



EXPLANATORY REPORT BY THE BOARD OF DIRECTORS IN RELATION TO THE PROPOSED RESOLUTION FOR THE RE-ELECTION OF MR. IGNACIO GARRALDA RUIZ DE VELASCO AS BME'S DIRECTOR.

I.- Purpose of the explanatory report.

This report is issued on 19 March 2018 pursuant to section 5 of article 529.decies of the Companies Act, and article 22.1 of the Board of Directors Regulations, which require that all proposals for the appointment or re-election of members of the Board of Directors be accompanied by an explanatory report from the Board of Directors evaluating the competence, experience and merit of the proposed candidate.

Therefore, the present Board of Directors report accompanies and evaluates the proposed re-election of Mr. Ignacio Garralda Ruiz de Velasco as an independent external Director raised by the Appointments and Remuneration Committee at its meeting held on 20 February 2018, in compliance with section 4 of article 529.decies, and section 3.c) of article 529.quindecies of the Companies Act, and articles 20.2.c) and 22.1 of the Board of Directors Regulations.

II.- Explanatory report on the proposed re-election of Mr. Ignacio Garralda Ruiz de Velasco as Director.

In view of the foregoing and for the purpose of issuing the required explanatory report, the Board of Directors evaluated the conditions that must be met by the Directors in order to discharge their duties and the dedication required in exercising their functions.

Furthermore, the Board of Directors assessed the competence, experience and merit of Mr. Ignacio Garralda Ruiz de Velasco, based on the information provided regarding his professional background:

"Mr. Ignacio Garralda Ruiz de Velasco graduated in Law from Madrid's Complutense University.

He was Trade Collegiate Broker (1976 - 1982), stock-broker agent of "Ilustre Colegio de Agentes de Cambio y Bolsa de Madrid" (1982-1989) and Notary on unpaid leave since 1989.

He was Founding Member of "AB Asesores Bursátiles, S.A." where he served as Deputy Chairman to 2001. He was Deputy Chairman of "AB Morgan Stanley Dean Witter, S.V., S.A." (1989 to 2001) and Chairman of "Bancoval, S.A." (1994 - 1996). Between 1991 and 2009 he was a Director of Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.

Mr. Garralda Ruiz de Velasco has been Chairman of "Mutua Madrileña" since 2008, where he has been a Director since 2002 and was Second Deputy Chairman from 2005 to 2008. He was appointed CEO on 27 June 2013, and was renewed in the post on 14 May 2015.

He has also worked as external proprietary Director at Caixabank, S.A. since 2017, and as external independent Director at ENDESA since 2015. Between 2013 and 2017 he was a Director at Faes Farma, S.A. and Consorcio de Compensación de Seguros.



Mr. Garralda Ruiz de Velasco is Vice-President of "Fundación Lealtad" and member of the Board of Trustees of "Museo y Fundación Reina Sofía", "Fundación Teatro Real", "Real Instituto Elcano" and "Fundación Príncipe de Asturias".

Based on his professional background, the Board of Directors confirms that Mr. Garralda Ruiz de Velasco has the appropriate professional knowledge and experience and business and professional integrity to be re-elected as member of the Board of Directors of the Company. Mr. Garralda Ruiz de Velasco's knowledge of the securities market industry is worth particular mention, having served as Director at Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U., a subsidiary of the BME Group for more than 15 years.

Furthermore, the Board of Directors approved his ample experience as the chief executive of a non-listed reference company in its sector, in addition to the experience obtained in the roles he occupies and has occupied at other listed companies in different fields; the foregoing, in the opinion of the Board of Directors, promotes the diversity of knowledge and experience in the composition of the Board of Directors.

The Appointments and Remuneration Committee also found that Mr. Garralda Ruiz de Velasco has not been and is not involved in any situations in which the Director must tender his resignation to the Board of Directors included in article 38.3 of the Articles of Association and article 22.4.a) and c) of the Board of Directors Regulations, or in any situations of prohibition to exercise the position, as established in article 213 of the Companies Act.

Furthermore, it can be ascertained from his professional profile that as at the date of issue of this report, Mr. Garralda Ruiz de Velasco complies with the provisions of article 23 of the Board of Directors Regulations which establishes that external Directors may not hold directorships at more than four companies whose shares are listed on Spanish or foreign stock markets.

By virtue of that set forth and taking into account the proposal made by the Appointments and Remuneration Committee, the Board of Directors considers that Mr. Garralda Ruiz de Velasco has the competence, experience and merit necessary for his re-election as Director of the Company.

For these purposes, the Board of Directors approves this explanatory report attached the proposed re-election of Mr. Ignacio Garralda Ruiz de Velasco as Director approved by the Appointments and Remuneration Committee to be submitted to the Ordinary General Shareholders' Meeting.



**EXPLANATORY REPORT BY THE BOARD OF DIRECTORS IN RELATION TO THE
PROPOSED RESOLUTION FOR THE APPOINTMENT OF MS. ANA ISABEL
FERNÁNDEZ ÁLVAREZ AS BME'S DIRECTOR**

I.- Purpose of the explanatory report.

This report is issued on 19 March 2018 pursuant to section 5 of article 529.decies of the Companies Act and article 22.1 of the Board of Directors Regulations, which require that all proposals for appointment of members of the Board of Directors be accompanied by a explanatory report from the Board of Directors evaluating the competence, experience and merit of the proposed candidate.

Therefore, this Board of Directors report accompanies and evaluates the proposed appointment of Ms. Ana Isabel Fernández Álvarez qualified as independent external Director raised by the Appointments and Remuneration Committee at its meeting held on 20 February 2018, in compliance with section 4 of article 529.decies, and section 3.c) of article 529.quindecies of the Companies Act, and articles 22.1 and 20.2.c) of the Board of Directors Regulations.

II.- Explanatory report on the proposed appointment of Ms. Ana Isabel Fernández Álvarez as Director.

In view of the foregoing and for the purpose of issuing the required justification report, the Board of Directors, after assessing its current composition, has evaluated the conditions that must be met by the Directors to perform their duties and the dedication required to discharge their responsibilities.

The Board of Directors also assessed the competence, experience and merit of Ms., based on the information provided regarding her professional background:

"Ms. Ana Isabel Fernández Álvarez is an economist, who studied at the Faculty of Economics and Business of the University of Oviedo.

She has been a professor of Financial Economics at the University of Oviedo since January 1991 and Colegio Universitario de Estudios Financieros, CUNEF, since September 2014.

She sits on the Board of Directors and has been a member of the Audit and Compliance Committee and Risk Committee at Mapfre, S.A. since July 2016 and Mapfre Global Risks and Mapfre Asistencia since January 2016. In addition, she has been a member of the Board of Trustees at the Princess of Asturias Foundation since March 2015 and the Banco Sabadell Foundation since January 2015.

Between 2010 and 2014, she was a Director at the National Securities Market Commission and since 2011 has undertaken international duties at the European Securities and Markets Authority (ESMA). Since February 2015, she has been a member of the Corporate Reporting Consultative Working Group (CWG CR) and previously, a member of its Board (June 2011 to June 2013), member of the Financial Innovation



Standing Committee (FISC) (November 2011 to July 2014) and member of the Financial Innovation and Consumer Protection Subcommittee of the Joint Committee of the European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA) and European Securities and Markets Authority (ESMA) (June 2012 to July 2014).

She has published numerous articles in renowned magazines in the field of corporate finance, corporate governance and banking and financial regulations, and has participated at a range of national and international forums. She has served as the Chairwoman or the Scientific Association of Business Management and Economy (ACEDE) and editor of the magazine CEDE."

Based on her professional experience, the Board of Directors believes that Ms. Ana Isabel Fernández Álvarez has the appropriate professional knowledge and experience and business and professional integrity to be appointed as member of the Board of Directors of the Company.

Her professional profile is a testament to the fact that Ms. Ana Isabel Fernández Álvarez has ample professional experience in the securities market sector, having occupied a range of roles at the National Securities Market Commission and the European Securities and Markets Authority (ESMA).

Furthermore, she serves on the Board of Directors, as an independent Director, at Mapfre, S.A. and its Audit and Compliance and Risk Committees, demonstrating her experience at listed companies.

The Appointments and Remuneration Committee also states that Ms. Ana Isabel Fernández Álvarez has not been and is not involved in any situations in which the Director must tender her resignation to the Board of Directors included in article 38.3 of the Articles of Association and articles 22.4.a) and c) of the Board of Directors Regulations, or in any situations of prohibition to exercise the position, as established in article 213 of the Companies Act.

It can be ascertained from her professional profile that as at the date of issue of this report, Ms. Ana Isabel Fernández Álvarez complies with the provisions of article 23 of the Board of Directors Regulations which establishes that external Directors may not hold directorships at more than four companies whose shares are listed on Spanish or foreign stock markets.

By virtue of that set forth and taking into account the proposed appointment issued by the Appointments and Remuneration Committee, the Board of Directors considers that Ms. Ana Isabel Fernández Álvarez has the competence, experience and merit necessary for her appointment as Director of the Company.

For these purposes, the Board of Directors approves the following explanatory report attached the proposed appointment of Ms. Ana Isabel Fernández Álvarez as Director approved by the Appointments and Remuneration Committee to be submitted to the Ordinary General Shareholders' Meeting of BME.



EXPLANATORY REPORT BY THE BOARD OF DIRECTORS IN RELATION TO THE PROPOSED RESOLUTION FOR THE APPOINTMENT TO MR. DAVID JIMENEZ-BLANCO AS BME'S DIRECTOR

I.- Purpose of the explanatory report.

This report is issued on 19 March 2018 pursuant to section 5 of article 529.decies of the Companies Act and article 22.1 of the Board of Directors Regulations, which require that all proposals for appointment of members of the Board of Directors be accompanied by a justification report from the Board of Directors evaluating the competence, experience and merit of the proposed candidate.

Therefore, this Board of Directors report accompanies and evaluates the proposed appointment of Mr. David Jimenez-Blanco as an independent external Director raised by the Appointments and Remuneration Committee at its meeting held on 20 February 2018, in compliance with section 4 of article 529.decies, and section 3.c) of article 529.quindecies of the Companies Act, and articles 22.1 and 20.2.c) of the Board of Directors Regulations.

II.- Explanatory report on the proposed appointment of Mr. David Jimenez-Blanco as Director.

In view of the foregoing and for the purpose of issuing the required justification report, the Board of Directors, after assessing its current composition, has evaluated the conditions that must be met by the Directors to perform their duties and the dedication required to discharge their responsibilities.

The Board of Directors also assessed the competence, experience and merit of Mr. David Jimenez-Blanco, based on the information provided regarding his professional background:

"Mr. David Jimenez-Blanco holds a Degree in Economics and Business from the Colegio Universitario de Estudios Financieros (CUNEF).

Since 2016, he has served as General Manager of Strategy and Restructuring at Abengoa, S.A.

Since 2010 he has served as a Director and member of the Investment Committee at Gawa Capital Management, an investment management firm.

Since 2014, he has served as an independent external Director at Axiare Patrimonio Socimi, S.A., where he served as Chairman of the Audit Committee until 2017 and where he has served as Chairman of the Remuneration Committee since 2017.

In 2011 and 2012, he was an independent Director and member of the Audit Committee at Atento Inversiones y Teleservicios, S.A.

Between 2013 and 2016, he was Chief Financial Officer (CFO) at World Duty Free Group and Co-Founder and Partner at BK Partners, an investment management firm.

Between 2006 and 2009, he was Chairman and Chief Executive Officer at Merrill Lynch Capital Markets España, S.A., S.V., serving as Head of Global Markets and Investment



Banking for Spain and Portugal. Furthermore, he was a member of the Investment Banking Operating Committee for Europe, the Middle East and Africa at Merrill Lynch.

Between 1995 and 2006 he worked at Goldman Sachs International, in different positions at the London and Madrid offices. Between 2004 and 2006 he served as "Managing Director."

Previously, between 1989 and 1995, he occupied different posts, including "Vice President" and "Director" at Salomon Brothers International Limited."

Based on his professional experience, the Board of Directors believes that Mr. David Jimenez-Blanco has the appropriate professional knowledge and experience and business and professional integrity to be appointed as member of the Board of Directors of the Company.

Mr. David Jimenez-Blanco professional profile indicates that he has extensive professional experience in the investment banking sector, occupying senior management roles at Merrill Lynch and Goldman Sachs, which demonstrates his knowledge and experience in financial markets.

Furthermore, he sits on the Board of Directors at Axiare Patrimonio, Socimi, S.A. and Gawa Capital Management, serves as General Manager of Strategy and Restructuring at Abengoa, S.A. and previously sat on the Board of Directors at Atento Inversiones y Teleservicios, S.A., demonstrating his experience in the management of listed companies.

The Appointments and Remuneration Committee also states that Mr. David Jimenez-Blanco has not been and is not involved in any situations in which the Director must tender his resignation to the Board of Directors included in article 38.3 of the Articles of Association and articles 22.4.a) and c) of the Board of Directors Regulations, or in any situations of prohibition to exercise the position, as established in article 213 of the Companies Act.

It can be ascertained from his professional profile that as at the date of issue of this report, Mr. David Jimenez-Blanco complies with the provisions of article 23 of the Board of Directors Regulations which establishes that external Directors may not hold directorships at more than four companies whose shares are listed on Spanish or foreign stock markets.

By virtue of that set forth and taking into account the proposed appointment issued by the Appointments and Remuneration Committee, the Board of Directors considers that Mr. David Jimenez-Blanco has the competence, experience and merit necessary for his appointment as Director of the Company.

For these purposes, the Board of Directors approves the following explanatory report attached the proposed appointment of Mr. David Jimenez-Blanco as Director approved by the Appointments and Remuneration Committee to be submitted to the Ordinary General Shareholders' Meeting of BME.



EXPLANATORY REPORT BY THE BOARD OF DIRECTORS IN RELATION TO THE PROPOSED RESOLUTION FOR THE APPOINTMENT OF MS. ISABEL MARTÍN CASTELLA AS BME'S DIRECTOR

I.- Purpose of the explanatory report.

This report is issued on 19 March 2018 pursuant to section 5 of article 529.decies of the Companies Act and article 22.1 of the Board of Directors Regulations, which require that all proposals for appointment of members of the Board of Directors be accompanied by a justification report from the Board of Directors evaluating the competence, experience and merit of the proposed candidate.

Therefore, this Board of Directors report accompanies and evaluates the proposed appointment of Ms. Isabel Martín Castella as an independent external Director raised by the Appointments and Remuneration Committee at its meeting held on 20 February 2018, in compliance with section 4 of article 529.decies, and section 3.c) of article 529.quindecies of the Companies Act, and articles 22.1 and 20.2.c) of the Board of Directors Regulations.

II.- Explanatory report on the proposed appointment of Ms. Isabel Martín Castella as Director.

In view of the foregoing and for the purpose of issuing the required justification report, the Board of Directors, after assessing its current composition, has evaluated the conditions that must be met by the Directors to perform their duties and the dedication required to discharge their responsibilities.

The Board of Directors also assessed the competence, experience and merit of Ms. Isabel Martín Castella, based on the information provided regarding her professional background:

"Ms. Isabel Martín Castella holds a Degree in Economics and Business from the Complutense University of Madrid. In 1997, she passed the entrance exam and was accepted into Spain's Commercial Technicians and Economists Corps.

Since 2015, she has sat on the Board of Directors at Sacyr, S.A., as an independent Director, chairing its Audit and Corporate Governance Committee and serving as a member of its Appointments and Remuneration Committee.

Furthermore, since 2017, she has sat on the Board of Directors at Unicaja Banco, S.A. as an independent Director, serving as a member of its Audit and Regulatory Compliance Committee and Risks Committee.

She is a member of the Advisory Board at Venture Capital Management Firm GED and its on the Board of GED Infraestructuras.

Between 1977 and 1985, she occupied a range of posts at the Ministry of Economy and the Ministry of Trade and Tourism; and between 1985 and 1987, she served as Chief of Staff to the Deputy Chairman of the Spanish National Industry Institute (INI), sat on the Board of a range of companies in the INI Group and ob the Economic and Social Committee of the European Communities.



She served as Deputy Manager at Banco Central Hispano and Banco Santander between 1987 and 2000. Between 2000 and 2006, she was Deputy Chairwoman and member of the Board of Directors at the European Investment Bank (EIB). Between 2006 and 2011, she occupied the post of Manager of the Madrid International Financial Centre Association.

Furthermore, in 2012 and 2013, she was Chairwoman of the Spanish State-owned company, Expansión Exterior.

Between 2013 and September 2015, she was a member of the Supervisory Board of ING Verzekeringen N.V, the insurance holding of ING Groep N.V, now Nationale Nederlanden N.V. and until 2017 she sat on the Supervisory Board of ING Groep N.V. and ING Bank. N.V. Holding."

Based on her professional experience, the Board of Directors believes that Ms. Isabel Martín Castella has the appropriate professional knowledge and experience and business and professional integrity to be appointed as member of the Board of Directors of the Company.

Her professional profile is a testament to the fact that Ms. Isabel Martín Castella has experience at listed companies, like Sacyr, S.A. and Unicaja Banco, S.A., where she serves on the Audit, Appointments and Remuneration and Risks Committees.

Furthermore, she holds and has held a number of senior management positions and has served a member of their *Supervisory Boards* at national and international banks, demonstrating her knowledge and experience in financial markets.

The Appointments and Remuneration Committee also states that Ms. Isabel Martín Castella has not been and is not involved in any situations in which the Director must tender her resignation to the Board of Directors included in article 38.3 of the Articles of Association and articles 22.4.a) and c) of the Board of Directors Regulations, or in any situations of prohibition to exercise the position, as established in article 213 of the Companies Act.

Furthermore, it can be ascertained from her professional profile that as at the date of issue of this report, Ms. Isabel Martín Castella complies with the provisions of article 23 of the Board of Directors Regulations which establishes that external Directors may not hold directorships at more than four companies whose shares are listed on Spanish or foreign stock markets.

By virtue of that set forth and taking into account the proposed appointment issued by the Appointments and Remuneration Committee, the Board of Directors considers that Ms. Isabel Martín Castella has the competence, experience and merit necessary for her appointment as Director of the Company.

For these purposes, the Board of Directors approves the following explanatory report attached the proposed appointment of Ms. Isabel Martín Castella as Director approved by the Appointments and Remuneration Committee to be submitted to the Ordinary General Shareholders' Meeting of BME.



**EXPLANATORY REPORT BY THE BOARD OF DIRECTORS IN RELATION TO THE
PROPOSED RESOLUTION FOR THE APPOINTMENT OF MR. JUAN CARLOS URETA
DOMINGO AS BME'S DIRECTOR**

I.- Purpose of the explanatory report.

This report is issued on 19 March 2018 pursuant to section 5 of article 529.decies of the Companies Act and article 22.1 of the Board of Directors Regulations, which require that all proposals for appointment of members of the Board of Directors be accompanied by a justification report from the Board of Directors evaluating the competence, experience and merit of the proposed candidate.

Therefore, this Board of Directors report accompanies and evaluates the proposed appointment of Mr. Juan Carlos Ureta Domingo as an independent external Director raised by the Appointments and Remuneration Committee at its meeting held on 20 February 2018, in compliance with section 4 of article 529.decies, and section 3.c) of article 529.quindecies of the Companies Act, and articles 22.1 and 20.2.c) of the Board of Directors Regulations.

II.- Explanatory report on the proposed appointment of Mr. Juan Carlos Ureta Domingo as Director.

In view of the foregoing and for the purpose of issuing the required justification report, the Board of Directors, after assessing its current composition, has evaluated the conditions that must be met by the Directors to perform their duties and the dedication required to discharge their responsibilities.

The Board of Directors also assessed the competence, experience and merit of Mr. Juan Carlos Ureta Domingo, based on the information provided regarding his professional background:

"Mr. Juan Carlos Ureta Domingo holds a Degree in Law and Economics (Lawyer specialising in economics) from the University of Deusto (Bilbao). He successfully became a State Attorney in 1980 (currently on unpaid leave) and has served as a Stockbroker at the Madrid Stock Exchange since 1986.

He is currently executive Chairman of Renta 4 Banco, S.A.

He is also a member of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U., a member of the Advisory Board at ING Director and a consultant to a range of Spanish and foreign business groups.

Between 2010 and 2016, he was Chairman of the Financial Studies Foundation and Spanish Institute of Financial Analysts.

Mr. Juan Carlos Ureta Domingo between 2002 and 2006, served as a member of the Board of Directors at BME and previously, between 1996 and 2003, he sat on the Board of Servicio de Compensación y Liquidación de Valores (now Iberclear)."

Based on his professional experience, the Board of Directors believes that Mr. Juan Carlos Ureta Domingo has the appropriate professional knowledge and experience and business



and professional integrity to be appointed as member of the Board of Directors of the Company.

His professional profile is a testament to the fact that Mr. Juan Carlos Ureta Domingo has vast professional experience in the finance industry, occupying senior management roles.

Furthermore, he sits and has sat on the Board of Directors at different companies, including Indra Sistemas, S.A. and Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U. His vast experience in the industry and activities undertaken by the Company, at which he has served as a Director, has been taken into account.

The Appointments and Remuneration Committee also states that Mr. Juan Carlos Ureta Domingo has not been and is not involved in any situations in which the Director must tender his resignation to the Board of Directors included in article 38.3 of the Articles of Association and articles 22.4.a), and c) of the Board of Directors Regulations, or in any situations of prohibition to exercise the position, as established in article 213 of the Companies Act.

Furthermore, it can be ascertained from his professional profile that as at the date of issue of this report, Mr. Juan Carlos Ureta Domingo complies with the provisions of article 23 of the Board of Directors Regulations which establishes that external Directors may not hold directorships at more than four companies whose shares are listed on Spanish or foreign stock markets.

By virtue of that set forth and taking into account the proposed appointment issued by the Appointments and Remuneration Committee, the Board of Directors considers that Mr. Juan Carlos Ureta Domingo has the competence, experience and merit necessary for his appointment as Director of the Company.

For these purposes, the Board of Directors approves the following explanatory report attached the proposed appointment of Mr. Juan Carlos Ureta Domingo as Director approved by the Appointments and Remuneration Committee to be submitted to the Ordinary General Shareholders' Meeting of BME.