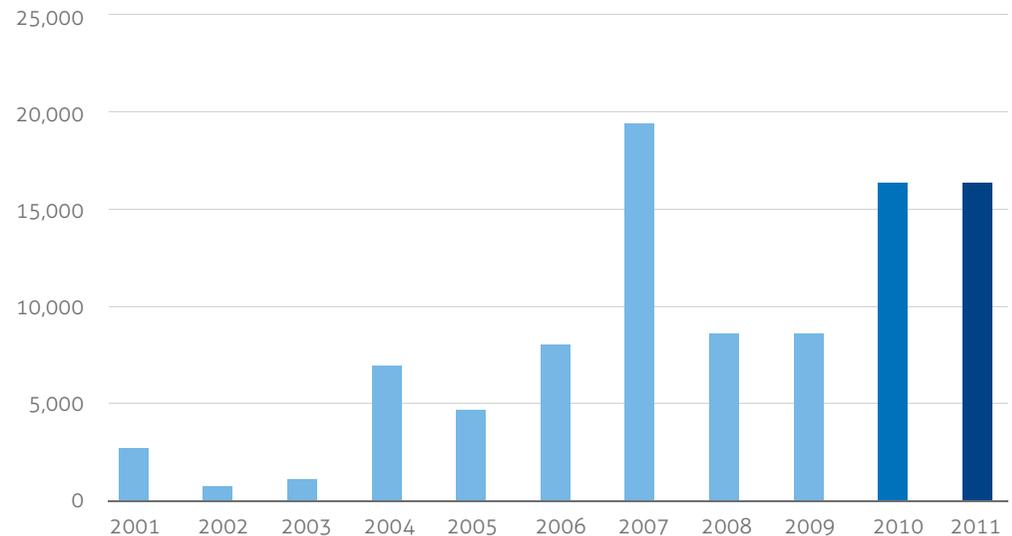
Listed companies are increasingly using treasury shares to remunerate their shareholders. A novel way to instrument this policy is via what is known as a scrip dividend. Eight companies used this method to remunerate their shareholders and the market value of the shares issued totalled €4.04 billion, a 91.9% increase compared with 2010.

Large-scale share offerings

In 2011, public share offerings became especially important, serving various purposes. As a procedure prior to their listing on the stock market, six companies performed operations of this kind. The two largest were performed by banks created by savings banks (cajas de ahorros), evidencing the pivotal role of the market in the process of restructuring the Spanish financial sector which seeks to ensure the future of the institutions, adjusting their size to Spain's new economic and social conditions, guaranteeing their solvency and providing them with financing. Prior to their listing on the stock market, Bankia and Banca Cívica conducted share offerings and raised a total of €3.69 billion, of which €2.19 billion were provided by non-institutional investors, i.e. households.

Effective amounts of capital increases in the Spanish stock market not linked to asset swaps (2001-2011).

(Million euros)



SECUOYA is listed on MAB

4

BME Business Areas

New companies in the stock market

72 new companies entered the Spanish stock market in 2011. In the main market, there were five new entries, including, in addition to Bankia and Banca Cívica, the DIA supermarket chain, previously the Spanish subsidiary of the Carrefour group, in an operation worth €2.37 billion. In compliance with the sufficient dissemination requirement established in article 9.7 of Royal Decree RD 1310/2005, Carrefour shareholders received all DIA shares as a dividend in kind. The success of these operations is evidenced by the high volume of trading in DIA shares, which was listed in the IBEX 35 index of large companies on 2 January 2012.

According to PwC's quarterly IPO Watch Europe, these three share offerings were among the top five operations performed in Europe in the third quarter of the year.

In January 2011 the holding company International Airlines Group (IAG), one of the world's largest airline groups and the result of the merger between Iberia and British Airways, began trading. The operation which began a year previously concluded with the listing of the new holding company's shares on 24 January. The last operation was Aperam, the company resulting from the spin-off of ArcelorMittal's stainless steel business. The number of companies listed in the MAB alter-

native market also continued to increase. Within the growth companies segment, there were 5 new additions and 62 new SICAVs began trading. Furthermore, there are now 31 Registered Advisors licensed to secure the custom of companies and provide them with advisory services and guidance in this market.

At 2011 year-end there were 3,277 companies listed in the Spanish stock market. Of these, 130 were listed in the main market, 3,083 were trading on the MAB (of which 17 were listed in the growth companies segment), 29 were Latin American companies trading in the euro-denominated Latin American Securities Market (Latibex) and the remaining 35 were companies listed in electronic trading systems. The market capitalisation of companies admitted to trading on equities markets managed by BME at 31 December 2011 totalled €966,058 million, down 9.9% yoy.



The Spanish Stock Exchange welcomes IAG (Iberia + British Airways)

4

BME Business Areas

SME access to capital markets: an alternative as lending remains tight

Spanish SMEs are at a significant turning point with regard to their role in the country's economy in the next few years, as a result of the weighting of bank borrowing over total Debt which, in 2000-2009, averaged 42%, above the figure in leading European economies. Access to their core source of third-party funding, namely bank lending, has been notably constrained since the start of the financial crisis in 2007, as a result of the difficulties plaguing the banking sector and the uncertainties regarding the impact of new prudential regulations on lenders which will raise capital requirements and hamper credit operations to expanding companies.

Against this backdrop, the development and implementation of alternative funding formulae for all SMEs, and especially those with scope for considerable growth based on their potential to innovate and create jobs, is a crucial task, as indicated in a recent CNMV report entitled "Access of SMEs with growth potential to capital markets".

Supporting private equity activities and fostering SMEs' access to securities markets are the main formulae proposed for obtaining financing. As well as the potential to fund corporate growth, trading in markets can help solve specific problems, including generating business continuity through ownership restructuring in the case of family-run companies, providing a divestment alternative to short-term shareholders and introducing improve-

ments in the way firms are managed, by establishing the market as a benchmark. Trading also enhances visibility among clients, suppliers and potential financiers, and boosts companies' reputations, as they are subject to the rules of conduct and transparency stipulated by the regulations of those markets.

The CNMV report bolsters BME's unflinching commitment to this kind of alternative market. Since its creation at the height of the credit crunch, there are now (as of April) 21 companies that have obtained funding through access to the MAB, with a volume of funding in excess of €90 million.

The report recognises that the possible injection of public aid to help stimulate SMEs wishing to access these markets, coupled with fiscal incentives and tax credits linked to investment in the early phases of growing small companies will be decisive in fostering this method of financing.



CATENON is listed on MAB



EUROESPES is listed on MAB

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BME Business Areas

Equity markets: a way out for private equity

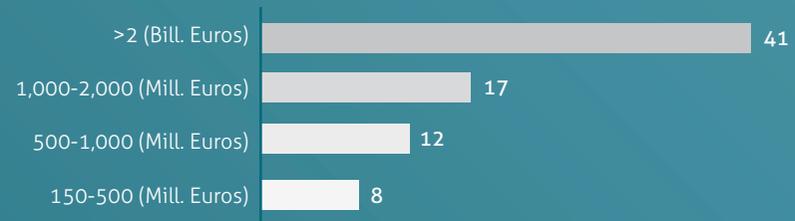
Private equity has returned in robust form to equity markets for the purpose of divestments, especially large-scale operations. There are an increasing number of private equity funds that have chosen to conduct IPOs as a way to divest their investees.

Among the most successful recent examples is Spanish company Amadeus, which this year completed the withdrawal of private equity funds from its ownership structure, having returned to the Spanish stock market in April 2010 following its delisting in 2005 when it was acquired by private equity funds. The fact that the capital invested was multiplied seven-fold reflects the success of this operation.

According to a recent report by consultants Ernst & Young, the trend of divesting via equity markets is a European phenomenon, and the number of divestments of companies owned by private equity funds in 2010 (57) was a significant increase compared to the figure in 2009 (31), mainly due to IPOs. The analysis of the divestments by private European equity funds between 2005 and 2010 shows that IPOs accounted for just 8% for small businesses (between €150 million and €500 million in market value), a little more for mid-caps and 41% for companies whose market value exceeds €2 billion. In short, if equity markets are the main channel for large-scale divestments by private equity funds, the challenge is to persuade small and medium-sized enterprises to use this tool as well.

Divestments of venture capital funds in Europe (2005- 2010) Percentage (%) of divestment transactions through IPOs in relation to the company's size

(Source: Ernst & Young)



4

BME Business Areas

Listing

All of these market data undoubtedly help consolidate the trading flows in BME's operating platforms, but they are particularly significant for operating revenues in the Listing business. The company's Listing business mostly recognises revenue and expenses derived from first-time equity market listings and annual listing fees in the AIAF listed fixed-income securities market. This is currently the fourth-largest source of revenue (7.6%) and profit (6.5%) for BME and, in 2011, the weighting of these two items increased by 0.3% and 0.9%, respectively, year-on-year.

In 2011, the volume admitted to trading in the AIAF fixed income market was €278.55 billion, implying a 24.7% year-on-year increase. Covered bonds (cédulas) were the type of assets recording the biggest growth, with a total of €94.48 billion (+78.5%), followed by securitised bonds, with 51.7% growth. The issuance of promissory notes was only reactivated in the fourth quarter, after a period in the doldrums since the early part of the year, so the aggregate annual increase was just 2.2%.

Listing

	2011	2010	%
For the Business			
Revenue (million euros)	24,281	22,890	6.1
Expense (million euros)	-9,377	-10,091	-7.1
EBITDA (million euros)	14,904	12,799	16.4
For the revenue sources			
Shares			
Number of companies listed	3,351	3,386	-1.0
Share capitalisation (million euros)	966,058	1,071,633	-9.9
Nominal value of new shares listed (millions of euros)	7,619	1,201	534.4
Equity market investment flows, new shares listed (million euros)	18,838	13,780	36.7
Equity market investment flows, shares already listed (million euros)	18,901	14,164	33.4
Fixed income			
Listed on AIAF (nominal value in million euros)	278,554	223,444	24.7
Public Debt outstanding balance (million euros)	644,335	580,687	11.0
Private Fixed Income outstanding balance (million euros)	879,542	850,532	3.4

Volume of new listings in AIAF
 (nominal amounts in millions of euros)


GRINO is listed on MAB

BME Business Areas

Fixed Income

Due to the specific characteristics of fixed income securities, this BME business line, which processes the largest volumes of securities through BME systems, is the segment that contributes the least to the Group's global income statement under the trading items which produce the figures below. It accounted for 2.5% of revenue in 2011 (€8.03 million) and 2.2% of EBITDA (€5.09 million). These items recorded respective year-on-year growth of 7.3% and 6.2% in the year, after a 9.1% rise in operating costs.

In 2011, Global Fixed Income markets, especially European government debt markets, were the focus of even greater worldwide financial tensions and risk of global contagion than in 2010. The uncertainty regarding sovereign debt in euro area countries with a more critical fiscal position and sluggish growth was compounded in 2011, unleashing further episodes of enormous tension within the framework of the financial crisis which first emerged in 2007.

In this context, the interest rates on Spanish government debt continued to rise in 2011 and were subject to volatility hitherto unseen in relation to this kind of financial instrument. The 10-year benchmark government bond yield began the year at 5.45% and on 25 November had peaked at 6.67%, a record since the euro was launched. However, the most salient aspect was not the rise in outright interest rates but the comparison with the natural benchmark in the euro area, the German 10-year bond. The yield on the 10-year Bund began the year at 2.98% and on 1 November it stood at 1.76%, a record since the introduction of the common currency. The spread between the two bonds widened as the year progressed to close November at around 4 percentage points (having hovered around 5 percentage points during the same month). At year-end 2011, the spread was 3.25%. The increase in the risk premium on Spanish 10-year bonds compared with the German benchmark became a clear indicator of the severe problems of restricted funding and the increase in the cost of financing for Public Administrations which plague the Spanish economy.

Corporate Debt Trading volume (Trillion Euros)



Fixed Income

	2011	2010	%
For the Business			
Revenue (million euros)	8,030	7,487	7.3
Expense (million euros)	-2,935	-2,691	9.1
EBITDA (million euros)	5,095	4,796	6.2
For the revenue sources			
Trading (total, million euros)	5,596,171	3,958,086	41.4
Public Debt (million euros)	85,004	236,591	-64.1
Private Fixed Income (trading volume, millions of euros)	5,445,102	3,658,848	48.8
Other types of Fixed Income listed on the stock exchange (millions of euros)	66,065	62,647	5.5

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BME Business Areas

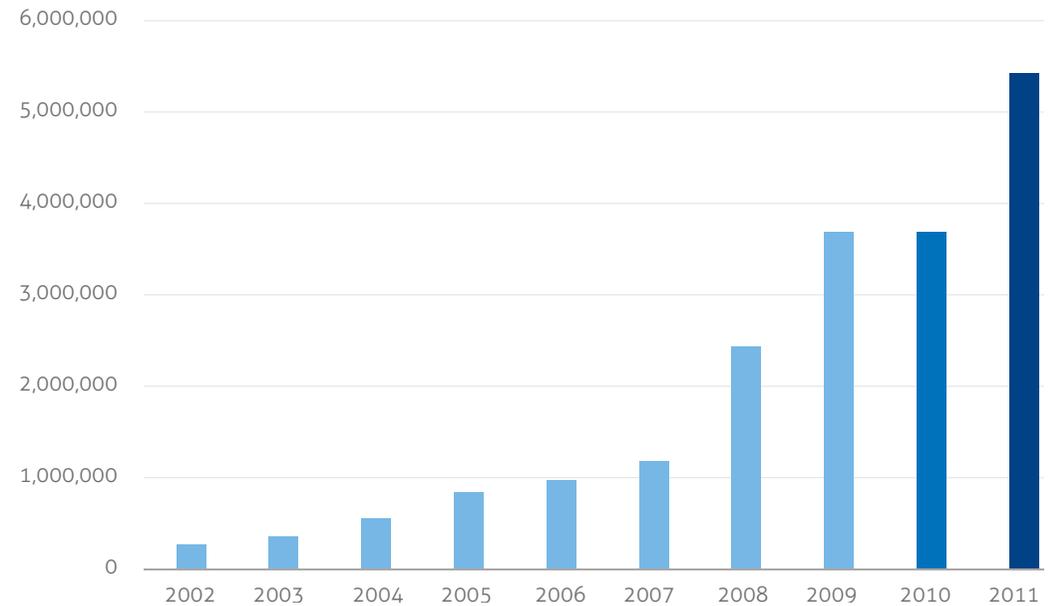
Surge in Corporate Debt trading

The response by the markets for these instruments in which BME participates was a robust level of activity in trading and issuing, in both public and corporate instruments, in the latter case with particular reference to corporate promissory notes, where retail investors played a significant role in this untypical year. Total trading volume for the year at this unit amounted to €5.6 trillion, 41.4% higher than in the previous year.

Corporate debt (Private Fixed Income) showed a consistent performance, even in the current unusual circumstances, with trading volume of €5.45 trillion and growth of 48.8% vs. 2010. The number of trades in this market also increased year-on-year.

Also in 2011, the SEND (Sistema Electrónico de Negociación de Deuda) electronic debt trading platform created by BME and aimed specifically at retail investors celebrated its first successful year and-a-half of operations. In contrast to the rather lacklustre performance by the few similar initiatives in Europe, our platform posted consistent monthly volume and a growing number of trades. This market segment is beginning to gain critical mass and has already registered significant placements by financial entities such as Caixabank and Bankia in the amount of €3 billion.

Corporate Debt trading volume (million euros)



4

BME Business Areas

SEND sees trading increase

The SEND (Sistema Electrónico de Negociación de Deuda) electronic Debt trading platform created by BME and aimed specifically at retail investors has successfully celebrated its first year-and-a-half of operations. In contrast to the rather lacklustre performance achieved by the few similar initiatives in Europe, our platform has posted a consistent average monthly volume and a growing number of trades.

Although this kind of platform requires an extensive consolidation period, SEND's performance in 2011 (its first full year of activity) reinforced the objectives for which it was created: boosting transparency in Spanish Fixed Income trading, especially with respect to retail investors, enabling its members to meet the new regulatory requirements and ensuring customers that the best prices and conditions will be sought in keeping with the policy of best execution in all transactions.

This helps protect retail investors, enabling them to buy and sell easily in a direct and transparent manner, while affording them greater freedom and independence in their relations with the entity where their securities are deposited. In an operating system similar to that of the stock market, retail investors benefit from greater security and swifter transaction times, and obtain more fluid price information, as this platform aspires to become an objective and accurate reference for prices of securities traded.

BME Business Areas

Derivatives

After a quieter start to the year, from August onwards the Spanish equity futures and options market began to reflect the harsh reality of the severe tensions affecting the financial markets: implied volatility in derivative instrument prices reached peaks of over 60%, as seen at the height of the financial crisis. Total contracts traded in 2011 exceeded 67.5 million, barely 3.8% fewer than in 2010 despite the effect of the restrictions on short-selling, introduced in August. Nevertheless, trading in stock futures continued to grow in 2011, with the number of contracts traded surging 50% year-on-year.

The poor economic conditions took a particularly hefty toll on trading in those products from which the Group obtains most revenue: IBEX 35 futures and options. Trading volume in IBEX 35 futures fell by 15.6% and trading volume in IBEX 35 options was down 28.4%. On the positive side, the star products in the BME derivatives market were individual equity futures with the number of contracts traded up 40%, evidencing the increasing weighting of bilateral (OTC) derivatives trading in regulated markets and turning the page on the previous year's decline.

Derivatives

	2011	2010	%
For the Business			
Revenue (million euros)	23,601	26,266	-10.1
Expense (million euros)	-11,216	-10,849	3.4
EBITDA (million euros)	12,385	15,417	-19.7
For the revenue sources			
Trading (number of contracts)	67,572,115	70,224,162	-3.8
In derivatives on indices			
IBEX 35 futures (number of contracts)	5,281,218	6,280,999	-15.9
Mini IBEX 35 futures (number of contracts)	3,099,647	3,579,263	-13.4
Futures on IBEX 35 Impact Div. (number of contracts)	3,154	0	
IBEX 35 options (number of contracts)	2,198,967	3,072,418	-28.4
Total notional value (millions of euros)	560,107	717,801	-22.0
In derivatives on shares			
Equity futures (number of contracts)	27,578,789	19,684,108	40.1
Equity options (number of contracts)	29,410,340	37,607,374	-21.8
Total notional value (millions of euros)	63,629	71,311	-10.8
Open position (number of contracts)	11,290,192	10,828,329	4.3
Total number of trades	4,817,184	5,669,608	-15.0

Derivatives Trading volume (Million Contracts)



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BME Business Areas

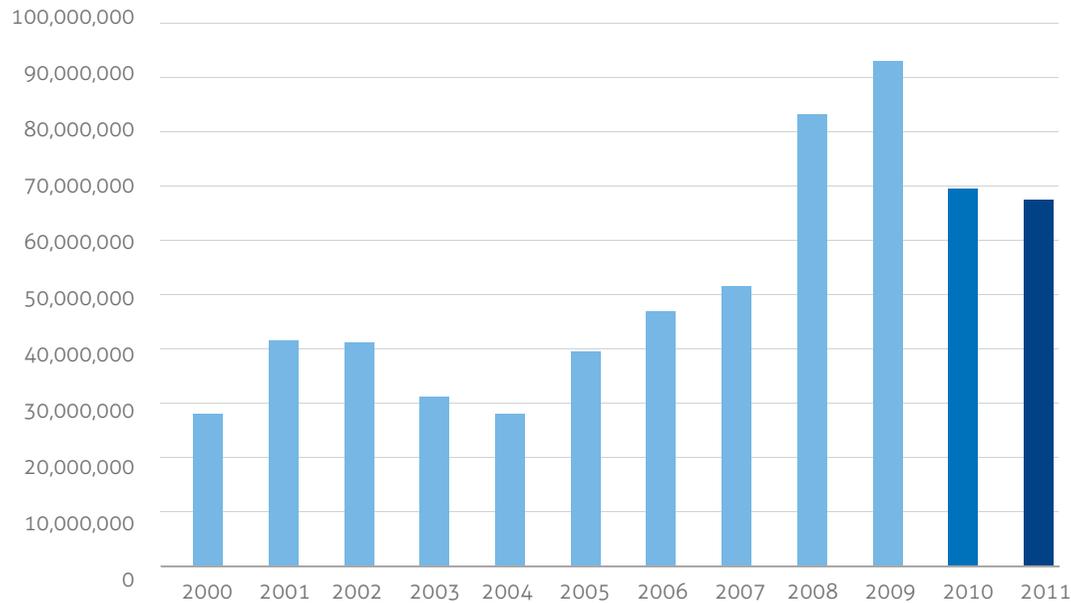
Complementary services provided by BME in this area

The outlook is favourable for this unit's complementary services such as MEEFPower and MEFF Repo services, both directly linked to the Central Counterparty Clearing House (CCP) services provided by BME.

MEFF Power, MEFF's service for the electricity market, started up on 21 March 2011 to offer central counterparty (CCP) services for OTC energy derivatives, thereby enhancing fluidity and transparency in the electricity market and increasing control over OTC transactions. Since then it has gained a 5% share of trading in these markets.

Moreover, under the new legislative framework approved in 2011, MEFF's central counterparty (CCP) clearing house can cater for all transactions involving Fixed Income securities traded on the securities markets, electronic systems or using other means, by clearing members and/or clients. Within this sphere of activity is MEFF Repo, a segment of this clearing house for repo transactions (with a buyback agreement) on fixed income securities, previously known as MEFFCLEAR. The service already has 36 users and by February 2012 it had moved approximately €100 billion.

Futures and Options in BME Number of contracts traded on equity products



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BME Business Areas

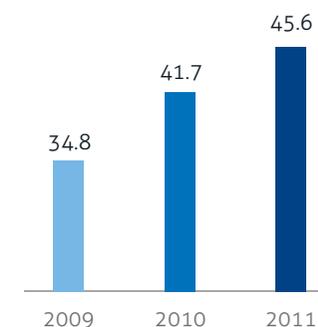
Clearing and Settlement

Throughout 2011 the Spanish stock market continued to record sizeable levels of activity in the clearing, settlement and registry of securities conducted by Iberclear.

The main news items in the year were the various regulatory processes underway which, in the next few years, will shape the development of these operations in the national securities market: these include Securities Market Act 32/2011, dated 4 October, amending Act 24/1988, dated 28 July, in the area of post-trading and the progress made on the project to establish a single platform for the settlement of securities, backed by the Eurosystem and known as Target2 Securities.

Headway was also made in the implementation of Link Up Markets, the initiative to integrate settlement processes in which BME is participating together with another nine Central Depositories, and the consolidation and growth of activities performed by RENADE, the National Registry for Emission Rights for Greenhouse Gases. The registry for financial instruments traded OTC (Regis-TR) also continued to progress and broaden its commercial strategy.

This BME business area contributed 24.8% of Group revenue in 2011 (+0.9% vs. 2010) and 28% of EBITDA (+1.4%). This makes subsidiary Iberclear the second largest contributor in the company's overall business structure.

Trades settled
(Millions)

Clearing and Settlement

	2011	2010	%
For the Business			
Revenue (million euros)	78,856	75,275	4.8
Expense (million euros)	-14,314	-13,932	2.7
EBITDA (million euros)	64,542	61,343	5.2
For the revenue sources			
Number of transactions settled	45,596,887	41,689,706	9.4
Assets in custody (nominal amount registered at period end) (billion euros)	1.66	1.56	6.4

4

BME Business Areas

Other activities

The Clearing and Settlement area performs a number of activities directly related to the systems and functions historically used and developed by Iberclear. Some are performed locally, while others are international in scope. The majority consist of projects scheduled for implementation over several stages. They include the following:

- **Link Up Markets.** In 2011, Link Up Markets, the settlement initiative in which BME is participating along with another nine central depositories, continued to promote its services on a global scale and to strengthen its ties with international depositories, regulators and various entities within the financial industry.
- **RENADE: the National Emissions Rights Registry.** The National Registry for Emission Rights for Greenhouse Gases (RENADE) was affected in 2011 by changes to EU law on Emission Rights Registries, changes which are set to have a considerable impact, as from 1 January 2012 the various European registries are scheduled to merge into a Single Registry to be managed by the European Commission. Iberclear will continue to perform all the tasks pertaining to the management of accounts belonging to Spain, and provide support and help desk services to all account-holders that belong to the Spanish Registry.

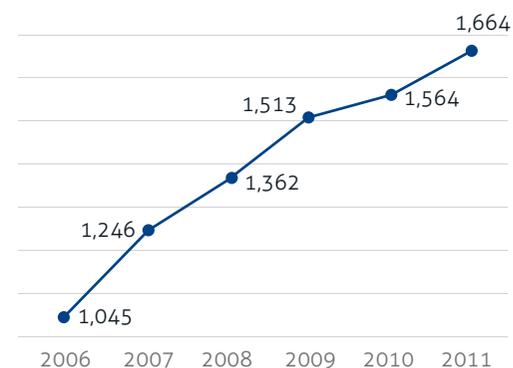
- **Registry for OTC Financial Instruments Traded (REGIS-TR).** The initiative in the Group's Settlement Area in which BME and Clearstream participated in 2011 completed its first year and broadened its range of services. The outlook for the future is sound. Following its launch in mid-December 2010, in 2011, REGIS-TR continued to make contact with financial institutions and regulatory bodies and attended the main national and international meetings to promote the initiative and took part in industry debates.

The main international events which REGIS-TR attended included the international financial services event SIBOS, which in 2011 took place in Toronto, as well as a number of conferences and events organised by Futures and Options World (FOW). It also took part in the 2011 International Cash and Treasury Management Conference and the annual conference of the European Association of Corporate Treasurers (EACT).

Highlights included the launch of a service for currency markets and the enhancement of reporting services offered by REGIS-TR for interest rate derivatives, unveiled in December 2010. The launch of the currency derivatives service keeps REGIS-TR a step ahead of the obligation for financial and non-financial entities all over the world to report their contracts, thereby helping clients to lay the groundwork for the regulatory changes to come.

Assets under custody

Nominal amounts registered (million euros)



4

BME Business Areas

Market Data and Information

The Information area remained BME's third-largest contributor in strategic terms, representing 9.9% of Group revenue and 10.8% of total EBITDA. The contribution to the Group total under both line items increased by 0.6 points compared with 2010.

Revenue at this operating unit rose by 7% to €33.39 million, due, among other things, to the 12% increase in the number of customers or subscribers to information content. The number of customers with a direct connection to BME's information servers increased by +17.2% year-on-year. The number of customers directly connected to BME information servers as the primary source also increased. The total number of end users of all kinds of information on the Spanish market rose by 5.8% in the year.

Operating costs rose temporarily higher than the desired level in the wake of the merger between Infobolsa and Openfinance (acquired in the year). The structure is currently being streamlined. Lastly, expenses at the unit increased by 9.8% in the year to €7.09 million. The area's operating profit at year-end was €26.3 million, up 6.3% on 2010.

BME Market Data

BME Market Data is a subsidiary of the BME Group launched in August 2011 in order to manage the generation and distribution of information in all the platforms and markets of the Spanish stock market. The previous configuration of stock market information dissemination entailed various technical platforms that multiplied costs and implied unnecessary investment in maintenance and development.

The deep-rooted transformation in securities markets and the industry in general in the last few years stems from regulatory and technological changes on a significant scale. These changes have made information dissemination a core element in boosting security, transparency, investor protection and adequate compliance with the task of fair and informed valuations performed by stock markets as exponents of regulated markets.

Accurate information dissemination by stock markets helps market integration, enhances efficient pricing and is a key aspect of competitiveness in terms of gaining liquidity for listed products. The various securities market agents now interact amid greater activity flows, more swiftly and in a more complex manner, which requires more and better information. Information dissemination platforms must be able to integrate various sources of proprietary information and contributed data, within a consolidated data flow, ensuring the standards of transparency and quality that the market needs.

With the launch of BME Market Data, parties interested in information at various levels generated in the platforms available in the Spanish stock market now have a single format and connection hub, and with the entry into operation of the new information dissemination contract from 2012 they will soon have a single contractual framework which will allow disseminated market information content to be managed centrally.

However, BME information users' needs are not only technological or contractual, but include content other than the prices and volumes that markets traditionally offered, such as analytical feeds, risk indicators, liquidity metrics, mark-to-model prices, reference data, specialist news, etc. In other words, content that can only be offered efficiently and at a reasonable cost by tapping the scale economies resulting from a centralised management of the information generated by the various markets currently run by BME.

In short, BME Market Data provides the Spanish stock market with the appropriate action unit for managing information and the scale economies necessary to address the present and future, with the innovation capacity, commercial agility and efficiency called for by the new scenario that is unfolding in markets.

4

BME Business Areas

Infobolsa

In 2011, in order to offset the increasing concentration of customers in the Spanish financial sector in which Infobolsa conducts its activity, the company focused particularly on the international expansion strategy which it commenced at the end of the previous year. It performed analyses, pinpointed the needs and developed new services for the Mexican market, where Infobolsa has gained considerable know-how over the last few years of partnership with Bolsa Mexicana de Valores, whereby the latter offers financial information services based on Infobolsa technology.

The new services are a qualitative leap since they provide added-value functions (portfolio management and reports, processing of orders, etc) to the financial information offered, by building solutions into the customer's platform as part of the trading process. This was made possible by the use of IT and Internet development tools (AJAX, HTML5) which allow the company to offer near top-of-the-range quality services through a browser.

The result has been positive not only in terms of the degree of market penetration but also because of the product strategy defined jointly with customers, which has allowed the company to tailor services to the local Mexican market that are fully adapted to the needs of the sector. It is worth highlighting that one of the country's leading financial institutions developed an its online broker and mobile portals strategy in 2011 with the aid of Infobolsa, providing a benchmark that accelerated the process of introducing Infobolsa as a local vendor.

Through its subsidiary Openfinance, specialising in front office tools for HNWI management, the Group has also launched commercial actions in Chile and Argentina with a view to 2012. Precisely thanks to the aforementioned internationalisation strategy, the Terminals business line had stable parameters throughout the year.

Information

	2011	2010	%
For the Business			
Revenue (million euros)	33,386	31,196	7.0
Expense (million euros)	-7,090	-6,455	9.8
EBITDA (million euros)	28,296	24,742	6.3

4

BME Business Areas

IT&Consulting

The activities encompassed in this BME business area represent its most recent developments. The unit, which raises revenue from various products and managed services, is thus the company's youngest division. Nevertheless, it is performing well, contributing 2.7% to Group profit in 2011 (almost a full point more than in 2010) and 5.3% to revenue (+0.7%).

Combined revenues from IT & Consulting activities totalled €16.7 million in 2011 (up 15.7%).

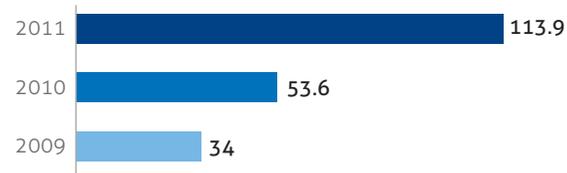
Work revolves around various differentiated fields of activity managed by two companies: Visual Trader and BME Innova.

Visual Trader

The migration of the Spanish market to the new HF Smart platform triggered the need to adapt the Visual Trader system across the board. On the one hand, a new version of the maX Terminal was launched, tailored specially for trading in HF Smart. Improvements geared towards reducing latency and enhancing performance resulted in significant quality gains in trade-routing by removing access to databases.

Considerable commercial activity was conducted in 2011. Agreements were signed with two new brokers to execute orders in international markets, a new issuer of certificates was included via Visual Trader and ten new entities connected to BME Systems via the Proximity services managed by Visual Trader. Furthermore, the expansion of the communications network used by Visual Trader focused mainly on the connection with the new hubs in London which began in 2010.

Domestic and international SIBE orders processing via Visual Trader (million operations)



4

BME Business Areas

BME Innova

In 2011 BME Consulting and BME Innova merged to create an international innovation and consultancy company. In accordance with BME Innova's vision, four ranges of services have been developed:

BME ALTERNATIV. Since its launch, BME Innova has offered business continuity solutions. This is a set of contingency and continuity services tailored to all kinds of companies, not only within the financial sector, BME's natural market, but also major corporations and SMEs. It has evolved to encompass services that can include production as well as business continuity.

BME HIGHWAY. Under the rubric of financial communication services, BME capitalised on its experience in financial courier services via the SWIFT network and in TARGET 2 to make BME Innova a SWIFT service bureau and develop BME HIGHWAY. The adoption of this service by ten financial entities represented a sizeable cost saving, and did not require any change in daily operations.

BME CONFIDENCENET. In early 2009, BME Innova launched a new range of management software services for financial institutions, aimed at facilitating compliance with the various legal requirements established by the sector regulators. The BME CONFIDENCENET platform's services share an architecture that guarantees levels of security identical to those of market operations, ensuring confidentiality and state-of-the-art technology. Specifically, the solutions designed for the Spanish market are based on a private cloud services model installed in an environment of the utmost security, confidentiality and privacy for each participant via virtualisation technologies.

BME CONSULTING is the brand belonging to BME Innova that exports technological systems and platforms, provides strategic consulting services for financial markets and offers specialised training worldwide. In 2011 BME Consulting continued to provide support and assistance to Latin American markets that use the SIBE electronic trading platform.

With regard to consultancy activities, BME has unveiled a number of projects for consultancy in financial markets, and BME Innova has been commissioned to conduct the feasibility study for the implementation of alternative equity markets in Latin American and Caribbean countries to be developed in 2012.

IT & Consulting

	2011	2010	%
For the Business			
Revenue (million euros)	16,712	14,440	15.7
Expense (million euros)	-10,512	-10,269	2.4
EBITDA (million euros)	6,200	4,171	48.6