Report by the Chief Executive Officer

Mr Javier HERNANI
Thank you, Mr Chairman.

Good afternoon to all our shareholders.

As always, it is a pleasure to greet you, at this General Shareholders Meeting which, as explained by the Chairman, is being held electronically.

In these exceptional and painful moments for everyone, I want to start by giving a message of encouragement to all those affected by the disease or who have suffered the loss of loved ones recently.

As the Chairman said, the stock markets have remained open in recent days. I also wish to point out how important and necessary this is, since the social function they carry out is even more valuable at exceptional times such as these. Aware of this, at BME we have maintained normal functioning of markets and at the same time have protected the health of our employees.

95% of our employees are working from home. We also disinfect our buildings on a recurring basis, to guarantee a safe working environment for professionals who have work on site at the present time. Thanks to the efforts of all the infrastructure and companies that we manage, they are still carrying out their functions normally.

Companies and investors know that they can continue to rely on the stock markets in all circumstances. I am convinced that together the Spanish society will manage to overcome this crisis, as it has already overcome other difficult moments in the past.

Next, as every year at this time, I will proceed to detail the highlights of the year for BME.
FINANCIAL DATA - 2019

In general terms, 2019 was a positive year for the markets. However, an environment of low interest rates, lower volatility and moderate trading volumes in the main Equity markets detracted from the Company's results.

As the Chairman said, BME obtained a net profit of 122.8 million euros in 2019, which represents a decrease of 9.9% compared to the previous year.

Net income was 285.4 million euros, 6.2% less, while operating costs fell 2.2% to 115.5 million euros.

This result was achieved with positive capital ratios, demonstrating the solvency of our business model. The return on equity outstripped peer companies again this year. It finished the year at 31.7%, which means that it is 13.6 percentage points better than the average value of the sector.

The ratio of non-volume revenues stood at 126%, four percentage points above 2018. This figure reflects the lower dependence of BME's results on the volume cycle.

GROWTH IN FUNDING VIA THE MARKET

In the times of uncertainty we are now undergoing, let me take a look at the previous financial crisis of 2008. One of the clearest lessons it taught us was the importance of diversifying the sources of financing for companies, to make them less dependent on bank credit.

Spanish companies have taken due note of this, and 2019 was a relevant year in the transformation of the financing structure of listed companies. We hope that this situation has made them less vulnerable to any difficulties that the Covid-19 crisis may have occasioned them in recent weeks.
This lesser dependence on banks, which is promoted by the Capital Market Union, connects with BME's core activity, insofar as it offers companies different alternatives to finance themselves through the markets.

Last year, new investment flows and equity financing came close to 17 billion euros.

The growth in financing through capital increases was especially significant. The amount of these operations exceeded 13,000 million euros, more than a third above the level reached the previous year.

The best sign of this change in the business financing model is seen in the strong growth registered by the alternative markets managed by BME, the MAB in Equities and the MARF in Fixed Income.

Prior to MAB or the Main Market, BME offers companies the Pre-Market Environment, as a project that allows them to rehearse their market listing. By the end of the year 12 companies had joined this initiative, which offers them training and greater access to investors.

In the field of Fixed Income, MARF went one step further in its consolidation as a flexible financing instrument for companies of any size and profile. This market doubled its outstanding balance last year, and 78 companies have already used it for their funding since it was created in 2013. Six of these are Portuguese, a success story in the internationalisation of our services.

**OTHER NOTABLE EVENTS DURING THE YEAR**

There were many milestones last year for BME, a year in which we focused on continuing to improve our services.

2019 was also a good year for **Fixed Income**, when trading logged by BME platforms rose by 63%.
Activity by MEFF, BME's Financial Derivatives market, increased last year by more than 3% to 45 million contracts, after launching a new currencies future in June: xRolling.

The net income of BME Clearing grew in a year in which activity in energy segments such as gas and electricity increased.

In 2019 Iberclear obtained a licence from the regulator to continue to provide its services in accordance with the requirements established in the Regulation on improving securities settlement in the European Union, also known as the CSD Regulation.

In Market Data we have refocused business based on the consolidation of traditional services and the launch of new projects, especially LED, a platform to offer market data in Latin America.

Finally, in Value-Added Services, new projects have been implemented, such as the strengthening of regulatory solutions, innovation services, Artificial Intelligence services and DLT.

FIRST QUARTER OF 2020

Let me briefly refer to the results of the first quarter of the year, posted this morning before the market opened.

The quarter was positive compared to the previous one and to the same period in 2019, in terms of results, with high levels of activity as a consequence of high volatility.

- Net profit stands at 34 million, 7.7% more than the previous year. It is the best first-quarter result for two years.
- Net income stands at 80.1 million euros, representing 12% year-on-year growth.
- EBITDA stands at 47 million euros, an increase of 9.2%.
- Costs are up by 16.3%, although if the effect of certain non-recurring expenses were excluded, this increase would be 3.3%. We continue to maintain our commitment to end the year with increased costs around inflation.
- The Return on Equity is up by 4.1 points compared to December and stands at 34.4%.

The behaviour of the main Business Units during this first quarter of 2019 points to a sound performance by the business model in terms of its degree of diversification.

The Equity Business Unit has registered an increase of 19.6% in the volume traded and of 59.2% in the number of trades, in a highly volatile environment.

Despite the complexity of the current context, there are also growth figures for Fixed Income. The volume issued on MARF has increased by 21.5% in this first quarter.

The total number of contracts traded on the BME Derivatives market has risen to 13.4 million during this period, an increase of 17.8%.

In Clearing, 30.3 million transactions on Equities have been processed, 59.2% more.

One major achievement in the Settlement and Registration area is the 15.2% increase in trades settled in the first quarter.

The solutions offered by our Market Data and Value-Added Services areas have been critical for financial institutions, our clients, who have had to prepare their systems for remote operation due to Covid-19.

Beyond this outline, I invite you to consult the corporate website for all the detailed information on the first quarter of this year.
SHAREHOLDER REMUNERATION

Dear shareholders, today we submit for your approval a motion to distribute a final gross dividend of 0.42 euro per share. The dividend will be paid on 8 May. The total amount paid out of the 2019 results amounts to 1.42 euros, representing a pay-out of 96%.

TAKEOVER BID AND OUTLOOK

To conclude, I would like to say a few words on the takeover bid that Swiss operator SIX has submitted for all BME's shares.

The transaction was authorised by the Government on 24 March, and the CNMV authorised the prospectus on 25 March. The acceptance period for the bid will end on 11 May.

As you know, this offer, which is subject to acceptance by 50% of the shareholders, includes an industrial plan which enhances BME's strategy and has met with a favourable opinion by the Company's Board of Directors.

Our strategy, our investment plan and organisational tasks will continue to focus on boosting our business model and transforming it towards the future.

- We will enhance our offer of products and services, listening closely to our clients.
- We intend to add BME to the technological revolution that is already underway.
- We also intend to continue as front-line competitors to achieve growth that allows us to increase our size and specific weight, giving priority, as we have to date, to creating value.

In short, we will continue working as before to strengthen our strategic position as a market infrastructure and as value-added service providers for
financial institutions throughout our value chain, thus fulfilling our social function.

Finally, I wish to reiterate my condolences to all those affected by the Covid-19 scourge. A health emergency that is likely to change the world as we have known it to date.

It is still too early to define its impact, but what is certain is that, as in previous crises, we will be able to overcome it. I end by wishing you all a speedy return to normality.

Thank you very much.