

**REPORT OF THE BOARD OF DIRECTORS, JUSTIFYING THE
RATIFICATION BY THE GENERAL MEETING OF THE APPOINTMENT AS
DIRECTOR, BY CO-OPTION, MR. RICHARD CHARLES HILL**

In accordance with the rules of the Framework Agreement of 12th June, 2014, signed between the Company and IB (formerly, 'ITG'), the Company's majority shareholder, it falls to IB to appoint four directors, out of the ten who currently constitute the Company's Board of Directors.

IB, in a communication of 28th March, 2017, from the Secretary of its Board of Directors to the Chairman of the Company's Board, proposed the appointment of Mr. Richard Charles Hill to fill the vacancy produced by the resignation of a proprietary director.

Mr. Richard Charles Hill is currently the IB Group's Director of Human Resources and Transformation. He is a graduate in Physics and Medical Physics from the University of Exeter (UK), and holds a postgraduate degree in Business Coaching from the University of Chester (UK).

He worked for much of his professional career at Allied Domecq PLC, where he had various successive responsibilities in Management (CEO Greece), Finances (CFO Europe), Marketing and Sales in several countries (the UK, Greece and Italy), and at Standard Chartered Bank PLC (Chairman, CEO and CFO in Korea).

On 25th April, 2017, following a favourable report from the Appointments and Remuneration Committee, the Board of Directors appointed as Director, by co-option, Mr Richard Charles Hill, for the statutory period of four years, subject to ratification of the appointment by the next General Shareholders' Meeting.

The appointment was preceded by the justificatory report required by Article 529 decies of the Law of Capital Companies.

As he represents IB on the Company's Board of Directors, Mr. Richard C. Hill works in the capacity of proprietary director, in accordance with the provisions of Article 529 duodecies 3 of the Law of Capital Companies, Article 7.2) b) of the Rules of the Company's Board of Directors, Consolidated Text of 26th January, 2016, and Article 4.1 b) of the Policy on the Selection of Directors, of 19th December, 2017.

The Appointment and Remuneration Committee, in its meeting of today, 23rd January, 2018, unanimously reported in favour of the proposal of the Board of Directors that the General Meeting should ratify the appointment as Director of Mr. Richard Charles Hill.

The Board of Directors notes that the criteria and circumstances which prompted the appointment of Mr. Hill as Director have not been modified, considers that he has been performing correctly in the role of Director, and therefore also resolves unanimously (with the abstention of Mr. Hill) to propose that the General Meeting of Shareholders should ratify the appointment as proprietary Director, by co-option, of Mr. Richard Charles Hill, made by the Board of Directors on 25th April, 2017.

This Report is unanimously approved by the Board of Directors – with the abstention indicated – in accordance with the provisions of Article 529 decies 5 of the Law of Capital Companies, and will be attached to the minutes of the General Meeting, in accordance with the said Article's provisions for cases of ratification of appointments.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López