AUDIT REPORT

RENTA 4 BANCO, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2013

(Free translation from the original in Spanish)

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report and financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish language prevails, see Note 25)

To the Shareholders of Renta 4 Banco, S.A.:

We have audited the consolidated financial statements of Renta 4 Banco S.A. (the parent company) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2013, the consolidated income statement, the consolidated statement of recognized income and expense, the consolidated statement of total changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended. As explained in Note 2, to the accompanying consolidated financial statements, the directors are responsible for the preparation of the Group's financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union and other regulations regarding financial information applicable to the Group. Our responsibility is to express an opinion on the aforementioned consolidated financial statements taken as a whole, based upon work performed in Accordance with the prevailing audit regulations in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated financial statements, and evaluation of whether the financial statements, the principles and criteria applied, and the estimates made, are in accordance with the applicable regulatory requirements regarding financial information.

In our opinion, the accompanying 2013 consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of Renta 4 Banco, S.A. and subsidiaries at December 31, 2013, and the consolidated results of operations and consolidated cash flows for the year then ended, in conformity with the International Financial Reporting Standards as adopted by the European Union and other applicable regulations regarding financial information.

The accompanying 2013 consolidated management report contains such explanations as the directors of Renta 4 Banco, S.A. consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2013 consolidated financial statements. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of Renta 4 Banco, S.A. and its subsidiaries.

ERNST & YOUNG, S.L.

(Signed in the original in Spanish)

March 27, 2014

Roberto Diez Cerrato

Renta 4 Banco, S.A. and Subsidiaries Comprising the Renta 4 Group
CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets of
Renta 4 Banco, S.A. and Subsidiaries

Renta 4 Banco S.A. and subsidiaries

Consolidated balance sheets at December 31

ASSETS	Note	Thousands of euros 2013	2012
Cash and balances with central banks	**8**	**3,076**	**2,390**
Financial assets held for trading	**9**	**1,037**	**2,363**
Due from credit institutions		-	-
Loans and advances to customers		-	-
Debt securities		287	257
Equity instruments		289	1,604
Trading derivatives		461	502
Memorandum item: Loaned or advanced as collateral		-	-
Other financial assets at fair value through profit or loss		**-**	**-**
Due from credit institutions		-	-
Loans and advances to customers		-	-
Debt securities		-	-
Equity instruments		-	-
Memorandum item: Loaned or advanced as collateral		-	-
Available-for-sale financial assets	**10**	**401,834**	**249,163**
Debt securities		369,072	209,997
Equity instruments		32,762	39,166
Memorandum item: Loaned or advanced as collateral		*354,015*	188,399
Loans and receivables	**11**	**443,426**	**312,528**
Due from credit institutions		394,381	266,850
Loans and advances to customers		49,045	45,678
Debt securities		-	-
Memorandum item: Loaned or advanced as collateral		-	-
Held-to-maturity investments		**-**	**-**
Memorandum item: Loaned or advanced as collateral		-	-
Changes in the fair value of hedged items in portfolio hedges of interest rate risk		**-**	**-**
Hedging derivatives		**-**	**-**
Non-current assets held for sale		**-**	**-**
Investments	**12**	**3,202**	**1,892**
Associates		3,202	1,892
Jointly controlled entities		-	-
Insurance contracts linked to pensions		**-**	**-**
Reinsurance assets		**-**	**-**
Property and equipment	**13**	**32,372**	**31,268**
Property and equipment		28,360	27,307
For own use		28,360	27,307
Leased out on operating lease		-	-
Assigned to welfare projects		-	-
Investment properties		4,012	3,961
Memorandum item: Acquired under finance leases		*14,740*	15,058
Intangible assets	**14**	**17,447**	**17,500**
Goodwill		15,460	16,106
Other intangible assets		1,987	1,394
Tax assets	**20**	**1,576**	**1,836**
Current		57	1,314
Deferred		1,519	522
Other assets	**15**	**729**	**836**
Inventories		**-**	**-**
Other		729	836
TOTAL ASSETS		**904,699**	**619,776**

Renta 4 Banco, S.A. and subsidiaries

Consolidated balance sheets at December 31

LIABILITIES	Note	Thousands of euros 2013	2012
Financial liabilities held for trading	**9**	**372**	**770**
Due to central banks		-	-
Due to credit institutions		-	-
Customer deposits		-	-
Debt certificates including bonds		-	-
Trading derivatives		372	770
Short positions		-	-
Other financial liabilities		-	-
Other financial liabilities at fair value through profit or loss		**-**	**-**
Due to central banks		-	-
Due to credit institutions		-	-
Customer deposits		-	-
Debt certificates including bonds		-	-
Subordinated liabilities		-	-
Other financial liabilities		-	-
Financial liabilities at amortized cost	**16**	**825,429**	**556,393**
Due to central banks		235,912	135,379
Due to credit institutions		8,047	23,462
Customer deposits		504,055	331,365
Marketable debt securities		12,222	12,222
Subordinated liabilities		-	-
Other financial liabilities		65,193	53,965
Changes in the fair value of hedged items in portfolio hedges of interest rate risk		**-**	**-**
Hedging derivatives		**-**	**-**
Liabilities under insurance contracts		**-**	**-**
Liabilities associated with non-current assets held for sale		**-**	**-**
Provisions	**17**	**207**	**250**
Provisions for pensions and similar obligations		-	-
Provisions for tax and other legal contingencies		160	250
Provisions for contingent exposures and commitments		47	-
Other provisions		-	-
Tax liabilities	**20**	**3,660**	**3,145**
Current		2,253	1,810
Deferred		1,407	1,335
Welfare fund		**-**	**-**
Other liabilities	**15**	**688**	**323**
Capital repayable on demand		**-**	**-**
TOTAL LIABILITIES		**830,356**	**560,881**

Renta 4 Banco S.A. and subsidiaries

Consolidated balance sheets at December 31

	Note	Thousands of euros 2013	2012
EQUITY			
Own funds	**18**	**74,025**	**58,132**
Capital or endowment fund		18,312	18,312
Issued capital		18,312	18,312
Less: Uncalled capital		-	-
Share premium		8,496	8,496
Reserves		37,520	35,590
Retained earnings		36,989	34,907
Reserves (losses) of entities accounted for using the equity method		531	683
Other equity instruments		1,027	1,027
Equity component of compound financial instruments		885	885
Non-voting equity units and associated funds		-	-
Other equity instruments		142	142
Less: Treasury shares		(488)	(7,506)
Profit (loss) attributable to the parent		11,099	5,189
Less: Dividends and remuneration		(1,941)	(2,976)
Valuation adjustments	**18**	**(993)**	**(1,028)**
Available-for-sale financial assets		(809)	(1,052)
Cash flow hedges		-	-
Hedges of net investments in foreign operations		-	-
Exchange differences		(184)	24
. Non-current assets held for sale		-	-
Companies accounted for using the equity method		-	-
Other valuation adjustments		-	-
Non-controlling interests	**18**	**1,311**	**1,791**
Valuation adjustments		88	85
Other		1,223	1,706
TOTAL EQUITY		**74,343**	**58,895**
TOTAL EQUITY AND LIABILITIES		**904,699**	**619,776**
MEMORANDUM ITEMS			
Contingent exposures	**19**	**2,500**	**1,944**
Contingent commitments	**19**	**1,087**	**2,441**
		3,587	**4,385**

Consolidated Income Statements of
Renta 4 Banco, S.A. and Subsidiaries

Renta 4 Banco, S.A., and subsidiaries

Consolidated income statements for the years ended December 31

	Note	Thousands of euros 2013	2012
Interest and similar income	**22.a**	**9,246**	**8,090**
Interest and similar expense	**22.a**	**(3,186)**	**(4,466)**
Interest on capital repayable on demand		**-**	**-**
NET INTEREST INCOME		**6,060**	**3,624**
Returns on equity instruments		**289**	**364**
Share of profit (loss) of entities accounted for using the equity method	**12**	**(378)**	**(1,044)**
Fee and commission income	**22.b**	**82,700**	**65,829**
Fee and commission expense	**22.b**	**(42,043)**	**(29,475)**
Gains / (losses) on financial assets and liabilities (net)	**22.a**	**6,460**	**2,872**
Financial assets and liabilities held for trading		4,770	3,224
Other financial instruments measured at fair value through profit or loss		-	-
Other financial instruments not measured at fair value through profit or loss		1,690	(352)
Other		-	-
Exchange differences (net)		**1.137**	**1.444**
Other operating income	**22.c**	**362**	**406**
Income from issued insurance and reinsurance contracts		123	1
Sales and income from the provision of non-financial services		239	376
Other operating income		-	29
Other operating expense	**22.c**	**(1,242)**	**(1,113)**
Expenses from issued insurance and reinsurance contracts		-	-
Changes in inventories		-	-
Other operating expense		(1,242)	(1,113)
GROSS MARGIN		**53,345**	**42,907**
Administrative expenses		**(34,608)**	**(31,050)**
Personnel expenses	**22.d**	(20,326)	(17,931)
Other administrative expenses	**22.e**	(14,282)	(13,119)
Depreciation and amortization	**13 & 14**	**(3,206)**	**(2,740)**
Provision expense (net)		**(15)**	**-**
Impairment losses (net) on financial assets	**22.f**	**(720)**	**(1,457)**
Loans and receivables		23	(642)
Other financial instruments not measured at fair value through profit or loss		(743)	(815)
OPERATING PROFIT		**14,796**	**7,660**
Impairment losses (net) on other assets		**-**	**-**
Goodwill and other intangible assets		-	-
Other assets		-	-
Gains / (losses) on disposal of assets not classified as non-current assets held for sale		**-**	**-**
Negative difference on business combinations		**-**	**-**
Gains / (losses) on non-current assets held for sale not classified as discontinued operations		**-**	**-**
		-	
PROFIT (LOSS) BEFORE TAX		**14,796**	**7,660**
Income tax	**20**	**(3,536)**	**(2,171)**
Mandatory transfer to welfare funds		**-**	**-**
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**11,260**	**5,489**
Profit (loss) from discontinued operations (net)		**-**	**-**
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		**11,260**	**5,489**
Profit (loss) attributed to the parent		11,099	5,189
Profit (loss) attributed to non-controlling interests		161	300
EARNINGS PER SHARE			
Basic earnings per share (euros)	**18.i**	0.28	0.13
Diluted earnings per share (euros)	**18.i**	0.28	0.14

Consolidated Statements of recognised income and expense of Renta 4 Banco, S.A. and subsidiaries

Renta 4 Banco, S.A. and subsidiaries

Consolidated statement of recognized income and expense for the years ended December 31, 2013 and 2012.

	Note	Thousands of euros 2013	2012
A) CONSOLIDATED PROFIT/(LOSS) OF THE YEAR		**11,260**	**5,489**
B) OTHER RECOGNIZED INCOME AND EXPENSES		**38**	**520**
B.1) Items that will not be reclassified to profit or loss		**-**	**-**
1. Actuarial gains / (losses) on defined benefit pension plans		-	-
2. Non-current assets held for sale		-	-
3. Income tax related to items that will not be reclassified to profit or loss		-	-
B.2) Items that may be reclassified to profit or loss		**38**	**520**
Available-for-sale financial assets		**356**	**716**
Valuation gains (losses)		1,303	(451)
Amounts transferred to income statement		(947)	1,167
Other reclassifications		-	-
Cash flow hedges		**-**	-
Valuation gains (losses)		-	-
Amounts transferred to income statement		-	-
Amounts transferred to initial carrying amount of hedged items		-	-
Other reclassifications		-	-
Hedges of net investments in foreign operations		**-**	-
Valuation gains (losses)		-	-
Amounts transferred to income statement		-	-
Other reclassifications		-	-
Exchange differences		**(211)**	**27**
Valuation gains (losses)		(211)	27
Amounts transferred to income statement		-	-
Other reclassifications		-	-
Investments accounted for using the equity method		**-**	-
Valuation gains (losses)		-	-
Amounts transferred to income statement		-	-
Other reclassifications		-	-
Actuarial gains / (losses) on pension plans		**-**	-
Investments accounted for using the equity method		**-**	-
Valuation gains / (losses)		-	-
Amounts transferred to income statement		-	-
Other reclassifications		**-**	-
Other recognized income and expense		**-**	**-**
Income tax		**(107)**	**(223)**
C) TOTAL RECOGNIZED INCOME AND EXPENSE (A+B)		**11,298**	**6,009**
Own funds		11,134	5,666
Non-controlling interests		164	343

Consolidated Statements of total changes in equity of Renta 4 Banco, S.A. and subsidiaries

Renta 4 Banco, S.A. and subsidiaries

Consolidated statement of total changes in equity for the year ended December 31, 2013

	Thousands of euros									
	Own funds									
	Capital / endowment fund	Share premium and reserves	Other equity instruments	Less: Treasury shares	Profit (loss) attributed to the parent	Less: Dividends and remuneration	Total own funds	Valuation adjustments	Non-controlling interests	Total equity
Opening balance at 01/01/2013	**18,312**	**44,086**	**1,027**	**(7,506)**	**5,189**	**(2,976)**	**58,132**	**(1,028)**	**1,791**	**58,895**
Restatement for changes in accounting criteria	-	-	-	-	-	-	-	-	-	-
Restatement for prior-year errors	-	-	-	-	-	-	-	-	-	-
Restated opening balance	**18,312**	**44,086**	**1,027**	**(7,506)**	**5,189**	**(2,976)**	**58,132**	**(1,028)**	**1,791**	**58,895**
Total recognized income / (expense)	**-**		**-**	**-**	**11,099**	**-**	**11,099**	**35**	**164**	**11,298**
Other changes in equity	**-**	**1,930**	**-**	**7,018**	**(5,189)**	**1,035**	**4,794**	**-**	**(644)**	**4,150**
Increases / (decreases) in capital / endowment fund	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividends paid / shareholder remuneration (Notes 2.10 and 18.h)	-	-	-	-	-	(1,941)	(1,941)	-	-	(1,941)
Transactions with own equity instruments (net) (Note 18.g)	-	(102)	-	7,018	-	-	6,916	-	-	6,916
Transfers between equity accounts	-	2,213	-	-	(5,189)	2,976	-	-	-	-
Increase / (decrease) for business combinations(note 18 l)	-	(181)	-	-	-	-	(181)	-	(644)	(825)
Discretionary allocation to welfare projects and funds	-	-		-	-	-	-	-	-	-
Share-based payments	-	-		-	-	-	-	-	-	-
Other increases / (decreases) in equity	-	-	-	-	-	-	-	-	-	-
Closing balance at December 31, 2013	**18,312**	**46,016**	**1,027**	**(488)**	**11,099**	**(1,941)**	**74,025**	**(993)**	**1,311**	**74,343**

Renta 4 Banco, S.A. and subsidiaries

Consolidated statement of total changes in equity for the year ended December 31, 2012

	Thousands of euros									
	Own funds									
	Capital / endowment fund	Share premium and reserves	Other equity instruments	Less: Treasury shares	Profit (loss) attributed to the parent	Less: Dividends and remuneration	Total own funds	Valuation adjustments	Non-controlling interests	Total equity
Opening balance at 01/01/2012	**18,312**	**59,524**	**1,850**	**(12,860)**	**4,578**	**(1,912)**	**69,492**	**(1,505)**	**1,095**	**69,082**
Restatement for changes in accounting criteria	-	-	-	-	-	-	-	-	-	-
Restatement for prior-year errors	-	-	-	-	-	-	-	-	-	-
Restated opening balance	**18,312**	**59,524**	**1,850**	**(12,860)**	**4,578**	**(1,912)**	**69,492**	**(1,505)**	**1,095**	**69,082**
Total recognized income / (expense)	**-**	**-**	**-**	**-**	**5,189**	**-**	**5,189**	**477**	**343**	**6,009**
Other changes in equity	**-**	**(15,438)**	**(823)**	**5,354**	**(4,578)**	**(1,064)**	**(16,549)**	**-**	**353**	**(16,196)**
Increases / (decreases) in capital / endowment fund (Note 18.b and 18.g)	-	(17,527)	-	17,512	-	-	(15)	-	-	(15)
Conversion of financial liabilities into equity	-	(342)	(823)	-	-	-	(1,165)	-	-	(1,165)
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividends paid / shareholder remuneration (Notes 2.10 y 18.h)	-	-	-	-	-	(2,976)	(2,976)	-	-	(2,976)
Transactions with own equity instruments (net) (Note 18.g)	-	(17)	-	(12,158)			(12,175)	-	-	(12,175)
Transfers between equity accounts	-	2,666	-	-	(4,578)	1,912	-	-	-	-
Increase / (decrease) for business combinations(Nota 18.l)	-	-	-	-	-	-	-	-	353	353
Discretionary allocation to welfare projects and funds	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-
Other increases / (decreases) in equity	-	(218)	-	-	-	-	(218)	-	-	(218)
Closing balance at December 31, 2012	**18,312**	**44,086**	**1,027**	**(7,506)**	**5,189**	**(2,976)**	**58,132**	**(1,028)**	**1,791**	**58,895**

Consolidated Statements of Cash Flow
Renta 4 Banco, S.A. and Subsidiaries

Renta 4 Banco, S.A. and subsidiaries

Consolidated statements of cash flow for the years ended December 31

	Note	Thousands of euros 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		**(40,855)**	**(88,240)**
Consolidated profit (loss) for the year		**11,260**	**5,489**
Adjustments to obtain cash flows from operating activities		**3,537**	**7,459**
Amortization and depreciation	**13**	3,206	2,740
Other adjustments		331	4,719
Net increase / decrease in operating assets		**(237,302)**	**(137,595)**
Financial assets held for trading		1,326	(224)
Other financial assets at fair value through profit or loss		-	-
Available-for-sale financial assets		(146,333)	(207,998)
Loans and receivables		(92,555)	70,043
Other operating assets		260	584
Net increase / decrease in operating liabilities		**185,171**	**37,947**
Financial liabilities held for trading		(398)	688
Other financial liabilities at fair value through profit or loss		-	-
Financial liabilities at amortized cost		184,882	37,826
Other operating liabilities		687	(567)
Income tax receipts (payments)		**(3,521)**	**(1,540)**
CASH FLOWS FROM INVESTING ACTIVITIES		**(5,589)**	**(4,607)**
Payments		**(5,881)**	**(4,971)**
Property and equipment	**13**	(3,345)	(3,529)
Intangible assets	**14**	(915)	(1,442)
Investments	**12**	(1,621)	-
Other business units		-	-
Non-current assets and associated liabilities held for sale		-	-
Held-to-maturity investments		-	-
Other payments related to investing activities		-	-
Collections		**292**	**364**
Property and equipment		3	-
Intangible assets		-	-
Investments		-	-
Other business units		-	-
Non-current assets and associated liabilities held for sale		-	-
Held-to-maturity investments		-	-
Other collections related to investing activities		289	364
CASH FLOWS FROM FINANCING ACTIVITIES		**85,943**	**79,934**
Payments		**(337,943)**	**(170,585)**
Dividends	**2.10 & 18**	(1,941)	(2,976)
Subordinated liabilities		-	(15)
Redemption of own equity instruments		-	-
Acquisition of own equity instruments	**18.g**	(1,970)	(18,616)
Other payments related to financing activities		(334,032)	(148,978)
Collections		**423,886**	**250,519**
Subordinated liabilities		-	-
Issuance of own equity instruments	16.c	-	-
Disposal of own equity instruments		8,886	1,518
Other collections related to financing activities		415,000	249,001
EFFECT OF EXCHANGE RATE CHANGES		**(211)**	**-**
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		**39,288**	**(12,913)**
Cash and cash equivalents at beginning of period	**8**	**66,906**	**79,819**
Cash and cash equivalents at end of period	**8**	**106,194**	**66,906**

MEMORANDUM ITEM		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	**106,194**	**66,906**
Cash	74	112
Cash equivalents at central banks	3,002	2,278
Other financial assets (note 11.a)	103,118	64,516
Less: Overdrafts repayable on demand	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Renta 4 Banco, S.A. and subsidiaries

Renta 4 Banco, S.A. and Subsidiaries

Notes to the consolidated financial statements

for the year ended
December 31, 2013

1. GENERAL INFORMATION

Renta 4 Banco, S.A. (hereinafter referred to as indistinctly as the Entity, the Bank or the parent) is the entity resulting from the merger by absorption, closed on March 30, 2011, of Renta 4 Servicios de Inversión S.A. (transferee company) and Renta 4 Banco, S.A. (transferor company), the latter formerly called Banco Alicantino de Comercio, S.A. (the change of registered name having been filed with the Companies Register on June 8, 2011). Additionally, in connection with the merger, a number of changes were made to the bylaws of the transferee company, which changed its registered business name from Renta 4 Servicios de Inversión, S.A. to Renta 4 Banco, S.A. and expanded the corporate purpose of Renta 4 Servicios de Inversión S.A. to include banking activities and the delivery of the investment and auxiliary services that are typical of investment service providers. The Bank is registered with the Companies Register and in the Bank of Spain's so-called Special Register of Credit Institutions under code number 0083.

On December 19, 2011, Spain's Ministry of Finance approved the partial spin-off of the business of Renta 4, S.A., Sociedad de Valores in favor of Renta 4 Servicios de Inversión, S.A., and the amendment of the business activities of Renta 4, S.A., Sociedad de Valores.

As a result of this spin-off, Renta 4, S.A., Sociedad de Valores transferred to Renta 4, Servicios de Inversión, S.A. all of the equity associated with certain lines of business of the company spun out, which constitute an "economic unit". The economic unit was transferred *en bloc* and by way of universal succession to Renta 4 Servicios de Inversión, S.A. acquiring, as beneficiary of the spin-off, also by universal succession, all of the assets, liabilities, rights and obligations comprising the capital so spun off.

The balance sheet of Renta 4, S.A., Sociedad de Valores at December 31, 2010 was used for transaction accounting purposes. All the transactions performed by the economic unit spun out from Renta 4, S.A., Sociedad de Valores are deemed to have been performed by Renta 4 Banco, S.A. from January 1, 2011, inclusive, for accounting purposes.

As a result of the spin-off, Renta 4, S.A., Sociedad de Valores transferred net assets to Renta 4 Banco, S.A. in the amount of 13,630 thousand euros, an amount equivalent to 48.418% of Renta 4, S.A., Sociedad de Valores' total equity prior to the transaction. Accordingly, Renta 4, S.A., Sociedad de Valores decreased its capital by 2,944,826.61 euros by cancelling the shares numbered 1,047,869 to 2,031,485, both inclusive.

The Bank's corporate purpose consists of the typical activities of credit institutions in general, including the provision of investment services, the acquisition, holding, exploitation, administration and disposal of all manner of transferable securities, including specifically those itemized in article 175 of Spain's Code of Commerce and other prevailing legislation governing entities of this nature. Its corporate purpose also extends to the provision of all manner of services, including advisory services, such as those of an economic, financial, tax, stock market, organizational, mechanization or other nature, the performance of company valuations, and the placement and trading of all classes of third-party movable and immovable property.

The activities comprising the corporate purpose may also be performed by the parent in whole or in part on an indirect basis through the ownership of shares or equity investments in other companies with an identical or similar core business.

The Entity's registered office address is located in Madrid, Paseo de la Habana 74. The Board has authorized changes in registered office within the town of incorporation. Similarly, the Entity may create, close or move its Spanish and foreign branches, agencies or sales offices as deemed necessary or advisable in the ordinary course of its business.

The Bank is the parent company of a consolidable group of credit institutions (the "Group"). The businesses pursued by the Group's subsidiaries and associates are listed in Appendix I.

The activities carried out by some of the Group companies are regulated by Spain's Securities Market Act (Law 24/1988, of July 28), as amended by Spanish Laws 37/1998, of November 16, 44/2002, of November 22, 26/2003, of July 17, Ministerial Order ECO/734/2004, of March 11 and Royal Decree 217/2008, of February 15, which establishes the legal regime governing investment service providers. In addition, undertakings for collective investment management are regulated by Law 35/2003, of November 4, as subsequently amended (by Law 31/2011 of October 4) and by Royal Decree 1309/2005, of November 4, which enacted Law 35/2003. Also, the pension fund management business is regulated by Royal Decree 1/2002, of November 29, which enacts the consolidated text of the act regulating pension plans in Spain, and subsequent enacting regulations (Royal Decree 304/2004, of February 20, enacting the pension plan and fund regulations) and amendments.

In keeping with prevailing legislation, the Bank's directors authorized the consolidated annual financial statements of Renta 4 Banco, S.A. and its subsidiaries for issue at a meeting held on March 25, 2014.

As a credit institution, Renta 4 Banco, S.A. is subject to specific legislation which regulates the following matters, among others:

- Maintenance of a minimum level of funds in a central bank of a eurozone country to cover the minimum reserve requirement. As of December 31, 2013, this minimum was equivalent to 1% (2012: 1%) of the liabilities computable for this purpose. Note that EU Regulation No 1358/2011 took effect on November 24, 2011, stipulating a reserve ratio of 1% in respect of other liabilities included in the reserve base (deposits with an agreed maturity of over two years, deposits redeemable at notice over two years, repos and securities other than shares issued with an original maturity of over two years).

- Maintenance of a minimum level of capital. The prevailing legislation stipulates that sufficient equity must be maintained to cover the risks assumed (note 18.j).

- Annual contribution to the Deposit Guarantee Fund, as a guarantee additional to that provided by the Entity's capital to its creditors, intended to guarantee customer deposits up to the sum of 100,000 euros pursuant to the provisions of current law (Note 22.c).

  Shareholders in general meeting (on September 29, 2007) agreed to apply for admission to listing of all the shares comprising the Company's share capital on the Madrid, Barcelona, Bilbao and Valencia stock exchanges, as well as their inclusion on the electronic trading platform (*Sistema de Interconexión Bursátil Español*).

2. OTHER RELEVANT INFORMATION

2.1 Basis of presentation of the consolidated annual financial statements

The Group's consolidated financial statements for 2013 were approved for issue by the Directors of the Bank at their Board meeting on March 25, 2014. It is expected that the consolidated financial statements will be approved at the General Shareholders' Meeting without modification. The 2012 consolidated financial statements of Renta 4, Banco, S.A. and subsidiaries were authorized for issue on March 20, 2013 and were ratified at the Annual General Meeting held on April 29, 2013.

In keeping with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, all companies governed by the law of a European Union member state whose securities are admitted to trading on a regulated market of any member state must prepare their consolidated accounts for all years beginning on or after January 1, 2005 in conformity with the International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU").

The Group's consolidated financial statements for 2013 are presented in accordance with the provisions of the International Financial Reporting Standards adopted by the European Union and in due consideration of the provisions of Bank of Spain Circular 4/2004 of December 22 concerning credit institutions, on public and confidential financial reporting rules and formats ("Circular 4/2004"), and its subsequent modifications, constituting the implementation and adaptation to the Spanish credit institution sector of the International Financial Reporting Standards approved by the European Union.

The Group's consolidated financial statements for 2013 were prepared in due consideration of all accounting principles and regulations and the mandatory measurement criteria which have a significant impact thereon to give a true and fair view of the equity and financial position of the Group at December 31, 2013, and its financial performance and the changes in equity and in cash flows during the period then ended, from the date of incorporation of the Group.

Note 4 summarizes the major accounting principles and regulations and measurement criteria applied to the preparation of the Group's consolidated financial statements for 2013. Note 2.9 below provides a summary of the major changes in accounting regulations during financial year 2013.

The figures provided in these consolidated financial statements are presented in thousands of euros, unless otherwise indicated.

2.2 Comparison of information

In order to enable a reader comparison of the financial information for the year ended December 31, 2013 with that of the prior year, the 2012 balance sheet, income statement and statement of changes in equity figures are shown side by side, along with the corresponding disclosures in the accompanying notes.

The information provided in these financial statements in respect of 2012 is presented solely to allow the reader to compare the figures with those of 2013 and accordingly does not constitute the Group's 2012 consolidated financial statements.

The consolidated balance sheet, consolidated income statement, consolidated statement of recognized income and expense, consolidated statement of total changes in equity and the consolidated cash flow statement formats shown in these consolidated annual financial statements have been presented in accordance with the formats stipulated in Bank of Spain Circular 4/2004, as amended by Bank of Spain Circulars 6/2008, 3/2010, 8/2010 and subsequent adjustments.

2.3 Use of judgments and estimates when preparing the consolidated financial statements.

The information in these consolidated financial statements is the responsibility of the Bank's directors. When preparing the consolidated annual financial statements, the directors have made judgments and estimates based on assumptions that affect the application of accounting principles and criteria, as well as the amounts corresponding to recognized assets, liabilities, income, expenses and commitments. The most significant estimates used to prepare these consolidated annual financial statements relate to:

- Impairment losses on financial assets (note 4.h).

- Impairment and useful lives of property and equipment and intangible assets (note 4.j).

- Goodwill impairment tests (note 4.i)

- When measuring goodwill, estimates must be made to determine its fair value in order to assess whether it may have become impaired. To determine fair value, the Company's directors estimate the expected cash flows from the cash-generating unit to which the goodwill is allocated, applying an appropriate discount rate to calculate the present value of these cash flows. These future cash flows depend on delivery of the Bank's five-year forecasts and projections, while the discount rates depend on the interest rate and risk premium associated with each cash-generating unit. Note 4.i analyzes the assumptions used to calculate the cash-generating units' value in use and note 14.a analyzes how sensitive the outcome is to changes in these assumptions.

- The measurement of equity instruments used in share-based payment plans for directors and employees (note 4.p).

- The fair value of certain financial assets that are not traded on official OTC markets (note 6).

- The measurement of financial risks to which the Group is exposed in carrying out its business (note 5).

The estimates and assumptions used are based on historic experience and other factors which were considered the most reasonable at the time and are reviewed periodically. Any changes to estimates resulting from such reviews or future events would be recognized in the consolidated income statement of the period and subsequent periods, in accordance with IAS 8.

2.4 Equity investments in credit institutions

The Group did not hold any equity investments in other Spanish or foreign credit institutions at either year-end 2013 or 2012.

2.5 Consolidation basis

The Group classifies its investments in subsidiaries and associates using the following criteria:

- "Subsidiaries" or "Group companies" are those over which the parent has the power to exercise control; this power is presumed to exist, in general albeit not exclusively, when it owns, either directly or indirectly, at least 50% of the voting rights of the investee or, even if this percentage is lower, there are agreements with other investee shareholders that grant it control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- "Associates" are investees in which the parent holds a direct or indirect investment over which it has the power to exercise significant influence, but not control or joint control. The power to exercise significant influence is usually associated with holdings of 20% or more of an investee's voting rights.

Subsidiaries (all of which included in the consolidation scope less Renta Markets, S.A. associate entity) are fully consolidated, which implies the inclusion of all the rights and obligations comprising these entities' equity in the Group's balance sheet and of all items of income and expense used to determine profit or loss of the year in the Group's income statement.

Renta Markets, S.A., an associate, is consolidated using the equity method, under which the carrying amount of the investment is replaced by the Group's percentage interest in the investee's equity.

Consolidation is discontinued upon loss of control by the Group. When this happens, the consolidated annual financial statements reflect the deconsolidated investees' earnings for the portion of the year in which the Group did have control.

2.6 Non-controlling interests

The value of the share of non-controlling interests in equity and results for the year of consolidated subsidiaries is shown in "Non-controlling interests" on the consolidated balance sheet and "Profit attributable to non-controlling interests" in the consolidated income statements and the consolidated statement of recognized income and expense, respectively.

In acquisitions of non-recognized interests, the difference between the consideration paid and the carrying amount of the investment is recognized in equity attributable to non-controlling interests.

2.7 Uniform accounting policies

Measurement criteria have been adjusted as necessary to ensure that those followed by the subsidiaries are consistent with those used by the parent.

2.8 Elimination of intercompany transactions

The intercompany balances related to loans, dividends, asset purchases and sales and the provision of services have been eliminated in consolidation.

2.9 New accounting regulations

The accounting regulations used in preparing the consolidated financial statements for the year ended December 31, 2013 are the same as those applied in the consolidated financial statements for the year ended December 31, 2012 except for the following modifications that apply in years beginning on or after January 1, 2013:

a) Standards and interpretations approved by the European Union that apply in years beginning on or after January 1, 2013

- **IFRS 13: "Fair Value Measurement**". IFRS 13, issued by the IASB in May 2011, establishes a single source of guidance under IFRS for all fair value measurements. The new standard will accordingly provide guidance on how to measure fair value of financial as well as non-financial assets and liabilities. IFRS 13 also introduces consistent requirements for itemized disclosure of all these elements measured at fair value. The Group's interpretation up to 1 January 2013 of the determination of fair value did not differ significantly from the guidance provided in IFRS 13. Therefore, application of this standard did not have a significant impact on the Group's equity or income statement. The fair value hierarchy is provided in note 6.
- **Amendment to IAS 1 "Presentation of Financial Statements": "Presentation of items of Other Comprehensive Income".** The objective of the amendments to IAS 1 is to clarify the presentation of the increasing number of items of other comprehensive income and help users of financial statements to distinguish between items that would be reclassified to profit or loss at a future point and items that will never be reclassified. This amendment has a presentation effect only and does not impact the Group's financial performance or its statement of financial position.
- **Amendment to IAS 19 "Employee Benefits"**. This amendment removes the option of deferring recognition of actuarial gains and losses, known as the 'corridor method'. It also establishes that remeasurement impacts on defined-benefit plans be recognized in equity (under "Other comprehensive income" or "OCI"), but maintains the current accounting recognition of interest income or expense and service costs in the income statement. The disclosure requirements are also enhanced for these types of plans.
- **Amendment to IFRS 12: "Income Tax - Deferred Tax: Recovery of Underlying Assets"**. The amendment introduces an exception to the general principles set out in IAS 12. This exception affects deferred taxes in connection with investment properties valued using the fair value model set out in IAS 40 Investment Property. In these cases, the amendment introduces a presumption that recovery of the carrying amount will normally be through sale.
- **Amendment to IAS 32: "Offsetting Financial Assets and Liabilities" and amendment of IFRS 7: Disclosures — "Offsetting Financial Assets and Financial Liabilities".** The changes further clarify the requirements under the standard for offsetting financial assets and financial liabilities for the purpose of presentation on the balance sheet. In addition, the amendment introduces new disclosure requirements for financial assets and liabilities presented net on the balance sheet, or those subject to a legally enforceable right to offset or similar, whether or not they are presented net. The Group will apply the modification of IAS 32 apart from 2014. Early release is possible.

- **Fourth improvements project, “Annual improvements to IFRS” (2009-2011 cycle).**This document is a collection of amendments to IFRSs in response to six issues addressed during the 2009-2011 cycle. The IASB uses the Annual Improvements process to make necessary, but non-urgent, amendments to IFRSs that will not be included in part of any other project. The most significant amendments affect, IAS 1, IAS 16, IAS 32 and IAS 34.

The above-listed amendments have been applied in preparing the accompanying consolidated financial statements and did not have a significant impact on either the figures reported or on the presentation or disclosures provided in these annual accounts.

b) ***New standards and interpretations issued by the IASB, applicable in the years subsequent to the calendar year beginning 1 January 2013 (applicable as of 2013) and approved by the European Union.***

At the date of publication of the financial statements for the year ended December 31, 2013, the standards and interpretations and amendments thereof that have been published by the IASB and approved by the European Union that are not yet mandatorily applicable are:

- **IFRS 10: “Consolidated Financial Statements”**

  [Applicable to financial periods beginning on or after 1 January 2014, with early adoption permitted]

  This IFRS, which replaces SIC 12 “Consolidation - Special Purpose Entities” and certain sections of IAS 27 “Consolidated and Separate Financial Statements”, establishes the concept of control for the purposes of assessing whether an entity ought to be included in the consolidated financial statements of the parent, and also issues guidelines to be used in certain cases where measurement proves difficult.

- **IFRS 11: “Joint Arrangements”**

  [Applicable to financial periods beginning on or after 1 January 2014, with early adoption permitted]

  This standard, which replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly-Controlled Entities - Non-Monetary Contributions by Ventures”, analyses the inconsistencies of reporting in relation to joint ventures, and establishes a single method to account for investments or interests in jointly-controlled entities.

- **IFRS 12: “Disclosure of Interests in Other Entities”**

  [Applicable to financial periods beginning on or after 1 January 2014, with early adoption permitted]

  The standard determines the disclosure requirements for all forms of investment in other entities, including joint arrangements, associates, SPEs (Special-Purpose Entities) or SPVs, or other off-balance sheet vehicles.

- **Amendment to IAS 27: “Consolidated and Separate Financial Statements”**

  [Applicable to financial periods beginning on or after 1 January 2014, with early adoption permitted]

  This amends the previous IAS 27 (“Consolidated and Separate Financial Statements”). IFRS 10 (“Consolidated Financial Statements”), the origin of this amendment, referred to above, becomes applicable to consolidated financial statements, and the current guidelines of IAS 27 to separate financial statements.

- **Amendment to IAS 28: “Investments in Associates and Joint Ventures”**

  [Applicable to financial periods beginning on or after 1 January 2014, with early adoption permitted]

  This amends the previous IAS 28 (“Accounting for Investments in Associates”), pursuant to the changes made through issuance of IFRS 10 and IFRS 11 mentioned above. The standard sets out, subject to certain requirements, application of the equity method when accounting for investments in associates and joint ventures.

- **Amendments to IFRS 10, IFRS 11 and IFRS 12: “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition guidance”**

  [Applicable to financial periods beginning on or after 1 January 2014, with early adoption permitted]

  The amendments clarify the transition guidance for IFRS 10 “Consolidated Financial Statements”. In addition, they provide transition relief for IFRS 10, IFRS 11 (“Joint Arrangements”) and IFRS 12 (“Disclosure of Interests in Other Entities”), limiting the requirements to provide adjusted comparative information to the immediately preceding period only.

- **Amendments to IFRS 10, IFRS 12 and IAS 27: “Investment Entities”**

  [Effective for annual periods beginning on or after 1 January 2014, with early adoption permitted]

  The amendments apply to a particular class of business that qualify as investment entities. The IASB uses the term ‘investment entity’ to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income, or both. Such entities could include private equity organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds.

  The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosures requirements for investment entities.

- **Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”**

  [Effective for annual periods beginning on or after 1 January 2014, with early adoption permitted]

  The narrow scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty (CCP) as a result of laws or regulations, if specific conditions are met (in this context, a novation indicates that the parties to a contract agree to replace their original counterparty with a new one). Retrospective application is required in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

- **Amendments to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”**

  [Effective for annual periods beginning on or after 1 January 2014, with early adoption permitted]

  The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.

c) ***New standards and interpretations applicable issued by the IASB, in the years subsequent to the calendar year beginning 1 January 2013 (applicable as of 2014) pending adopting by the European Union.***

Following is a list of the main standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB") that have yet to be adopted by the European Union and therefore were not applied in the preparation of these consolidated annual financial statements:

- **IFRS 9: "Financial instruments"**

  [With amendments approved on 19 November 2013, it removes the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements]

- **Amendments to IAS 19 "Defined Benefit Plan: Employee Contributions (Amendments)"**

  [Effective for annual periods beginning on or after 1 July 2014, with early adoption permitted]

- **Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle**

  [Effective for annual periods beginning on or after 1 July 2014, with early adoption permitted]

- **IFRIC 21: "Levies"**

  [Effective for annual periods beginning on or after 1 January 2014, with early adoption permitted]

Although early application of some of the above standards, amendments and interpretations is permitted, the Group has opted not to apply them in the accompanying consolidated financial statements. Although management estimates that their application will not have a material impact on the Group's financial statements, it continues to analyze their consequences. Management is not in a position to provide a reliable estimate of their potential impact as this will ultimately depend on both the wording approved by the European Union and the composition of the Group and its equity at the time of application.

2.10 Appropriation of results

The appropriation of 2013 and 2012 results was made based on the proposed appropriation of results included in the respective financial statements of the Group companies prepared in accordance with generally accepted accounting principles in Spain.

The appropriation of the parent's 2013 profit (determined on the basis of the accounting criteria and principles generally accepted in Spain) proposed by the directors and pending approval by the Entity's shareholders in general meeting, along with the appropriation of the 2012 profit ratified at the Entity's Annual General Meeting on April 29, 2013 is as follows:

	Thousands of euros	
	2013	2012
Reserves	3,224	1,797
Interim dividend (note 18.h)	1,941	2,976
Dividend	855	-
	6,020	4,773
Parent profit for the year	6,020	4,773

On October 28, 2013, the Board of Directors of the parent approved the payment of an interim dividend from 2013 profit of 0.05 euros per share, implying a total dividend payment of 1,941 thousand euros. This dividend was paid on November 13, 2013 (note 18.h).

On October 30, 2012, the Board of Directors of the parent approved the payment of an interim dividend from 2012 profit of 0.075 euros per share, implying a total dividend payment of 2.976 thousand euros. This dividend was paid on November 13, 2012 (note 18.h).

3. SUBSIDIARIES

A list of subsidiaries of Renta 4 Servicios de Inversión, S.A. at December 31, 2013 and 2012 is provided in Appendix I.

The individual annual financial statements of the companies included in the consolidation scope are those corresponding to December 31, 2013 and 2012, respectively.

The changes to the consolidation scope in 2013:

- Incorporation of Renta Colombia SAS on September 13, 2013, with capital of 191,900 thousand Colombian pesos (equivalent to 75 thousand euros), 50% of which injected by Renta 4 Banco, S.A. (which owns 100% of the newly incorporated company's capital).

- Incorporation of Renta 4 Sociedad Agente de Cambio y Bolsa on November 18, 2013, with capital of 1,809 thousand Peruvian soles (equivalent to 487 thousand euros), injected by Renta 4 Banco, S.A. (99.9999% interest) and an individual investor (0.0001%).

- An increased ownership interest in Renta 4 Chile SpA by means of the capitalization of the 1,660 thousand euro loan owed by this company to Renta 4 Banco, S.A. An additional 300 thousand euro equity injection in order to acquire 30% of Renta 4 Corredores de Bolsa, S.A. by means of the early exercise of the buyer's call option (note 18.l).

The changes to the consolidation scope in 2012:

- Inversiones Renta 4 Chile Limitada was incorporated on March 27, 2012. The new company's initial equity, in the amount of 1,350 million Chilean pesos (equivalent to 2,035 thousand euros at December 31, 2012), was contributed by Renta 4 Chile SPA (which owns 99.99% of the company) and Renta 4 Banco (0.01%).

- The Group's 70% investment in Renta 4 Corredores de Bolsa, S.A., a company acquired by Inversiones Renta 4 Chile Limitada for 2,035 million Chilean pesos (equivalent to 1,297 thousand euros at December 31, 2012), was consolidated for the first time in April 2012. Under the terms of the purchase agreement, the seller has granted the buyer a call option on the remaining 30% of this investee's equity. The option can be exercised between March 1, 2017 and December 31, 2017 and the consideration would take the form of shares of Renta 4 Banco. The Group has arranged an equity swap with a financial institution in connection with this call option (note 18.g).

- Deconsolidation of Renta 4 Investment Fund PLC: Renta 4 Investment Fund PLC is not part of the consolidation scope as it is an unincorporated open-ended investment vehicle which is authorized to manage the Qualified Investment Fund under the supervision of the Irish market regulator.

MEASUREMENT PRINCIPLES AND CRITERIA

The valuation principles and criteria applied in the preparation of the 2013 consolidated financial statements are as follows:

a) Principles of going concern and accrual

The information set forth in these consolidated financial statements has been prepared on the basis that the Group will continue as a going concern for the foreseeable future. This assessment was made taking into consideration the following risk factors and attendant mitigating circumstances:

The most significant risk factors in relation to the Entity's ability to continue as a going concern are:

- The existence of a protracted and deep recession in Spain and abroad, which is having a material impact on all sectors of the economy, with specific ramifications for the financial sector.

- The ongoing increase in non-performing debt levels.

- Stock market volatility and continued corrections, coupled with the sovereign debt crisis.

- Difficulty in renewing wholesale funding lines and higher borrowing costs.

The related mitigating circumstances are:

- The Bank's continued solid customer base.

- Access to European Central Bank liquidity.

- Capital in excess of current requirements and capital buffers such as the conversion of bonds into shares (note 18.j).

b) Accrual accounting

Except in respect of the statement of cash flows, these consolidated financial statements have been prepared on an accrual basis, i.e. income and expense is recognized when earned or incurred, respectively, regardless of when actual collection or payment occurs.

c) Offsetting balances

Debit and credit balances arising as a result of transactions are offset and therefore presented at the corresponding net amount on the balance sheet only when related contracts or applicable legislation allows the possibility of offsetting them and the entity intends to liquidate them at their net amounts or realize the related assets and simultaneously pay the corresponding liabilities. The presentation in the accompanying consolidated financial statements, prepared under IFRS-EU, of financial assets subject to impairment net of any such impairment is not considered 'offsetting' for these purposes.

d) Transactions in foreign currency

The euro is considered the functional currency for the purposes of the preparation of these consolidated financial statements. Foreign currency is understood to be any currency other than the euro.

Upon initial recognition, foreign currency receivable and payable balances have been converted to euros using the spot exchange rate. After initial recognition, the following rules are applied when translating foreign currency balances to euros:

- Monetary assets and liabilities denominated in foreign currency are translated at the average spot euro rate published by the European Central Bank at the balance sheet date.

- Income and expenses are translated at the exchange rate on the date of the transactions.

All differences are recognized in the consolidated income statement.

At year-end 2013, the Group's currency-denominated assets and liabilities amounted to 20,184 and 12,817 thousand euros, respectively. At year-end 2012, the Group's currency-denominated assets and liabilities amounted to 10,844 and 8,849 thousand euros, respectively

e) Revenue recognition

In general, revenue is measured at the fair value of the consideration received or to be received, excluding discounts, credits and rebates. When delays occur with respect to actual receipt of goods or services, fair value is determined based on discounted future cash flows.

The recognition of revenue in the consolidated income statement or in equity depends on whether the following conditions are met:

- The amount can be estimated reliably.

- It is probable that economic benefits will flow to the Group.

- The information can be verified.

When there are uncertainties regarding the collection of an amount previously recognized as revenue, the amount whose collectability is improbable is recognized as an expense and not as a decrease in revenue.

Interest income and expense, dividends and similar income and expense

As a general rule, interest and similar income and interest and similar expense are recognized for accounting purposes as they accrue in keeping with the effective interest method defined in IAS 39. Dividends received from companies other than those included in the Group's consolidation scope are recognized as revenue when the consolidated entities become entitled to receive them.

However, when a debt instrument is deemed impaired individually or as a result of belonging to a category of instruments deemed impaired on account of remote likelihood of recovery, the interest these instruments accrue ceases to be recognized in the consolidated income statement. Such interest is instead recognized as revenue when it is collected.

Fees, commissions and similar items

Fee and commission income and expense that does not have to be factored into the calculation of the various transactions' effective interest rates and/or is not part of the cost of acquiring financial assets or liabilities other than those classified at fair value through profit or loss is recognized in the consolidated income statement using a series of accounting criteria depending on the nature of the related fees and commissions. The most significant categories and their recognition criteria are as follows:

- Fees and commissions related to the acquisition of financial liabilities designated at fair value through profit or loss, which are recognized upon settlement.

- Fees and commissions deriving from transactions or services that are provided over time, which are recognized in the consolidated income statement over the life of the related transactions or services.

- Fees and commissions corresponding to a significant act, which are recognized in the consolidated income statement when the underlying act takes place.

Non-finance income and costs

These items are recognized on an accrual basis.

Deferred collections and payments

Deferred income and expense is recognized at their present value, calculated by discounting the forecast cash flows at market rates.

f) Financial instruments

Financial instruments are recognized on the consolidated balance sheet only when the Group is a party to the contractual provisions of the instrument. The Group recognizes debt instruments such as loans and cash deposits as of the effective date on which the legal right to receive and legal obligation to pay arises, and financial derivatives as of related contract dates. Additionally, transactions carried out in foreign currency markets are recorded on the settlement date, and financial assets traded on OTC markets in Spain are recognized on the trade date in the case of equity instruments and on the settlement date in the case of debt securities.

f.1) Financial assets

Financial assets are, inter alia, cash balances, deposits at financial institutions, customer loans, debt securities, equity instruments of another entity except those of subsidiaries, joint ventures or associates and derivatives held for trading.

The Group classifies is financial assets into the following portfolios for valuation purposes:

- Financial assets held for trading: financial assets created or acquired that are held for the purpose of selling in the near term or that are part of a portfolio (trading portfolio) of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. It also includes derivatives that are not designated as hedging instruments. Financial assets held for trading are shown at fair value, which is calculated based on their listed value at the consolidated balance sheet date. Changes in fair value are recognized in the consolidated income statement.

- Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market, that may or may not be designated at fair value and whose total initial investment the Group expects to recover, other than because of credit deterioration. The category primarily includes any type of loan or deposit lent to financial institutions, unlisted debt securities and temporary debit balances (brokerage) of Group customers. Receivables are recognized in the consolidated balance sheet at amortized cost using the effective interest rate method. The Group makes provisions for bad debts to cover balances of a certain age or if circumstances exist that raise doubts about the solvency of the debtor. Impairment losses on accounts receivable for intermediation are determined taking into consideration the value of securities uses as guarantees.

- Available-for-sale financial assets: those financial assets not classified in any of the preceding categories.

Subsequent to initial recognition, financial assets are measured at fair value.

The fair value of a financial instrument at a given date is the amount for which it could be bought or sold between two knowledgeable parties on an arm's length basis.

The fair value of a financial instrument is the price which would be paid for it on a high-volume, transparent organized market (“quoted price" or “market price”). The fair value of a financial instrument for which there is no market price is estimated using the fair value in recent arm’s length transactions, or other valuation techniques used by the international financial community bearing in mind the specific features of the instrument and, especially, factors inherent to the financial instrument.

Following initial recognition, these financial assets are measured as follows:

- The financial assets categorized as ‘held for trading’ or ‘available-for-sale’ are measured at fair value, without deducting any transaction costs that may be incurred in connection with their sale or disposal by other means.

- Financial assets classified as ‘loans and receivables’ are measured at amortized cost.

Financial assets are derecognized from the Group’s consolidated balance sheet when the contractual rights to receive cash flows from the assets have expired or the Group has transferred these rights and either has transferred substantially all the risks and rewards of the assets, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. In the last case, when control of the assets has not been transferred, the asset is recognized to the extent of the Group’s continuing involvement in the asset; i.e. at an amount equal to the Group’s exposure to changes in the value of the transferred financial asset.

Impairment losses incurred on financial instruments are accounted for in keeping with the criteria detailed in note 4.h).

f.2) Financial liabilities

Financial liabilities have been classified into the following categories for measurement purposes:

- Financial liabilities held for trading: financial liabilities issued with a view to buying them back in the near future. This portfolio includes derivatives, to the extent that they are not hedging instruments.

- Financial liabilities at amortized cost: this category of financial instruments contains financial liabilities that have not been included in any of the above category.

- Compound financial instruments: a compound financial instrument is a non-derivative financial instrument that includes both liability and equity components simultaneously. Both components are recognized, measured and presented separately.

Upon initial recognition, financial liabilities (both financial liabilities held for trading and carried at amortized cost) are measured at fair value. Subsequent to initial recognition, all financial liabilities are measured at amortized cost, except for those classified as financial liabilities held for trading, which are measured at fair value.

The criteria used to account for and measure compound financial instruments upon initial recognition are as follows:

a) The liability component is assigned the fair value of a similar standalone liability.

b) The fair value of the liability component is deducted from the fair value of the instrument as a whole; the resulting residual amount is the amount attributed to the equity component.

c) Transaction costs are allocated in the same proportion.

Except in the event of an error, the measurement made upon initial recognition is not subsequently revised.

Gains and losses on compound financial instruments are allocated to each of its components on a consistent and logical basis.

Financial liabilities are derecognized when the corresponding obligation is extinguished.

f.3) Gains and losses on financial instruments

Gains and losses on financial instruments are recognized in keeping with the following criteria depending on the portfolio in which they have been classified:

- For financial instruments classified as ‘held for trading’, changes in fair value are recognized directly in profit or loss.

- For financial instruments carried at amortized cost, fair value changes are recognized when the financial instrument is derecognized, or impaired in the case of financial assets.

- For financial instruments classified as ‘available-for-sale’, changes in fair value are recognized directly in equity as ‘Valuation adjustments‘ until the investment is derecognized, at which time the gain or loss previously deferred in equity is taken to profit or loss. Impairment losses, if any, are recognized profit or loss.

f.4) Fair value and amortized cost of financial instruments

The fair value of a financial instrument at a given date is the amount for which it could be bought or sold between two knowledgeable parties on an arm's length basis. The most objective and normal reference for the fair value of a financial instrument is the price that would be paid for it on a deep, transparent, organized market ("quoted price" or "market price").

When a market publishes the supply and demand prices for a given instrument, the market price for a purchased asset or a liability to be issued is the bid price (demand), whereas the price for an asset to be purchased or a liability issued is the ask price (supply). If there is relevant market making activity or it can be demonstrated that the positions can be closed - settled or hedged - at the average price, then this average price is used. The fair value of a financial instrument for which there is no market price is estimated using the current fair value in recent transactions of similar instruments or, failing this, using valuation models that have been sufficiently contrasted by financial markets, in due consideration of the specific characteristics of the instrument to be appraised, especially the various risk factors inherent to the financial instrument.

The valuation techniques employed to estimate the fair value of a financial instrument meet the following requisites:

- The most consistent and appropriate financial and economic methods are used, which have demonstrated that they provide the most realistic estimate of the price of the financial instrument.

- These methods are habitually used by market operators to value this type of financial instrument, such as discounted cash flow models, option pricing models based on market conditions and not arbitration etc.

- They maximize the use of available information both in terms of observable data and recent transactions with similar characteristics, and restrict as much as possible the use of non-observable data and estimates.

- They are widely and sufficiently documented, including the reasons why they have been chosen in preference to other possible alternatives.

- The valuation methods chosen are used consistently over time, provided there are no grounds to modify the reasons for choosing them.

- The validity of the valuation models is assessed on a periodic basis, using recent transactions and current market data.

They take account of the following factors: the time value of money, credit risk, exchange rates, commodity prices, equity prices, volatility, market liquidity, risk of early cancellation and administration costs.

Specifically, the proxy for determining the fair value of financial derivatives traded on deep, transparent, organized markets included in trading portfolios is their daily quote price which, if unavailable on a given date due to exceptional circumstances, is measured using methods similar to those applied when valuing derivatives not traded on organized markets.

The proxy for determining the fair value of derivatives not traded on organized markets or traded on organized markets that are not deep or transparent is the sum of future cash flows originated by the instrument, discounted at the valuation date ("present value" or "marked-to-market value") by applying valuation methods widely used in finance markets: "net asset value" (NAV), option pricing models etc.

Amortized cost is deemed the purchase price of a financial asset or liability adjusted (upwards or downwards, as applicable) by repayments of principal and interest and, plus or less, as applicable, the portion allocated to the consolidated income statement, using the effective interest method, of the difference between the initial amount and the repayment value of these financial instruments. In the case of financial assets, amortized cost also any impairment loss.

The effective interest rate is the discount rate that exactly matches estimated total future cash payments and receipts over the remaining lifespan of the financial instrument, with no consideration of future credit risk losses. In the case of fixed-interest financial instruments, the effective interest rate matches the contractual rate of interest established at the time of purchase, adjusted where necessary for commissions and transactions costs which, in accordance with the provisions of IAS 39, must be included in the calculation of the effective interest rate. In the case of variable-interest financial instruments, the effective interest rate is estimated in a similar fashion as for fixed-interest transactions, and is recalculated on each contractual rate reset date, in view of any changes to the transaction's future cash flows.

g) Reclassification of financial instruments between portfolios

The Group did not reclassify any financial instruments between portfolios in either 2013 or 2012.

h) Impairment of financial assets

A financial asset is deemed impaired and an impairment loss is recognized when there is objective evidence of one or more events that imply:

- an adverse impact on the future cash flows estimated when the transaction was arranged in the case of debt instruments (loans and debt securities).

- the potential inability to recover the asset’s carrying amount in the case of equity instruments.

The situations deemed by the Group to constitute objective evidence that a financial instrument may be impaired, triggering specific analysis of the financial instruments in question in order to determine the amount of the potential impairment loss, include those itemized in paragraph 59 of IAS 39 and, specifically, in the case of debt instruments, those listed in Appendix IX of Bank of Spain Circular 4/2004, as subsequently and successively amended.

More specifically, the situations deemed by the Group to constitute objective evidence of a financial instrument's potential impairment include the following:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that it would not otherwise consider, complying at all times with applicable legislation to this end;
- increasing probability that the borrower will enter bankruptcy or other financial reorganisation related to its inability to service its payment obligations;
- the disappearance of an active market for that financial asset because of financial difficulties on the part of the borrower or the counterparty to the risk assumed by the Group; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of similar financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

    i) adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments, borrowers that present an inadequate financial structure or any other form of difficulty in meeting their payment obligations); or

    ii) national or local economic conditions that correlate with defaults on the assets in the group.

- in the case of investments in equity instruments, the Group considers information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment, although such evidence requires the Group to analyze whether the decline really corresponds to a conclusive impairment of the investment such that the Group may not recover the cost of its investment.

As a general rule, and notwithstanding the following paragraphs in this note, corrections in the carrying value of financial instruments owing to impairment is charged to the consolidated income statement in the period in which the impairment occurs. Any recoveries of previously recorded losses from impairment are recognized in the consolidated income statement of the period in which the impairment is eliminated or reduced.

When the possibility of recovery of a recorded amount is considered remote, the amount is removed from the consolidated balance sheet, without prejudice to any actions consolidated entities may take to seek to achieve collection until their rights have fully expired, whether from prescription, forgiveness or other causes.

Below are the criteria applied by the Group to determine possible losses from impairment in each of the categories of financial instruments and the method used to record the impairment:

h.1) Debt instruments measured at amortized cost

The amount of impairment losses on these instruments is any positive difference between their respective carrying amounts and the present values of their estimated future cash flows.

Estimates of the future cash flows of debt instruments take into account the following:

- All sums expected to be received during the expected life of the instrument; including, if applicable, those originating in guarantees securing it, following deduction of the necessary costs for foreclosure and subsequent sale. Impairment loss includes an estimate of the possibility of collecting accrued interest that is overdue and unpaid.

- The types of risk to which each instrument is exposed, and

- The circumstances under which collection is expected to occur.

Subsequently, these cash flows are discounted using the effective interest rate of the instrument - if the contractual rate is fixed - or the effective contractual interest rate on the revision date, if the rate is variable.

As an exception to this procedure, in the case of listed debt instruments, market value is deemed a reasonable estimate of the present value of the instruments' future cash flows.

With regard to impairment loss caused by insolvency risk on the part of the debtor (credit risk), a debt instrument is considered impaired due to insolvency:

- When an impairment occurs in the payment capacity of the debtor, as shown by non-payment or other reasons, and/or

- Owing to the existence of 'country risk', understood as the risk incurred by debtors residing in a given country for circumstances other than normal commercial risk.

The process of evaluating and estimating possible impairment losses on these assets is carried out:

- Individually for all significant debt instruments and for those which are not significant but which cannot be classified in homogeneous groups of instruments with similar characteristics according to the type of instrument, the debtor's sector of activity and geographic area of activity, type of security, age of the amounts overdue, etc.

- Collectively: The Group has classified transactions according to the type of debtors and the conditions of the country in which they reside, the situation of the transaction and the type of guarantee it carries, the age of the amounts overdue, etc. and sets for each of these risk groups the impairment losses ('identified losses') to be recognized in the annual financial statements of the consolidated companies.

In addition to individually identified impairment losses, the Group recognizes a ‘general’ overall impairment provision or allowance in respect of exposures deemed ‘standard’, losses that have not, accordingly, been allocated to specific transactions. The amount of this provision is calculated by applying the parameters stipulated by the Bank of Spain on the basis of the historical experience of impairment and information in respect of the Spanish banking sector.

h.2) Debt instruments classified as available for sale

Impairment loss on debt securities in the portfolio of financial assets available for sale is equal to any positive difference between the acquisition cost - net of any amortization of principal - and fair value, net of any impairment loss previously recognized in the consolidated income statement.

The procedure followed by the Group to estimate impairment losses caused by the insolvency of the issuer of debt securities classified as available for sale coincides with the criteria explained in section h.1 for debt instruments recognized at amortized cost.

If objective evidence exists that the fair value losses on these assets have arisen from their impairment, these losses are removed from "Valuation adjustments - Available-for-sale financial assets" within equity in the consolidated balance sheet and are recognized at the full accumulated amount accumulated in the consolidated income statement. If all or part of the impairment losses are subsequently recovered, the reversal is recognized in the consolidated income statement in the period when recovery occurs.

h.3) Equity instruments classified as available for sale

Impairment loss on equity securities in the portfolio of financial assets available for sale is equal to any positive difference between the acquisition cost - net of any amortization of principal - and fair value, net of any impairment loss previously recognized in the consolidated income statement.

The criteria applied in recording impairment losses on equity instruments classified as available for sale are similar to those applied to debt instruments (as explained in note h.1); except that any recovery of such losses is recognized in "Valuation adjustments - Available-for-sale financial assets."

For listed equity instruments, the Group's criteria for assessing indications of impairment consist, first, of a prolonged or significant fall in market value, for which time or percentage ranges are estimated in order to compare the average cost with the stock market price of the instrument. Specifically, the time or percentage ranges established in Group policies consist of a 40% decrease in the stock market price against the average acquisition cost or a sustained decrease in the list price over 18 months. The Group also deems situations in which the issuer has declared, or is likely to declare, insolvency or faces significant financial difficulties to be indications of impairment. Hence, objective evidence is stronger in decreases of 40% in the list price for a continuous period of a year and a half.

Once an indication of impairment is identified under the foregoing parameters, a specific analysis is carried out of the fundamental metrics of the instrument to confirm or disprove the need for provisions.

h.4) Equity instruments measured at cost

Impairment losses on equity instruments measured at acquisition cost are equal to the difference between their carrying amount and the present value of the estimated future cash flows, discounted according to the market performance of similar securities.

Impairment losses on these assets are recorded in the consolidated income statement of the period in which they occur and directly reduce the cost of the instrument. These losses can be recovered subsequently only if the assets are sold.

i) Goodwill and other intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition of subsidiaries over the fair value of the net assets acquired at the date of acquisition.

When the acquisition of new investments entails deferred payment, cost includes the present value of the outstanding balance.

Goodwill is not amortized. It is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment detected is recognized in the consolidated income statement immediately. Impairment losses relating to goodwill cannot be reversed in future periods.

For calculating the impairment loss, goodwill is allocated to the cash generating units and an estimate is made of the recoverable amount of the asset, which is considered to be the higher of fair value less costs to sell and value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets.

On the sale or disposal of an investment in a Group company or associate, any goodwill allocated to the company is included in the gain or loss recognized from the sale or disposal.

Other intangible assets

The Group recognizes under “Other intangible assets” its computer software and the customer relationships or portfolios arising from the acquisitions of Gesdinco Gestión, S.G.I.I.C., S.A. and Padinco Patrimonios, S.A. in December 2006. The Group has also recognized the customer portfolios deriving from the acquisition of Renta 4 Chile Corredores de Bolsa (note 14).

This heading includes amounts paid to acquire software and software licenses. Software maintenance costs are recorded directly in the year incurred and amortized on a straight-line basis over a three-year period from the date the software is put to use.

The “Customer relationships” acquired as a result of the acquisition in December 2006 of Gesdinco Gestión, S.G.I.I.C., S.A. and Padinco Patrimonios, S.A. are being amortized on a straight-line basis over a period of eight years (their useful life), which is the period of time during which management expects to be able to maintain these relationships, estimated using the best available information. The “Customer relationships” acquired as a result of the acquisition in 2012 of Renta 4 Chile Corredores de Bolsa, S.A. are being amortized on a straight-line basis over a period of seven years (their useful life), which is the period of time during which management expects to be able to maintain these relationships, estimated using the best available information.

j) Property and equipment

This heading includes buildings, land, furniture, vehicles, computer equipment and other installations owned by the Group or acquired under finance leases.

Plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment in value.

The cost of these assets includes the amounts initially disbursed for acquisition or production, as well as any amounts paid subsequently for expansion, replacement or improvement of assets, when the Group expects to obtain economic benefits from continuing use of the assets.

Repairs and upkeep expenses that do not increase the useful lives of assets are charged to the income statement in the year incurred.

The Group has considered that cost at the IFRS transition date (January 1, 2005) was the carrying amount recognized under the generally accepted accounting principles in Spain at January 1, 2005.

Investment property recognizes the net carrying amount of a building (including the land) which is held for rent.

The acquisition or production cost of plant and equipment, net of the residual value, is depreciated on a straight-line basis over the useful life of the assets, as follows:

	Years of useful life	Depreciation rates
Buildings and other construction	50	2%
Investment property		
Buildings	50	2%
Installations	10 – 12.5	8% - 10%
Machinery, installations and tools	10 – 12.5	8% - 10%
Furniture and fittings	10	10%
Transport equipment	7	14%
Data processing equipment	4 – 7	15% - 25%
Other property and equipment	5	20%

Property and equipment are derecognized when disposed of or when permanently retired from use and no future economic benefits are expected from them following disposal, transfer or abandonment. The difference between their sales price and their carrying amount is recognized in the income statement of the period in which the asset is derecognized.

The Group periodically assesses whether there are any internal or external indications that the carrying amounts of property and equipment may be impaired at the consolidated balance sheet date. For identifiable assets, it estimates the recoverable amount, which is considered to be the higher of (i) the asset's fair value less costs to sell and (ii) its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount in the consolidated income statement.

Leases

The Group classifies leases based on the economic substance of the arrangement regardless of whether they are set up as finance or operating leases.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Financial charges are charged directly to the consolidated income statement. Assets acquired under finance leases are classified on the consolidated balance sheet based on the nature of the asset.

Operating lease payments are recognized as an operating expense as accrued over the term of the lease contracts.

Leases under which the Group acts as lessor and retains substantially all the risks and benefits inherent to ownership of the leased asset are classified as operating leases. The direct costs incurred upfront to negotiate an operating lease are added to the carrying amount of the leased asset and are recognized over the term of the lease using the same criteria used to recognize lease income. Contingent rents are recognized in income in the year in which they are collected.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and demand balances at financial intermediaries.

l) Treasury shares

Parent company shares held by the Group are deducted from equity. No gain or loss is recognized on transactions with treasury shares in the income statement, but directly in equity. If treasury shares are reissued, any difference between their carrying amount and the consideration received is recognized in the "Share premium" account.

Convertible bonds are separated into their liability and equity components on the basis of the terms of the related contracts. When convertible bonds are issued, the fair value of the liability component is determined using the market rate of interest for equivalent non-convertible instruments. This amount is classified as a financial liability at amortized cost (net of related transaction costs) until it is extinguished as a result of conversion or repayment. The remaining measurement amount is allocated to the conversion option and is recognized in equity. Transaction costs are deducted from equity, net of the associated tax effect. The carrying amount of the conversion option is not remeasured in subsequent years. The transaction costs associated with convertible bonds are divided between the liability and equity components in proportion to the initial distribution of the liability and equity components upon initial recognition of the instrument.

m) Provisions

Liabilities present at the consolidated balance sheet date, arising as a result of past events regarding which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, but are uncertain in terms of amount and cancellation date, are recognized in the consolidated balance sheet under provisions at the present value of the amount that the Group deems most likely will have to be paid to settle the obligation. Provisions are quantified taking into consideration the best available evidence on implications of obligating events and are re-estimated at every balance sheet close.

At December 31, 2013, the provisions recognized on the consolidated balance sheet correspond to Renta 4, Gestora, S.G.I.I.C., S.A. and the parent and mainly cover certain business-related liabilities and third-party claims. The provisions recognized at December 31, 2012 mainly covered liabilities related to business operations and third-party claims recognized by Renta 4, S.A., Sociedad de Valores and Renta 4 Banco, S.A.

Contingent liabilities recognized in connection with a business combination

Contingent liabilities recognized in connection with a business combination are initially measured at fair value. Subsequent to initial recognition, they are measured at the higher of the amount that would be recognized under the criteria for recognizing provisions, detailed above, and the amount initially recognized, less any accumulated amortization recognized using the criteria applied to account for ordinary income.

Additions to and the release of provisions deemed necessary in keeping with the above criteria are recognized with a credit or charge, respectively, to “Provision expense (net)” in the consolidated income statement.

n) Income tax

The income tax expense is calculated as tax payable with respect to the tax result for the year, after considering changes during the year relating to temporary differences, tax credits for deductions and rebates, and loss carryforwards.

The tax expense is recognized in the income statement except when the transaction is recognized directly in equity and in business combinations in which the deferred tax liability is recognized as another equity component of the business combination.

For deductions, rebates and tax credits for loss carryforwards to be effective, they must meet the requirements stipulated in prevailing legislation provided that related recovery is probable given that there are sufficient available deferred taxes or specific events have occurred due to which said recovery is no longer considered likely.

The tax effect of temporary differences is included in the corresponding deferred tax asset or liability headings under “Tax assets” or “Tax liabilities” on the accompanying consolidated balance sheet.

The Group reviews the carrying amounts of deferred tax assets and liabilities recognized, at least at each balance sheet date, and records the corresponding adjustments for deferred taxes which have lapsed or are considered recoverable.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

o) Fee and commission income

This heading includes fees and commissions for brokerage, asset management and custodian services and other income related to the Group's activities (e.g. underwriting, placement). Fee and commission income is recognized in the consolidated income statement as the service is rendered or, in the case of services executed via a single act, upon execution of the act.

p) Employee benefits expense

Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount payable in exchange for services received. These benefits are generally recognized as employee benefit expense for the year; any difference between the expense accrued and the amount paid at year-end is recognized as a liability.

Share-based payments

The Group has a share-based payment plan for its management and employees which grants them the option of acquiring shares of Renta 4 Servicios de Inversión S.A. (the Group's parent company). This stock option plan is known as the 2009 Plan.

2009 Stock option plan

This stock option plan was approved on December 22, 2009 and its main terms are as follows:

- No. of shares to be granted: 1,627,728 shares representing 4% of the parent company's share capital.

- Term: five years, the first grant taking place on January 15, 2011, with the remaining shares being granted on that same date during the next four years.

- Beneficiaries: the 2009 Plan is available to all Group directors, managers, and employees; each year the Appointments and Remuneration Committee of the parent company's Board of Directors proposes the beneficiaries on a case-by-case basis. Entitlement is not contingent upon minimum seniority.

- Economic terms and conditions: the exercise price for beneficiaries has been set at 6 euros per share.

In 2009, when the plan was approved, the stock options granted to employees were measured using a generally accepted valuation methodology at 661 thousand euros.

On June 5, 2012, the parent and Banco Madrid, S.A. agreed the early cancellation of the above agreement (note 18.g).

On September 27, 2012, the parent arranged a physically-settled equity swap with Banco Español de Crédito, S.A. (Banesto) related to the 2009 Plan covering 2010-2014. This swap replaces the agreement terminated with Banco Madrid (note 18.g).

On November 27, 2012, the parent's shareholders approved the partial amendment of the 2009 Plan at an extraordinary general meeting, setting the exercise price at 4.75 euros per share and leaving all other terms unchanged. At the time of amending the terms of the 2009 Plan, the option granted to Renta 4 Group employees was valued using a generally accepted valuation method at 82 thousand euros.

On November 14, 2013, the parent cancelled the physical-settlement equity swap it had arranged with Banco Español de Crédito, S.A. (Banesto) (currently Banco Santander, S.A.), derecognizing the associated implicit financial liability, which at the time of derecognition amounted to 3,094 thousand euros (notes 16.b & 18.g).

The Group recognizes in the consolidated income statement the cost of the plan during the accrual period, deemed the period elapsing between the date the plan was approved (December 22, 2009) and each grant date. Cost was determined as the difference between the amount to be paid by eligible employees and the estimated fair value of the shares to be delivered, i.e., at the intrinsic value of the option granted to employees. This estimate takes into consideration the plan's percentage uptake, which in 2013 and 2012 was zero: experience dictated that no beneficiary would exercise their call options.

At each stock option grant date, the Remuneration Committee determines the number of shares to be granted and to whom on the basis of personal job performance evaluations and delivery of the Group's overall targets.

The cost recognized in the consolidated income statement each year calculated in accordance with the criteria indicated above is debited to "Other equity instruments" in equity for the year, since the settlement of the plans require physical delivery of the shares.

No expenses were recognized in the consolidated income statements in either 2013 or 2012 in this connection.

2012 stock option plan

In an extraordinary general meeting held on November 27, 2012, the parent's shareholders approved a bonus scheme targeted at executive directors, members of the Executive Committee and the Renta 4 Group employees determined by the Board of Directors consisting of the conditional and restricted award of shares of Renta 4 Banco, S.A., known as the 2012 Plan.

The key characteristics of the 2012 Plan are the following:

- Maximum number of shares to be granted: 203,466 shares, representing 0.5% of the parent's share capital, broken down as follows: a maximum of 50,866 shares for the executive directors, 50,866 shares for the members of the Executive Committee and 101,734 shares for the Renta 4 Group employees determined by the Board of Directors.

- Beneficiaries: the 2012 Plan is targeted at the executive directors, the members of the Executive Committee and the Renta 4 Group employees determined by the Board of Directors.

- Term of the Plan and timing of share delivery: the 2012 Plan has a term of two years and three months (the "Vesting Period"). At the end of the Vesting Period, the Board of Directors, at the recommendation of the Appointments and Remuneration Committee, shall calculate the level of delivery of the benchmarks that determine delivery of the shares to the beneficiaries, to which end it may engage the services of an independent expert.

- Terms and conditions: the number of shares to be awarded to each of the beneficiaries shall be conditional upon delivery of the benchmarks determined by the Board of Directors at the recommendation of the Appointments and Remuneration Committee.

- Powers vested in the Board of Directors: the Board of Directors is vested with the power to determine the beneficiaries, the benchmarks delivery of which shall determine the number of shares to be awarded, the share delivery date and the applicable rules and to draft the document containing the terms and conditions of the 2012 Plan.

On December 21, 2012, the parent arranged a physically-settled equity swap with Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) related to the 2012 Plan and, elsewhere, to the call option on a 30% interest in Renta 4 Chile Corredores de Bolsa, S.A. (note 18.g).

On November 15, 2013, the parent cancelled the physical-settlement equity swap it had arranged with Banco Bilbao Vizcaya Argentaria, S.A. (BBVA), derecognizing the associated implicit financial liability (which was carried at 2,832 thousand euros at December 31, 2012) (note 18.g).

Other employee benefits

At December 31, 2013, the Group had granted loans to several employees to purchase a total of 62,411 shares of Renta 4 Servicios de Inversión S.A. (2012: 125,908 shares). The acquisitions were funded with interest-free loans due 15 years from the transaction date in accordance with the repayment schedule agreed in the contracts. The difference between the present value of the amounts payable by the employee and the sale price is recognized in the consolidated income statement as an employee benefit expense.

The expense recognized for this item in the 2013 and 2012 consolidated income statements was 25 and 61 thousand euros, respectively (see note 22.d).

In addition, at December 23, 2009, the Group had granted loans to employees to purchase 762,452 shares of Renta 4 Banco, S.A. (formerly Renta 4 Servicios de Inversión, S.A.). The acquisition was financed with loans earning interest at Euribor + 1.5%. These loans are repayable annually and mature within five years of the grant date. The principal outstanding under these loans stood at 271 thousand euros at both year-ends. This balance is included under "Loans and receivables – Loans and advances to customers" on the consolidated balance sheet.

Pension commitments

The Group classifies its pension commitments as defined contribution, whereby it is only required to make defined contributions to a third party, or as defined benefit, where it agrees to pay an amount based on variables such as age, years of service and salary when the contingency arises. The Group's obligations are as follows:

Renta 4, Sociedad de Valores, S.A.

In keeping with the collective bargaining agreement in force at Renta 4, Sociedad de Valores, S.A., the Group is committed to paying employees that come from the former brokerages seniority bonuses after 25, 35 or 45 years of continued service. The Group has not provisioned any amount in this respect as the directors deem the amounts accrued at year end not to be material.

Also according to this collective labor agreement, this company must provide coverage of early retirement, death and disability contingencies to employees covered by the collective labor agreement applicable to brokerage companies and broker dealers in the Autonomous Community of Madrid. This company is meeting these obligations by setting up a defined benefit pension plan.

In addition, for employees not covered under this agreement, the Group covers the retirement, disability, death, severe or major dependency contingencies through a defined contribution plan since 2006 with an annual contribution of 600 euros per employee.

Renta 4 Banco, S.A., Renta 4 Corporate, S.A., Renta 4 Gestora, S.G.I.I.C., S.A. and Renta 4 Pensiones, S.G.F.P., S.A.

Since 2007, the Group provides employees of these companies' coverage of retirement, disability, death, severe or major dependency contingencies through two defined contribution plans with an annual contribution of 600 euros per employee.

Defined contribution plan

Defined contributions are measured at fair value unless they are to be paid prior to the twelve months following the date of the consolidated financial statements in which the corresponding employee services were received, in which case the related amount is not updated. Contributions accrued for this concept during the year are recognized under "Employee benefits expense" in the income statement. The contributions recognized as an expense in the income statement amounted to 187 thousand euros in 2013 and 176 thousand euros in 2012 (note 22.d).

Defined benefit plan

The Group measures the present value of the implicit legal obligations for its defined benefit plan at the consolidated balance sheet date after deducting the cost of past services pending recognition and the fair value of the assets assigned to the plan as stipulated in prevailing legislation. The figure thus obtained is recognized as a provision for defined benefit pension funds.

The Group considers plan assets to be those that meet the following requirements:

- The assets are owned by a legally separate third party that is not a related party.

- The assets are exclusively available to pay or finance commitments with employees.

- The assets may not be returned to the Group unless the commitments with employee have been settled or used to reimburse the Group for benefits previously paid.

- The assets may not be instruments that the Group is entitled to transfer.

The Group recognizes the total net amount of the current service cost, interest cost on benefit obligation, the expected return on plan assets, past service costs and the effect of any reduction or settlement of the plan in the consolidated income statement of the year.

The Group immediately recognizes past service cost as an expense in the income statement unless changes to the plan are contingent on the employee remaining at the Group over a specific period of time, in which case the past service cost is recognized on a straight-line basis over said period.

"Actuarial gains and losses” are gains or losses arising from differences between previous actuarial assumptions and what has actually occurred, and from changes in the actuarial assumptions used. They are recorded entirely on the consolidated income statement for the year in which they occurred.

Expenses incurred by the Group in 2013 and 2012 related to its defined benefit obligations amounted to 5 and 7 thousand euros, respectively. (Note 22.d).

The Renta 4 Group externalized all of its pension commitments to employees in keeping with Spanish Royal Decree 1,588/1999 of October 15, by means of the incorporation of pension plans and the arrangement by these plans of insurance with a non-Group company. These commitments are therefore covered by the plan assets under the corresponding insurance policies and the related commitments are presented net of these assets. The plan assets under the aforementioned insurance agreements (mathematical provision) coincided at both year-ends with the commitments assumed so that no amount is recognized on the balance sheet in this connection.

The commitments assumed are linked to the insurance policy as the risks intrinsic to these commitments have been transferred to the insurer. The risks transferred include interest rate risk, as the contracts ‘immunize’ the Group from exposure to rate changes. As a result, the interest rate used to calculate the Group’s pension commitments is that used for the related years by the insurance provider (4% p.a.)

The main assumptions used to measure these commitments were:

	2013	2012
Mortality tables	PEMF-2000P	PEMF-2000P
Interest rate	3.50%	4%
Long-term inflation rate	1%	1%
Retirement age	65	65
Rotation	No	No

The table below presents the results of the actuarial valuation made and details on the value of the pension commitments, the fair value of the assets used to cover said commitments, and amounts recognized in assets, liabilities and the consolidated income statement.

The valuation of previous commitments based on the above assumptions was:

	Thousands of euros	
	2013	2012
Pension liabilities for active employees	203	192
Accrued	95	81
Unaccrued	108	111
Total commitments	95	81
Fair value of plan assets (Plan position account)	95	81
Asset (liability) to be recognized on the balance sheet	-	-

The movement in the present value of the obligation accrued under defined benefit commitments is shown below:

	Thousands of euros	
	2013	2012
Unvested pension obligations, opening balance	81	238
Current service cost	10	6
Impact of workforce reductions	(1)	(166)
Attributable return	5	3
Unvested pension obligations, closing balance	95	81

The movement in the fair value of the plan assets, structured in the corresponding insurance policy, was as follows:

	Thousands of euros	
	2013	2012
Fair value of plan assets (insurance policy), opening balance	81	261
Redemption value of insurance policy	(1)	(189)
Insurance premiums paid during the year	10	6
Return on insurance policy	5	3
Fair value of plan assets, closing balance	95	81

Termination benefits

Termination benefits are recognized as a provision and an employee benefit expense only when the Group has a proven commitment to terminate the employment of an employee or group of employees before the normal retirement date, or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

q) Off-balance-sheet customer funds

Funds deposited by third parties for investment in mutual funds and companies, pension funds, savings insurance contracts and discretional portfolio management contracts are recognized at fair value in memorandum accounts (auxiliary off-book accounting records) (note 23).

Additionally, assets acquired on behalf of third parties, equity instruments, debt instruments, derivatives and other financial instruments that are held on deposit for which the Group is liable to third parties are recognized in memorandum accounts at fair value or, when fair value cannot be estimated reliably, at cost (note 19). When in accordance with the contracts entered into with customers and when (international) market operating procedures dictate, the Group uses global custody accounts (omnibus), where it appears as owner of the positions. It must keep separate internal records with a breakdown by customer.

The fair value of these positions is determined by reference to quoted prices in the various markets, or those supplied by global custodians in the case of units of mutual funds (net asset value).

r) Consolidated statement of cash flows

The following terms are used in the cash flow statement with the meanings indicated below:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to insignificant risk of changes in value.

- Operating activities: the main activities of Group companies.

- Investing activities: the acquisition, sale and other disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and borrowings that are not operating activities.

The indirect method was used to prepare the consolidated statement of cash flows. To this end, profit for the year is adjusted for the effects of non-monetary transactions and all types of deferred/accrued payment items that are the source of past or future collections and payments from operating activities, as well as cash inflows and outflows associated with investing or financing activities.

s) Related-party transactions

Related-party transactions are measured as described above, except for the following:

- In non-monetary contributions of a business to a Group company, the contributing company generally measures its investment at the carrying amount at which the contributed items are recognized in the consolidated annual financial statements at the transaction date.

- In mergers and spin-offs, the assets and liabilities acquired are generally measured at the amount at which they would be recognized in the consolidated financial statements pro forma for the transaction. Any resulting differences are recognized in reserves.

Transfer prices are duly documented; consequently, the parent’s directors believe it is not exposed to a risk of significant tax liabilities on related party transactions.

t) Statement of changes in equity

The statement of changes in equity presented as an integral part of these financial statements shows all the movements in equity accounts arising during the year. This information is in turn broken down into two statements: the statement of recognized income and expense and the statement of total changes in equity. The main features of the disclosures included in both sections of this statement are described below:

Statement of recognized income and expense

This section of the statement of changes in equity presents the income and expense generated by the Group during the year as a result of its activities, distinguishing between income and expense recognized in the income statement for the year and other income and expense recognized directly in equity, in keeping with prevailing accounting rules.

Accordingly, this statement presents:

- Profit for the year;

- The net amount of income and expense recognized temporarily in equity as valuation adjustments;
- The net amount of income and expense recognized definitively in equity;

- The income tax accrued in respect of the last two items;

- Total recognized income and expense, this being the sum of the above.

The changes in the income and expense recognized as valuation adjustments within equity are in turn broken down into:

- Valuation gains (losses): the amount of income, net of the underlying expenses, arising during the year, recognized directly in equity. The amounts recognized in this heading during the year continue to be recognized within this heading, even if the underlying items are reclassified to profit or loss that same year, are recognized in the initial carrying amount of other assets or liabilities or are reclassified to another heading;

- Amounts transferred to the income statement: this heading reflects the valuation gains or losses previously recognized in equity, even if recognized that same year, that may be subsequently reclassified to profit or loss;

- Amounts transferred to the initial measurement of hedged items: this heading reflects the valuation gains or losses previously recognized in equity, even if recognized that same year, that are recognized in the initial measurement of assets or liabilities as a result of cash flow hedges;

- Other reclassifications: transfers arising during the year between measurement adjustment headings in keeping with prevailing accounting criteria.

All the items presented in the statement of recognized income and expense are liable for subsequent reclassification to profit or loss, with the exception of “Actuarial gains / (losses) on pension plans”. These amounts are presented at their pre-tax amounts; the corresponding tax effect is presented within “Income tax” within the same statement.

Statement of total changes in equity

This section of the statement of changes in equity presents all the movements in equity accounts, including those arising as a result of changes in accounting criteria and restatements made to address accounting errors. This statement therefore reconciles the carrying amounts at the start and end of the year of all the items comprising equity, the movements in which are grouped by nature into the following categories:

- Restatements for changes in accounting criteria and for prior-year errors: this section includes changes in equity as a result of the retroactive restatement of financial statement headings as a result of changes in accounting criteria or the correction of errors.

- Total income and expense recognized during the year: the aggregate of all the items recognized in the statement of recognized income and expense, as detailed above.

- Other changes in equity: movements in all other equity items, such as increases or decreases in capital or the endowment fund, dividends, trading in own equity instruments, transfers between equity headings and any other increase or decrease in equity.

u) Financial guarantees

Financial guarantees are contracts under which the Group undertakes to pay specific amounts for which a third party is liable in the event that the latter fails to honor its payment obligations. The main contracts included under this heading, which is presented as a memorandum account at the bottom of the consolidated balance sheet, are bank bonds.

When the Group enters into contracts of this nature, they are recognized under “Financial liabilities at amortized cost – Other financial liabilities” on the liability side of the consolidated balance sheet at fair value and, simultaneously, in “Loans and receivables – Other financial assets” at the present value of the future cash flows receivable using for the purpose of both calculations a discount rate similar to the interest rate charged by the Entity when it grants financial assets with similar terms and an equivalent risk profile to the counterparty in question. Subsequent to initial recognition, these agreements are measured by recognizing the differences as finance income or finance cost in profit or loss, depending on whether the agreement constitutes “Other financial assets” or “Other financial liabilities”, respectively.

In addition to the considerations outlined above, the Group hedges its financial guarantees as detailed in note 5.a.2) in relation to management of credit risk.

4. FINANCIAL RISK MANAGEMENT

Dealing in financial instruments can lead to the assumption by the Group of one of more classes of risk. The main financial risks are:

- Credit risk: This is the risk that one of the parties to a financial instrument contract could fail to meet its contractual obligations due to insolvency or incapacitation of natural or legal persons as a result of which the other party suffers a financial loss.

- Liquidity risk: This risk is sometimes called funding risk. It relates to the risk of the Entity not being able to sell a financial asset rapidly for an amount comparable to its fair value or finding it difficult to obtain the funds to meet its commitments under its financial instruments.
- Market risk: This risk arises from holding financial instruments whose value may be affected by changes in market conditions and is comprised of three types of risk:

    (i) Exchange rate risk: This risk arises as a result of changes in the rates of exchange among currencies.

    (ii) Interest rate risk: This risk arises as a result of changes in market interest rates.

    (iii) Price risk: This is the risk of adverse changes in market prices due to either factors specific to the financial instrument itself or factors affecting all market-traded instruments. Although the Group holds positions in equity instruments that expose it to this risk factor, its exposure is not deemed material.

The Group has built its risk management model around the following cornerstones:

a) Credit risk

a.1) Credit risk management and measurement

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. In the case of repayable financing extended to third parties, credit risk relates to the risk that the principal, interest and other items will not be recovered at the amount and within the timeframe stipulated in the loan agreements, among other terms and conditions. In respect of off-balance sheet exposures, this risk factor relates to the counterparty's potential failure to uphold its obligations vis-à-vis third parties, forcing the Group to assume them as its own as a result of the commitment assumed.

The Group is exposed to credit risk when its counterparties breach their respective obligations. In this respect it distinguishes between two classes of counterparties: (i) general clients; and (ii) financial institutions.

The current client credit risk monitoring system is underpinned by the development of new risk assessment and debtor (individuals and groups) classification systems that determine the amount of impairment allowances required to cover potential losses.

Specifically in relation to the granting, monitoring and oversight of risks with 'general clients', the Group's Risk Control Department oversees that the current system for extending credit limits on a discretionary basis – in all instances as a function of the securities provided to the Group as collateral - is working properly. Under the terms of the agreements signed with the Group's clients, it can use the customers' securities and mutual fund units to settle potential debts in the event of customer non-payment (failure to replenish funds).

a.2) Maximum credit risk exposure

The following table displays the maximum credit risk exposure assumed by the Group at December 31:

	Thousands of euros	
	2013	2012
Available-for-sale financial assets (debt securities)	369,351	209,997
Due from credit institutions	379,573	252,984
Loans and advances to customers	19,212	11,989
Contingent exposures	2,500	1,944
Maximum credit risk exposure	770,636	476,914

Due from credit institutions: the main components of this portfolio are repurchase agreements with Spanish brokers, current accounts and time deposits with financial brokers.

Loans and advances to customers: these are essentially balances receivable from individual clients in connection with securities trading; these balances are secured by the securities deposited by these same clients at the Group. When the Group classifies these balances as impaired, the impairment losses are determined by taking into consideration the value of the balances provided as collateral.

There were no individual exposures in breach of the limits imposed by the Bank of Spain at either year-end 2013 or 2012.

In accordance with the risk types defined by the Bank of Spain, the Bank classifies its ’standard risk’ into the following categories: negligible risk (public sector and transactions collateralized by cash deposits), low risk (mortgages on completed housing with LTV < 80% and companies with an A credit rating), medium-low risk (other collateral), medium risk (personal guarantee, excluding consumer loans, credit cards and overdrafts), medium/high risk (consumer loans) and high risk (credit card balances, current account overdrafts and credit account overdrafts).

	%	
Type of risk	2013	2012
Negligible risk	97.05	95.40
Medium	2.36	2.36
High	0.59	2.24
	100	100

a.3) Credit quality

The Group has established a system for measuring credit risk which is based on the ratings awarded by external rating agencies (S&P, Moody’s and Fitch).

The table below breaks down the Group's investments which expose it to credit risk (namely its available-for-sale [debt securities] and loans and receivables [due from credit institutions] portfolios) by the ratings categories awarded by independent rating agencies. A breakdown of the credit quality of loans and advances to customers and the equity instruments portfolio is not disclosed as there are no external ratings for most of the Group's exposure in this respect.

	Thousands of euros			
	2013		2012	
	Due from credit institutions (note 6.b)	Debt securities (note 6.b)	Due from credit institutions (note 6.b)	Debt securities (note 6.b)
Between AAA and A-	3,818	-	8,896	-
Between BBB+ and B-	383,450	368,963	257,101	199,879
Between CCC+ and C	-	109	-	158
Not rated	7,113	-	853	9,960
Total	**394,381**	**369,072**	**266,850**	**209,997**

a.4) Credit risk in respect of construction and property development loans

The Group had not extended loans to finance construction work or property developments at either year-end. Nor had it extended loans to fund the acquisition of residential property at either reporting date. The Group did not hold any assets foreclosed as a result of bad loans to builders or developers at either year-end.

a.5) Loan refinancing and restructuring policy

The Group uses the following definitions:

– Refinancing transaction: a transaction which, regardless of the borrower or the related collateral, is granted or used, for economic or legal reasons related to financial difficulties on the part of the borrower, to cancel one or more loans extended by the entity or any of its Group entities to the borrower or to one or more companies within the latter's group or which renders the borrower fully or partially current on its payments in respect of such loans with a view to helping the counterparty to the cancelled or refinanced transaction to service its debt (principal and interest) when it cannot or is expected not to be able to fulfil its contractual obligations when or as due.

– Refinanced transaction: a transaction rendered partially or wholly performing as a result of a refinancing transaction undertaken by the entity or any of its Group entities.

– Restructured transaction: a transaction whose terms and conditions, for economic or legal reasons related to financial difficulties on the part of the borrower, are modified in order to facilitate debt service (principal and interest) because the borrower cannot or is expected not to be able to fulfil its contractual obligations when or as due, even if such an amendment is provided for in the contract terms. The following are deemed restructured transactions: haircuts, asset swaps to pay off debt, term amendments to extend the maturity of a loan, alter the repayment schedule in order to reduce loan instalments in the short term or diminish their frequency and/or the grant of grace periods for the payment of principal, interest or both, insofar as it can be demonstrated that the terms are modified for reasons other than financial difficulties on the part of the borrower and that the new terms are similar to market terms extended to customers with similar risk profiles at the time of the restructuring.

– Loan renewal: a transaction arranged to replace another formerly granted by the entity itself in the absence of prevailing or anticipated financial difficulties on the part of the borrower; in a nutshell, a transaction arranged for reasons other than for refinancing purposes.

– Renegotiated transaction: a transaction the financial terms of which are modified in the absence of prevailing or anticipated financial difficulties on the part of the borrower; in a nutshell, when terms are modified for reasons other than for restructuring purposes.

Regardless, for a transaction to qualify as a renewal or renegotiation, the borrower must be able, as of the date of renewal/renegotiation, to secure a similar amount of funds in the market on equivalent terms to those offered by the entity; in addition these terms must match those being offered at the time to customers with similar risk profiles.

The Group's parent did not have any outstanding investments qualifying as refinancing, refinanced or restructured transactions at either year-end.

b) Liquidity risk

Liquidity risk is the risk that a credit institution will encounter difficulty in securing liquid funds or accessing them in sufficient amount and at an acceptable cost to meet its payment obligations without adversely affecting the market price or the cost of the transaction.

The Group's following a policy of protecting itself from liquidity risk, keeping enough cash and other liquid financial instruments available to meet computable liabilities with residual maturity of less than one year.

Renta 4, Sociedad de Valores, S.A. (subsidiary) has to meet a cash adequacy ratio. Therefore, assets that can easily be liquidated and are low risk must amount to least 10% of its computable liabilities with a residual maturity of less than one year. This does not include temporary and instrumental payables (brokerage customer).

This company had met the abovementioned capital adequacy ratio at December 31, 2013 and 2012. The table below analyses the Group’s financial instruments into relevant maturity groupings based on the remaining period at year-end 2013 and 2012 to the contractual maturity date.

2013

Cash flows

	Thousands of euros						
	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 5 years	Over 5 years
Cash inflows							
Due from credit institutions	94,058	43,095	10,915	-	5,000	-	-
Loans to other financial institutions	505	18,041	-	-	-	9	-
Reverse repurchase agreements and securities borrowed	-	241,059	-	-	-	-	-
Loans and advances	5,316	13,322	838	3,943	1,509	8,713	132
Securities portfolio settlement	-	50	23,000	26,000	216,000	97,722	-
Net interest income	30	54	(407)	(70)	(49)	-	-
Total	99,909	315,621	34,346	29,873	222,460	106,444	132
Cash outflows							
Wholesale funding issues	-	-	-	-	-	-	-
Due to banks	(627)	(11,069)	(981)	(1,195)	(2,237)	(1,646)	-
Due to other financial institutions and international organisms	(22,821)	(8,039)	-	-	-	(7)	-
Due to major non-financial corporates	-	-	-	-	-	-	-
Other funding due to customers	(243,827)	-	(13,910)	(2,647)	-	(1,342)	-
Funds for brokerage loans	-	-	-	-	-	-	-
Funding raised with securities as collateral	-	(246,713)	(175,000)	-	-	(45,000)	-
Currency swaps (net)	-	-	-	-	-	-	-
Derivatives (net)	-	9	(8)	-	-	89	-
Other cash outflows (net)	(973)	(49,254)	-	-	(1,056)	(1,477)	-
Total	(268,248)	(315,066)	(189,899)	(3,842)	(3,293)	(49,383)	-

Available liquidity

	Thousands of euros							
	Opening liquidity balance	Less than 1 week	Less than 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 5 years	Over 5 years
Cash and balances with central banks	3,076	-	-	-	-	-	-	-
Adjustment to comply with minimum reserve requirement		(1,689)	(863)					
Undrawn liquidity facilities	86,884	-	15,000	151,995	(24,369)	(171,289)	(58,221)	-
Central government	86,884							
Of which: Spanish public debt	*86,884*							
Unpledged eligible assets	53,906							
Central government	53,906	(8,154)	(50)	-	-	(45,702)	-	-
Of which: Spanish public debt	*47,875*	*(2,173)*	-	-	-	*(45,702)*	-	-
Other marketable assets not eligible for use as collateral in exchange for central bank funding	1,085							
Listed equity securities	1,085	-	-	-	-	-	3,037	-
Total available liquidity balance	144,951	135,108	149,195	301,190	276,821	59,830	4,646	4,646

2012

	On demand	1 month or less	More than 1 month up to 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 5 years	Over 5 years
Cash inflows							
Due from credit institutions	58,642	27,705	28,200	9,625	16,000	-	-
Loans to other financial institutions	19	21,894	-	-	-	-	-
Reverse repurchase agreements and securities borrowed	-	130,054	-	-	-	-	-
Loans and advances	712	11,014	602	4,212	2,897	1,588	1,029
Securities portfolio settlement	-	35,078	40,000	34,920	47,081	40,213	-
Net interest income	150	(1,110)	34	(87)	(232)	-	-
		-					
Total	59,523	224,635	68,836	48,670	65,746	41,801	1,029
Cash outflows							
Wholesale funding issues	-	-	-	-	-	-	-
Due to banks	(615)	(5.957)	(1,783)	(2,134)	(3,734)	(12,536)	-
Due to other financial institutions and international organisms	(13,558)	(10,837)	-	-	-	(46)	-
Due to major non-financial corporates	-	-	-	-	-	-	-
Other funding due to customers	(203,587)	-	(400)	(625)	(6,153)	(15,352)	-
Funds for brokerage loans	-	-	-	-	-	-	-
Funding raised with securities as collateral	-	(134,838)	(60,000)	-	-	(45,000)	-
Currency swaps (net)	-	-	-	-	-	-	-
Derivatives (net)	-	(339)	-	-	27	44	-
Other cash outflows (net)	(659)	(41,778)	-	-	(8)	(1,412)	-
Total	(218,419)	(193,749)	(62,183)	(2,759)	(9,868)	(74,302)	-

Available liquidity	Thousands of euros							
	Opening liquidity balance	Less than 1 week	Less than 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 5 years	Over 5 years
Cash and balances with central banks	2,390	-	-	-	-	-	-	-
Adjustment to comply with minimum reserve requirement		(1,673)	(284)					
Undrawn liquidity facilities	49,091		3,489	24,064	(34,611)	(19,305)	(22,728)	
Central government	49,091							
Of which: Spanish public debt	*34,029*							
Unpledged eligible assets	40,290							
Central government	40,290	(23,585)	(10,733)	(3,978)	(20)	(1,899)	(75)	
Of which: Spanish public debt	*25,249*	*(23,585)*	*(658)*			*(986)*		
Other marketable assets not eligible for use as collateral in exchange for central bank funding	1,912							
Listed equity securities	1,912	-	-	-	-	3,133	-	-
Total available liquidity balance	93,683	68,425	60,897	80,983	46,352	28,281	5,478	5,478

As can be observed from the above table, there are no significant items under the breakdown of maturities on the asset side of the balance sheet which would reduce the abovementioned gap. The most significant figures are the equity instruments, property, plant, and equipment and intangible assets, and shares.

c) Market risk

The Group's positions are very well identified and are essentially limited to investments in UCITs and listed shares. Nevertheless, the Group measures the risk associated with these positions periodically using value-at-risk methodology (VaR) which expresses the maximum expected loss for a specific time interval on the basis of the historic performance of a security or portfolio. The VaR of these portfolios (at 1 day and with a confidence level of 98.75%) at December 31, 2013 and 2012 was as follows:

	Thousands of euros	
	2013	2012
Trading portfolio (maximum potential loss)	65	694
Available-for-sale investments (maximum potential loss)	736	1,195
VaR (% of the portfolio)	0.12	0.49

c.1) Exchange rate risk

The Group's exposure to this risk factor is due to its investment in Chile which is not significant.

c.2) Interest rate risk

This risk factor is defined as the possibility that changes in interest rates could have an adverse impact on the value of a financial instrument or a portfolio of financial instruments or the value of the Group as a whole. These adverse changes may result from movements in the interest rate curves or in the credit spreads applied by counterparties.

The directors consider that the Group's exposure to interest rate risk is insignificant. Therefore, they do no evaluate or monitor this risk and have not established either exposure limits or procedures for monitoring interest rate risk. As seen in the information provided in the various notes to the consolidated financial statements, the Group's policy is not to assume interest rate risk. Therefore, the Group's financial assets and liabilities are at floating rates with short-term maturities, except long-term loans and borrowings with financial institutions and some non-current loans and advances to employees of small amounts.

The future impact on the consolidated income statement of a 100 basis point increase or decrease in interest rates at December 31, 2013 and 2012 would be:

- An increase or decrease in finance expense and, by extension, a decrease or increase Group profit before tax due to the interest expense associated with servicing the Group's non-current borrowings (158 and 580 thousand euros on average borrowings of 15,755 and 57,996 thousand euros for 2013 and 2012, respectively).

- An increase in net interest income or expense on the rest of its positions, given that a portion of its liabilities with customers do not accrue interest whereas the investment of these funds in highly-liquid financial assets does earn interest for the Group.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

As detailed in note 4.f), except for financial instruments classified as 'loans and receivables' and equity instruments whose fair value cannot be reliably determined, the Group's on-balance sheet financial assets are measured at fair value.

Similarly, with the exception of financial liabilities classified as 'financial liabilities at amortized cost', all of the Group's financial liabilities are also measured at fair value.

The table below provides an analysis of the Group's financial assets and liabilities at fair value at year-end 2013 and 2012 broken down by class of financial asset/liability and into one of the following three fair value measurement hierarchies:

- **LEVEL 1**: Financial instruments whose fair value has been calculated on the basis of their listed price on active markets, without making any changes to the list prices.
- **LEVEL 2**: Financial instruments whose fair value has been estimated on the basis of listed prices on organized markets for similar instruments, or by employing other valuation techniques in which all material inputs are based on directly or indirectly observable market data.
- **LEVEL 3**: Instruments whose fair value has been estimated through the use of valuation techniques in which some significant input is not based on observable market data. Input is considered to be significant when it constitutes a major factor in the overall determination of fair value.

Financial assets

12/31/2013	Balance sheet total	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Financial assets held for trading	**1,037**	**1,037**	**750**	**287**	**-**
Debt securities	287	287	-	287	-
Other equity instruments	289	289	289	-	-
Trading derivatives	461	461	461	-	-
Available-for-sale financial assets	**401,834**	**401,809**	**367,892**	**33,917**	**-**
Debt securities	369,072	369,072	335,155	33,917	-
Equity instruments	32,737	32,737	32,737	-	-
Equity instruments at cost	25	-	-	-	-

12/31/2012	Balance sheet total	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Financial assets held for trading	**2,363**	**2,363**	**2,106**	**257**	**-**
Debt securities	257	257	-	257	-
Other equity instruments	1,604	1,604	1,604	-	-
Trading derivatives	502	502	502	-	-
Available-for-sale financial assets	**249,163**	**248,210**	**147,135**	**91,121**	**9,954**
Debt securities	209,997	209,997	108,922	91,121	9,954
Equity instruments	38,213	38,213	38,213	-	-
Equity instruments at cost	953	-	-	-	-

Financial liabilities

12/31/2013	Balance sheet total	Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Financial liabilities held for trading	**372**	**372**	**8**	**364**	**-**
Trading derivatives	372	372	8	364	-

31/12/2012	Balance sheet total	Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Financial liabilities held for trading	**770**	**770**	**470**	**300**	**-**
Trading derivatives	770	770	470	300	-

The main valuation methods, assumptions and inputs used to estimate the fair value of the financial liabilities at the various hierarchy levels at year-end 2013 and 2012 were as follows:

- Trading derivatives: the fair value of most of the proprietary portfolio of trading derivatives was determined on the basis of the instruments' quoted prices on active markets as the underlyings are stock market indices such as the Euro Stoxx 50 and the Ibex.

- Debt securities: the fair value of the debt instruments was determined on the basis of their listed prices on formal exchanges (the Bank of Spain book entry clearing system), the AIAF private fixed-income exchange’s screens (for credit institutions) or by using prices obtained from information service providers that build prices based on price data reported by their contributors. Investments in Spanish government debt listed on active markets are deemed Level 1 valuations for fair value hierarchy purposes, while private fixed-income security valuations are deemed Level 2.

  In addition, at December 31, 2012, debt securities included fixed-income bonds that were not deemed impaired due to a guarantee extended by the parent’s main shareholder to secure this investment (note 10.a). The difference between the cost of these securities (10,244 thousand euros) and their carrying amount (9,954 thousand euros) related to a general loan-loss provision allocated to these securities in the amount of 290 thousand euros. The parent had classified these securities within Level 3 for fair value hierarchy purposes.

- Equity instruments: the fair values of all of the Group’s listed equity investments was determined on the basis of the securities’ quoted prices in official markets, which is why these investments are classified within Level 1 in the tables above.

There were no transfers among the various levels in 2013 or 2012.

The Group’s loans and receivables and its financial liabilities at amortized cost are typically very short term in nature and carry floating rates so that their carrying amounts coincide with fair value.

The amounts recognized in the 2013 and 2012 income statements in respect of changes in the fair value of the Group’s financial instruments, which correspond to unrealized gains and losses, distinguishing between financial instruments whose fair value is determined using Level 1 (on the basis of prices quoted in active markets), Level 2 (using valuation techniques fed by variables observable in the market) and Level 3 (all other instruments), are not material at either year-end 2013 or 2012 for the purpose of the accompanying consolidated financial statements; nor are the changes in unrealized gains and losses during the years then ended.

7. SEGMENT INFORMATION

The business segment information is generated for the purpose of facilitating internal control, monitoring and management of the Renta 4 Group's business and earnings performance. The Board of Directors is deemed the highest body empowered to take decisions affecting each business segment. In defining its business segments, management considers each unit's intrinsic risks and management specifics. Likewise, in order to split and allocate the Group's business and earnings performance, management bases its analysis on the basic business units, for which accounting and management information is readily available. Management applies the same general principles as are used to prepare the Group's management information and the measurement and recognition criteria and accounting principles are essentially the same as those used to prepare the financial statements.

The business segments described below reflect the Group's organizational structure at year end 2013 and 2012 based on the nature of the services rendered and the customer segments to which they are rendered.

The Group's main business lines, which constitute its primary reporting segments, are as follows:

- Brokerage (Spanish and international capital markets and the sale of managed and third-party mutual funds).

- Asset Management (management of UCIs and pension funds).

- Corporate Services: includes primarily support services for the rest of the segments, as well as security depositary and custodial services.

The Group carries out its core business operations in the Spanish market; however, since 2011 it has been conducting an insignificant amount of business in Chile. The customer bases and product ranges are similar in both markets.

The Group's financial business focuses mainly on brokerage, asset management, corporate and other services. These activities are carried out through a network of branches, agents and subsidiaries and are offered to individuals and financial intermediaries, and small- and medium-sized enterprises (SMEs). Corporate services are provided by various Group subsidiaries.

Inter-segment sales relate mainly to commissions on the sale of the managed investment funds paid by the Asset Management segment to the Brokerage segment for marketing them through the network. These fees and commissions are paid in accordance with the agreed terms (75% of the management fee), which the directors deem to be in line with market practices.

The following table presents segment information for 2013 and 2012:

	Thousands of euros									
	Year ended December 31, 2013					Year ended December 31, 2012				
INCOME STATEMENT	Brokerage	Asset Management	Corporate Services	Adjustments	Total	Brokerage	Asset Management	Corporate Services	Adjustments	Total
Interest and similar income										
Internal	-	8	-	(8)	-	-	3	-	(3)	-
External	9,246	-	-	-	9,246	8,088	-	2	-	8,090
Interest and similar expense										
Internal	(8)	-	-	8	-	(3)	-	-	3	-
External	(2,539)	-	(647)	-	(3,186)	(2,432)	-	(2,034)	-	(4,466)
Return on equity instruments (dividends)	-	-	289	-	289	-	-	364	-	364
Share of profit (loss) of entities accounted for using the equity method	(378)	-	-	-	(378)	(1,044)	-	-	-	(1,044)
Fee and commission income										
Internal	7,729	-	-	(7,729)	-	6,723	-	-	(6,723)	-
External	47,407	27,800	7,493	-	82,700	39,290	21,524	5,015	-	65,829
Fee and commission expense										
Internal	-	(7,729)	-	7,729	-	-	(6,723)	-	6,723	-
External	(28,085)	(13,958)	-	-	(42,043)	(21,118)	(8,357)	-	-	(29,475)
Gains or losses on financial assets and liabilities (net)	-	-	6,460	-	6,460	-	-	2,872	-	2,872
Foreign currency translation differences (net)	1,137	-	-	-	1,137	1,444	-	-	-	1,444
Other operating income	-	-	362	-	362	-	-	406	-	406
Other operating expenses	(1,048)	-	(194)	-	(1,242)	(1,089)	-	(24)	-	(1,113)
GROSS MARGIN	**33,461**	**6,121**	**13,763**	**-**	**53,345**	**29,859**	**6,447**	**6,601**	**-**	**42,907**
Employee benefits expense	(13,212)	(2,439)	(4,675)	-	(20,326)	(12,552)	(2,690)	(2,689)	-	(17,931)
Other general expenses	(9,283)	(1,714)	(3,285)	-	(14,282)	(9,183)	(1,967)	(1,969)	-	(13,119)
Depreciation and amortization	(2,689)	-	(517)	-	(3,206)	(2,230)	-	(510)	-	(2,740)
Provision expenses	15	(30)	-	-	(15)	-	-	-	-	-
Impairment losses (net) on financial assets	23	-	(743)	-	(720)	(642)	-	(815)	-	(1,457)
PROFIT BEFORE TAX	**8,315**	**1,938**	**4,543**	**-**	**14,796**	**5,252**	**1,790**	**618**	**-**	**7,660**
BALANCE SHEET										
Total assets	946,888	16,481	7,567	(66,237)	904,699	673,005	11,435	8,504	(73,168)	619,776
Total liabilities	867,363	6,688	736	(44,431)	830,356	609,778	3,719	1,671	(54,287)	560,881
Other information										
Acquisitions of property and equipment	**2,932**	**-**	**413**	**-**	**3,345**	**3,088**	**-**	**441**	**-**	**3,529**

8. CASH AND BALANCES AT CENTRAL BANKS

The breakdown of the balance of "Cash and balances with central banks" in the consolidated balance sheet at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Cash	74	112
Bank of Spain		
Rest of deposits	3,002	2,278
	3,076	2,390

The breakdown by remaining term to maturity is provided in note 5.b).

The breakdown of the instruments deemed by the Group to constitute cash equivalents is as follows:

	Thousands of euros	
	2013	2012
Cash	74	112
Bank of Spain	3,002	2,278
Current accounts (note 11.a)	103,118	64,516
	106,194	66,906

The balances on deposit with the Bank of Spain are held for the purpose of covering the minimum reserve coefficient requirement, which applies to the Group's parent, in keeping with prevailing legislation.

9. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

The breakdown of these headings on the asset and liability sides of the balance sheet at December 31, 2012 and 2011 is as follows:

	Thousands of euros			
	Assets		Liabilities	
	2013	2012	2013	2012
Debt securities	287	257	-	-
Other equity instruments	289	1,604	-	-
Trading derivatives	461	502	372	770
Total	1,037	2,363	372	770

None of the assets included in this portfolio were encumbered by any commitments or guarantees at either year end.

a) Debt securities

The breakdown, by issuer sector, of the balance of "Debt securities" at year-end is as follows:

	Thousands of euros	
	2013	2012
Public sector – Spain	-	21
Spanish credit institutions	178	177
Other resident sectors	109	59
Total	287	257

b) Other equity instruments

The breakdown, by issuer sector, of the balance of "Other equity instruments" at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Credit institutions	2	-
Other non-resident sectors	282	1,604
Other resident sectors	5	-
Total	289	1,604

The breakdown of "Other equity instruments," based on whether the securities included therein are admitted for listing or not and the percentage of the total they represent, is as follows:

	Thousands of euros		% of total	
	2013	2012	2013	2012
Listed	289	1,604	100	100
Unlisted	-	-	-	-
	289	1,604	100	100

c) Trading derivatives

The trading derivatives, as outlined in note 4.f), are classified as held for trading; as such, they are measured at fair value and any fair value changes are recognized directly in profit or loss.

The notional amounts and fair values of the derivatives, by type of market, type of product, counterparty, term to maturity and type of risk, recognized under “Trading derivatives” at year-end 2013 and 2012, are as follows:

	Thousands of euros					
	Notional amount		Fair value			
	Memorandum accounts		Assets		Liabilities	
	2013	2012	2013	2012	2013	2012
By type of market						
Organized markets	14,533	87,131	461	502	8	470
OTC markets	1,735	3,592	-	-	364	300
	16,268	**90,723**	**461**	**502**	**372**	**770**
By type of product						
Options						
Bought	7,769	38,929	461	502	-	-
Sold	7,808	48,202	-	-	364	470
Others					-	
Sold	691	3,592	-	-	8	300
	16,268	**90,723**	**461**	**502**	**372**	**770**
By counterparty						
Resident credit institutions	691	1,937	-	-	8	24
Other financial institutions	-	-	-	-	-	-
Non-resident credit institutions	14,533	87,131	461	502	8	470
Other sectors	1,044	1,655	-	-	356	276
	16,268	**90,723**	**461**	**502**	**372**	**770**
By term to maturity						
Within 1 year	15,224	85,586	461	163	16	476
Between 1 and 5 years	1,044	5,137	-	339	356	294
	16,268	**90,723**	**461**	**502**	**372**	**770**
By class of risk hedged						
Exchange rate risk	-	1,348	-	13	-	2
Interest rate risk	1,191	2,437	-	-	8	24
Share price risk	15,077	86,938	461	489	364	744
	16,268	**90,723**	**461**	**502**	**372**	**770**

d) Other information

The breakdown of this heading by remaining term to maturity is provided in note 5.b) which covers liquidity risk.

Note 6) provides detailed information on the fair value of the financial assets included in this category and on the methods used to estimate the related fair values.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The breakdown of this heading on the asset side of the balance sheet at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Debt securities	369,072	209,997
Other equity instruments	32,762	39,166
	401,834	249,163

In 2013 and 2012, none of the financial instruments included in this portfolio was transferred or reclassified.

The movement in this balance sheet heading in 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Balance at January 1	249,163	38,543
Additions	462,551	250,622
Disposals	(311,283)	(40,146)
Deferral of accrued interest	4,753	3,363
Collection of coupons	(3,245)	(2,840)
Valuation adjustments	356	(379)
Impairment of assets	(743)	-
Reversal of general loan-loss provision	282	-
Balance at December 31	401,834	249,163

Assets in this portfolio in the amount of 354,015 thousand euros at year-end 2013 (188,399 thousand euros at year-end 2012) were pledged to secure loans and implicit financial liabilities (note 16.a).

a) Debt securities

The breakdown of debt securities by counterparty is as follows:

	Thousands of euros	
	2013	2012
Public sector – Spain	335,155	108,922
Credit institutions	32,863	100,254
Other non-resident sectors	1,062	1,111
Impairment provision (general provision)	(8)	(290)
Total	369,072	209,997

The breakdown of these headings by remaining term to maturity is provided in note 5.b).

The year-end fair values of these debt instruments were determined on the basis of their listed prices on formal exchanges (the Bank of Spain book entry system) and by using prices obtained from information service providers that build prices based on prices fed by contributors (Bloomberg).

At December 31, 2012, debt securities included private fixed-income Icelandic bonds with an original cost of 10,244 thousand euros (subject to a general loan-loss charge of 290 thousand euros); these securities were not deemed impaired due to the guarantee extended in respect of this investment by the parent's main shareholder (note 21), even though the issuers of the bonds in question were in bankruptcy proceedings and two bond series had been past due since 2010 and the third series had matured unpaid in June 2012.

On March 19, 2013, the Group decided to execute the aforementioned guarantee, as a result of which the parent's main shareholder purchased the secured bonds for 10,244 thousand euros. To facilitate execution of this guarantee, the parent granted the entity acquiring the bonds a 3-year loan of 3,000 thousand euros, which is secured by the bonds themselves and 55,000 shares of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., valued at the time at 3,530 thousand euros.

The collateral securing this loan was measured at 3,542 thousand at December 31, 2013 as follows:

- The 55,000 shares in Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. were valued on the basis of their closing price, as published by the Madrid stock exchange.

- The Icelandic bonds were valued using prices provided by the depositary by means of largely consensual prices furnished by information providers and were valued at 5.60%, 23.70% and 28.72%, respectively.

b) Other equity instruments

The breakdown of this heading at year-end 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Investments in UCITS	28,833	31,883
Shares and other equity investments	3,929	7,283
Total	32,762	39,166

The breakdown of "Investments in UCITS" at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
R4 CTA Trading, F.I.	8,159	9,081
Renta 4 Renta Fija Euro, F.I.	4,899	4,937
Renta 4 Pegasus, Fund	1,271	1,281
Renta 4 Minerva, FIL (formerly Renta 4 Minerva, IICIICIL)	2,932	1,550
Renta 4 Renta Fija Internacional, F.I.	2,660	2,691
Renta 4 Total Opportunity, F.I.	1,045	1,012
Renta 4 Valor Relativo, F.I.	1,116	1,040
Renta 4 Atalaya F.I.	4,397	1,656
Trualpha Global Currency F.I.L.	602	616
Renta 4 Monetario, F.I.	209	7,115
Other	1,543	904
	28,833	31,883

The breakdown of “Shares and other equity interests” at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
Quoted	2013	2012
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	3,375	3,481
Kivalliv Energy	529	-
Inversiones Financieras de las Islas Occidentales, SICAV	-	2,330
Other	-	519
Unquoted		
ICN	-	496
Other equity interests	25	457
	3,929	7,283

The Group has no significant exposure at either year-end to equity investments whose market value implies a decline of over 40% with respect to the related investment cost or that have been trading below acquisition cost for over 18 months and have not been provisioned.

The breakdown of “Valuation adjustments” in equity (note 18.k) at year-end 2013 and 2012 as a result of changes in the fair value of the assets held in this portfolio is provided below:

	Thousands of euros	
	2013	2012
Equity instruments		
Credit institutions	-	-
Other resident sectors	(611)	(1,530)
Non-resident sectors	(185)	57
Debt securities		
Spanish government	(22)	288
Credit institutions	3	102
Other non-resident sectors	6	31
Total	(809)	(1,052)

11. LOANS AND RECEIVABLES

The breakdown of this heading on the asset side of the balance sheet at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Due from credit institutions	394,381	266,850
Loans and advances to customers	49,045	45,678
Total	443,426	312,528

The breakdown by remaining term to maturity is provided in note 5.b).

a) Due from credit institutions

The breakdown of this heading is as follows:

	Thousands of euros	
	2013	2012
Time deposits	35,071	57,610
Repurchase agreements	241,001	130,009
Other accounts	117,986	78,367
Valuation adjustments		
Accrued interest	323	864
	394,381	266,850

The breakdown of these assets by remaining term to maturity is provided in note 5.b).

The breakdown of "Time deposits" at year-end 2013 and 2012 is as follows:

Year-end 2013

Entity	Type	Maturity date	Thousand euros
Banesto	1.50%	09/14/2014	5,000
Caixa	1.23%	02/01/2014	4,000
Banco Santander	3.00%	01/29/2014	5,000
Cajamar	3.00%	02/15/2014	2,000
Caixa	1.23%	01/31/2014	14,000
ICBC	1.49%	03/18/2014	4,915
Banco Security	4.56%	01/31/2014	156
Total			35,071

Year-end 2012

Entity	Type	Maturity date	Thousand euros
Banesto	3.90%	09/14/2013	5,000
Banco Popular	4.75%	08/23/2013	2,000
SabadellCAM	4.19%	04/22/2013	325
BBVA	3.25%	03/01/2013	20,000
SabadellCAM	4.20%	05/23/2013	800
Banco Mare Nostrum	4.00%	03/20/2013	8,200
SabadellCAM	4.04%	04/09/2013	1,500
SabadellCAM	4.50%	10/02/2013	5,000
Cajamar	2.60%	01/17/2013	1,085
Banca March	3.50%	04/09/2013	4,000
Banco de Valencia	3.96%	05/30/2013	7,000
Banco Pastor	1.75%	01/02/2013	2,700
Total			57,610

The breakdown of assets acquired under resale agreements ('reverse repos') in 2013 and 2012 is as follows:

December 31, 2013

Public debt securities	Final maturity	Interest rates Minimum	Interest rates Maximum	Thousands of euros
November 29, 2013	January 3, 2014	0.4%	1.25%	241,001

December 31, 2012

Public debt securities	Final maturity	Interest rates Minimum	Interest rates Minimum	Thousands of euros
December 21, 2012	January 18, 2013	0.15%	1.65%	130,009

Of the portfolio of reverse repos, 231,713 thousand euros of assets were sold under repurchase agreements at year-end (note 16.c) (104,838 thousand euros at year-end 2012).

The main components at both year-ends of "Other accounts" in the table above are (i) current accounts, which accrue interest at market rates for accounts of this nature, in the amount of 103,118 thousand euros (year-end 2012: 64,516 thousand euros); and (ii) financial guarantees on deposit at brokerages in connection with international derivatives in the amount of 13,045 thousand euros (year-end 2012: 10,885 thousand euros).

b) Loans and advances to customers

The breakdown of this consolidated balance sheet heading by loan type, performance status, borrower classification and interest rate category is as follows:

	Miles de euros 2013	Miles de euros 2012
By loan type and status:		
Loans secured by physical property	12,878	8,923
Other term loans	801	1,333
Receivable on demand and sundry loans	5,533	1,733
Doubtful assets	2,581	2,200
Other financial assets	29,531	33,501
Valuation adjustments	(2,279)	(2,012)
	49,045	45,678
By sector:		
Other resident sectors	37,819	39,073
Other non-resident sectors	11,226	6,605
	49,045	45,678
Interest rate:		
Floating	49,045	45,678
Fixed	-	-
	49,045	45,678

The breakdown of these headings by remaining term to maturity is provided in note 5.b).

The breakdown of the transactions classified as ‘secured by physical property’:

	Thousands of euros			
	Debt		Value of collateral	
	2013	2012	2013	2012
Pledged securities	12,878	8,923	19,801	19,282
Other	-	-	-	-
	12,878	8,923	19,801	19,282

In 2013 and 2012 the Group was given pledges on customer securities it holds on deposit as collateral against payments receivable.

The breakdown of the valuation adjustments recognized in respect of transactions classified as ‘Loans and advances to customers’ is as follows:

	Thousands of euros	
	2013	2012
Valuation adjustments:		
Asset impairment losses	(2,446)	(2,187)
Accrued interest	167	175
	(2,279)	(2,012)

The balance of doubtful assets at year-end 2013 is 2,581 thousand euros (year-end 2012: 2,200 thousand euros).

Other financial assets

This heading includes the guarantees placed on deposit at the MEFF, the Spanish futures market, in connection with derivative trading activities, at December 31, 2013 and 2012.

c) Impairment losses

The breakdown of the impairment losses recognized at year-end 2013 and 2012 on assets classified as loans and receivables is provided in the table below:

	Thousands of euros		
	Specific allowance	General allowance	Total
Balance at December 31, 2011	2,257	672	2,929
Additions			
Due to changes in accounting criteria	1,049	-	1,049
Recoveries			
Recoveries (with a credit to profit or loss)	(406)	-	(406)
Amounts used			
Write-downs	(1,095)	-	(1,095)
Other	-	(290)	(290)
Balance at December 31, 2012	1,805	382	2,187
Balance at December 31, 2012	1,805	382	2,187
Additions			
Due to changes in accounting criteria	260	42	302
Recoveries			
Recoveries (with a credit to profit or loss)	(43)	-	(43)
Amounts used			
Write-downs	-	-	-
Other	-	-	-
Balance at December 31, 2013	2,022	424	2,446

The movement in the balance of financial assets written-off (derecognized as the likelihood of recovery is deemed remote) is as follows:

	Thousands of euros
Balance at December 31, 2011	12,289
Additions	1.095
With a charge against asset impairment losses	1,095
Decreases	(12,879)
Due to recovery	(13)
Due to forgiveness	(12,866)
Balance at December 31, 2012	505
Additions	
With a charge against asset impairment losses	-
Decreases	
Due to recovery	-
Due to forgiveness	(5)
Balance at December 31, 2013	500

12. INVESTMENTS

The breakdown of "Investments" by financial instrument and counterparty is as follows:

	Thousands of euros	
	2013	2012
Associates		
Securities owned by the Group	3,202	1,892
Valuation adjustments	-	-
Impairment losses	-	-
	3,202	1,892

At December 31, 2013, this heading of the accompanying consolidated balance sheet includes the investment in Renta Markets, S.V., S.A. (formerly called Renta Markets, S.A.). This associate made a 394 thousand euro contribution to profit in 2013 (in the wake of a 152 thousand loss in 2012).

Renta Markets, S.V., S.A. (formerly called Renta Markets, S.A.) had total assets of 7,437 thousand euros and total liabilities of 6,531 thousand at year-end and generated total revenue and profit in 2013 of 5,967 thousand euros and 1,125 thousand euros, respectively.

This heading also recognizes the investment in Outlook Inversiones S.I.C.A.V., S.A. in the amount of 916 thousand euros at December 31, 2013 (zero at year-end 2012). On September 30, 2013, the parent received a binding offer from an asset manager for the acquisition of a very significant stake (no less than 99.99%) in Outlook Inversiones S.I.C.A.V., S.A. This company had total assets of 2,994 thousand euros, total equity of 2,974 thousand euros and total liabilities of 20 thousand euros at year-end and generated a loss of 5 thousand euros in 2013.

At year-end 2013 and 2012, the breakdown of the “Investments” heading by listed and unlisted shares is as follows:

	2013		2012	
	Thousands of euros	% of total Investments	Thousands of euros	% of total Investments
Unlisted	2,286	71%	1,892	100%
Listed	916	29%	-	-
	3,202	100%	1,892	100%

The movement in “Investments” on the consolidated balance sheet for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Opening balance	1,892	2,044
Additions	916	-
Share of profit/loss for the year	394	(152)
Closing balance	3,202	1,892

The following movements in respect of Investments are recognized in the consolidated income statement under “Share of profit (loss) of entities accounted for using the equity method”:

	Thousands of euros 2013	Thousands of euros 2012
Share of profit for the year of Renta Markets, S.A.	394	(152)
Elimination of fees and commissions paid by another Group company to Renta Markets, S.A.	(772)	(892)
Closing balance	(378)	(1,044)

13. PROPERTY AND EQUIPMENT

The breakdown of the movement in this consolidated balance sheet heading at December 31, 2013 and 2012 is as follows:

	Thousands of euros				
	Computer equipment	Furniture, fixtures and other assets	Buildings	Investment property	Total
Cost					
Balance at 12/31/2011	4,562	12,951	21,686	5,649	44,848
First-time consolidation of Renta 4 Corredores, S.A.	16	17	-	-	33
Additions	103	2,985	370	71	3,529
Disposals	(3)	(12)	-	-	(15)
Balance at 12/31/2012	4,678	15,941	22,056	5,720	48,395
Additions	151	2,781	238	175	3,345
Disposals	(6)	(108)	-	(490)	(604)
Balance at 12/31/2013	4,823	18,614	22,294	5,405	51,136
Accumulated depreciation					
Balance at 12/31/2011	(4,238)	(5,601)	(3,606)	(1,635)	(15,080)
First-time consolidation of Renta 4 Corredores, S.A.	(13)	(17)	-	-	(30)
Additions	(131)	(1,391)	(386)	(124)	(2,032)
Disposals	3	12	-	-	15
Balance at 12/31/2012	(4,379)	(6,997)	(3,992)	(1,759)	(17,127)
Additions	(148)	(1,573)	(393)	(124)	(2,238)
Disposals	6	105	-	490	601
Balance at 12/31/2013	(4,521)	(8,465)	(4,385)	(1,393)	(18,764)
Carrying amount at December 31, 2013	302	10,149	17,909	4,012	32,372
Carrying amount at December 31, 2012	299	8,944	18,064	3,961	31,268

The Group had no material contractual commitments for the acquisition or sale of property and equipment at either year-end; nor were its assets subject to material restrictions on title.

The carrying amount of Group property and equipment located outside of Spain at year-end 2013 was 66 thousand euros (23 thousand euros at year-end 2012).

The directors estimate that the fair value at year-end 2013 and 2012 of the property and equipment owned by the Group is not materially different from the amounts recognized in the accompanying balance sheet.

No significant amounts of property and equipment were subject to use or title restrictions, retired from service or pledged as security for liabilities at either year-end.

Finance leases

The carrying amount at year-end 2013 of property and equipment acquired under finance lease arrangements was 14,740 thousand euros (year-end 2012: 15,058 thousand euros).

On February 8, 2007, Renta 4 de Servicios de Inversión, S.A. arranged a finance lease with a bank on an office building in Valencia in the amount of 1,673 thousand euros. The price included the price of the purchase option (11 thousand euros) and the financial charge (261 thousand euros), payable in 120 monthly installments. The nominal interest rate on the lease, which terminates on January 8, 2017, is currently 4.5%.

On July 5, 2001, the Group arranged a finance lease with a bank on the property located at Paseo de la Habana, 74 in Madrid, for a total of 18,170 thousand euros; this asset is recognized under "Buildings" in the accompanying consolidated balance sheet. On November 17, 2004, the Company amended this agreement, adding the reform work performed at the property and extending the term to December 5, 2014; the total price of the finance lease after the amendment stood at 18,018 thousand euros. This price includes the price of the purchase option (150 thousand euros) and the financial charge (1,430 thousand euros), payable in 120 monthly installments. The lease transaction carries interest at Euribor plus a spread of 0.60%, reset annually. The contract amendment took effect on December 5, 2004.

The maturity analysis of the commitments made under these agreements according to the scheduled timing of the payments is as follows:

	Thousands of euros			
	2013		2012	
	Less than 12 months	Over 12 months	Less than 12 months	Over 12 months
Value of the commitment –future minimum payments	1,932	290	1,942	2,231
Financial charge	(25)	(13)	(72)	(44)
Finance lease commitments - Present value (note 16.b)	1,907	277	1,870	2,187

The breakdown of outstanding payments and present value of these leases at December 31, 2013 and 2012 is as follows:

	Thousands of euros			
Future minimum payments	Within one year	After one year but not more than five years	More than five years	Total
2013	1,932	290	-	2,222
2012	1,942	2,231	-	4,173
Present value				
2013	1,907	277	-	2,184
2012	1,870	2,187	-	4,057

Expense under operating leases is recognized as an operating expense as accrued over the term of the related leases.

The building located at Paseo de la Habana, 63 in Madrid is recognized as an investment property at both year-ends. The Group earned rental income of 114 thousand euros from this property in 2013 (131 thousand euros in 2012). This income is included within "Rental income" in the consolidated income statement.

The expenses incurred in respect of the investment properties generating this rent relate to the annual depreciation charges.

The breakdown of the future minimum payments receivable under non-cancelable operating leases at year-end is as follows:

	Thousands of euros	
	2013	2012
Within one year	276	81
Between one and five years	1,104	324
	1,380	405

14. INTANGIBLE ASSETS

a) Goodwill

The breakdown of the movement in this consolidated balance sheet heading in 2013 and 2012 is as follows:

	Thousands of euros		
	Cost	Impairment losses	Total
Balance at 12/31/2011	17,502	(2,211)	15,291
Additions, 2012 business combination	815	-	815
Balance at 12/31/2012	18,317	(2,211)	16,106
Modification of the provisional accounting of the business combination (transfer to customer portfolio)	(646)	-	(646)
Balance at 12/31/2013	17,671	(2,211)	15,460

At December 31, 2013, goodwill totaled 15,460 thousand euros (year-end 2012: 16,106 thousand euros), corresponding to the companies clustered into the Asset Management CGU (5,476 thousand euros at both year-ends), the Brokerage CGU (9,815 thousand euros at both year-ends) and the Chilean CGU (169 and 815 thousand euros at year-end 2013 and 2012, respectively). The Brokerage CGU encompasses Banco Alicantino de Comercio S.A. (Renta 4 Banco S.A.), Renta 4 Burgos S.A., Renta 4 Aragón S.A., Renta 4 Huesca S.A. and Padinco Patrimonios S.G.C., S.A., while the Asset Management CGU includes Renta 4 Gestora S.G.I.I.C., S.A. (Gesdinco Gestión SCIIC) and Renta 4 Pensiones, E.G.F.P., S.A. Lastly, the Chilean CGU consists of Renta 4 Chile Corredores de Bolsa, S.A.

In 2013 the Group's parent modified the provisional amounts recognized in connection with the 2012 business combination consisting of the acquisition of Renta 4 Chile Corredores de Bolsa, S.A. so as to allocate an amount of 646 thousand euros to intangible assets with a finite useful life (customer portfolio), leaving a goodwill balance of 169 thousand euros. This useful life of this customer portfolio was set at seven years. The annual amortization charges on the Group's finite-lived intangible assets are recognized in "Depreciation and amortization" in the consolidated income statement.

In April 2012, the Group acquired 70% of Renta 4 Corredores de Bolsa, S.A. (note 3). The related goodwill was estimated at the time of the acquisition as follows:

	Thousands of euros
Consideration given	2.035
Fair value of the assets acquired and the liabilities assumed	(1,220)
Goodwill	815

The goodwill was associated with the business expected to be generated as a result of the sale of other services provided by the Renta 4 Group to Chilean customers (brokerage activities and asset, fund, pension fund and portfolio management) and the potential growth in the Chilean customer base due to the scope for trading in the Spanish market. It is expected that this goodwill will be fully deductible for tax purposes in future years.

The fair value of the assets acquired and the liabilities assumed was as follows:

	Thousands of euros
Cash and cash equivalents	2,489
Financial assets and liabilities held for trading	135
Current liabilities	(1,404)
Total	1,220

The transaction had the following effect on the cash flow statement:

	Thousands of euros
Cash flows from operating activities	
Net increase / decrease in operating assets	
Financial assets and liabilities held for trading	(135)
Net increase / decrease in operating liabilities	
Other operating liabilities	1,404
Net cash flows from operating activities	1,269
Cash flows from investing activities	
Payments	
Intangible assets	(815)
Net increase / decrease in cash (*)	454

(*) Increase/(decrease) in cash: the cash held by the target (2,489 thousand) less the cash transferred (2,035 thousand euros).

Management has tested the goodwill allocated to the Brokerage, Asset Management and Chile CGUs for impairment at December 31, 2013 and 2012.

Under IAS 36, goodwill is impaired when its carrying amount exceeds its recoverable amount, defined as the higher of value in use and fair value less costs to sell. The recoverable amounts of the above-listed CGUs were determined taking an income approach; specifically, management used the dividend discount model based on cash flow projections which were in turn based on the management-approved budgets, as follows:

Asset Management CGU

	2013	2012
Projection period	5 years	5 years
Discount rate (projection period)	14.0%	15.6%
Growth rate in perpetuity	2.0%	2.0%

Brokerage CGU

	2013	2012
Projection period	5 years	5 years
Discount rate (projection period)	14.5%	15.7%
Growth rate in perpetuity	2.0%	2.0%

Chile CGU

	2013	2012
Projection period	5 years	n.a
Discount rate (projection period)	13.4%	n.a.
Growth rate in perpetuity	2.0%	n.a

The value in use calculations for both CGUs are based on the following assumptions:

Projection period

As required in paragraph 33.b of IAS 36, the projection period used to estimate the future cash flows of both CGUs was five years. Management believes a five-year period is right timeframe for adequately reflecting the business plan, as projected for each CGU.

Discount rate

The discount rates reflect management's estimate of the risks specific to each unit. It is the rate used by management to evaluate business performance and investment proposals. The discount rate used to calculate value in use for each of the CGUs at the measurement date was the cost of equity (Ke), determined using the capital asset pricing model (CAPM)".

This model is based on the risk-free rate (Rf), calculated using the average yield on 10-year Spanish government bonds during the three months ended December 31, 2013, plus a market risk premium (Rm), multiplied by the appropriate beta coefficient plus a specific premium. The resulting discount rates for the various CGUs, as shown in the tables above, were 14%, 14.5% and 13.4%, respectively (2012: 15.6% and 15.7%).

Growth rate in perpetuity

The estimated rate of growth in perpetuity was based on long-run inflation estimates taken from public sources. The estimated inflation rate used was 2% for all three cash-generating units.

Management believes it can substantiate the use of these growth rates.

Sensitivity analysis

In order to test the robustness of its calculations, management performed sensitivity analysis varying the key inputs used to determine the CGUs' value-in-use estimates. To this end, it varied the discount rates, growth rates in perpetuity and capital requirement assumptions used. The results of this exercise are outlined below:

Asset Management and Brokerage CGUs

Reasonable variations with respect to the base case scenario of +/-100 basis points in the discount rate used, coupled with reasonable variations of +/-100 basis points in the rate of growth in perpetuity modelled, would not result in the impairment of either of the CGUs.

Nor would reasonable variations with respect to the base case scenario of +/-100 basis points in the discount rate modelled, coupled with reasonable variations of +/-0.25 basis points in the minimum capital required of the CGUs, result in the impairment of either of these two CGUs.

Lastly, reasonable variations with respect to the base case scenario of +/-100 basis points in the rate of growth in perpetuity modelled, coupled with reasonable variations of +/-0.25 basis points in the minimum capital required of the CGUs, would not result in the impairment of either of these two CGUs.

Chile CGU

In the case of the Chilean CGU, reasonable variations with respect to the base case scenario of +/-100 basis points in the discount rate used, coupled with reasonable variations of +/-100 basis points in the rate of growth in perpetuity modelled, would not result in the impairment of this CGU.

Likewise, reasonable variations with respect to the base case scenario of +/-50 basis points in the discount rate modelled, coupled with reasonable variations of +/-0.175 basis points in the minimum capital required of this CGU, would not result in the impairment of the Chilean CGU.

Nor would reasonable variations with respect to the base case scenario of +/-50 basis points in the rate of growth in perpetuity modelled, coupled with reasonable variations of +/-0.175 basis points in the minimum capital required of this CGU, result in the impairment of the Chilean CGU.

This sensitivity analysis indicates that none of the changes in any of the above-listed assumptions would result in carrying amounts for any of the three CGUs of less than their carrying amounts.

The directors concluded from the tests performed that there was no need to recognize any impairment losses.

The impairment tests performed by the parent were subsequently assessed by an independent expert which, on 14 March 2014, issued a favorable report on the impairment tests and the measurement of the Group's goodwill.

b) Other intangible assets

This consolidated balance sheet heading includes software acquired from third parties and the Gesdinco & Padinco and Chilean customer portfolios. This account registered the following activity in 2013 and 2012:

	Thousands of euros		
	Cost	Accumulated amortization	Carrying amount
Balance at 12/31/2011	4,174	(2,699)	1,475
Additions and charges	628	(708)	(80)
Derecognitions	-	(1)	(1)
Balance at 12/31/2012	4,802	(3,408)	1,394
Additions and charges	1,561	(968)	593
Derecognitions	-	-	-
Balance at 12/31/2013	6,363	(4,376)	1,987

At December 31, 2013, “Other intangible assets” included the Gesdinco & Padinco customer portfolios at a carrying amount of 101 thousand euros (original cost of 815 thousand euros, net of accumulated amortization of 714 thousand euros at year-end). It also included the Chilean customer portfolio at a carrying amount of 485 thousand euros (original cost of 646 thousand euros, net of accumulated amortization of 161 thousand euros) (note 14.a). At December 31, 2012, “Other intangible assets” included the Gesdinco & Padinco customer portfolios at a carrying amount of 203 thousand euros (original cost of 815 thousand euros, net of accumulated amortization of 612 thousand euro).

15. OTHER ASSETS AND OTHER LIABILITIES

The breakdown of these headings in the accompanying consolidated balance sheet at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
Assets:	2013	2012
Prepayments and accrued income	725	790
Others	4	46
	729	836

At December 31, 2013 and 2012, the main item comprising “Prepayments and accrued income” in the table above relates to expenses in the amount of 29 and 145 thousand euros incurred respectively by the Entity directly in connection with the convertible bond issue (note 16.d); these expenses are being charged to the consolidated income statement over the life of the convertible bond issue.

	Thousands of euros	
Liabilities:	2013	2012
Fees and commissions payable	161	263
Others	527	60
	688	323

16. FINANCIAL LIABILITIES AT AMORTIZED COST

The breakdown of these liability headings of the accompanying consolidated balance sheet at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Due to central banks	235,912	135,379
Due to credit institutions	8,047	23,462
Customer deposits	504,055	331,365
Debt certificates including bonds	12,222	12,222
Other financial liabilities	65,193	53,965
	825,429	556,393

The breakdown of these headings by remaining term to maturity is provided in note 5.b).

a) Due to central banks

The breakdown of this consolidated balance sheet heading by instrument category is as follows:

	Thousands of euros	
	2013	2012
Time accounts	235,000	135,000
Valuation adjustments – Interest accrued by non-resident institutions	912	379
Total	235,912	135,379

The breakdown of the balances due to central banks at December 31, 2013 (there were no such balances at year-end 2012) is as follows:

12/31/2013

			Thousands of euros	
Entity	Rate	Maturity date	Limit	Drawn down
European Central Bank (1)	0.25%	01/30/2014	15,000	15,000
European Central Bank (1)	0.25%	02/27/2014	100,000	100,000
European Central Bank (1)	0.25%	03/27/2014	75,000	75,000
European Central Bank (1)	0.25%	02/26/2015	45,000	45,000
Total			235,000	235,000

(1) Loans secured by debt security pledges (Note 10)

12/31/2012

			Thousands of euros	
Entity	Rate	Maturity date	Limit	Drawn downs
European Central Bank (1)	0.75%	03/28/2013	30,000	30,000
European Central Bank (1)	0.75%	01/31/2013	30,000	30,000
European Central Bank (1)	0.75%	02/28/2013	30,000	30,000
European Central Bank (1)	1.00%	02/26/2015	45,000	45,000
Total			135,000	135,000

(1) Loans secured by debt security pledges (Note 10)

b) Due to credit institutions

The breakdown of this consolidated balance sheet heading by instrument category is as follows:

	Thousands of euros	
	2013	2012
Time accounts	6,601	22,447
Other accounts	1,446	914
Valuation adjustments – Interest accrued by non-resident institutions	-	101
Total	8,047	23,462

The year-end breakdown of ‘Time accounts’ in the table above is provided below:

	Thousands of euros	
	2013	2012
Loans and implicit financial liabilities	4,417	18,390
Finance lease agreements (Note 13)	2,184	4,057
	6,601	22,447

The breakdown of these loans is as follows:

12/31/2013

			Thousands of euros	
			12/31/2013	
		Final maturity	Limit	Drawn down
Catalunya Banc S.A.(1)	Euribor 1 A +0,32%	02/28/2014	3,000	104
Banca March	Euribor 3m+1,15%	01/01/2014	3,000	53
Caixabank S.A.	Euribor 1A+1,75%	05/01/2014	2,000	142
Banco Popular	Euribor 1A +1,8%	04/03/2014	3,000	219
Bancaja	Euribor 1A +3%	04/01/2015	2,000	576
Caixabank S.A.	Euribor 1A +1,5%	07/02/2015	2,000	666
Banco Sabadell	Euribor 1A+4,10%	06/30/2016	3,000	1,591
Banco Pastor	ICO+2,5%	12/25/2014	3,000	1,066
Subtotal			21,000	4,417

(1) Simultaneously with the arrangement of this loan, the Company arranged a swap, cap and floor with the following characteristics in order to hedge the interest rate risk deriving from this loan:

Contract	(Thousands of euros) Nominal amount	Start date	Expiry
Swap	230	03/01/07	03/03/2014
Purchase of cap	230	03/01/07	03/01/2014
Sale of floor	231	03/01/07	03/01/2014

The fair value of these financial contracts of 31 thousand euros is recognized in “Derivatives held for trading” under “Financial liabilities held for trading” on the liability side of the consolidated balance sheet at December 31, 2013 (24 thousand euros at December 31, 2012) (Note 9.c).

12/31/2012

			Thousands of euros	
			12/31/2012	
		Final maturity	Limit	Drawn down
Caixa Cataluña (2)	Euribor 1 Y +0.32%	02/28/2014	3,000	516
Caixa Cataluña	Euribor 1Y+ 0.50%	03/31/2013	3,000	141
Banca March	Euribor 3m + 1.15%	01/01/2014	3,000	685
Caja Canarias	Euribor 1Y + 1.75%	05/01/2014	2,000	561
Banco Popular	Euribor 1Y + 1.8%	04/03/2014	3,000	861
Caja Madrid	Euribor 1Y + 1.5%	01/01/2013	4,000	222
Banco de Valencia	Euribor 1Y + 2.35%	02/01/2013	1,500	88
Bancaja	Euribor 1Y + 3%	04/01/2015	2,000	991
Caja Canarias	Euribor 1Y + 1.5%	07/02/2015	2,000	1,072
BBVA (1)	Euribor 3m +1.9%	09/17/2013	3,500	904
BBVA	Euribor 3m +3.75%	09/01/2013	2,000	626
Banco Sabadell	Euribor 1Y+4.10%	06/30/2016	3,000	2,179
Banco Pastor	ICO + 2.5%	12/25/2014	3,000	2,071
Subtotal				10,917
Implicit financial liabilities (3)	Euribor 1m + 3.00%	01/15/2015		4,641
Implicit financial liabilities (3)	Euribor 3m + 5.16%	12/21/2015		2,832
Subtotal				7,473
Total				18,390

(1) Loans secured with 180 thousand BME shares (Note 10).

(2) At the time of arranging the loans, the Company entered into a swap, a cap and a floor to hedge the related interest-rate risk. The characteristics of these instruments are as follows:

Contract	(Thousands of euros) Nominal amount	Start date	Expiry
Swap	646	03/01/07	03/01/2014
Purchase of cap	646	03/01/07	03/01/2014
Sale of floor	645	03/01/07	03/01/2014

The fair value of these financial contracts of 24 thousand euros is recognized in "Derivatives held for trading" under "Financial liabilities held for trading" on the liability side of the consolidated balance sheet at December 31, 2012 (41 thousand euros at December 31, 2011).

(3) Amount corresponding to the implicit financial liability pending payment for the repurchase of shares of the parent, acquired through a financial broker (note 18.g), guaranteed by 610,398 parent company shares and collateral that varies as a function of the gains or corrections in the underlying (shares of Renta 4 Banco).

c) Customer deposits

The breakdown of this consolidated balance sheet heading by counterparty and financial instrument type is as follows:

	Thousands of euros	
	2013	2012
Term deposits	4,329	7,756
Demand deposits		
Current accounts	267,621	217,804
Other demand funds	-	-
Repurchase agreements (Note 11.a)	231,713	104,838
Valuation adjustments	392	967
	504,055	331,365

d) Debt certificates including bonds

The breakdown of this heading in the accompanying balance sheet heading, by financial liability type, is as follows:

	Thousands of euros	
	2013	2012
Bonds and debentures	12,060	12,060
Valuation adjustments		
Interest	162	162
Total	12,222	12,222

The issue of bonds convertible and/or exchangeable into shares of Renta 4 Servicios de Inversión, S.A. (currently Renta 4 Banco, S.A.) was subscribed in full on March 22, 2011. The related securities note was registered with the CNMV, Spain's securities market regulator, on February 24, 2011.

The issue size was 25 million euros. The bonds have a face value of 1 thousand euros and accrue interest at an annual rate of 5%, payable twice yearly, and a conversion price of 6 euros per share. During the term of the issue, the bondholders are entitled to exercise their conversion rights during any of three ordinary conversion periods. The bonds will mature and be repaid in full on the third anniversary of the issue date (deemed to be the date on which the bonds were registered in the clearing house's book entry record, i.e., April 5, 2011); accordingly, any bonds that have not been converted during any of the scheduled conversion periods will mature and be repaid in full on April 5, 2014. Interest will accrue from April 5, 2011, inclusive.

The equity component corresponding to the conversion option embedded in the convertible bonds was valued at 1,708 thousand euros (Note 18.f).

During the first ordinary conversion period requests were received for the conversion of the equivalent of 111 bonds; these bonds were cancelled by means of the delivery of 19,349 own shares on May 31, 2012.

At the annual general meeting held on April 27, 2012, the shareholders of Renta 4 Banco, S.A. approved a new voluntary conversion date of May 9, 2012 at a conversion price of 5 euros. They further approved extraordinary remuneration for bond holders voluntarily applying to convert their bonds on the new conversion date equivalent to the remuneration that would have accrued on the bonds, if held, between the new voluntary conversion date and the maturity date, i.e., April 5, 2014.

This extraordinary remuneration will consist of interest at a nominal rate of 5% of the par value of the bonds, payable bi-annually on the following dates: October 5, 2012, April 5, 2013, October 5, 2013 and April 5, 2014.

During the voluntary conversion period requests were received for the conversion of an equivalent of to 11,944 bonds; these bonds were cancelled by means of the delivery of 2,399,257 own shares on June 8, 2012.

Following an in-kind distribution of the share premium account in the amount of 16,657 thousand by means of the delivery of own shares of the Company, as ratified at the annual general meeting of April 27, 2012, as provided in the Securities Note, the issue conversion price was adjusted to 5.23 euros per share.

In addition, on October 23, 2013, the Board of Directors approved the distribution of an interim dividend from 2013 profits of 0.05 euros per share for every share then outstanding (1,941 thousand euros) (note 18.h). As a result of this distribution dividend, the conversion price of the convertible bonds was adjusted to 5.17 per share, in keeping with the rules established in the bonds' Securities Note.

At December 31, 2013, the number of bonds outstanding stood at 12,945. The equity component corresponding to the conversion option embedded in the convertible bonds amounted to 885 thousand euros at December 31, 2013 (885 thousand euros at December 31, 2012) (note 18.f).

e) Other financial liabilities

All the financial liabilities included under this consolidated balance sheet heading are classified in the 'financial liabilities at amortized cost' portfolio and are accordingly measured at amortized cost. This heading includes payment obligations that qualify as financial liabilities that are not included in other headings.

The breakdown of "Other financial liabilities" by type of financial instrument is as follows:

	Thousands of euros	
	2013	2012
Payment obligations	1,661	951
Deposits received	77	78
Clearing houses	5	26
Tax collection accounts		
Social Security Administration	305	287
Financial guarantees	41,959	40,817
Other items	21,186	11,806
Total	65,193	53,965

The Group includes the financial guarantees required of its clients for trading on the MEFF (Spain's futures exchange), in international derivatives and with CFD (contract for difference) products within "Financial guarantees" in the table above.

17. PROVISIONS

The breakdown of this consolidated balance sheet heading at year-end 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Other provisions for taxes and legal contingencies	160	250
Provision for contingent risks	47	-
	207	250

The breakdown of the movement in this heading in 2013 and 2012 is as follows:

	Other provisions
Balance at December 31, 2011	440
Additions with a charge to profit or loss	-
Provision recoveries with a credit to profit or loss	-
Provisions utilized	(190)
Balance at December 31, 2012	250
Additions with a charge to profit or loss	207
Provision recoveries with a credit to profit or loss	(192)
Provisions utilized	(58)
Balance at December 31, 2013	207

At December 31, 2013, the provisions recognized on the consolidated balance sheet correspond to Renta 4, Gestora S.G.I.I.C., S.A. and the parent and mainly cover certain business-related liabilities and third-party claims. The provisions recognized at December 31, 2012 mainly covered liabilities related to business operations and third-party claims recognized by Renta 4, S.A., Sociedad de Valores and Renta 4 Banco, S.A.

18. EQUITY

The breakdown of Group equity at year-end is shown below:

	Thousands of euros	
	2013	2012
Own funds		
Issued capital	18,312	18,312
Share premium	8,496	8,496
Reserves	37,520	35,590
Other equity instruments	1,027	1,027
Less: Treasury shares	(488)	(7,506)
Profit for the year	11,099	5,189
Less: dividends and remuneration	(1,941)	(2,976)
	74,025	58,132
Valuation adjustments		
Exchange differences	(184)	24
Available-for-sale financial assets	(809)	(1,052)
	(993)	(1,028)
Non- controlling interest		
Valuation adjustments	88	85
Other	1,223	1,706
	1,311	1,791
Total equity	74,343	58,895

a) Issued capital

Share capital at December 31, 2013 and 2012 stood at 18,311,941.35 euros, comprising 40,693,203 registered shares, numbered consecutively from 1 to 40,693,023, each with a nominal value of 0.45 euros and all of the same class and series. All the shares are fully subscribed and paid.

The Company’s shares are quoted on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since November 14, 2007 under ISIN code ES0173358039 given by the National Numbering Agency. The listed price of the shares at December 31, 2013 was 5.05 euros (2012: 4.69 euros).

The Company's shareholder structure in 2013 and 2012 was as follows:

	December 31, 2013	
	Number of shares	Percentage stake
D. Juan Carlos Ureta Domingo	13,457,526	33.07%
Vasco Madrileña de Inversiones, S.L.	68,487	0.17%
Sociedad A.R. Santamaría, S.L.	65,956	0.16%
Dª. Matilde Estades Seco	989,278	2.43%
Surikomi, S.A.	2,140,720	5.26%
Recarsa, S.A.	268,010	0.66%
Asecosa, S.A.	2,053,376	5.05%
Juan Carlos Ureta Estades	5,228	0.01%
Matilde Ureta Estades	3,535	0.01%
Inés Asunción Ureta Estades	2,157	0.01%
Cartera de Directivos 2011 S.A.	515,000	1.27%
Mutualidad General de la Abogacía	2,800,650	6.88%
Banco de Castilla la Mancha S.A.	1,331,519	3.27%
Wilmington Capital Sicav S.A.	1,020,000	2.51%
Patton Investment Sicav S.A.	1,015,000	2.49%
Mobel Línea S.L.	901,643	2.21%
The Bank of New York Mellon S.A. N.V	564,687	1.39%
Santiago González Enciso	560,676	1.38%
Pilar Muro Navarro	422,405	1.04%
Other (including treasury shares)	12,507,350	30.73%
	40,693,203	**100.00%**

	December 31, 2012	
	Number of shares	Percentage stake
D. Juan Carlos Ureta Domingo	13,376,218	32.87%
Vasco Madrileña de Inversiones, S.L.	68,487	0.17%
Sociedad A.R. Santamaría, S.L.	125,956	0.31%
Dª. Matilde Estades Seco	989,238	2.43%
Surikomi, S.A.	2,540,529	6.24%
Recarsa, S.A.	268,010	0.66%
Asecosa, S.A.	2,053,376	5.05%
Other (including treasury shares)	21,271,389	52.27%
	40,693,203	100.00%

At December 31, 2013, in addition to the direct shareholding disclosed in the table above, the parent's main shareholder held another 15.03% interest indirectly (year-end 2012: 16.15%), giving him an overall shareholding in the parent company of 48.10% (2012: 49.02%). These percentages do not factor in the voting rights deriving under the CFDs (contracts for difference) held by one of the shareholders at December 31, 2013.

b) Share premium

The share premium account has the same restrictions and may only be used for the same purposes as the voluntary reserves of the parent company.

At the annual general meeting held on April 27, 2012, the shareholders of Renta 4 Banco, S.A. agreed to a 4,069,320 euro distribution from the share premium account in the form of treasury shares. Moreover, they authorized the distribution of the share premium account in the form of treasury shares in an amount of up to 15,000,000 euros. The exact size of the distribution will be determined by the Board of Directors as a function of the number of shares outstanding as a result of the extraordinary conversion approved at the same general meeting (note 16.d). The exchange ratio was 0.094326071 shares for every share held by Renta 4 Banco, S.A. shareholders other than the Company itself. As a result of the exchange offer, on July 24, 2012, the Bank delivered 3,503,790 own shares of Renta 4 Banco, S.A. (carrying amount: 17,512 thousand euros) and paid 15 thousand euros in cash. For accounting purposes, this share delivery resulted in a distribution from the share premium account in the amount of 16,657 thousand euros and a charge to 'reserves' in the accompanying consolidated balance sheet of 870 thousand euros (as a result of the difference between the share price on the day the shares were delivered and the cost recognized in the Group's financial statements).

c) Reserves

The breakdown of this heading at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Legal reserve of the parent company	3,662	3,662
Other reserves	33,858	31,928
	37,520	35,590

The breakdown of "Other reserves" by Group company is as follows:

	Thousands of euros	
Company	2013	2012
Renta 4 Banco, S.A.	31,453	30,023
Renta 4, Sociedad de Valores, S.A.	6,233	6,044
Renta 4 Burgos, S.A.	(2,474)	(2,474)
Renta 4 Aragón, S.A.	(1,048)	(1,048)
Renta 4 Vizcaya, S.A.	(363)	(363)
Renta 4 Gestora, SGIIC, S.A.	(603)	(856)
Renta 4 Huesca, S.A.	(373)	(373)
Renta Market, S.A.	531	683
Carterix, S.A.	237	249
Renta 4 Pensiones, S.G.F.P., S.A.	382	68
Renta 4 Equities	285	292
Other	(402)	(317)
	33,858	31,928

d) Legal reserve

Companies are obliged to transfer 10% of the profit for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset a debit balance in the income statement provided no other reserves are available. Under certain conditions, this reserve may be used to increase share capital. At 31 December 2013 and 2012, the parent's legal reserve met the 20% threshold.

e) Voluntary reserves

The Company's voluntary reserves at December 31, 2013 and 2012 are freely distributable as there were no unused tax losses pending offset and subject to equity requirements (note 18.j).

f) Other equity instruments

The Group has a share-based payment plan for management and employees by virtue of which, upon achieving certain objectives, they receive shares of Renta 4, Banco S.A., the Group's parent company (formerly Renta 4 Servicios de Inversión, S.A.), called "Plan 2009", as described in note 4.p).

No employees exercised their call options in either 2013 or 2012 so that no provision has been recognized in this respect in either year as take-up is expected to be nil.

This heading also includes the value allocated to the equity component of the convertible bonds issued in 2011 which at December 31, 2013 amounted to 885 thousand euros (December 31, 2012: 885 thousand euros) (note 16.d).

g) Treasury shares

The movement in this heading in 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Balance at January 1	(7,506)	(12,860)
Shares delivered for bond conversion (note 16.d)	-	12,396
Shares delivered under share premium distribution (note 18.b)	-	17,512
2009 Plan shares	-	(4,641)
2012 Plan shares	-	(944)
Shares for the call option on Renta 4 Corredores de Bolsa, S.A. in Chile (note 3)	-	(1,888)
Purchases	(1,970)	(18,616)
Sales	8,988	1,535
Balance at December 31	(488)	(7,506)

The Group sold own equity instruments in 2013, recognizing a loss of 102 thousand euros in "Reserves" (2012: a loss of 17 thousand euros).

This heading includes the following shares at December 31:

	No. of shares	
	2013	2012
Shares pending delivery (2009 Plan)	-	976,638
Shares pending delivery (2012 Plan)	-	203,466
Shares for the execution of the call option on Renta 4 Chile Corredores	-	406,932
Other	101,211	8,339
	101,211	1,595,375

<u>2009 Stock option plan</u>

On December 22, 2009, the parent company signed an agreement with Banco Madrid, S.A. linked to the new five-year share-based payment plan that will be offered to Renta 4 Group directors, managers and employees. By virtue of this agreement, Banco de Madrid agrees to acquire 1,627,728 shares of Renta 4 Servicios de Inversión, S.A. In addition, this agreement grants the parent company a call option on one fifth of the shares over the next five years. The first option expires on January 15, 2011. The counterparty likewise receives a put option under the same terms, amounts and maturities as those stipulated for the Company's purchase option.

The purchase and selling price of the shares on any of the options granted is 5.50 euros per share; thus, the total sale price of the shares is 8,953 thousands of euros.

As a cross option exists at the same price, either the Company will exercise its call option or the counterparty its put option and accordingly, the value of the shares is presented as a deduction from Group capital and reserves along with the corresponding financial liability with the financial institution with which the agreement was arranged.

To meet its obligations with Banco de Madrid, the parent company has pledged:

- 651,091 shares of Renta 4 Banco, S.A.

- 343,341.30 participation units in Renta 4 Fija Euro, F.I. (investment fund)

On June 5, 2012, the parent and Banco Madrid, S.A. agreed the early cancellation of the above agreement. As of the date of termination of the agreement, the parent had only exercised the call options exercisable on January 15, 2011 and 2012, so that Banco Madrid still held 976,638 shares of Renta 4 Banco, S.A., which, by virtue of the termination, have been acquired by the parent at the agreed price of 5.5 euros per share for a total of 5,372 thousands of euros. The pledges extended were accordingly released.

On September 27, 2012, the parent arranged a physically-settled equity swap with Banco Español de Crédito, S.A. (Banesto) related to the 2009 Plan covering 2010-2014. Under this agreement Banesto acquired 976,638 shares of Renta 4 Banco, S.A. on October 2, 2012 and the parent will buy these shares back according to the following schedule: 325,645 shares on January 15, 2013, 325,645 shares on January 15, 2014 and 325,548 shares on January 15, 2015, the latter being the date on which the equity swap expires. The shares will be purchased and sold at 4.75 euros per share, so that the overall share purchase price at the start of the transaction was 4,641 thousands of euros.

The parent has committed to paying interest monthly on the nominal balance pending buy back at a rate of 1-month Euribor + 3%.

In order to guarantee the commitments assumed vis-à-vis Banesto, the Company has pledged a cash deposit containing an amount equivalent to 100% of the nominal amount of the equity, i.e., 4,641,350.02 at the outset (note 16.b).

On November 14, 2013, the parent cancelled the physical-settlement equity swap it had arranged with Banco Español de Crédito, S.A. (Banesto) (currently Banco Santander, S.A.), derecognizing the associated implicit financial liability, which at the time of derecognition amounted to 3,094 thousand euros (4,641 thousand euros at December 31, 2012) (note 16.b).

<u>2012 Plan - call option on Renta 4 Chile Corredores</u>

On December 21, 2012, the parent arranged a physically-settled equity swap with Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) related to the 2012 Plan (note 4.p) and, elsewhere, to the call option on a 30% interest in Renta 4 Chile Corredores. Under this agreement BBVA acquired 610,398 shares of Renta 4 Banco, S.A. on the agreement start date and the parent will buy these shares back at maturity (December 21, 2015). The shares will be purchased and sold at 4.64 euros per share, so that the overall share purchase price at the start of the transaction was 2,832 thousand euros.

The parent has committed to paying interest quarterly on the nominal balance pending buy back at a rate of 3-month Euribor + 5.16%. In addition, the parent has committed to paying BBVA the amount of any correction in the price of the shares of Renta 4 Banco, S.A. with respect to the initial price. The contract contemplates an initial guarantee deposit of 430 thousand euros, which may be increased or decreased (by minimum intervals of 100 thousand euros) as a function of Renta 4 Banco, S.A.'s share price performance with respect to the initial price.

The agreement includes a break clause by which if, over the term of the transaction, the closing price of the shares of Renta 4 Banco, S.A. (the underlying) on a given day is equal to or less than 50% of the initial price, BBVA is unilaterally entitled to close out the transaction at market prices.

On November 15, 2013, the parent cancelled the physical-settlement equity swap it had arranged with Banco Bilbao Vizcaya Argentaria, S.A. (BBVA), derecognizing the associated implicit financial liability (which was carried at 2,832 thousand euros at December 31, 2012) (note 16.b).

h) Interim dividend

On October 28, 2013, the Board of Directors of the parent company decided to pay an interim dividend of 0.05 euros per share, for a total amount of 1,941 thousand euros. Payment was made on November 13, 2013.

The following statement prepared by the directors substantiates that there is sufficient liquidity to distribute the interim dividend and that the amount does not exceed the profit earned from the end of the previous year, less the amounts to be allocated to mandatory reserves and the related estimated tax payable:

Projected distributable parent company profits for the year	Thousands of euros
Profit after tax at September 30, 2013	4,164
Projected distributable profit for the year	4,164
Projected cash for one year from the date of the agreement	
Cash at the date of the agreement	89,530
Projected cash a year after the date of the agreement	94,007

On October 30, 2012, the Board of Directors of the parent company decided to pay an interim dividend of 0.075 euros per share, for a total amount of 2,976 thousand euros, Payment was made on November 13, 2012.

The following statement prepared by the directors substantiates that there is sufficient liquidity to distribute the interim dividend and that the amount does not exceed the profit earned from the end of the previous year, less the amounts to be allocated to mandatory reserves and the related estimated tax payable:

Projected distributable parent company profits for the year	Thousands of euros
Profit after tax at October 30, 2012	3,221
Projected distributable profit for the year	3,221
Projected cash for one year from the date of the agreement	
Cash at the date of the agreement	16,258
Projected cash a year after the date of the agreement	20,000

i) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to equity holders of the parent by the average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to equity holders of the parent (eliminating the impact of the finance expense associated with the convertible bonds issued in 2011; note 16.d) by the average number of ordinary shares outstanding during the year plus the average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The parent has issued instruments that can be converted into ordinary shares in the future; however the shares allocated the employee share delivery plan (nota 18.g) are not dilutive.

In addition, in 2011 the parent subscribed for 100% of an issue of bonds that are convertible and/or exchangeable into shares of Renta 4, Servicios de Inversión, S.A. (currently Renta 4 Banco, S.A.). Some of these bonds were converted into shares in the course of 2012, as detailed in note 16.d. None of the bonds was converted in 2013.

Basic and diluted earnings per share are presented in the table below:

	2013	2012
Net profit attributable to owners of the parent (in thousands of euros)	11,099	5,189
Finance costs associated with the issuance of the convertible bonds (in thousands of euros)	647	668
Net profit attributable to owners of the parent, net of the finance costs associated with the issuance of the convertible bonds (in thousands of euros)	11,746	5,857
Weighted average number of ordinary shares for basic and diluted earnings per share	39,199,803	38,741,620
Weighted average number of ordinary shares, excluding treasury shares, for calculating diluted earnings per share	41,703,672	41,736,263
Basic earnings per share (euros)	0.28	0.13
Diluted earnings per share (euros)	0.28	0.14

j) Minimum capital requirements

In 2008, the Bank of Spain passed and enacted Circular 3/2008, on the assessment and monitoring of minimum capital requirements ("Circular 3/2008"), under the scope of Spanish Law 36/2007, of November 16, 2007, which in turn amended Law 13/1985, of May 25, on investment ratios, capital and reporting obligations of financial intermediaries. Circular 3/2008 effectively transposed European Community Directives on solvency matters, in turn derived from the Basel Capital Accord (Basel II), into Spanish law.

Since first issued, Circular 3/2008 has been modified several times to adapt it to evolving solvency requirements and developments at the European level. The most recent amendments incorporate the changes introduced by Bank of Spain Circular 4/2011, which transposes Directive 2010/76/EU on capital requirements for the trading book and for re-securitizations and the supervisory review of remuneration policies.

In addition, on November 30, 2012, the Bank of Spain published Circular 7/2012 on minimum 'principle' capital (a measure akin to core capital) requirements, which took effect on January 1, 2013 and had the effect of increasing the 'principle' capital requirement (to 9%) and modifying eligible items and deductions, in keeping with the definition of Core Tier I capital used by the European Bank Authority as per Recommendation EBA/REC/2011/1.

On June 26, 2013, the European Parliament and Council of the European Union approved Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms, and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms. Effectiveness of these regulations will mean the repeal of all of the Bank of Spain's current capital regulations (Circular 3/2008 and Circular 7/2012) insofar as incompatible with the new requirements and will imply the implementation of the third Basel Capital Accord (Basel III) in accordance with a staggered implementation timeline, with full implementation scheduled for January 1, 2019.

EU Regulation No. 575/2013 is effective from January 1, 2014 and is directly and immediately applicable to European financial institutions, even though certain regulatory options are to be set by the national supervisors. Against this backdrop, the Bank of Spain will determine which options and with what scope Spanish credit institutions will have to comply in respect of the discretionary alternatives left up to the Bank of Spain, with the powers over determination of the staggered implementation timeline particularly noteworthy.

Directive 2013/36/EU has been transposed into Spanish law by means of Royal Decree-Law 14/2013, of November 29, 2013, which contains a series of urgent measures designed to adapt Spanish law to European Union requirements in terms of bank supervision and solvency. This piece of legislation includes a transitional arrangement with a view to mitigating the effects of the repeal of the 'principle' capital requirement (Circular 7/2012), so that the Bank of Spain can prevent or restrict, up until December 31, 2014, any distribution of items of tier 1 capital that would have been eligible for the purpose of complying with the 'principle' capital requirement, insofar as these distributions in the course of 2014 exceed in absolute terms the surplus of 'principle' capital over the legal minimum requirement as of December 31, 2013.

Among other items, Regulation No. 575/2013, known as the Capital Requirements Regulation, or CRR, addresses:

- Definition of eligible capital and minimum capital requirements. The CRR establishes three capital levels: Common Equity Tier (CET) 1 capital (subject to a minimum requirement of 4.5% of RWA), Tier 1 capital (of at least 6% of RWA) and Total Capital (Tier I and Tier 2) subject to a minimum requirement of 8%.

- Definition of prudential filters and deductions from capital for each defined level. Note that the CRR introduces new deductions with respect to Basel II (net tax assets, pension funds, etc.) and modifies existing deductions. However, it introduces transitional provisions that allow for staggered application over a period of between five and 10 years.

- Limitation on the eligibility of minority interests.

- Imposition of a leverage calculation requirement on financial institutions defined as an entity's Tier 1 capital divided by its total exposure.

The CRR also introduces additional capital buffers, some of which are common to all European financial institutions and some of which can be established by the regulator for entities on a case-by-case basis. Failure to comply with these capital buffers will entail restrictions on the discretionary distribution of profits.

The Group's eligible capital at December 31, 2013 and 2012 is presented below.

	Thousands of euros	
	2013	2012
Eligible capital	**26,320**	**19,302**
Capital paid in	18,312	18,312
Treasury shares	(488)	(7,506)
Share premium	8,496	8,496
Eligible reserves	**37,819**	**35,774**
Reserves	37,478	35,756
Non-controlling interests	1,062	1,409
Valuation adjustments that compute as Tier I capital	(721)	(1,391)
Deductions from core tier I capital	**(19,129)**	**(19,274)**
Treasury shares (third-party financing for the acquisition of treasury shares)	-	(1,774)
Other deductions from Tier I capital provided for in Spanish legislation	(1,682)	-
Intangible assets	(17,447)	(17,500)
Tier II capital	479	883
Deductions from Tier II capital	(3,202)	(5,233)
Total core capital for solvency purposes	**42,287**	**31,452**
Capital requirements		
Credit risk, counterparty risk, dilution risk and delivery risk (standardized approach)	10,989	12,459
Price and exchange rate risk	642	2,629
Operational risk	7,152	6,455
Transitory and other capital requirements	3,997	3,946
Total capital required	**22,780**	**25,489**
Capital surplus	**19,507**	**5,963**

k) Valuation adjustments

This balance sheet heading includes the net balance of changes in the fair value of assets classified as available-for-sale which must be deferred in equity. These changes are reclassified to profit or loss when the underlying assets are sold (for an itemization of these assets, see Note 10).

l) Non-controlling interests

The following table presents the breakdown of the movement in this consolidated balance sheet heading in 2013 and 2012 and the profit or loss attributable to non-controlling interests:

2013

		Thousands of euros			
	% Shareholding at 12/31/13	Balance at 12/31/12	Profit (loss) for the year	Other	Balance at 12/31/13
Carterix, S.A. (formerly Renta 4 Marruecos, S.A.)	0.09	1	-	-	1
Renta 4 Guipúzcoa, S.A.	85.00	1,154	102	6	1,262
Renta 4 Inversiones de Valladolid, S.A.	1.00	7	-	-	7
Renta 4 Lérida, S.A.	18.34	17	-	-	17
Renta 4, On line, S.A.	1.00	1	-	-	1
Rentsegur Correduría de Seguros, S.A.	27.51	23	(1)	-	22
Renta 4 Equities, S.A.	0.11	1	-	-	1
Renta 4 Corredores de Bolsa (Note 3)	-	587	60	(647)	-
		1,791	161	(641)	1,311

2012

	% Shareholding at 12/31/12	Thousands of euros			
		Balance at 12/31/11	Profit (loss) for the year	Other	Balance at 12/31/12
Carterix, S.A. (antes Renta 4 Marruecos, S.A.)	0.09	1	-	-	1
Renta 4 Guipúzcoa, S.A.	85.00	1,046	68	40	1,154
Renta 4 Inversiones de Valladolid, S.A.	1.01	7	-	-	7
Renta 4 Lérida, S.A.	18.34	17	-	-	17
Renta 4 On Line, S.A.	0.1	1	-	-	1
Rentsegur Correduría de Seguros, S.A.	27.50	22	1	-	23
Renta 4 Equities, S.A.	0.11	1	-	-	1
Renta 4 Corredores de Bolsa, S.A.	30.00	-	231	356	587
		1,095	300	396	1,791

19. CONTINGENT EXPOSURES AND COMMITMENTS

a) Contingent exposures

The breakdown of contingent exposures, understood as transactions in which Group companies guarantee third-party obligations by granting financial guarantees or signing other kinds of agreements, at year-end 2013 and 2012 is shown in the table below:

	Thousands of euros	
	2013	2012
Financial guarantees and others	2,500	1,944
	2,500	1,944

A significant portion of these guarantees will expire without the Group companies having to make any payment; accordingly, the total sum of these commitments should not be considered a real requirement on the part of the Group to provide liquidity or financing to third parties.

b) Contingent commitments

The breakdown of contingent commitments, meaning irrevocable commitments that could give rise to the recognition of financial assets, at year-end 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Loan commitments	1,087	2,441
	1,087	2,441

This heading reflects commitments made to provide financing on certain previously stipulated terms and conditions.

The breakdown by counterparty of the loan commitments in respect of credit accounts signed with third parties to finance their equity market trading activities in 2013 and 2012 (indicating the related limits and amounts pending drawdown) is provided below:

	Thousands of euros			
	2013		2012	
	Limit	Undrawn	Limit	Undrawn
Drawable by third parties				
By other resident sectors	13,965	1,087	11,627	2,439
By other non-resident sectors	801	-	300	2
	14,766	1,087	11,927	2,441

The average interest rate charged for extending commitments of this nature was 3-month Euribor plus a spread of 2.50% at December 31, 2013 (year-end 2012: 3-month Euribor + 1.85%).

c) Legal proceedings and/or claims underway

At both year-ends the Group was party to a number of legal proceedings and claims arising in the ordinary course of business. Both the directors and their legal counsel believe that the outcome of these cases and claims will not have a material impact on the accompanying consolidated financial statements.

20. TAX SITUATION

The Company files a consolidated income tax return with the following companies comprising the tax group:

Company	Head Office
Renta 4 Aragón, S.A.	Madrid
Sistemas de Inversiones Renta 4 Benidorm, S.A.	Benidorm
Renta 4 Burgos, S.A.	Madrid
Renta 4 Gestora, S.G.I.I.C., S.A.	Madrid
Renta 4 Huesca, S.A.	Madrid
Carterix, S.A. (formerly Renta 4 Marruecos, S.A.)	Madrid
Renta 4 On-Line, S.A.	Madrid
Renta 4 Pensiones, S.G.F.P., S.A.	Madrid
Renta 4 Sociedad de Valores, S.A.	Madrid
Renta 4 Equities, S.A. (formerly Renta 4 Tarragona, S.A.)	Madrid
Renta 4 Inversiones de Valladolid, S.A.	Madrid
Renta 4 Lérida, S.A.	Madrid
Padinco Patrimonios, S.A.	Madrid
Renta 4 Corporate, S.A.	Madrid

In accordance with current Spanish legislation, taxes cannot be considered definitive until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. At year-end, the companies comprising the Group had their books open to inspection for the last four years in respect of all applicable taxes. The parent's directors consider that no additional tax liabilities would arise from a potential tax inspection.

The breakdown of income tax expense and the reconciliation of tax expense and the product of accounting profit before tax and the average rate of tax applicable to the Group (30%) in 2013 and 2012 is shown below:

	Thousands of euros	
	2013	2012
Consolidated profit before taxes	14,796	7,660
30% tax rate	4,439	2,298
Adjustments to prior year income tax expense	-	-
Deductions	(65)	(62)
Adjustment of deferred taxes arising from change in tax rates	(2)	(1)
Effect of non-deductible/taxable items	(836)	(64)
Income tax expense	3,536	2,171
Adjustments to prior year income tax expense	-	-
Effect of deferred taxes	389	(24)
Other adjustments	652	(217)
Current tax payable	4.577	1,930
Withholdings and prepayments	(3,521)	(1,540)
Tax payable	1,056	390

In addition, taxes have been recognized with a charge/(credit) to equity, related to the valuation of available-for-sale financial assets of (107) and (223) thousand euros in 2013 and 2012, respectively.

Based on the tax returns filed by the Group and the estimates of tax payable for 2013, the Group has the following loss carryforwards that it may apply against future tax profits:

	Thousands of euros		
Year generated	2013	2012	Last year to apply
2009	-	-	2027
2005	1	1	2023
2004	404	404	2022
2003	-	-	2021
2002	1	1	2020
2001	23	23	2019
2000	34	34	2018
1999	4	4	2017
	467	467	

These loss carryforwards include those generated by individual companies prior to their inclusion in the tax Group, as well as those generated by companies not belonging to the tax group.

The breakdown of current tax assets and tax liabilities is as follows:

Current tax assets	Thousands of euros 2013	Thousands of euros 2012
Current tax assets - VAT receivable		
VAT receivable from Spanish tax authorities	57	1,314
	57	1,314

Current tax liabilities	Thousands of euros 2013	Thousands of euros 2012
Current tax liabilities - Corporate income tax payable		
Corporate income tax payable to the Spanish tax authorities	1,056	390
Current tax liabilities - Other taxes payable		
Withholdings on unitholders in respect of UCIT redemptions	383	450
Personal Income Tax (IRPF for its initials in Spanish)	563	524
Business tax (IAE for its initials in Spanish)	-	-
Taxes in Chile	7	94
Personal income tax withholdings, rentals	19	16
Personal income tax withholdings, dividends	225	336
	1,197	1,420
	2,253	1,810

The breakdown of deferred tax assets and liabilities corresponding to temporary differences arising between the carrying amount of certain assets and liabilities and their value for tax purposes is as follows:

Deferred tax assets	Thousands of euros	
	Temporary differences	Tax effect
2013		
Unrealized gains (losses) reserve for available-for-sale financial assets	1,041	321
Other	3,993	1,198
	5,034	1,519
2012		
Unrealized gains (losses) reserve for available-for-sale financial assets	1,423	427
Other	317	95
	1,740	522

Deferred tax liabilities	Thousands of euros: Temporary differences	Tax effect
2013		
Valuation for tax purposes of assets held under finance leases	4,690	1,407
Other	-	-
	4,690	1,407
2012		
Valuation for tax purposes of assets held under finance leases	4,420	1,326
Other	30	9
	4,450	1,335

The movement in deferred tax assets and liabilities is as follows:

	Thousands of euros			
	2013		2012	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Balance at January 1	522	1,335	671	1,244
Increases	1,103	81	-	95
Decreases	(106)	(9)	(149)	(4)
Balance at December 31	1,519	1,407	522	1,335

21. RELATED PARTIES

In 2013 and 2012 the Group defines its related parties as its key management personnel, comprising the members of the parent's Board of Directors and of the senior management team, namely one general manager, and the companies owned by the parent company's directors.

In addition to the related-party balances and transactions shown in the tables below, note the Group's share of associate earnings generated by the investment in Renta Markets, S.V., S.A. (a profit of 1,125 thousand euros in 2013 and a loss of 519 thousand euros in 2012), a company 34.99%-owned by the parent.

a) Related-party transactions and balances

The transactions undertaken with Group companies in 2013 and 2012 and the related balances outstanding at year-end are summarized below:

	Thousands of euros				
	2013				
Income and expenses	Significant shareholders (*)	Directors and executives	Related parties or Group companies	Other related parties	Total
Expenses					
Interest and similar expense	-	-	-	-	8
Fee and commission expense	-	-	-	-	14,012
Lease expense	-	21	-	-	21
Services received	-	13	-	48	61
Total	**-**	**34**	**-**	**48**	**14,102**
Income					
Interest and similar income	-	-	-	-	23
Fee and commission income	-	-	-	-	9,516
Other operating income	-	-	-	-	348
Finance income	156	131	-	47	334
Services rendered	437	80	-	81	598
Total	**593**	**211**	**-**	**128**	**10,819**
Assets					
Loans secured by physical property (**)	4,000	3,413	-	-	7,413
Financial guarantee commissions due	-	-	17	-	17
Receivable from other financial debtors	-	2	-	-	2
Loans and advances to customers	-	-	2,638	-	2,915
Other financial assets	-	-	-	-	28,829
Total	**4,000**	**3,415**	**2,655**	**-**	**39,176**
Liabilities					
Customer deposits	-	90	-	-	14,158
Other financial liabilities	-	-	-	4	192
Total	**-**	**90**	**-**	**4**	**14,350**

(*) Significant shareholders who are also directors or executives are included in the "Directors and executives" column

(**) Includes contingent commitments

	Thousands of euros				
	2013				
Other transactions	Significant shareholders (*)	Directors and executives	Related parties or Group companies	Other related parties	Total
Financing, loans and capital contribution agreements (borrower)	4,000	3,413	-	-	7,413
Amortization or cancelation of loans and borrowing facilities	-	1,000	-	-	1,000
Other asset transactions	-	2	17	-	19
Other liability transactions	-	90	2,638	4	2,732
Dividends paid	437	875	-	-	1,312
Guarantees and sureties (Note 10.a)	-	9,954	-	-	9,954

(*) Significant shareholders who are also directors or executives are included in the "Directors and executives" column

The transactions undertaken with significant shareholders and directors and executives in 2013 and the related balances outstanding at year-end are summarized below:

Position	Transaction type	Principal	Amount drawn	Collateral	Maturity
Directors and executives	Securities loan	3,000	3,000	3,542	03/21/2016
Directors and executives	Securities loan	4,000	3,904	4,584	06/30/2014
Directors and executives	Securities loan	271	271	292	12/22/2014
Directors and executives	Securities loan	142	75	177	10/26/2016

	Thousands of euros				
	2012				
Income and expenses	Significant shareholders (*)	Directors and executives	Related parties or Group companies	Other related parties	Total
Expenses					
Interest and similar charges	-	-	-	-	3
Fees and commissions paid	-	-	-	-	11,877
Lease expense	-	20	-	-	20
Services received	-	-	-	48	48
Total	-	20	-	48	11,948
Income					
Interest and similar income					51
Return on equity instruments					1,708
Fee and commission income					7,888
Gains / (losses) on financial assets and liabilities (net)					146
Income under operating leases					344
Finance income	178	29	-	-	207
Services rendered	447	242	-	-	689
Total	625	271	-	-	11,033
Assets					
Loans secured by physical property and other receivables (**)	-	-	-	-	6,726
Financial guarantee commissions due	-	-	-	-	42,142
Receivable from other financial debtors	-	-	-	-	2,111
Total	-	-	-	-	50,979
Liabilities					
Customer deposits	-	-	-	-	2,829
Other financial liabilities	-	-	-	-	90
Total	-	-	-	-	2,919

(*) Significant shareholders who are also directors or executives are included in the "Directors and executives" column

(**) Includes contingent commitments

	Thousands of euros				
	2012				
Other transactions	Significant shareholders (*)	Directors and executives	Related parties or Group companies	Other related parties	Total
Financing, loans and capital contribution agreements (borrower)	-	569	-	-	569
Amortization or cancelation of loans and borrowing facilities	-	2,199	-	-	2,199
Other transactions	1,673	2	-	-	1,675
Dividends paid	-	2,702	-	4	2,706
Guarantees and sureties (Note 8)	521	1,313	-	-	1,834

(*) Significant shareholders who are also directors or executives are included in the "Directors and executives" column

All related-party transactions are carried out on an arm's length basis.

The transactions undertaken with significant shareholders and directors and executives in 2012 and the related balances outstanding at year-end are summarized below:

Position	Transaction type	Principal	Amount drawn	Collateral	Maturity
Directors and executives	Securities loan	1,000	1,000	4,084	12/05/2013
Directors and executives	Securities loan	270	270	271	12/22/2014
Directors and executives	Securities loan	76	76	118	10/25/2014

In addition, at December 31, 2013 securities belonging to related parties amounting to 70,442 thousand euros (December 31, 2012: 58,503 thousand euros) are deposited with a Group company.

Director-related disclosures

The composition of the Board of Directors and the compensation received by the parent's directors in their capacity as board members is shown below:

	Thousands of euros			
2013	**Board of Directors**	**Board committees**	**Other compensation**	**Total**
Board members				
GARCÍA MOLINA, FRANCISCO DE ASÍS	60	-	-	60
NAVARRO MARTÍNEZ, PEDRO ÁNGEL	60	-	-	60
MUTUALIDAD DE LA ABOGACÍA	71	-	-	71
FUNDACIÓN OBRA SOCIAL DE LA ABOGACÍA ESPAÑOLA	71	-	-	71
FERRERAS DIEZ, PEDRO	60	-	-	60
TRUEBA CORTES, EDUARDO	60	-	-	60
RODRÍGUEZ-SAHAGÚN MARTÍNEZ, SOFÍA	60	-	-	60
Total	**442**	**-**	**-**	**442**

	Thousands of euros			
2012	**Board of Directors**	**Board committees**	**Other compensation**	**Total**
Board members				
GARCÍA MOLINA, FRANCISCO DE ASÍS	48	-	-	48
NAVARRO MARTÍNEZ, PEDRO ÁNGEL	60	-	-	60
MUTUALIDAD DE LA ABOGACÍA	100	-	-	100
FUNDACION OBRA SOCIAL DE LA ABOGACÍA ESPAÑOLA	4	-	-	4
FERRERAS DIEZ, PEDRO	60	-	-	60
TRUEBA CORTES, EDUARDO	60	-	-	60
RODRÍGUEZ-SAHAGUN MARTÍNEZ, SOFÍA	60	-	-	60
Total	**392**	**-**	**-**	**392**

Compensation of key management personnel

The compensation accrued by key management personnel is itemized below:

Concept	Thousands of euros	
	Directors	Senior managers
2013		
Wages and salaries	945	185
Total	945	185
2012		
Wages and salaries (includes pension plan contributions)	938	186
Total	938	186

In addition, the Group has an insurance policy to cover its liabilities with members of the Board of Directors and senior management for potential claims in the discharge of their duties. The premium paid by the Group in 2013 was 48 thousand euros (2012: 49 thousand euros).

The Group has a keyman insurance policy to cover its obligations in the event of death and disability of its senior managers. The premium paid by the Group in 2013 in this connection was 0.1 thousand euros (2012: 0.1 thousand euros).

Other information on directors

In compliance with articles 229 and 230 of the Spanish Corporate Enterprises Act, below is a list of conflicts of interest notified to the parent company by its directors.

The following table lists the direct and indirect ownership interests held by directors in companies whose business is identical, similar or complementary to that of the parent company, in keeping with article 231 of the Spanish Corporate Enterprises Act, along with the positions or duties they discharge at these companies:

Director	Company	% shareholding	Position
Juan Carlos Ureta Domingo	-	-	-
Jesús Sánchez – Quiñones González	-	-	-
Miguel Primo de Rivera y Urquijo	Renta 4 S.V, S.A. Santander Carteras, SGC, S.A. Blue Note SICAV	- - 19.07%	Board Member Chairman Shareholder
Pedro Ferreras Díez	Renta 4 Corporate, S.A.	-	-
Sofía Rodríguez Sahagún	-	-	-
Juan Luis López García	-	-	-
Santiago González Enciso	-	-	-
Mutualidad General de la Abogacía (Representado por Antonio de Arcos Barazal)	-	-	-
Francisco de Asís García Molina	Help Inversiones SICAV, S.A. Renta 4 S.V, S.A. Renta 4 Corporate, S.A.	- - -	CEO Board Member Board Member
Fundación Obra Social de la Abogacía Española (Representado por Rafael Navas Lancha)	-	-	-
Eduardo Trueba Cortes	-	-	-
Pedro Ángel Navarro Martínez	-	-	-

22. INCOME AND EXPENSE

a) Interest and similar income, interest and similar charges, returns on equity instruments, gains (losses) on financial assets and liabilities (net)

The breakdown of these consolidated income statement headings is provided below:

	Thousands of euros	
	2013	2012
Interest and similar income		
Balances with central banks	12	6
Loans and advances to customers	905	844
Debt securities	4,843	3,390
Due from credit institutions	3,486	3,850
	9,246	8,090
Interest and similar expense		
Due to central banks	(932)	(706)
Marketable debt securities	(647)	(1,108)
Due to credit institutions	(822)	(1,357)
Customer deposits	(785)	(1,295)
	(3,186)	(4,466)
Gains/ (losses) on financial asset and liabilities (net)		
Held-for-trading	4,770	3,224
Available-for-sale financial assets	1,690	(352)
	6,460	2,872

b) Fees and commissions

“Fee and commission income” and “Fee and commission expense” in the accompanying income statement include the amounts of all fees and commissions accrued (received and paid or payable) by the Group companies during the year. The criteria used to recognize fee and commission income are detailed in note 4.o).

The breakdown of these headings in 2013 and 2012 is provided in the table below:

	Thousands of euros	
	2013	2012
Fee and commission income		
Securities services	50,280	43,655
Sale of non-banking financial products	2,752	1,584
Management of UCITs and pension funds	26,663	19,264
Other fees and commissions	3,005	1,326
	82,700	65,829
Fee and commission expense		
Paid to other entities and correspondent banks	(31,716)	(20,380)
Securities trading	(10,327)	(9,095)
	(42,043)	(29,475)

c) Other operating income and expense

The breakdown of “Other operating income” in the consolidated income statement heading in 2013 and 2012:

	Thousands of euros	
	2013	2012
Other products	362	406
	362	406

This heading includes the income generated by the provision of services to multiple Group companies.

The breakdown of “Other operating expense” in 2013 and 2012:

	Thousands of euros	
	2013	2012
Other charges	193	420
Contribution to the Investment Guarantee Fund	40	601
Contribution to the Deposits Guarantee Fund	1,009	92
	1,242	1,113

In 2013 and 2012, the Group contributed to the Investment Guarantee Fund for investment service firms and their groups. Since 2012, the Group also contributes to the Deposit Guarantee Fund for credit institutions and their groups.

Royal Decree-Law 6/2013, of March 22, 2013, stipulated an exceptional contribution to the Deposit Guarantee Fund of 0.003% of the deposits held by the member entities at December 31, 2012, stipulating the contribution of the first instalment (two-fifths of the total) within the first 20 business days of 2014, net of any deductions provided for under the scope of this same piece of legislation. In order to orchestrate the payment of this first tranche, the Management Committee of the Deposit Guarantee Fund, in a meeting held on November 22, 2013, agreed the above-mentioned deductions, as so empowered, specifically approving a deduction of up to 50% of contributions for member entities whose calculation base is less than 5 billion euros, this being the case of the parent. At the date of authorizing the accompanying financial statements for issue, the Management Committee of the Deposit Guarantee Fund had yet to notify the affected entities of the timeline for making the second instalment of this one-off contribution, which in the case of the parent amounts to 699 thousand euros.

In 2013, the parent contributed 1,009 thousand euros to the Deposit Guarantee Fund (92 thousand euros in 2012).

d) Personnel expenses

The breakdown of the balance of this heading in the accompanying consolidated income statement for the years ended December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Wages and bonuses, active personnel	16,705	14,825
Social security payments	3,024	2,798
Contributions to defined benefit plans	5	7
Contributions to defined contribution plans	187	176
Termination benefits	117	60
Training expenses	33	65
Parent company share-based payments	255	-
	20,326	17,931

In 2013, "Wages and bonuses" in the table above included, among other items, finance income in the amount of 25 thousand euros generated by loans granted to employees to fund the purchase of Company shares. Income in this respect amounted to 61 thousand euros in 2012 and was included within "Other employee benefits".

The total number of Group employees, by professional category, was as follows:

2013:

	Number of employees			
	Average		Year-end	
	Men	Women	Men	Women
Management personnel	13	-	14	-
Technicians	190	86	200	88
Administrative staff	23	28	22	31
	226	114	236	119

2012:

	Number of employees			
	Average		Year-end	
	Men	Women	Men	Women
Management personnel	13	-	13	-
Technicians	177	84	180	84
Administrative staff	22	27	21	27
	212	111	214	111

The Board of Directors of Renta 4 Banco, S.A., which is responsible for authorizing the accompanying consolidated financial statements for issue, is made up of nine men, one woman and two corporate bodies.

e) Other general administrative expenses

The breakdown of this heading in the accompanying consolidated income statement for the years ended December 31, 2012 and 2011 is as follows:

	Thousands of euros	
	2013	2012
Property, fixtures and equipment	3,249	2,937
IT	2,005	3,551
Communications	3,667	1,629
Advertising and publicity	959	981
Technical reports	1,388	1,609
Court and legal fees	362	550
Insurance and self-insurance premiums	191	169
Entertainment and employee travel expenses	1,024	867
Association membership fees	94	-
Levies and other contributions		
Property tax	136	18
Other	237	(198)
Endowments	58	35
Other expenses	912	971
	14,282	13,119

f) Impairment losses on assets

The breakdown of the balance of this heading in the accompanying consolidated income statement for the years ended December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Loans and advances to customers		
Allowances	(302)	(1,049)
Recoveries	325	604
	23	(642)
Available-for-sale financial assets	(743)	(815)
	(720)	(1,457)

23. ADDITIONAL INFORMATION

a) Fiduciary activities and investment services

The breakdown of off-balance sheet customer funds at year-end 2013 and 2012 (on a consolidated basis and eliminating overlap) is as follows:

	Thousands of euros	
	2013	2012
Mutual and pension funds	3,225,597	2,034,437
Discretionary portfolios under management	265,971	234,949
Funds managed by the Group	3,491,568	2,269,386
Investment funds and companies	501,943	335,686
Funds marketed but not managed by the Group	501,943	335,686
Total	3,993,511	2,605,072

The net fee and commission income generated by the management of the above-listed assets in 2013 and 2012 is shown below:

	Thousands of euros	
	2013	2012
Asset management fees	1,137	676
Fees and commissions generated by the marketing of non-banking financial products (note 22.b)	2,752	1,584
Fees from the management of UCITs and pension funds (note 22.b)	26,663	19,264
	30,552	21,524

During the first quarter of 2012, the ING Group decided to transfer the management of eight pension funds from asset manager Vida Caixa S.A. de Seguros y Reaseguros to Renta 4 Pensiones, E.G.F.P., S.A. (a Renta 4 Group company). At December 31, 2013 and 2012, the Renta 4 Group managed assets held in mutual funds and pension funds of 3.25 billion euros and 2.03 billion euros, respectively, of which 1.12 billion euros and 794 million euros were accounted for by the management of ING's pension funds. The ING pension funds generated fee and commission income for the Group of 509 thousand euros in 2013 (344 thousand euros in 2012), which are recognized under "Fee and commission income" in the consolidated income statement.

In addition, the Group provides securities management and custodian services to its clients. The commitments assumed by the Group at year-end 2013 and 2012 in connection with this service are as follows:

	Thousands of euros	
	2013	2012
Securities owned by third parties		
Equity instruments	7,212,569	5,084,245
Debt instruments	1,321,009	596,177
	8,533,578	5,680,422

b) Branches

A list of Renta 4 Banco, S.A. branches in 2013 and 2012 is provided in Appendix II.

c) Agency agreements

Appendix III to the accompanying consolidated annual financial statements provides the disclosures required under article 22 of Spanish Royal Decree 1245/1995, of July 14, on the duty of credit institutions operating in Spain to include a list of their agents, indicating the scope of powers granted, in the financial statement notes.

d) Audit fees

The breakdown of fees paid by the Group to the EY organization (the Group's auditor) worldwide in 2013:

- For audit work: 189 thousand euros.

- For the performance of assessment services and other services akin to audit work in order to comply with regulatory or supervisor-imposed requirements: 38 thousand euros.

- For other professional services rendered: 94 thousand euros.

The fees corresponding to the audit of the 2012 financial statements totaled 147 thousand euros. In addition, the fees paid that year for services other than the consolidated financial statement review work rendered by the auditor or by other firms belonging to its international network amounted to 87 thousand euros.

e) Unclaimed balances and deposits

In conformity with the stipulations of article 18 of Law 33/2003, of November 3, on the equity of public administrations, the Group reports that it has no unclaimed balances and deposits as defined by the aforementioned article.

f) Customer service

In 2012 and 2011, the Group adopted the appropriate measures to comply with the requirements and duties of Ministry of Economics Order ECO/734/2004 dated March 11 on customer services departments, customer services and the ombudsman of financial institutions.

Article 17 of this order stipulates that customer departments and services, and financial ombudsmen of financial institutions, if any, must present an annual report to the Board of Directors explaining the actions carried out during the preceding year.

The Group received 33 complaints and claims in 2013 and 24 in 2012, all of which were accepted and processed. Of these, 73% and 83%, respectively, were ruled in favor of the Group.

Eight claims were lodged before the Bank of Spain and the CNMV in 2013 (four in 2012).

The Renta 4 Group Customer Service Report is attached as Appendix V.

g) Environmental impact

In light of the business activities pursued by the Group companies, they have no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of their equity, financial position or performance. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

The Group companies did not have any greenhouse gas emission allowances in either 2013 or 2012.

h) Information on late payments to suppliers under Additional Provision Three of Law 15/2010 (July 5, 2010)

As required by Spanish Law 15/2010 of July 5, amending Law 3/2004 of December 29, establishing measures to tackle supplier non-payment, as enacted by the Resolution issued on December 29, 2010 by the Spanish Audit and Accounting Institute (ICAC) regarding financial statement disclosure requirements on the deferral of payment to trade suppliers, note that:

- In light of the Group's core business (financial services), the disclosures provided in this note relating to late payments correspond exclusively to payments made to suppliers for the provision of sundry goods and services to the Group’s financial entities and to payments made to commercial suppliers by Group entities that carry out non-financial activities, as opposed to payments made to holders of deposits and securities issued by Group entities, which were made in all instances in strict compliance with the contractual and legal deadlines established case-by-case, regardless of whether they were liabilities payable on demand or featuring deferred payments.

- In relation to the disclosures required under Law 15/2010 regarding providers of trade goods and services to the Group, and in consideration of transitory provision two of the ICAC Resolution issued on December 29, 2010, the Group companies had no material balances pending payment to suppliers at year-end 2013 or 2012 that were past due by more than the stipulated settlement term.

i) Agreements among Group companies

On January 2, 2012, Renta 4 Sociedad de Valores, S.A. (the brokerage) signed an open-ended investment service provision agreement with Renta 4 Banco, S.A. (the bank), under which it commits to provide the bank with custody, administration, settlement and brokerage services. Both parties agree to adjust daily, as a function of the volumes (number of trades, asset values, markets, etc.) administered, settled and sub-custodied by Renta 4 Sociedad de Valores, S.A., the fees and commissions that the brokerage will receive for providing the services stipulated in the agreement.

On January 2, 2012, Renta 4 Sociedad de Valores, S.A. signed a sub-lease with Renta 4 Banco, S.A. under which the brokerage, in its capacity as sub-lessee, commits to pay the bank, in its capacity as sub-lessor, an annual amount of 283,200 euros in 12 monthly payments of 23,600 euros as rent for the lease of 1,125 square meters in the building located at Paseo de la Habana 74, Madrid (note 13). This floor space will be devoted to the provision of investment and financial brokerage services in general. The sub-lessee has deposited 14,098 euros to guarantee fulfillment of its obligations under the agreement. The lease term is 10 years and is tacitly renewable for additional one-year terms for a maximum of five years.

No new contracts were signed with Group companies in 2013.

24. EVENTS AFTER THE BALANCE SHEET DATE

On February 19, 2014, Renta 4 Banco, S.A. agreed to acquire an interest in a UK investment firm called Hanson Asset Management Limited" ("HAM") under the umbrella of a strategic agreement between the two parties. Renta 4 Banco, S.A. will take a 14.99% shareholding in HAM (subject to approval by the UK regulator, the FCA) by injecting equity into the latter to fund the joint pursuit of investment management and advisory services. More specifically, under the scope of the agreement, the parent has undertaken, subject to obtaining the pertinent approvals from the FCA, to subscribe for new-issue shares of HAM representing 14.99% of the target's share capital for 1 million pounds sterling, to be paid in in cash.

On March 25, 2014, the parent's Board of Director's approved the payment of a 0.021 euro per share dividend (total payment: 855 thousand euros).

In addition, on March 25, 2014, , the parent's Board of Director's approved the development of the share-based payment plan for its management and employees approved by the Shareholder general Meeting held on November 27, 2012. Maximum shares to be distributed amounted to 152.598 conditioned to certain requirements.

Other than the foregoing, no other significant events have occurred between the reporting date and the date on which the Board of Directors of the parent authorized the consolidated financial statements for issue that warrant disclosure in the accompanying consolidated financial statements to ensure fair presentation of the Group's equity, financial situation, financial performance or cash flows.

25. ADDITIONAL EXPLANATION REGARDING THE TRANSLATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INTO ENGLISH

This document is a translation of the consolidated financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

APPENDICES

RENTA 4 BANCO, S.A. AND SUBSIDIARIES
Breakdown of investments
in subsidiaries and associates
at December 31, 2013

			% shareholding			Thousands of euros (*)				
Company	Head office	Line of business	Direct	Indirect	Total	Capital	Reserves	Valuation adjustments	Profit/ (loss)	Dividends
Group companies/subsidiaries										
Carterix, S.A.	Madrid	Financial services	5.00	94.92	99.92	782	(56)	-	(245)	-
Renta 4 Aragón, S.A.	Madrid	Financial services	99.96	-	99.96	62	9	-	-	-
Sociedad de Estudios e Inversiones, S.A.	Benidorm	Financial services	-	100.00	100.00	42	(21)	-	-	-
Renta 4 Burgos, S.A.	Madrid	Financial services	99.97	-	99.97	34	10	-	-	-
Renta 4 Gestora, S.G.I.I.C., S.A.	Madrid	CIS management company	99.99	-	99.99	2,374	1,922	(91)	1,042	-
Renta 4 Guipúzcoa, S.A. (*)	San Sebastián	Financial services	-	15.00	15.00	60	1,200	104	120	-
Renta 4 Huesca, S.A.	Madrid	Financial services	99.94	-	99.94	3	(2)	-	-	-
Renta 4 Inversiones de Valladolid, S.A.	Madrid	Financial services	85.00	14.00	99.00	60	686	-	(415)	-
Renta 4 Lérida, S.A.	Madrid	Financial services	81.66	-	81.66	90	3	-	(1)	-
Renta 4 On Line, S.A.	Madrid	Financial services	99.00	-	99.00	15	(6)	-	-	-
Renta 4 Pensiones, E.G.F.P., S.A.	Madrid	Pension fund management	99.99	-	99.99	3,288	423	61	463	-
Renta 4, Sociedad de Valores, S.A.	Madrid	Stockbroking	100.00	-	100.00	3,149	12,055	(38)	3,687	-
Renta 4 Equities	Madrid	Financial services	-	99.90	99.90	15	491	4	(2)	-
Renta 4 Corporate, S.A.	Madrid	Advisory and consulting	100.00	-	100.00	92	120	-	(47)	-
Renta 4 Vizcaya, S.A.	Bilbao	Financial services	-	99.99	99.99	391	(365)	-	-	-
Rentsegur, Correduría de Seguros, S.A.	Madrid	Insurance brokerage	-	72.50	72.50	75	(36)	-	(3)	-
Padinco Patrimonios, S.A.	Madrid	Financial services	100.00	-	100.00	105	87	-	4	-
Renta 4 Chile SPA	Chile	Financial services	100.00	-	100.00	2,917	(234)	53	(39)	-
Inversiones Renta 4 Chile, S.L.	Chile	Financial services	-	100.00	100.00	2,035	-	22	(122)	(102)
Renta 4 Chile Corredores de Bolsa, S.A.	Chile	Financial services	-	100.00	100.00	1,642	103	(238)	334	(199)
Renta 4 Colombia SAS	Bogotá	Financial services	100.00	-	100.00	38	-	(2)	-	-
Renta 4 Agente de Bolsa S.A.	Lima	Financial services	99.99	-	99.99	488	-	(19)	(20)	-
Associate										
Renta Markets, S.A.	Madrid	Financial services	34.99	-	34.99	3,910	1,495	-	1,125	-
Outlook Inversiones Sicav S.A.	Madrid	Investment fund	30.80	-	30.80	2,974	657	-	(5)	-

This appendix is an integral part of note 3 to the accompanying consolidated financial statements and should be read in conjunction therewith.

(*) Although the Renta 4 Group does not hold an ownership interest that gives it the majority of this investee's voting rights, the business of Renta 4 Guipúzcoa, S.A. is to perform sales and business representation duties for the Renta 4 Group. As a result, all this investee's income is generated by the fees split with it by Renta 4 as a function of the business generated by Renta 4 Guipúzcoa for the Group. Therefore, Renta 4 believes that the relationship with Renta 4 Guipúzcoa, S.A. gives it the power to control the latter's financial and operating policies (IAS 27.13), which is why this investee is fully consolidated.

RENTA 4 BANCO, S.A. AND SUBSUDIARIES

RENTA 4 BANCO, S.A. AND SUBSIDIARIES
Breakdown of equity investments in Group companies
at December 31, 2012

Company	Head office	Line of business	% shareholding			Thousands of euros (*)				
			Direct	Indirect	Total	Capital	Reserves	Valuation adjustments	Profit/ (loss)	Dividend
Group companies										
Carterix, S.A.	Madrid	Computer and IT services	5.00	94.92	99.92	782	(45)	2	(11)	-
Renta 4 Aragón, S.A.	Madrid	Financial services	99.96	-	99.96	62	9	-	-	-
Sociedad de Estudios e Inversiones, S.A.	Benidorm	Financial services	-	100.00	100.00	42	(20)	-	(1)	-
Renta 4 Burgos, S.A.	Madrid	Financial services	99.97	-	99.97	34	10	-	(1)	-
Renta 4 Gestora, S.G.I.I.C., S.A.	Madrid	CIS management company	99.99	-	99.99	2,374	1,669	(78)	253	-
Renta 4 Guipúzcoa, S.A. (*)	San Sebastián	Financial services	-	15.00	15.00	60	1,121	97	80	-
Renta 4 Huesca, S.A.	Madrid	Financial services	99.94	-	99.94	3	(2)	-	-	-
Renta 4 Inversiones de Valladolid, S.A.	Madrid	Financial services	85.00	14.00	99.00	60	687	2	(2)	-
Renta 4 Lérida, S.A.	Madrid	Financial services	81.66	-	81.66	90	4	-	(1)	-
Renta 4 On Line, S.A.	Madrid	Financial services	99.00	-	99.00	15	(6)	-	-	-
Renta 4 Pensiones, E.G.F.P., S.A.	Madrid	Pension fund management	99.99	-	99.99	2,687	400	76	314	-
Renta 4, Sociedad de Valores, S.A.	Madrid	Stockbroking	100.00	-	100.00	3,149	11,897	28	1,439	(1,257)
Renta 4 Equities (antes Renta 4 Tarragona, S.A.)	Madrid	Financial services	-	99.90	99.90	15	499	9	(8)	-
Renta 4 Corporate, S.A.	Madrid	Advisory and consulting	100.00	-	100.00	92	51	-	68	-
Renta 4 Vizcaya, S.A.	Bilbao	Financial services	-	99.99	99.99	391	(365)	-	-	-
Rentsegur, Correduría de Seguros, S.A.	Madrid	Insurance brokerage	-	72.50	72.50	75	(40)	-	4	-
Padinco Patrimonios, S.A.	Madrid	Financial services	100.00	-	100.00	105	87	3	4	-
Renta 4 Chile SPA	Chile	Financial services	100.00	-	100.00	956	(109)	17	(125)	-
Inversiones Renta 4 Chile, S.L.	Chile	Financial services	-	100.00	100.00	2,035	-	-	-	-
Renta 4 Chile Corredores de Bolsa, S.A.	Chile	Financial services	-	70.00	70.00	1,642	103	10	373	(170)
Associate										
Renta Markets, S.A.	Madrid	Financial services	35.00	-	35.00	3,910	1,930	-	(435)	-

This appendix is an integral part of note 3 to the accompanying consolidated financial statements and should be read in conjunction therewith.

(*) Although the Renta 4 Group does not hold an ownership interest that gives it the majority of this investee's voting rights, the business of Renta 4 Guipúzcoa, S.A. is to perform sales and business representation duties for the Renta 4 Group. As a result, all this investee's income is generated by the fees split with it by Renta 4 as a function of the business generated by Renta 4 Guipúzcoa for the Group. Therefore, Renta 4 believes that the relationship with Renta 4 Guipúzcoa, S.A. gives it the power to control the latter's financial and operating policies (IAS 27.13), which is why this investee is fully consolidated.

RENTA 4 BANCO, S.A. AND SUBSUDIARIES

Relación de sucursales de
31 de diciembre de 2013

Office	Address	City
Renta 4 A Coruña	Rua de Teresa Herrera, 8 Bajo	A Coruña
Renta 4 Albacete	Plaza de Gabriel Lodares, 4 Bajo	Albacete
Renta 4 Alicante	Av de Oscar Espla, 29, bajo	Alicante
Renta 4 Almeria	Avda. de Federico Garcia Lorca, 21	Almeria
Renta 4 Avila	Av de Portugal, 39	Avila
Renta 4 Badajoz	Calle Ronda Pilar, 2 - Bajo izquierda	Badajoz
Renta 4 Barcelona	Passeig de Gracia, 77 - Principal	Barcelona
Renta 4 Bilbao	Calle Elcano, 14	Vizcaya
Renta 4 Burgos	Av de la Paz, 3 Bajo	Burgos
Renta 4 Caceres	Calle Gil Cordero, 6 Bajo	Caceres
Renta 4 Cadiz	Av de Cayetano del Toro, 27	Cadiz
Renta 4 Cantabria	Calle de Rualasal, 17	Cantabria
Renta 4 Castellon	Carrer Gasset, 9	Castellon
Renta 4 Ciudad Real	Calle de Calatrava, 5 - Bajo	Ciudad Real
Renta 4 Cordoba	Paseo de la Victoria, 1	Cordoba
Renta 4 Cuenca	Av de Castilla-La Mancha, 4	Cuenca
Renta 4 Cullera	Passatge de l'Ullal 2, Bj, Ed Manantial	Valencia
Renta 4 Elche	Carrer de l'Hospital, 5	Alicante
Renta 4 Girona	Carrer Migdia 37	Girona
Renta 4 Gran Canaria	Calle Muelle las Palmas, 6	Gran Canaria
Renta 4 Granada	Plaza Isabel Catolica, 1 Plta 4 Of.4	Granada
Renta 4 Guadalajara	Calle Padre Felix Flores, 4	Guadalajara
Renta 4 Huelva	Paseo de Sta Fe, 1 bajo	Huelva
Renta 4 Huesca	Calle de Cavia, 8 Bajo	Huesca
Renta 4 Jaen	Av de Madrid, 20 Bajo	Jaen
Renta 4 Lanzarote	Av Doctor Rafael Gonzalez Negrin, 17 1ºB	Lanzarote
Renta 4 Leon	Av de Ordoño II, 11 - 1º	Leon
Renta 4 Lleida	Rambla de Ferran, 1	Lleida
Renta 4 Logroño	Calle Jorge Vigon, 22	La Rioja
Renta 4 Lugo	Rua de Montevideo, 7 - Bajo	Lugo
Renta 4 Madrid	Paseo de la Habana, 74	Madrid
Renta 4 Madrid - Serrano	Cl. Serrano, 63	Madrid
Renta 4 Madrid Sur	Calle de Valencia, 6 - local 4	Madrid
Renta 4 Malaga	Calle Hilera, 7 bajo	Malaga
Renta 4 Mallorca	Passeig de Mallorca, 32 Entlo.	Baleares
Renta 4 Murcia	Av General Primo de Rivera, 23	Murcia
Renta 4 Ourense	Rua do Progreso, 127	Ourense
Renta 4 Oviedo	Calle del General Yague,1 (Conde Toreno)	Asturias
Renta 4 Palencia	Calle de Ignacio Martinez de Azcoitia, 5	Palencia
Renta 4 Pamplona	Paseo de Sarasate, 16 - Entreplanta	Navarra
Renta 4 Sabadell	Carrer de Vilarrubias, 9	Barcelona
Renta 4 Salamanca	C/ Toro, 76 – 1º	Salamanca
Renta 4 Segovia	Av de Fernandez Ladreda, 11 - 1ºA	Segovia
Renta 4 Sevilla	Av de la Buhaira, 11	Sevilla
Renta 4 Soria	Avda. Navarra 5	Soria
Renta 4 Tarragona	Rambla Nova, 114 (Acceso C/Pare Palau 1)	Tarragona
Renta 4 Tenerife	Calle El Pilar, 54	Santa Cruz de Tenerife
Renta 4 Terrassa	Carrer d'Arquimedes, 156 - Local	Barcelona
Renta 4 Teruel	Calle de Ramon y Cajal, 12 - Bajo	Teruel
Renta 4 Toledo	Calle Roma, 3 - Bajo	Toledo
Renta 4 Valencia	Plaza Alfonso El Magnanimo. 2	Valencia
Renta 4 Valladolid	Plaza de Santa Ana, 2 - 2?B y C	Valladolid
Renta 4 Vigo	Avenida Garcia Barbon, 18	Vigo
Renta 4 Vitoria	Calle de la Florida, 18 - Bajo	Alava
Renta 4 Zamora	Calle de las Flores de San Torcuato, 14	Zamora
Renta 4 Zaragoza	C/ Leon XIII, 5	Zaragoza

This appendix is an integral part of note 19 to the accompanying consolidated financial statements and should be read in conjunction therewith.

RENTA 4 BANCO, S.A. AND SUBSUDIARIES

List of the branches at December 31,2012

Permanent offices:

C/ Teresa Herrera, 8 bajo; A Coruña
Plaza de Gabriel Lodares nº 4 Bajo ; Albacete
Avda. Federico Soto 22 Entlo. Derecha; Alicante
Pº de Almería, 81 1º izda; Almería
Pza. de Santa Teresa, 14, 2º Puertas 1 y 2; Ávila
C/ Ronda del Pilar, nº 2, bajo Izquierda; Badajoz
Pº de Gracia, 77, pl. principal; Barcelona
C/ Marqués del Puerto, 6 - 1º ; Bilbao
Avenida de la Paz 3, bajo; Burgos
C/ San Pedro de Álcantara 2, plta 1ª, of. 2; Cáceres
Avda. Cayetano del Toro, nº 27 ; Cádiz
C/ Rualasal, 17; Santander
Plaza de la Paz, nº 5 - Entresuelo; Castellón
Calatrava nº5, bajo; Ciudad Real
Paseo de la Victoria nº1 ; Córdoba
Avenida de Castilla La Mancha, nº 4; Cuenca
Passatge de L'ullal nº 2, Bj, Edf Manantial; Cullera
C/ Hospital, 5; Elche
C/ Valencia, 6 -local 4; Fuenlabrada, Madrid
C/ Migdia, 37; Girona
Pza. Isabel la Católica, 1, plta.4, ofic.4; Granada
Muelle Las Palmas, 6; Las Palmas de Gran Canaria
Pza. de Santo Domingo, 1 - 1ºD; Guadalajara
Pº Santa Fe, 1 Entreplanta; Huelva
C/ Cavia, 8 bajo; Huesca
Avda. de Madrid, 20 Bajo; Jaén
Avda. Rafael González Negrín, 17 1º B; Arrecife
C/ Ordoño II, 11 - 1º; León
Rambla Ferrán, 1; Lleida
C/ Vara de Rey, 24; Logroño
Rúa Montevideo, 7 - Bajo; Lugo
Pº de la Habana 74,; Madrid
C/ Huescar nº2, Local 6; Málaga
Pº de Mallorca, 32 Entlo.; Palma
Avda. General Primo de Rivera, 23; Murcia
C/ Progreso, 127; Ourense
C/ General Yagüe, 1 (Conde de Toreno); Oviedo
C/ Ignacio Martínez de Azcoitia 5; Palencia
Paseo de Sarasate, 16; Pamplona
C/ Toro, 76 – 1º; Salamanca
Calle Vilarrubias, Nº 9; Sabadell, Barcelona
Avda. Fernández Ladreda, 11, 1ºA; Segovia
Avda. de la Buhaira, nº 11; Sevilla
C/ Collado, 15-1ºA y B ; Soria
Rambla Nova, 114 (Acceso por C/ Pare Palau nº 1); Tarragona
C/ Arquimedes, 156 - Local; Terrassa
Calle El Pilar, 54 ; Santa Cruz de Tenerife
C/ Ramón y Cajal, 12 Bajo; Teruel
C/ Roma, nº 3, Bajo; Toledo
C/ Colón, 31 - 1º Pta. 3ª; Valencia
Pza. de Santa Ana 2 – 2º B y C; Valladolid
C/ García de Borbón , 18; Vigo
C/ Florida, nº 18, bajo; Vitoria
C/ Flores de San Torcuato, Nº 14; Zamora
Pº de la Independencia 4, pral. A dcha.; Zaragoza
Av. Isidora Goyenechea 2934, Ofic. 802; Las Condes, Santiago, Chile
Investee
C/ Arrasate 37-2º; San Sebastián
Agent
C/ Lorenzo Abruñedo, 26 1º b; Oviedo

This appendix is an integral part of note 19 to the accompanying consolidated financial statements and should be read in conjunction therewith.

RENTA 4 BANCO, S.A.
AND SUBSIDIARIES

List of Agents at
December 31, 2012

ACCURATE ADVISORS, S.L.
AES GESTIÓ DE PATRIMONIS, S.L
AGUIRRE BASSET ALFONSO
ALBAJAR GIMENEZ, MANUEL
ALGAR FINANCIAL PRODUCTS, SL
ARBITRAGE FINANZAS, S.L.
ARCOS BARAZAL, S.A.
BABALITA, S.A.
BAUCISA SISTEMAS, S.L
CASTAÑE ECHEVARRIA, JOSE MARIA
CASTAÑE Y ASOCIADOS INVEST, S.L.
COFINAVE GESTION, S.A.
COMPANY DIEZ MIGUEL ANGEL
DE LA FUENTE ARTEAGA JORGE
DRACMA FINANZAS, S.L.
ECHEVARRIA BARBERENA, MERCEDES
FORET USSIA, JOSE LUIS
GALLEGO HEREDERO, PEDRO
GALLO LÓPEZ FELIX ALFONSO
INFORMADSA FINANCIEROS, S.L.
LOPEZ LOPEZ,ANTONIO CEFERINO
LOPEZ MIGUEZ, ANTONIO
MEINDIST, SL
MENDEZ GONZALEZ RAQUEL
MISUIN GESTION, S.L.
MORENO PEREZ VICTOR
MUÑOZ CORDOBA, CARLOS
NUEVA PRIDERA S.L.
PASCUAL BALLESTEROS, JULIO MANUEL
PRIMO DE RIVERA ORIOL FERNANDO
RENPROA SL
RENTA 4 GUIPUZCOA S.A.
RIVERA CASTILLEJO,MIGUEL
SAINZ SUELVES, ANTONIO
SANFELIU CARRASCO,MARIA DEL MAR
SOFABOYCO, S.L.
SOLO 747, S.L.
YIDOSA, S.A.
MARQUEZ POMBO JOSE IGNACIO
DIAZ-BUSTAMANTE ZULUETA, JUAN
SISTEMAS URBANOS SOCIMI, S.A.

RENTA 4 BANCO, S.A.
AND SUBSIDIARIES

List of Agents at
December 31, 2012

This appendix is an integral part of note 19 of the notes to the accompanying consolidated financial statements and should be read in conjunction therewith.

Accurate Advisors, S.L.
Aes Gestió De Patrimonis, S.L
Aguirre Basset Alfonso
Albajar Giménez, Manuel
Arbitrage Finanzas, S.L.
Arcos Barazal, S.A.
Babalita, S.A.
Baucisa Sistemas, S.L
Bigspin International Trade, S.L.
Castañe Y Asociados Invest, S.L.
Cofinave Gestión, S.A.
Company Diez Miguel Ángel
Darwin Systems, S.L.
Dracma Finanzas, S.L.
Echevarria Barberena, Mercedes
Foret Ussia, José Luis
Gallego Heredero, Pedro
Gallo López Félix Alfonso
Informadsa Financieros, S.L.
López López, Antonio Ceferino
López Miguez, Antonio
Méndez González Raquel
Misuin Gestión, S.L.
Moreno Pérez Víctor
Muñoz Córdoba, Carlos
Nueva Pridera S.L.
Pascual Ballesteros, Julio Manuel
Primo De Rivera Oriol Fernando
Renproa Sl
Renta 4 Guipúzcoa S.A.
Renta Markets, S.A.
Sanfeliu Carrasco, María Del Mar
Sofaboyco, S.L.
Solo 747, S.L.
Yidosa, S.A.

This appendix is an integral part of note 19 of the notes to the accompanying consolidated financial statements and should be read in conjunction therewith.

Renta 4 Banco, S.A.

Balance sheet at December 31

A S S E T S	Thousands of euros 2013	Thousands of euros 2012
Cash and balances with central banks	**1,553**	**2,022**
Financial assets held for trading	**664**	**610**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	211	108
Equity instruments	-	-
Trading derivatives	453	502
Memorandum item: Loaned or advanced as collateral	-	-
Other financial assets at fair value through profit or loss	-	**-**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	-	-
Equity instruments	-	-
Memorandum item: Loaned or advanced as collateral	-	-
Available-for-sale financial assets	**390,902**	**236,629**
Debt securities	369,072	209,703
Equity instruments	21,830	26,926
Memorandum item: Loaned or advanced as collateral	*354,015*	*188,399*
Loans and receivables	**421,785**	**295,959**
Loans and advances to credit institutions	367,881	228,789
Loans and advances to customers	53,904	67,170
Debt securities	-	-
Memorandum item: Loaned or advanced as collateral	-	-
Held-to-maturity investments	-	**-**
Memorandum item: Loaned or advanced as collateral	-	-
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	-	**-**
Hedging derivatives	-	**-**
Non-current assets held for sale	-	**-**
Investments	**29,196**	**25,642**
Associates	2,277	1,361
Jointly controlled entities	-	-
Group companies	26,919	24,281
Insurance contracts linked to pensions	-	**-**
Property and equipment	**28,209**	**27,196**
Property and equipment	28,209	27,196
For own use	28,209	27,196
Leased out on operating lease	-	-
Assigned to welfare projects	-	-
Investment properties	-	-
Memorandum item: Acquired under finance leases	*14,740*	*15,058*
Intangible assets	**7,654**	**7,543**
Goodwill	6,352	6,352
Other intangible assets	1,302	1,191
Tax assets	**1,493**	**1,882**
Current	61	1,335
Deferred	1,432	547
Other assets	**609**	**684**
TOTAL ASSETS	**882,065**	**598,167**

Renta 4 Banco, S.A.

Balance sheet at December 31

LIABILITIES	Thousands of euros 2013	2012
Financial liabilities held for trading	**368**	**605**
Due to credit institutions	-	-
Customer deposits	-	-
Debt certificates including bonds	-	-
Trading derivatives	368	605
Short positions	-	-
Other financial liabilities at fair value through profit or loss	-	**-**
Due to credit institutions	-	-
Customer deposits	-	-
Debt certificates including bonds	-	-
Financial liabilities at fair value through profit or loss	-	-
Due to credit institutions	-	-
Customer deposits	-	-
Debt certificates including bonds	-	-
Financial liabilities at amortized cost	**820,900**	**548,991**
Due to central banks	235,912	135,379
Due to credit institutions	7,943	23,354
Customer deposits	513,107	331,655
Debt certificates including bonds	12,222	12,222
Subordinated liabilities	-	-
Other financial liabilities	51,716	46,381
Changes in fair value of financial liabilities in portfolio hedges of interest rate risk	-	**-**
Hedging derivatives	-	**-**
Liabilities associated with non-current assets held for sale	-	**-**
Provisions	**47**	**250**
Provisions for pensions and similar obligations	-	-
Provisions for tax and other legal contingencies	47	250
Provisions for contingent exposures and commitments	-	-
Other provisions	-	-
Tax liabilities	**2,869**	**2,264**
Current	1.764	1,254
Deferred	1,105	1,010
Welfare fund	-	**-**
Other liabilities	**532**	**53**
Capital having the substance of a financial liability	-	**-**
TOTAL LIABILITIES	**824,716**	**552,163**

Renta 4 Banco, S.A.

Balance sheet at December 31

	Thousands of euros	
	2013	2012
EQUITY		
Valuation adjustments	**(724)**	**(1,074)**
Available-for-sale financial assets	(724)	(1,074)
Financial liabilities at fair value through profit or loss	-	-
Cash flow hedges	-	-
Hedges of net investments in foreign operations	-	-
Exchange differences	-	-
. Non-current assets held for sale	-	-
Own funds	**58,073**	**47,078**
Capital or endowment fund	18,312	18,312
Issued capital	18,312	18,312
Less: Uncalled capital	-	-
Share premium	8,496	8,496
Reserves	26,676	24,981
Retained earnings	-	-
Other	-	-
Other equity instruments	996	996
Equity component of compound financial instruments	885	885
Other equity instruments	111	111
Less: Treasury shares	(486)	7,504
Non-voting equity units and associated funds (savings banks)	-	-
Non-voting equity units	-	-
Reserves of holders of non-voting equity units	-	-
Stabilization fund	-	-
Profit for the year	6,020	4,773
Less: Dividends and remuneration	(1,941)	2,976
TOTAL EQUITY	**57,349**	**46,004**
TOTAL EQUITY AND LIABILITIES	**882,065**	**598,167**
MEMORANDUM ITEMS		
Contingent exposures	**2,500**	**1,944**
Contingent commitments	**1,087**	**2,441**
	3,587	**4,385**

Renta 4 Banco, S. A.

Income statement for the years ended December 31

	Thousands of euros	
	2012	2011
Interest and similar income	**9,230**	**8,062**
Interest and similar expense	**(3,138)**	**(4,424)**
Interest on capital repayable on demand	**-**	**-**
NET INTEREST INCOME	**6,092**	**3,638**
Returns on equity instruments	**289**	**2,072**
Fee and commission income	**49,217**	**40,204**
Fee and commission expenses	**(24,261)**	**17,728**
Gains / (losses) on financial assets and liabilities (net)	**5,388**	**3,468**
Financial assets and liabilities held for trading	4,099	2,919
Other financial instruments measured at fair value through profit or loss	-	-
Other financial instruments not measured at fair value through profit or loss	1,289	549
Other	-	-
Exchange differences (net)	**(119)**	**(19)**
Other operating income	**483**	**611**
Other operating expense	**(1,170)**	**(211)**
GROSS MARGIN	**35,919**	**32,035**
Personnel expenses	**(14,381)**	**(12,719)**
Other administrative expenses	**(10,946)**	**(9,848)**
Depreciation and amortization	**(2,776)**	**(2,483)**
Property and equipment	(2,097)	(1,877)
Intangible assets	(679)	(606)
Provision expense (net)	**145**	**-**
Impairment losses (net) on financial assets	**33**	**(691)**
Loans and receivables	(15)	(643)
Other financial instruments not measured at fair value through profit or loss	48	(48)
OPERATING PROFIT	**7,994**	**6,294**
Impairment losses (net) on other assets	**(448)**	(288)
Goodwill and other intangible assets	-	-
Other assets	(448)	(288)
Gains / (Losses) on disposal of assets not classified as non-current assets held for sale	-	-
Negative difference on business combinations	-	-
Gains / (Losses) on non-current assets held for sale not classified as discontinued operations	-	-
PROFIT (LOSS) BEFORE TAX	**7,546**	**6,006**
Income tax	(1,526)	(1,233)
Mandatory transfer to welfare funds		
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**6,020**	**4,773**
Profit (loss) from discontinued operations (net)	**-**	**-**
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**6,020**	**4,773**
Basic earnings per share	0.15	0.12
Diluted earnings per share	0.16	0.13

Renta 4 Banco, S.A.

Statement of changes in equity for the year ended December 31,

	Thousands of euros 2013	2012
PROFIT FOR THE YEAR	**6,020**	**4,773**
OTHER RECOGNIZED INCOME AND EXPENSE	**350**	**294**
Available-for-sale financial assets	**500**	**420**
Valuation gains (losses)	1,837	921
Amounts transferred to income statement	(1,337)	(501)
Other reclassifications	-	-
Cash flow hedges	**-**	**-**
Valuation gains (losses)	-	-
Amounts transferred to income statement	-	-
Amounts transferred to initial carrying amount of hedged items	-	-
Other reclassifications	-	-
Hedges of net investments in foreign operations	**-**	**-**
Valuation gains (losses)	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
Exchange differences	-	-
Valuation gains (losses)	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
Non-current assets held for sale	**-**	**-**
Valuation gains (losses)	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
Actuarial gains / (losses) on pension plans	**-**	**-**
Investments accounted for using the equity method	**-**	**-**
Valuation gains (losses)	-	-
Other recognized income and expense	**-**	**-**
Income tax	**(150)**	**(126)**
TOTAL RECOGNIZED INCOME AND EXPENSE	**6,370**	**5,067**

Renta 4 Banco, S.A.
Statement of cash flows
for the year ended December 31,

	Thousands of euros	
	2013	2012
OPERATING ACTIVITIES	**(27,529)**	**(96,156)**
Profit for the year	**6,020**	**4,773**
Adjustments to obtain cash flows from operating activities	**1,379**	**3,135**
Depreciation and amortization	2,776	2,483
Other adjustments	(1,397)	652
Net increase / decrease in operating assets	**(221,946)**	**(136,239)**
Financial assets held-for-trading	(54)	1,370
Other financial assets at fair value through profit or loss	**-**	**-**
Available-for-sale financial assets	(147,400)	(207,946)
Loans and advances	(74,805)	70,042
Other operating assets	313	295
Net increase / decrease in operating liabilities	**190,535**	**33,706**
Financial liabilities held-for-trading	(237)	541
Other financial liabilities at fair value through profit and loss	**-**	**-**
Financial liabilities at amortized cost	187,755	32,470
Available-for-sale financial assets	3,017	**-**
Other operating liabilities	**(3,517)**	695
Income tax receipts (payments)		**(1,531)**
	(7,613)	
INVESTING ACTIVITIES	**(7,905)**	**(3,090)**
Payments	(3,113)	**(5,162)**
Property and equipment	(790)	(3,425)
Intangible assets	(4,002)	(628)
Investments	-	(1,109)
Other business units	-	-
Non-current assets held for sale and associated liabilities	-	-
Held-to-maturity investments	-	-
Other payments related to investing activities	**292**	-
Collections	3	**2,072**
Property and equipment	-	-
Intangible assets	-	-
Investments	-	-
Other business units	-	-
Non-current assets held for sale and associated liabilities	-	-
Held-to-maturity investments	289	-
Other collections related to investing activities		2,072
	85,991	
FINANCING ACTIVITIES	**(337,895)**	**79,977**
Payments	(1,941)	**(170,540)**
Dividends	-	(2,976)
Subordinated liabilities	-	-
Redemption of own equity instruments	-	(14)
Acquisition of own equity instruments	(1,970)	(18,614)
Other payments related to financing activities	(333,984)	(148,936)
Collections	**423,886**	**250,517**
Subordinated liabilities	-	**-**
Issuance of own equity instruments	-	-
Disposal of own equity instruments	8,886	1,516
Other collections related to financing activities	415,000	249,001
EFFECT OF EXCHANGE RATE CHANGES	**-**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**50,849**	**(19,269)**
Cash and cash equivalents at beginning of period	**40,646**	**59,915**
Cash and cash equivalents at end of period	**91,495**	**40,646**
MEMORANDUM ITEM		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	**91,495**	**40,646**
Cash	**25**	27
Cash equivalents at central banks	1,528	1,995
Other financial assets	89,942	38,624
Less: Overdrafts repayable on demand	-	-

APPENDIX V: Renta 4 Group Customer Service Report 2013

Purpose of the Report

As has been the case since 2004, the purpose of this report is to evidence the customer service work performed by Renta 4 Banco, S.A. and the Renta 4 Group entities subject to the customer defense rules in the course of 2013, in keeping with article 20 of the Renta 4 Group's Customer Defense Rules and, by extension, the stipulations laid down in Ministerial Order ECO 734/2004, of March 11, 2004, on Customer Attention Centers and Services and Customer Defense at Financial Institutions, published in Spain's Official Journal (BOE No. 72) on March 24, 2004.

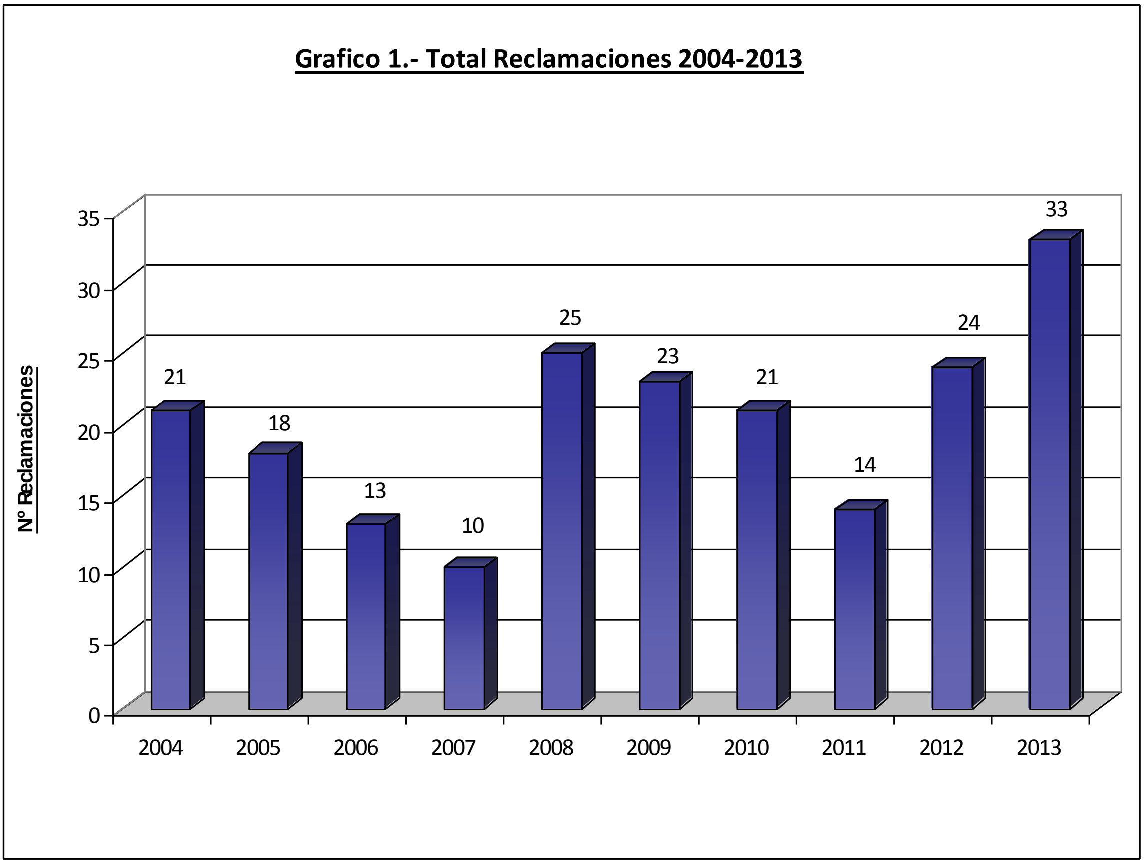
As stipulated in article 6 of these Group rules, the Customer Service Center is responsible for catering to and resolving the complaints and claims presented before the entities bound thereby, directly or via representatives, by the Spanish or foreign natural or legal persons that qualify as users of the financial services provided by the said entities, so long as such complaints and claims relate to their legally-protected interests and rights as a result of contracts, transparency and customer protection rules or good financial practice, particularly the principle of equanimity.

Claims outcomes

In the course of 2013, Renta 4's Customer Service Center handled a total of 33 customer claims, analyzing each of the issues raised in detail before ultimately issuing a ruling or report or urging the parties to reach a settlement in respect of the controversy at hand. Each and every one of these claims was declared admissible.

On the other hand, this same Center did not receive any enquiries in 2013, having received and dealt with three enquiries in 2012, sending the requesting parties the documentation and information they asked for.

As is shown in the following chart, the number of claims presented before the Customer Service Center declined between 2004 and 2007 (from 21 to 10).



In 2008 the number of claims declared admissible increased to 25, trailing lower once again in subsequent years to 14 in 2011. In 2012 and 2013 the number of claims presented spiked once again to 24 and 33, respectively.

However, despite the growth in the number of claims presented in 2013 (nine more than in 2012), if the number of claims presented is considered in relation to the overall client base with assets at Renta 4 at year-end 2013 - a total of 55,133 -, the number of claims is not significant, as was the case in prior years.

Similarly, in comparing the number of claims presented in 2013 – 33 in total - with the volume of assets under management at Renta 4 at December 31, 2013, including the third-party network (over €10 billion), the claims incident rate also pales in significance.

Claims classified by type of ruling

Analyzing the claims by type of ruling issued by the Customer Service Center in 2013, as shown graphically in Table 1, of all the claims declared admissible – 33 – the Center handed down 24 unfavorable decisions for the claimants (73% of all claims received and resolved), while urging the parties to reach a settlement in seven cases (21% of the total); two cases were archived following a painstaking review, analysis and explanation of the underlying issues, with the claimants withdrawing their claims.

TABLE 1

Trend in claims brought before the Customer Service Center – Classification by claim outcome

Classification by claim outcome	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Against the claimant	24	73%	20	83%	13	93%	14	67%	18	78%	21	84%	6	60%	10	77%	17	94%	19	90%
For the claimant	0	0%		0%	1	7%	4	19%	0	0%	3	12%	3	30%	3	23%	0	0%	2	10%
Settlement proposal	7	21%	4	17%		0%	3	14%	5	22%	1	4%	0	0%	0	0%	1	6%	0	0%
Archived	2	6%				0%	0	0%		0%		0%	1	10%	0	0%		0%		0%
Total	33	100%	24	100%	14	100%	21	100%	23	100%	25	100%	10	100%	13	100%	18	100%	21	100%

In connection with the claims for which the Customer Service Center urged the parties to reach an agreement, in 2013 Renta 4 paid customers 1,360.79 euros, compared to settlements of 604.97 euros in 2012, 23 euros in 2011 and 747.72 euros in 2010. However, the cost in 2013 was less than that of earlier years: in 2009 settlements cost the Group 60,815.02 euros, in 2008, 37,592.80 euros and in 2007, 4.280.00 euros.

In addition, the Customer Service Center estimates that customers presented claims for a total of approximately 26,000 euros in 2013, a figure that is broadly in line with the sum claimed in 2012 (39,000 euros) and 2011 (30,000 euros). However, the amounts claimed in 2013 are lower than those presented in 2010 (50,000 euros) or 2009 (200,000 euros).

Claims classified by issue

The claims ruled on by the Customer Service Center are categorized by issue in Table 2 and Chart 2:

TABLE 2

Trend in claims brought before the Customer Service Center – Classification by claim issue

	2012		2011		2010		2009		2008		2007		2006		2005		2004		2004	
Classification by issue	**N°**	**%**	**N°**	**%**	**N°**	**%**	**N°**	**%**	**N°**	**%**	**N°**	**%**	**N°**	**%**	**N°**	**%**	**N°**	**%**	**N°**	**%**
Fees and commissions/ prices	18	54,5%	7	29,2%	2	14%	7	33%	5	22%	2	8%	0	0%	6	46%	4	22%	12	57%
Securities transactions, order execution	13	39,4%	16	66,7%	11	79%	10	48%	10	44%	6	24%	6	60%	4	31%	2	11%	2	10%
Other	2	6,1%	1	4,2%	0	0%	2	10%	3	13%	8	32%	3	30%	1	8%	4	22%	2	10%
Mutual funds / pension funds	0	0,0%	0	0,0%	1	7%	2	10%	4	17%	9	36%	1	10%	2	15%	5	28%	2	10%
Conduct of representative	0	0,0%	0	0,0%	0	0%	0	0%	1	4%	0	0%	0	0%	0	0%	3	17%	3	14%
TOTAL	33	100%	24	100%	14	100%	21	100%	23	100%	25	100%	10	100%	13	100%	18	100%	21	100%

The analysis of the claims presented by issue highlights that the claims classified under *Fees and commissions/prices* accounted for the highest number and percentage of claims presented in 2013: 18 claims, equivalent to 54.5% of the total presented. This heading reflects claims regarding the fees, commissions and charges charged to customer accounts for delivery of the various financial services performed.

In prior years, this category accounted for the second-highest number of claims (seven in 2012, two in 2011 and seven in 2010).

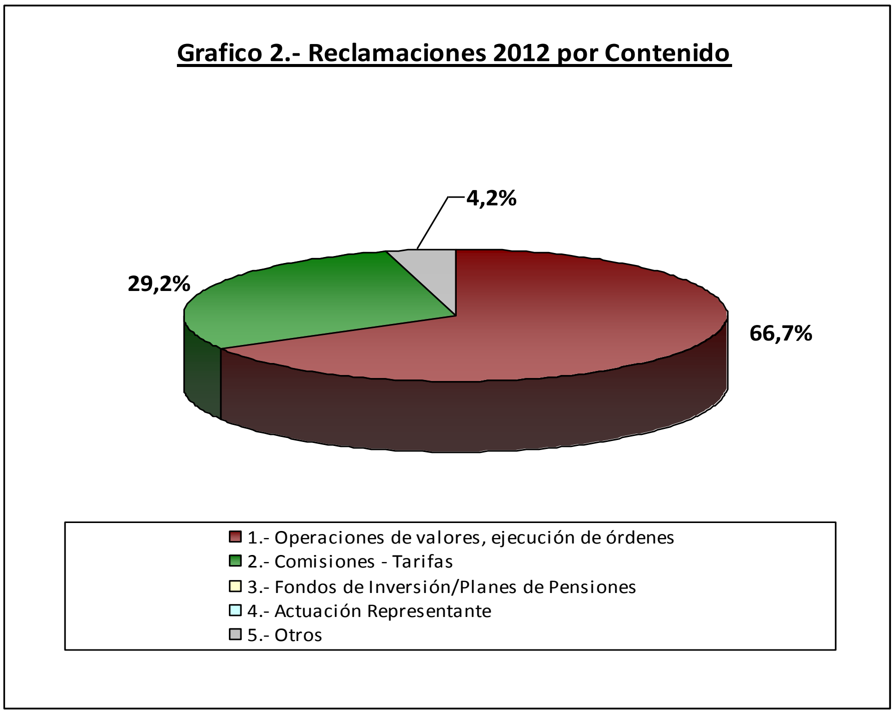
One of the reasons for the spike in price-related claims in 2013 is thought to be the price modifications introduced in 2012 and 2013.

In 2013, *Securities transactions and order execution* accounted for the second-highest number of claims at 13, equivalent to 39.4% of the total. This heading encompasses claims regarding all manner of discrepancies regarding customer order processing and execution.

This was the issue generating most claims in prior years: 16 in 2012 (66.7% of the total), 11 in 2011 (79%) and 10 in each of 2010 and 2009 (over 40% of the total).

Elsewhere *Mutual funds/pension funds* reflects claims relating to the subscription, redemption, transfer and sale and marketing of mutual funds and pension plans, including matters related to their management and investment policies. Although there are claims under this heading from time to time, none was found admissible in either 2013 or 2012.

Lastly, claims that do not readily fit into any of the other categories are bucketed into *Other.* Two such claims were received in 2013, compared to one in 2012 and none in 2011. This category also fluctuated in earlier years (two in 2010, three in 2009 and eight in 2008).



Breakdown of claims by Group company

In 2013, all of the claims processed (33) were presented by customers of Renta 4 Banco, S.A.

CONCLUSIONS

In short, the Customer Service Center considers that the number of claims presented in 2013, 33 in total, is not significant compared with the size of the Entity's overall customer base, the volume of assets managed by Renta 4, or the overall damages claimed.

Nor does it consider the 38% increase in the number of claims in 2013 significant in terms of the growth in claims in absolute terms: there were nine more claims in 2013 (from 24 to 33), while the figure is broadly in line with the volume of claims processed in 2009 (23) and 2008 (25).

The fact that the Entity increased its fees and commissions in 2012 and 2013 is believed to be partially responsible for the growth in the number of claims received in 2013 with respect to earlier years, fuelling in particular growth in the number of pricing-related claims.

As it has been doing consistently since creation, the Customer Service Center continued to compile all the information deemed appropriate from the various departments in respect of each and every claim presented with a view to understanding every aspect of the disputes arising and being sufficiently well-informed when presenting its findings (report, ruling or call for settlement).

Moreover, the Center has contacted the heads of the various departments and/or offices, informing them of the complaints and claims presented.

In this manner, in addition to carrying out the duties vested in it, the Customer Service Center aims to provide a channel of communication between the various Renta 4 Group entities and their customers with a view to enhancing processes and practices and providing a higher standard of quality to all customers.

Management Report 2013 – Renta 4 Banco, S.A. y Subsidiaries

1. Economic environment and financial markets

The global economic recovery continued apace in 2013. Although moderate in scale, underpinned by extremely lax monetary policies, economic momentum drove several stock markets to register their strongest gains in recent years, particularly in the developed world. The Japanese central bank stood out for rolling out the most aggressive monetary expansion program in its entire history in an ambitious bid to create inflation in the Japanese economy, fuelling gains of 54% in the Topix index in 2013, with the yen weakening against the dollar by over 20% during the same period.

Elsewhere, the strong economic data published throughout the year in the United States prompted the Federal Reserve to announce the imminent roll-back of the quantitative easing measures deployed to combat the crisis; the US monetary authority's first move in this respect materialized in December, when the pace of monthly bond buybacks by the Fed dropped by $10 billion. The mere insinuation that the stimulus packages were drawing to an end triggered very sizeable losses in emerging markets and emerging market currencies, driving bond yields higher and shattering the prices of other safe-haven assets, such as gold, which plummeted 27% last year.

The eurozone managed to shake off the biggest recession in its history during the second half of the year, despite the significant instability prompted by the need to bail out Cyprus and political upheaval in Italy earlier in the year.

2. Sector trends

Fixed-income prices did just the opposite. The bond markets, which had provided safe haven at the most critical junctures of the protracted crisis, lost substantial ground. The yield on 10Y US government bonds widened 126 basis points to 3.01% last year, while the yield on similarly-dated German Bunds rose 64 basis points to 1.94%. Peripheral sovereign bonds (Italy and Spain), however, continued to see their relative country risk premiums narrow to put 10Y yields at around the 4% mark, all of which against the backdrop of all-time low ECB benchmark rates of 0.25%.

Noteworthy risk factors include a failed quantitative easing exit or 'tapering' strategy in the US and undesired side effects of other ambitious monetary stimulus programs still ongoing as there is no academic consensus or empirical evidence of the potential long-term consequences of these initiatives on either the economy or the financial markets.

3. Renta 4's performance - Highlights

Renta 4 generated net profit of 11.2 million euros in 2013, year-on-year growth of 105%. In 4Q13 it recorded a profit of 3.6 million euros, year-on-year growth of 25.6% (2.87 million euros). All the Group's **key financial and operating indicators** registered growth in 2013: **gross fee and commission income** jumped 27.1%, while net fee and commission income rose 14.1% year-on-year. Net interest income was 67.2% higher at 6.1 million euros. Trading income (net gain on financial assets and liabilities) was 6.5 million euros, growth of 125%. The **net asset intake** amounted to 1.42 billion euros, compared to 954 million euros in 2012.

Assets under management/administration surpassed the 10 billion euro mark for the first time in Renta 4's history, while the assets under management in the proprietary network reached 4.17 billion euros, underpinned by nearly 55,133 clients. This healthy business performance, coupled with a satisfactory trend in net interest and trading income, drove year-on-year **growth of 93.2% in profit before tax to 14.8 million euros**. Renta 4 Banco continued to expand its business in Latin America last year in the wake of the acquisition of 100% of Renta 4 Chile. It started up operations in Peru and Colombia in January and February 2014, respectively, having obtained the required permits from the local supervisory bodies.

Key indicators

Business indicators	FY13	FY12	*% change*
Nº of Clients	**311,885**	**269,684**	**15.6%**
Proprietary network	55,133	50,489	9.2%
Third-party network	256,752	219,195	17.1%
Total AuM (millions of euros)	**10,415**	**6,731**	**54.7%**
Equities	5,645	3,853	46.5%
Mutual funds (proprietary and third-party)	2,000	1,058	89.0%
Pension funds	1,672	922	81.3%
SICAVs	520	447	16.3%
Other	578	451	28.2%
Proprietary network AuM (millions of euros)	**4,171**	**3,097**	**34.7%**
Third-party network AuM (millions of euros)	**6,244**	**3,634**	**71.8%**
Financial indicators *(thousands of euros)*			
Fee and commission income	82,700	65,829	25.6%
Net interest income	6,060	3,624	67.2%
Gains / (losses) on financial assets and liabilities (net)	6,460	2,872	124.9%
Operating expense	37,814	33,790	11.9%
Gross margin	**53,345**	**42,907**	**24.3%**
Operating profit	14,796	7,660	93.2%
Profit for the year	**11,260**	**5,489**	**105.1%**
EPS	**0.28**	**0.14**	**105.1%**
Employees			
Headcount at year end	340	323	5.3%
Retail network	185	174	6.3%
Central services:	155	149	4.0%
No. of branches	59	58	
Share data			
Ticker (Reuters/Bloomberg/ADRs)	RTA4.MA	RTA4.MA	RSVXY
Share price *(€)*	5.05	4.69	7.68%
Market cap *(€)*	205,500,675	190,851,122	7.68%
No. of shares outstanding	40,693,203	40,693,203	

Total client **assets under management or administration** rose by 54.7% during the year to end 2013 at 10,415 million euros (4,171 million euros under management in the proprietary network and 6,244 million euros in the third-party network). The **net asset intake** (proprietary and third-party clients combined) was 1,421 million euros, up 48.9% on the 2012 performance. The **mutual fund assets managed by Renta 4 Gestora SGIIC S.A.** stood at 1,566 million euros at December 31, 2013 (according to Inverco figures), double the year-end 2012 figure of 782.7 million euros. This growth is particularly noteworthy considering the fact that the Spanish fund management market increased by a much narrower 23.2% in 2013 (in terms of assets under management and again according to Inverco data). Assets in third-party funds marketed by Renta 4 Banco stood at 472 million euros at year-end 2013, growth of 54.8% over 2012 levels (305 million euros). As for **SICAVs** (open-ended collective investment schemes), Renta 4 had 520 million euros under management at year-end, compared to 447 million euros a year earlier, growth of 16.3%. The amount of assets under management in **pension funds**, meanwhile, jumped by 81.3% last year to 1.67 billion euros, compared to 922 million euros at year-end 2011. The pace of new client wins remained healthy: the customer base at year-end 2013 stood at 311,885, marking year-on-year growth of 15.6%. Of total customer accounts, 55,133 (+9.2%) belonged to the proprietary network and 256,752 (+17.1%) to the third-party network.

Profit for the year amounted to 11.2 million euros, compared to 5.49 million euros in 2012, growth of 105.1%. “Fee and commission income”, which rose 25.6% to 82.7 million euros, performed particularly well. “Net fee and commission income” (fee and commission income less fee and commission expense, the Group’s share of profit of associates and other operating income) rose by 12.4% to 41.8 million euros (2012: 37.2 million euros). All the sub-headings comprising this profit measure registered growth, with particularly noteworthy growth in fees from **Asset management**, which jumped 39.2% from 27.9 million euros in 2012 to 20.1 million euros last year. Brokerage-related fee and commission income rebounded from low levels in 2012 to 46.2 million last year, up 16.3% (2012: 39.7 million euros). The highest growth was registered in fee and commission income from the provision of corporate services, with this subheading registering growth of 58.4% last year to 8.6 million euros (2012: 5.4 million euros). “**Net interest income**”, meanwhile, increased from 3.6 million euros to 6.1 million euros last year (+67.2%). Trading income, or “**Gains / (losses) on financial assets and liabilities (net)**” amounted to 6.5 million euros, up 124.9% from 2.9 million euros in 2012. “**Operating expense**” totaled 34.6 million euros, year-on-year growth of 11.5% (from 31.1 million euros in 2012), due mainly to sharp growth in business volumes, the activities added in Latin America and the beefing up of resources in the corporate services area. “Personnel expenses” were 13.4% higher, at 20.3 million euros. **“Other administrative expenses”** climbed 8.9% higher to 14.3 million euros. Lastly, at 3.2 million euros, “**Depreciation and amortization**” was 17.0% higher than the 2.7 million euro charge recognized in 2012. The sharp growth in business volumes, coupled with the development of new business activities in Latin America and reinforcement of the corporate services area accounted for the growth in the Group’s headcount to 340 at year-end, compared to 323 employees at the end of 2012 (+5.3%).

Business outlook

The tone of the markets improved significantly in 2013 as systemic risk in the eurozone dissipated and the economic outlook firmed, thanks to continuity in the quantitative easing policies deployed by the main central banks. Renta 4 Banco is heading into 2014 from a position of tremendous strength, underpinned by the scale achieved in customer assets, which surpassed the 10 billion euro mark at the end of 2013, attesting to Renta 4 Banco's position as a bank specialized in asset management, the capital markets and corporate advisory services. Recent expansion along Latin America's Pacific coast (Chile, Peru and Colombia) should fuel further growth in assets under management, fee and commission income and profits for Renta 4 Banco. In February 2014, Renta 4 Banco agreed to acquire 14.99% of UK firm Hanson Asset Management as the initial stepping stone in establishing a direct presence in the all-important City of London. This transaction will enable it to improve its customer service offering. Note that the acquisition is subject to approval by the FCA, the UK financial markets supervisor.

4. Risk management policy

Detailed disclosures regarding the Renta 4 Group's risk management policies are provided in note 5 of the 2013 consolidated financial statements.

5. Acquisitions of own shares

At year-end 2013, the Renta 4 Group held own shares which it carried at 488 thousand euros.

6. Environmental impact

In light of the business activities pursued by the companies comprising the Renta 4 Group, they have no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of their equity, financial position or performance. Therefore, no specific disclosures relating to environmental issues are included in the notes to the consolidated financial statements.

The Group companies did not have any greenhouse gas emission allowances in either 2013 or 2012.

7. Research and development

In 2013, as in prior years, the Group's R&D effort focused on developments related to transaction routing, with a particular emphasis on business with third-party entities, automated decision-making systems and UCIT portfolio management applications.

IT capabilities were significantly expanded thanks to the development of new applications centered on the supervisory and control aspects of the business.

8. Events after the reporting date

The events taking place subsequent to year-end are disclosed in note 24 of the 2013 consolidated financial statements.

9. Human capital disclosures

The required disclosures regarding the Renta 4 Group's employees are provided in notes 4.p) and 22.d) of the 2013 consolidated financial statements.

10. EXPLANATORY REPORT ON MATTERS INCLUDED IN ARTICLE 61 BIS OF SPAIN'S SECURITIES MARKET ACT

As stipulated in article 61 bis of the Spanish Securities Market Act (Law 24/1988, of July 28), the Board of Directors of Renta 4 Banco, S.A. (hereinafter, the "Company") hereby presents this report to the Company's shareholders, further detailing certain issues, as legally stipulated, that are not dealt with in the Annual Corporate Governance Report, the contents of which are also included in the Management Reports accompanying the Company's 2013 individual and consolidated financial statements.

At a meeting taking place on March 25, 2014, the Company's Board of Directors resolved to present this report at the Annual General Meeting.

a) Capital structure, including securities which are not admitted to trading on a regulated EC market, where appropriate with an indication of the different classes of shares and, for each class of shares, the attaching rights and obligations and the percentage of total share capital represented

At December 31, 2013, the Company's share capital amounted to 18,311,941.35 euros and consisted of 40,693,203 shares with a nominal value of 0.45 euros each, fully subscribed and paid up. At December 31, 2013, the Company held 101,211 own shares, representing 0.2487% of its share capital. These shares are represented by book entries and carry identical voting and dividend rights. There are no shares that do not represent share capital.

The Company's shares are traded on the electronic trading platform of Spain's stock exchanges.

b) Any restrictions on the transfer of securities.

There are no legal or bylaw restrictions on the transfer of the Company's shares.

c) Significant direct and indirect shareholdings

Chairman and CEO Juan Carlos Ureta Domingo directly owns 13,457,526 shares and indirectly 6,457,526 shares, giving him a total shareholding of 48.10%.

Mr. Ureta Domingo owns 6,111,747 shares, representing an indirect ownership interest in the Company of 15.03%, through the following entities and individuals:

- Sociedad Vasco Madrileña de Inversiones, S.A, holder of 68,487 shares, representing 0.17% of share capital.

- Surikomi, S.A., holder of 2,140,720 shares representing 5.26% of share capital.

- Sociedad de Inversiones Santamaría, S.L., holder of 65,956 shares, representing 0.16% of share capital.

- Recarsa, S.A., holder of 268,010 shares, representing 0.66% of share capital.
- Asecosa, S.A., holder of 2,053,376 shares, representing 5.05% of share capital.
- Matilde Estades Seco, holder of 989,238 shares, representing 2.43% of share capital.
- Juan Carlos Ureta Estades, holder of 5,228 shares, representing 0.01% of share capital.
- Matilde Ureta Estades, holder of 3,535 shares, representing 0.01% of share capital.
- Cartera de Directivos 2011 S.A., holder of 515,000 shares, representing 1.27% of share capital.
- Inés Asunción Seco Estades, holder of 2,157 shares, representing 0.01% of share capital

d) Any restrictions on voting rights

In accordance with article 29.1 of the Company's Bylaws, each share entitles its holder to one voting right, with no exceptions to this right or limitation to the maximum number of votes a shareholder may cast in the general meeting.

e) Rules governing bylaw amendments.

Article 21 of the Bylaws refers to General Meeting quorums and resolution majorities, stipulating that any resolution to amend the Bylaws follow the legal regime dictated in article 288 of Spain's Corporate Enterprise Act, which refers to the quorum and majority requirements provided for in articles 194 and 201 in that same body of regulations.

f) The powers of board members, and in particular the power to issue or buy back shares.

Article 31 of the Company's Bylaws and article 6 of the Board Regulations empower the Board of Directors to approve resolutions regarding all manner of matters which are not reserved to the shareholders in general meeting by law or the Company's Bylaws, vesting it with the broadest powers to manage, administer and represent the Company, in or out of court, notwithstanding its duty to generally focus its activities on the supervision and control of the ordinary management of the Company, delegated in its executive directors and senior management, as well as the consideration of any matter of special significance to the Company.

Without prejudice to the above, these provisions establish that the Chairman of the Board will individually represent the Company.

On April 27, 2012, the Company's Board of Directors agreed to renew the vesting of all the Board's powers, except those that legally or statutorily cannot be delegated, in the Chairman of the Board for the term for which he has been re-elected to the office of Company director, as provided for in article 40 of the Company' Bylaws.

In relation to the Board's power to authorize the issuance or buyback of shares of the Company, at the Annual General Meeting of April 29, 2013, the Company's shareholders empowered the Board of Directors, or any of its members in its place, to acquire, at any time, Company shares, in accordance with the provisions of article 146 of the consolidated text of the Spanish Corporate Enterprises Act, so long as the nominal value of the shares acquired, plus those already held by the Company and/or its subsidiaries, does not exceed 10% of share capital. This power has been granted for a term of five years, i.e., until April 29, 2018

The following is a transcription of the related shareholder resolution, as translated:

> "*The Board of Directors is authorized, with express power to delegate this power – even if by so doing the latter may be engaging in self-dealing or become party to a conflict of interest – pursuant to the terms of article 146 et seq. of the consolidated text of the Spanish Corporate Enterprises Act and other applicable legislation, to undertake the derivative acquisition of own shares of the Company, directly or indirectly through the Renta 4 Group entities, to the extent deemed appropriate in keeping with prevailing circumstances.*

The minimum acquisition price or consideration shall be the equivalent of the nominal value of the own shares acquired, and the maximum acquisition price or consideration shall be the equivalent of the trading price of the own shares acquired on the official secondary exchange at the time of acquisition. At no time may the nominal value of the shares acquired, directly or indirectly, plus those already held by the Company and/or its subsidiaries, exceed 10% of paid-in share capital or other prevailing legal limit. The forms of acquisition may include the purchase-sale, swap, donation, adjudication by order of court through or in lieu of payment, or other form of business transaction for valuable consideration, as warranted by prevailing circumstances.

This authorization is granted for a term of five years.

It is hereby noted that some or all of the shares acquired under this authorization may be used for delivery or sale to directors or employees of the Company and/or its Group companies, either directly or as a result of exercise by the latter of options, all of which under the scope of the Company's duly-approved share-based remuneration schemes.

In addition, in relation to the issuance of bonds convertible and/or exchangeable into shares of Renta 4 Banco, S.A. carried out under the scope of resolution six ratified at the Company's Annual General Meeting of April 2010 and the resolution taken by the Board of Directors of the Company in February 2011, as covered by the corresponding securities note filed in the CNMV's official registers, the Board of Directors, or any of its members in its place, is expressly authorized to acquire own shares of the Company, up to the legally permitted limit, in order to attend to, as contemplated in the bond securities note, bondholder requests to convert their bonds into shares during the scheduled conversion periods, including the New Voluntary Conversion Date ratified under resolution 4 of the agenda for the Annual General Meeting of April 12, 2012, and on any other conversion date that may be set in the future, by means of the delivery of own shares.

For all of the above, the Board of Directors, or, expressly, any of its members in its place as the Board deems fit, including the Board Secretary and Vice-Secretary, is vested with the broadest powers needed to apply for as many authorizations and adopt as many resolutions as are required or warranted, in keeping with prevailing legislation, to duly execute this resolution".

g) Significant agreements entered into by the company which take effect, are amended or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their disclosure could be seriously prejudicial to the company. This exception shall not apply where the company is legally obliged to disclose such information.

The company has not entered into any manner of agreement or contract which takes effect, is amended or terminates upon change of control of the Company as a result of a takeover bid.

h) **<u>Any agreements between the company and its directors, officers or employees that provide for severance payments if they resign, are unfairly dismissed or if their employment contracts terminate as a result of a takeover bid.</u>**

The Company's directors are not contractually entitled to receive any termination benefits whatsoever if they retire or are removed from office.

Nor are the members of the senior management team entitled to any termination benefits whatsoever if they resign, are unfairly dismissed or if their employment contracts terminate as a result of a takeover bid beyond those stipulated in prevailing law.

APPROVAL OF THE 2013 CONSOLIDATED FINANCIAL STATEMENTS.

The members of the Board of Directors of Renta 4 Banco, S.A. state that to the best of their knowledge the 2013 consolidated annual financial statements approved at the meeting held March 25, 2014 and prepared in accordance with the accounting principles applied, give a true and fair view of the consolidated equity, financial position and results of Renta 4 Banco, S.A.. and subsidiaries, and that the management report includes a fair analysis of the business results and position of Renta 4 Banco, S.A. and subsidiaries, as well as a description of the main risks and uncertainties facing the Group.

Mr. Juan Carlos Ureta Domingo
Chairman

Mr. Pedro Navarro Martínez
Deputy chairman

Mr. Santiago González Enciso
Board member

Mr. Miguel Primo de Rivera y Urquijo
Board member

Mr. Jesús Sánchez-Quiñones González
Board member

Mr Francisco García Molina
Board member

Mr. Eduardo Trueba Cortés
Board member

Mr Pedro Ferreras Díez
Board member

Ms. Sofía Rodríguez – Sahagún Martínez
Board member

Mr. Juan Luis López García
Board member

Mutualidad de la Abogacía
Antonio Arcos Barazal
Board member

Fundación Obra Social Abogacía
Rafael Navas Lanchas
Board member