

REPORT ON THE AMENDMENTS INCLUDED IN THE BOARD OF DIRECTORS REGULATIONS WHICH WILL BE SUBMITTED AT THE COMPANY'S ORDINARY GENERAL SHAREHOLDERS' MEETING AS ITEM SEVEN ON THE AGENDA

SEVENTH.- Report to the General Shareholders' Meeting on the amendments included in the Board of Directors Regulations, pursuant to article 528 of the Companies Act.

In accordance with that established in the article 528 of the Companies Act, the shareholders at the Ordinary General Shareholders' Meeting have been informed of the amendments to the Board of Directors Regulations since the last General Shareholders' Meeting approved by the Board of Directors at its meetings on 27 April 2017 and 31 January 2018.

Throughout 2017, the Company amended its Board of Directors Regulations on twice with the aim of (i) include the figure of the Chief Executive Officer and adapt the functions and define the coexistence p with the Chairman of the Board of Directors; (ii) establish an age limit for the appointment and re-election of Directors; and (iii) change the competencies of the Markets and Systems Operating Procedures Committee to adapt its content to the new wording of the Internal Code of Conduct approved by the Board of Directors at its meeting on 29 November 2017.

In particular, the approved amendments of the Board of Directors Regulations, of which the the General Shareholders Meeting is now reported in accordance with the provisions of article 528 of the Companies Act, have affected the articles 10.4, 13.2, 13.3, 15 and 16.bis (Chief Executive Officer), article 6.2 (age limit) and article 21.2 (Markets and Systems Operating Procedures Committee) of the Board of Directors Regulations.

Chief Executive Officer

On 27 April 2017, the Board of Directors created the role of Chief Executive Officer and to this end, introduced a new article 16.bis, which defines the scope of his functions and describes the aspects of this position's responsibilities in detail.

Furthermore, articles 10, 13 and 15 of the Board Regulations were amended concerning the Chairman of the Board of Directors and chief executive of the Company and the Lead Director to adapt them to the creation of the role of Chief Executive Officer.

Thus, article 13.2 was adapted to specify that the Chairman shall be the chief executive at the Company, unless the Board of Directors determines otherwise; article 10.4, to establish a yearly assessment of the Chief Executive Officer and specify that the assessment of the Chairman of the Board of Directors shall be undertaken by the Lead Director if the Chairman is an Executive Director; article 15, to define the coexistence between the Chief Executive Officer and the Chairman of the Board of Directors and to specify that the Company shall appoint a Lead Director when the Chairman of the Board is considered an Executive Director; and article 13.3 to establish that the Lead Director will replace the Chairman and Deputy Chairman of the Board of Directors in the event of a vacancy, absence, inability to attend or illness of either of the aforementioned parties.

Age limit for Directors

At the Board of Directors meeting held on 27 April 2017, the amendment to article 6.2 was approved to include an age limit for the appointment or re-election of Directors, distinguishing between Executive Directors (70) and non-Executive Directors (75), depending on the different nature of the duties they assume.

Markets and Systems Operating Procedures Committee: Responsibilities.

To adapt the competencies of the Markets and Systems Operating Procedures Committee to the new wording of the Internal Code of Conduct, at its meeting on 31 January 2018, the Board of Directors approved the amendment of article 21.2 of the Board of Directors Regulations in order to specify that the Markets and Systems Operating Procedures Committee will be tasked with interpreting the Internal Code of Conduct of the Company and its Group, to which end it shall approve the instructions or implementing standards and report on any amendment to said Regulations submitted for approval to the Company's Board of Directors.

In order to assist shareholders in comparing the wording of the articles amended in the Board of Directors Regulations and that of the articles prior to the amendment, a literal transcription of the amended articles in a double column is included in Annexes I, II and III of this report.

ANNEX I

TEXT OF THE AMENDMENTS MADE TO THE REGULATIONS OF THE BOARD OF DIRECTORS IN RELATION TO CHIEF EXECUTIVE OFFICER

PREVIOUS WORDING	CURRENT WORDING
<p>Article 10.- Board meetings and assessment of the Board and its Committees.</p> <p>(...)</p> <p>4. The Board of Directors shall assess annually the performance of the Chairman of the Board of Directors and the CEO of the Company and the Company's chief executive. The process of evaluating the Chairman will be led by the Lead Director. (...)</p>	<p>Article 10.- Board meetings and assessment of the Board and its Committees.</p> <p>(...)</p> <p>4. The Board of Directors shall assess annually <u>asses</u> the performance of the Chairman of the Board of Directors and <u>the Chief Executive Officer or CEOs</u> the CEO of the Company and the Company's chief executive. <u>If the Chairman of the Board of Directos is qualified as executive directos the assessment process of</u> The process of evaluating the Chairman will be led by the Lead Director.</p> <p>(...)</p>
<p>Article 13.- The Chairman of the Board of Directors.</p> <p>(...)</p> <p>2. The Chairman, who holds the Company's highest management duties, in addition to the powers granted to him by law and under the Articles of Association the Chairman is responsible for:</p> <ul style="list-style-type: none"> a) Calling and chairing the meetings of the Board of Directors and the Executive Committee, drafting the agenda of these meetings and directing the discussions and voting carried out by both of them. a) Chairing the Company's General Shareholders' Meetings and directing the discussions and votes carried out thereat. b) Ensuring that Directors receive sufficient information in advance to deliberate on the items included on the agenda of the related meetings. d) Submitting to the Board any proposals he considers appropriate for the efficient running of the Company and particularly those relating to the operation of the Board itself and other company bodies, and proposing the candidates for the offices of Deputy Chairman, Managing Director and Secretary, and where applicable, Deputy Secretary of the Board. 	<p>Article 13.- The Chairman of the Board of Directors.</p> <p>(...)</p> <p>2. The <u>Chairman is the first managing Director and will be considered hierarchical superior unless the Board of Directors determine otherwise.</u> , who holds the Company's highest management, i In addition to the powers granted to him <u>Chairman</u> by law and under the Articles of Association the Chairman is responsible for:</p> <ul style="list-style-type: none"> a) Calling and chairing the meetings of the Board of Directors and the Executive Committee, drafting the agenda of these meetings and directing the discussions and voting carried out by both of them. c) Chairing the Company's General Shareholders' Meetings and directing the discussions and votes carried out thereat. d) Ensuring that Directors receive sufficient information in advance to deliberate on the items included on the agenda of the related meetings. d) Submitting to the Board any proposals he considers appropriate for the efficient running of the Company and particularly those relating to the operation of the Board itself and other company bodies, and proposing the candidates for the offices of Deputy Chairman, Managing Director and

<p>3. If the office is vacant or the Chairman is absent, unable to attend or falls sick, his place shall be taken by the appropriate Deputy Chairman from among those designated in accordance with the Articles of Association and by the Lead Independent Director, if the latter are absent, unable to attend or fall ill.</p>	<p>Secretary, and where applicable, Deputy Secretary of the Board.</p> <p>3. If the office is vacant or the Chairman is absent, unable to attend or falls sick, his place shall be taken by the appropriate Deputy Chairman from among those designated in accordance with the Articles of Association and, <u>in case there is,</u> by the Lead Independent Director, if the latter are absent, unable to attend or fall ill.</p>
<p>Article 15.- The Lead Director.</p> <p>The Board of Directors, with the abstention of any executive Directors, shall appoint from among the independent Directors a Lead Director, who shall be especially empowered to:</p> <ul style="list-style-type: none"> a) Call a Board of Directors meeting or include new items on the agenda for a meeting already called. b) Coordinate and meet with non-executive Directors. c) Lead the periodic evaluation of the Chairman of the Board of Directors. d) Chair meetings of the Board of Directors if the offices of the Chairman and Deputy Chairman are vacant, or they are absent, unable to attend or fall ill. e) Coordinate the succession plan for the Chairman of the Board of Directors. 	<p>Article 15.- The Lead Director.</p> <p><u>The If the Chairman of the Board of Directors is qualified as executive director the</u> Board of Directors, with the abstention of any executive Directors, shall appoint from among the independent Directors a Lead Director, who shall be especially empowered to:</p> <ul style="list-style-type: none"> a) Call a Board of Directors meeting or include new items on the agenda for a meeting already called. b) Coordinate and meet with non-executive Directors. c) Lead the periodic evaluation of the Chairman of the Board of Directors. d) Chair meetings of the Board of Directors if the offices of the Chairman and Deputy Chairman are vacant, or they are absent, unable to attend or fall ill. e) Coordinate the succession plan for the Chairman of the Board of Directors.
<p style="text-align: center;">(-)</p>	<p>Article 16 bis.- The Chief Executive Officer.</p> <p><u>1. The Board of Directors, following a report from the Appointments and Remuneration Committee, may appoint from among its members one or more Chief Executive Officer, to whom correspond the responsibility to manage the Company's ordinary business with the most senior executive functions.</u></p> <p><u>2. The Chief Executive Officer or CEOs shall report directly to the Board of Directors and its Chairman about business' progress of the Company.</u></p>

ANNEX II

TEXT OF THE AMENDMENTS MADE TO THE REGULATIONS OF THE BOARD OF DIRECTORS IN RELATION TO AGE LIMIT FOR DIRECTORS

PREVIOUS WORDING	CURRENT WORDING
<p>Article 6.- Composition of the Board of Directors.</p> <p>(...)</p> <p>2. Candidates proposed by the Board of Directors for appointment or re-election, or ratification as Directors must be persons of high standing, integrity and reputability, who also have the necessary expertise for the performance of their functions.</p> <p>Proposals shall be made bearing in mind the existence of the following categories of Directors:</p> <ul style="list-style-type: none"> a) Executive Director. b) Non-executive Directors, which may be proprietary, independent or other external Directors. <p>Directors shall be classified as executive, proprietary or independent in accordance with that set forth in current legislation at any given time.</p> <p>Other external directors are considered to be those Directors who are not proprietary Directors but who for some reason cannot be classified as independent Directors, and whose appointment is proposed by the Appointments and Remuneration Committee due to particular attributes which make them especially suitable for a directorship because of their outstanding professional track record in the stock markets and related areas. Such proposals must be backed up by the related proposal from the Appointments and Remuneration Committee. This proposal shall be made available to the shareholders for the purpose of the General Shareholders' Meeting at which their appointment, re-election or ratification shall be submitted.</p> <p>(...)</p>	<p>Article 6.- Composition of the Board of Directors.</p> <p>(...)</p> <p>2. Candidates proposed by the Board of Directors for appointment or re-election, or ratification as Directors must be persons of high standing, integrity and reputability, who also have the necessary expertise for the performance of their functions.</p> <p><u>Those persons who had turned 75 years old in the event that they are qualified as non-executive Directors may not be appointed or re-elected as Directors. Directors qualified as executives may not be re-elected if they had turned 70 years old.</u></p> <p>Proposals shall be made bearing in mind the existence of the following categories of Directors:</p> <ul style="list-style-type: none"> a) Executive Director. b) Non-executive Directors, which may be proprietary, independent or other external Directors. <p>Directors shall be classified as executive, proprietary or independent in accordance with that set forth in current legislation at any given time.</p> <p>Other external directors are considered to be those Directors who are not proprietary Directors but who for some reason cannot be classified as independent Directors, and whose appointment is proposed by the Appointments and Remuneration Committee due to particular attributes which make them especially suitable for a directorship because of their outstanding professional track record in the stock markets and related areas. Such proposals must be backed up by the related proposal from the Appointments and Remuneration Committee. This proposal shall be made available to the shareholders for the purpose of the General Shareholders' Meeting at which their appointment, re-election or ratification shall be submitted.</p> <p>(...)</p>

ANNEX III

TEXT OF THE AMENDMENTS MADE TO THE REGULATIONS OF THE BOARD OF DIRECTORS IN RELATION TO THE MARKETS AND SYSTEM OPERATING PROCEDURES COMMITTEE

PREVIOUS WORDING	CURRENT WORDING
<p>Article 21.- Markets and Systems Operating Procedures Committee</p> <p>(...)</p> <p>2. The Markets and Systems Operating Procedures Committee, which shall be governed by the provisions laid down in the Articles of Association and herein, shall have the following responsibilities:</p> <ul style="list-style-type: none"> a) To analyse and monitor the procedures and regulations laid down by Group companies for the proper functioning of the markets and systems they manage. b) To be cognisant with the procedures established so that normal market conditions and the principle of equal treatment are applied to the transactions, operations and actions which the Company, its Directors or shareholders with significant and stable capital shareholdings perform as issuers, clients or users in the markets and systems managed by Group companies. b) To be cognisant with the application of the Internal Regulations of Conduct of the Company and its Group, periodically receiving information in this regard from the Standards of Conduct Committee or equivalent body as envisaged in the aforementioned Regulations, and also reporting prior to any amendment of the Regulations that is submitted to the Company's Board of Directors. c) Any other general or specific tasks regarding reporting and proposals commissioned by the Board. <p>The Markets and Systems Operating Procedures Committee shall report to the Board of Directors on the performance of its tasks, send the Board of Directors copy of the minutes of its meetings, and prepare any reports or proposals on them that may be requested by the Board of Directors.</p>	<p>Article 21.- Markets and Systems Operating Procedures Committee</p> <p>(...)</p> <p>2. The Markets and Systems Operating Procedures Committee, which shall be governed by the provisions laid down in the Articles of Association and herein, shall have the following responsibilities:</p> <ul style="list-style-type: none"> a) To analyse and monitor the procedures and regulations laid down by Group companies for the proper functioning of the markets and systems they manage. b) To be cognisant with the procedures established so that normal market conditions and the principle of equal treatment are applied to the transactions, operations and actions which the Company, its Directors or shareholders with significant and stable capital shareholdings perform as issuers, clients or users in the markets and systems managed by Group companies. d) To be cognisant with the application of <u>To interpret</u> the Internal Regulations of Conduct of the Company and its Group, periodically receiving information in this regard from the Standards of Conduct Committee or equivalent body as envisaged in the aforementioned Regulations, and also reporting prior to <u>for which it will approve the instructions or rules of development and inform about</u> any amendment of the Regulations that is submitted to the Company's Board of Directors. e) Any other general or specific tasks regarding reporting and proposals commissioned by the Board. <p>The Markets and Systems Operating Procedures Committee shall report to the Board of Directors on the performance of its tasks, send the Board of Directors copy of the minutes of its meetings, and prepare any reports or proposals on them that may be requested by the Board of Directors.</p>