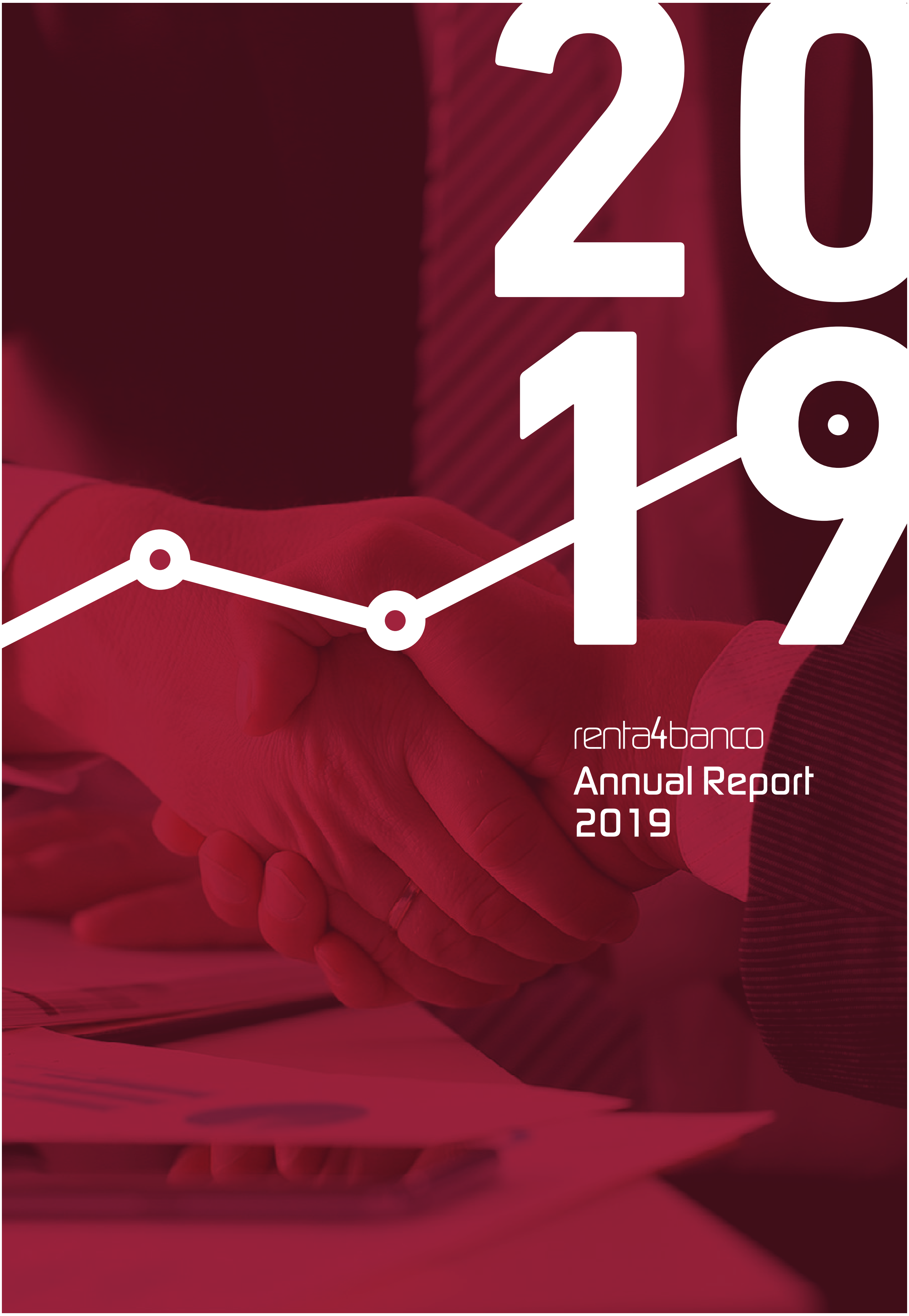

renta4banco

Annual Report 2019

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Renta 4 Banco, S.A.
Paseo de la Habana 74
28036 Madrid

To the attention of the Board of Directors

17 April 2020

Dear Sirs:

The call of the General Shareholders' Meeting of Renta 4 Banco, S.A. dated 26 March 2020 includes the following Proposal for Allocation of Profit agreed by the Board of Directors at its meeting on 17 March 2020:

	Thousand Euros
Reserves	5,081
Interim dividend	8,117
To complementary interim dividends	4,060
Total distributed	17,258

This proposal is also included in note 4 to the Annual Report included in the individual financial statements and note 2.10 to the Annual Report included in the consolidated financial statements for the year ended 31 December 2019, which were prepared by the Board of Directors at the aforementioned meeting and on which we issued our auditors' reports on 17 March 2020, in both cases expressing a favourable opinion.

As stated in the attached documentation, the Board of Directors, at its meeting on 15 April 2020, decided to propose to postpone of the decision on the aforementioned proposal for the allocation of profits included in the call to the meeting to a later meeting to be held within the period legally established for holding the ordinary meeting, considering the period extended by RDL 8/2020 of 17 March.

In this context, We confirm that this decision would not have modified our audit opinion contained in the audit reports that we issued on 17 March 2020 on the individual financial statements of Renta 4 Banco, S.A. and the consolidated financial statements of Renta 4 Banco, S.A. and subsidiaries for the year ended 31 December 2019, if the above-mentioned decision of the Board of Directors had been known at the time of our signature of the above-mentioned reports.

This letter relates exclusively to the decision to propose to postpone the decision on the above-mentioned proposal for the application of the result. As of 17 March 2020, the date of issue of our audit report, we have not conducted any audit procedures on other matters or on subsequent events that may have occurred since that date.

This letter is issued at the request of the Board of Directors of Renta 4 Banco, S.A., for the purpose of informing the General Shareholders' Meeting of Renta 4 Banco, S.A. in accordance with the requirements set forth in Article 40.6.bis of Royal Decree Law 8/2020 and may not be used for any other purpose.

KPMG Auditors, S.L.

Pedro González Millán
Partner

Index

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Letter from the chairman

Letter from the chairman

Dear shareholders,

The circumstances in which this Annual Report for fiscal year 2019 is presented and the Shareholders' Meeting is held to approve it are exceptional in many ways, as they are marked by the COVID-19 epidemic, and by the confinement of a large part of the world's population and the consequent paralysis of activity in many sectors of the economy. These exceptional circumstances have also obliged us to withdraw from the agenda of this Meeting the item relating to the application of profits, which shall be submitted to a Meeting to be held in October, in compliance with the recommendation issued by the European Central Bank on 27 March 2020.

Therefore, although my first duty is to give you an account of the evolution of our activity in fiscal year 2019, I will also devote part of my address to the consequences that the crisis unleashed by Covid-19 is likely to have on financial activity in general, and on Renta 4 Banco in particular, over the coming years.

2019 has been a very satisfactory year for our Bank, both in terms of profit and customer asset growth and in terms of improving our ability to provide excellent service to our customer. This growth and improvement have taken place in an environment that has continued to be very demanding for our activity. The profound changes that we described last year, which condition our activity and demand continuous adaptation, have not only continued but have intensified even more.

The pressure on margins, associated with increasing regulation, the digital transformation and the need to invest in new markets and new business areas, has continued. Interest rates, far from normalizing, have evolved towards even lower levels, consolidating the scenario of negative nominal interest rates in the euro zone, a scenario that makes it almost impossible to obtain a positive financial margin without taking risks that we, at Renta 4 Banco, do not like to take, which greatly complicates the management of our balance sheet. As it was to be expected, competition has intensified in this environment, as all the players try to gain market share through an offering that often do not provide any added value to savers, but which always result in an additional fall in margins for the sector as a whole, as the customer cannot distinguish, a priori, between one proposal and another.

On the other hand, investment has continued to grow and, as a result, the demand for specialized services around investments by families, companies and institutions has increased again, in an environment in which the so-called risk-free assets have disappeared and in which the diversity and breadth of investment solutions makes it recommendable for savers to get advice that is appropriate to their profile.

Thanks to its positioning as a bank specialized in investments, and to its customer-centric business model and on the quality of service, Renta 4 Banco has managed, once again, to overcome the challenges mentioned above, and to prepare the basis to continue to overcome them in the future.

The evolution of the year 2019 has been characterized by two different periods. In the first part of the year, the uncertainty about the evolution of the markets that had been dragging on since the end of 2018 led to a greater withdrawal of investors, with an impact, albeit moderate, on activity and results. On the other hand, in the second part of the year, from the summer onwards, there was a significant improvement in all areas, with a very positive evolution in the number of customer assets and in the assets managed. There was also a notable increase in Trading Results due to the activity carried out in the fixed income markets and a significant increase in success fees at the end of the year, due to the good performance of the portfolios and funds managed.

At the close of December 31, 2019, the volume of total assets administered and managed reached 22,294 million euros, 11.7% more than the previous year, of which 12,347 million euros corresponded to the company's own network, 10.7% more than the previous year. At the end of last year, customer assets under management (mutual funds, SICAVs and pension funds) amounted to EUR 10,546 million, 13% more than at the end of 2018. Likewise, the incorporation of new customers continued at a good pace throughout the year, with the total number of accounts in the own network at the end of December being 84,227 compared to 81,144 at the end of the previous year.

All of this has allowed us to close 2019 with a Net Income attributable to the Group of 17.8 million euros, a 10.8% increase versus 2018.

This erosion of margins was offset by the increase in the interest margin, which was 3.8 million euros, up 16% on 2018, and, to a greater extent, by the magnificent Trading Results, which experienced significant growth in 2019 thanks mainly to the fixed income markets, as mentioned above.

The Gross Margin grew by 13.5% up to 88.5 million euros, compared to the 78 million total of the previous year. On the expenses side, the total increase was 6.6%, with a decrease in administrative expenses and an increase in personnel expenses. Depreciation also rose, by 64.2%, reflecting both investments in digital transformation and the new accounting standards for rented real state property. Finally, the Profit from operations rose by 12.6% to 24.8 million euros, compared to the 22 million total of the previous year.

These results allow us to close 2019 with a "CET1 Fully Loaded" capital ratio, which stands at 16.67%, a level of solvency well above regulatory requirements and certainly above the sector average. The Return on Equity (ROE) amounted to 19.14%, also well above the sector average on return on investment (ROI).

But the main thing is that these good results have been compatible with a remarkable effort to transform and prepare the Bank for the major challenges that the sector will face in the coming years. These are probably the biggest challenges the financial sector has ever faced.

I am not going to elaborate on this matter or repeat what I have already said in previous years, but I do want to say that the transformation of the lifestyles and needs of our customers has accelerated and intensified, and that the diversity and scope of the financial solutions available to meet those needs has also increased, which is a very big challenge for a bank like Renta 4, whose mission and objective is to generate the greatest welfare and protection of assets for savers and investors, and for families, institutions and companies.

The crisis that the world is going through at the time of writing is a new challenge, to be added to the previous ones, but one of probably greater dimension and scale. Although no one knows for sure how the COVID-19 epidemic will evolve, and although the ultimate economic consequences of that pandemic cannot be accurately predicted today, everything indicates that the impact of this crisis will be very profound. Without ruling out the possibility that once the health problem has been solved everything will return to normal, as if nothing had happened, it seems more logical, however, to think that the confinement of almost half of the world's population and the consequent paralysis of an important part of the economy, with the breakdown of global production chains, will leave a lasting mark on growth, and will bring about a profound transformation in the lifestyles and preferences of citizens.

As far as our activity is concerned, we can say that the Bank has overcome the first impact of the COVID-19 well. The confinement has allowed us to verify that the Bank is capable of functioning normally with almost one hundred percent of the staff working remotely. Once again, the Bank has maintained its high levels of solvency and liquidity, overcoming the extraordinary upheaval that the economy and the markets experienced in March. The results for the first quarter of 2020, which we published a few days ago, are a good illustration of this operational and financial soundness, and show that it is precisely in times of uncertainty like the present that our mission as a Bank takes on even greater importance, and the demand for our services grows.

With regard to the medium-term impact of COVID-19 on our activity, I believe that the epidemic is going to accelerate transformations that were already there, and which are now, if possible, more evident. Transformations for which our Bank has been preparing all these years, and which therefore do not catch us off guard. The scenario of zero or negative interest rates will be longer, forcing savers to invest to preserve the value of their assets. The digitalization not only of the service channels and not only of the Bank's processes, but above all of the solutions offered to customers will be more necessary than ever, requiring us, as a Bank, to 'think digital' in all the elements of the value chain we offer to customers. Likewise, the expansion and diversification of the offering to include assets alternative to the traditional ones, and to offer them under new models, such as 'tokenization' or other similar ones, will have more value than ever in the post-Coronavirus world. Finally, savers are likely to be more biased towards security, towards a calm understanding of the assets they are investing in, and towards the tranquillity of being comfortable with their investment portfolio. Renta 4 Banco has been working on all these lines for years, and we are going to continue working on them, because they are part of our most intimate convictions.

Many things will undoubtedly change, but there is one thing that I believe will not change, and that is that the value of a company or a bank will always be equal to the value that company or bank adds to its customers. As a bank, we are worth exactly the value we add to our customers. If we do not add value, we are not worth anything, and the more value we add, the more value we will have.

That has always been and will continue to be our approach at Renta 4 Banco, and that is why I believe we are prepared to grow and create value in the post-crisis scenario. A scenario in which, going back to the initial idea, for many reasons, investment is going to increase and in which, consequently, the need for specialized services around investments, whether for families or companies, grows steadily. As I said last year, at Renta 4 Banco we have the advantage of having been involved in investments for over thirty years, having lived through all the transformations in the investment world over those three decades. We also have a strong and differential business model, a set of values and a corporate culture that has allowed us to grow profitably by providing quality service to our customers. Finally, and always said with the greatest humility, we have clear ideas on how to tackle the challenges the sector faces today.

Moving on to the area of Corporate Social Responsibility, our first commitment, as usual, is to create and maintain jobs. In 2019, our staff grew by 4% to 515 people. Secondly, through the Fundación Renta 4, we have continued to support various programs, mainly related to the education of people without resources or with disabilities. We maintain our programs with Foundations such as A.G.H., Entreculturas, Recover, Agua de Coco, Pablo Horstmann or the Granadown Association. Several new projects have been added to these, which have been pitched and chosen in an open vote session by our employees.

In the coronavirus health crisis, Renta 4 Banco made a donation to the Military Emergency Unit to purchase medical equipment as part of Operation Balmis deployed by that Unit to assist hospitals and retirement homes. Likewise, Fundacion Renta 4 has decided to allocate an amount for study grants to young people who may find themselves in economic difficulties derived from the effects of the crisis, so that they are not limited in their education by an adverse economic and family situation.

I would like to end, as I do every year, by reminding you that all of the above is possible thanks to the trust of our customers and shareholders, and thanks to the work of a team of very high professional quality, which works with complete dedication to the customer and with professional and technological excellence. My last words are therefore to thank customers and shareholders for their trust and all those people who work at Renta 4 for their talent, dedication and effort.

Mr. Juan Carlos Ureta Domingo

Chairman

1 Consolidated financial statements and consolidated management report for financial year 2019

1.1

Consolidated financial statements

Renta 4 Banco S.A. and Subsidiaries

Consolidated balance sheets at 31 December 2019 and 2018

Thousands of Euros

Asset	Note	2019	2018 (*)
Cash, cash balances with central banks and other demand deposits	**8**	**652,215**	**427,868**
Financial assets held for trading	**9**	**27,195**	**28,766**
Derivatives		7	475
Equity instruments		27,188	28,291
Debt securities		-	-
Memorandum item: Loaned or given as collateral with the right to sell or pledge		-	-
Financial assets designated at fair value with changes in other comprehensive income	**10**	**850,419**	**718,020**
Equity instruments		7,347	5,443
Debt securities		843,072	712,577
Memorandum item: Loaned or given as collateral with the right to sell or pledge		377,616	409,335
Financial assets at amortised cost	**11**	**153,998**	**108,853**
Debt securities		-	**-**
Loans and advances		153,998	108,853
Central banks		-	-
Credit institutions		34,274	26,618
Clientele		119,724	82,235
Memorandum item: Loaned or given as collateral with the right to sell or pledge		-	**-**
Investments in joint ventures and associates	**12**	**348**	**-**
Jointly controlled companies		-	-
Associates		348	-

Thousands of Euros

Asset	Note	2019	2018 (*)
Tangible assets	**13**	**62,153**	**40,951**
Tangible assets		58,579	37,257
For own use		58,579	37,257
Transferred under an operating lease		-	-
Real estate investment		3,574	3,694
Of which: transferred under an operating lease		3,574	3,694
Memorandum item: acquired under a finance lease		20,723	-
Intangible assets	**14**	**18,513**	**18,292**
Goodwill		15,291	15,291
Other intangible assets		3,222	3,001
Tax assets	**20**	**940**	**2,571**
Current tax assets		-	1,551
Deferred tax assets		940	1,020
Other assets	**15**	**1,157**	**948**
Rest of the assets		1,157	948
TOTAL ASSETS		**1,766,938**	**1,346,269**

(*) Presented solely and exclusively for comparative purposes. (see note 2.2.).

Thousands of Euros

Liabilities	Note	2019	2018 (*)
Financial liabilities held for trading	**9**	**6**	**-**
Derivatives		6	-
Short positions		-	-
Debt instruments issued		-	-
Other financial liabilities		-	-
Financial liabilities at amortised cost	**16**	**1,650,096**	**1,240,172**
Deposits		1,476,415	1,132,424
Central banks		9,808	9,849
Credit institutions		19,540	19,754
Clientele		1,447,067	1,102,821
Debt instruments issued		-	-
Other financial liabilities		173,681	107,748
Memorandum item: Subordinated liabilities		-	-
Provisions	**17**	**492**	**463**
Pensions and other post-employment defined benefit obligations		-	-
Other long-term employee compensations		-	-
Outstanding tax litigation and procedural issues		490	458
Commitments and guarantees granted		2	5
Remaining provisions		-	-
Tax liabilities	**20**	**6,490**	**4,836**
Current tax liabilities		4,846	3,365
Deferred tax liabilities		1,644	1,471
Share capital repayable on demand		-	-
Other liabilities	**15**	**5,603**	**3,797**
Of which: Social work fund (only savings banks and credit cooperatives)		-	-
TOTAL LIABILITIES		**1,662,687**	**1,249,268**

(*) Presented solely and exclusively for comparative purposes. (see note 2.2.).

Thousands of Euros

Equity	Note	2019	2018 (*)
Equity	**18**	**102,994**	**96,329**
Capital		18,312	18,312
Paid-up capital		18,312	18,312
Required unpaid capital		-	-
Memorandum item: Capital not required		-	-
Share premium		8,496	8,496
Other reserves		67,074	63,111
Accumulated reserves or losses on investments in joint ventures and associates		-	-
Others		67,074	63,111
(-) Treasury shares		(601)	(763)
Profit attributable to the owners of the parent company		17,830	16,095
(-) Interim dividends		(8,117)	(8,922)
Accumulated other comprehensive income		**337**	**(13)**
Items that will not be reclassified to profit and losses		128	(1,189)
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income	**10**	128	(1,189)
Other valuation adjustments		-	-
Elements that can be reclassified to profit and losses		209	1,176
Currency Conversion		(1,330)	(1,021)
Changes in fair value of debt instruments measured at fair value with changes in other comprehensive income	**10**	1,539	2,197
Minority interest (non-controlling ownership interests)		**920**	**685**
Accumulated other comprehensive income		(100)	(93)
Other elements		1,020	778
TOTAL EQUITY		**104,251**	**97,001**
TOTAL EQUITY AND LIABILITIES		**1,766,938**	**1,346,269**
MEMORANDUM ITEM			
Guarantees granted	19	672	608
Contingent commitments granted	19	20,999	18,353
Other obligations issued	19	9,115	**-**
		30,786	**18,961**

(*) Presented solely and exclusively for comparative purposes. (see note 2.2.).

1.2 Consolidated Income Statement

Renta 4 Banco, S.A., and Subsidiaries

Consolidated loss and profit accounts for the financial years ended on December 31, 2019 and 2018

Thousands of Euros

	Note	2019	2018 (*)
Interest income	**22 a)**	6,232	4,636
(Interest expense)	**22 a)**	(2,397)	(1,330)
A) INTEREST MARGIN		**3,835**	**3,306**
Dividend income		320	368
Results of entities accounted for using the equity method		120	-
Commission income	**22 b)**	132,347	140,679
(Commission expenses)	**22 b)**	(64,437)	(71,502)
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**22 a)**	8,099	328
Gains or (-) losses on financial assets and liabilities held for trading, net	**22 a)**	6,396	2,284
Exchange differences [profit or (-) loss], net	**22 h)**	4,059	4,789
Other operating income	**22 c)**	227	262
(Other operating expenses)	**22 c)**	(2,460)	(2,513)
B) GROSS MARGIN		**88,506**	**78,001**
(Administrative expenses)		(54,596)	(51,199)
(Personnel Expenses)	**22 d)**	(35,834)	(31,637)
(Other administrative expenses)	**22 e)**	(18,762)	(19,562)
(Amortisation)	**13 and 14**	(8,594)	(5,234)
(Provisions or (-) reversal of provisions)	**17**	(220)	(413)

Thousands of Euros

	Note	2019	2018 (*)
(Impairment or reversal of impairment and gains or losses from changes in cash flows of financial assets not measured at fair value through profit or loss and net gains or losses from changes in fair value)	**22 f)**	(316)	860
(Financial assets at fair value through changes in other comprehensive income)		(116)	(65)
(Financial assets at amortised cost)		(200)	925
C) OPERATING INCOME	**11**	**24,780**	**22,015**
Gains or (-) losses on derecognition of non-financial assets and ownership interests, net		-	-
Of which: Investments in subsidiaries, joint ventures and associates		-	-
D) PRE-TAX PROFITS OR (-) LOSSES FROM CONTINUING OPERATIONS		**24,780**	**22,015**
(Expenses or (-) income from taxes on profits from continuing operations)		(7,178)	(6,254)
E) GAINS OR (-) LOSSES AFTER TAX FROM CONTINUING OPERATIONS		**17,602**	**15,761**
Gains or (-) losses after tax from discontinued operations		-	-
F) PROFIT OR (-) LOSS		**17,602**	**15,761**
Attributable to minority interests (non-controlling interests)		(228)	(334)
Attributable to the owners of the parent company		17,830	16,095
EARNINGS PER SHARE			
Basic		0,44	0,40
Diluted		0,44	0,40

(*) Presented solely and exclusively for comparative purposes. (see note 2.2.).

1.3

Consolidated statements of recognised income and expenses

Renta 4 Banco, S.A. and Subsidiaries
Consolidated Statements of Recognised Income and Expenses for the years ended 31 December 2019 y 2018

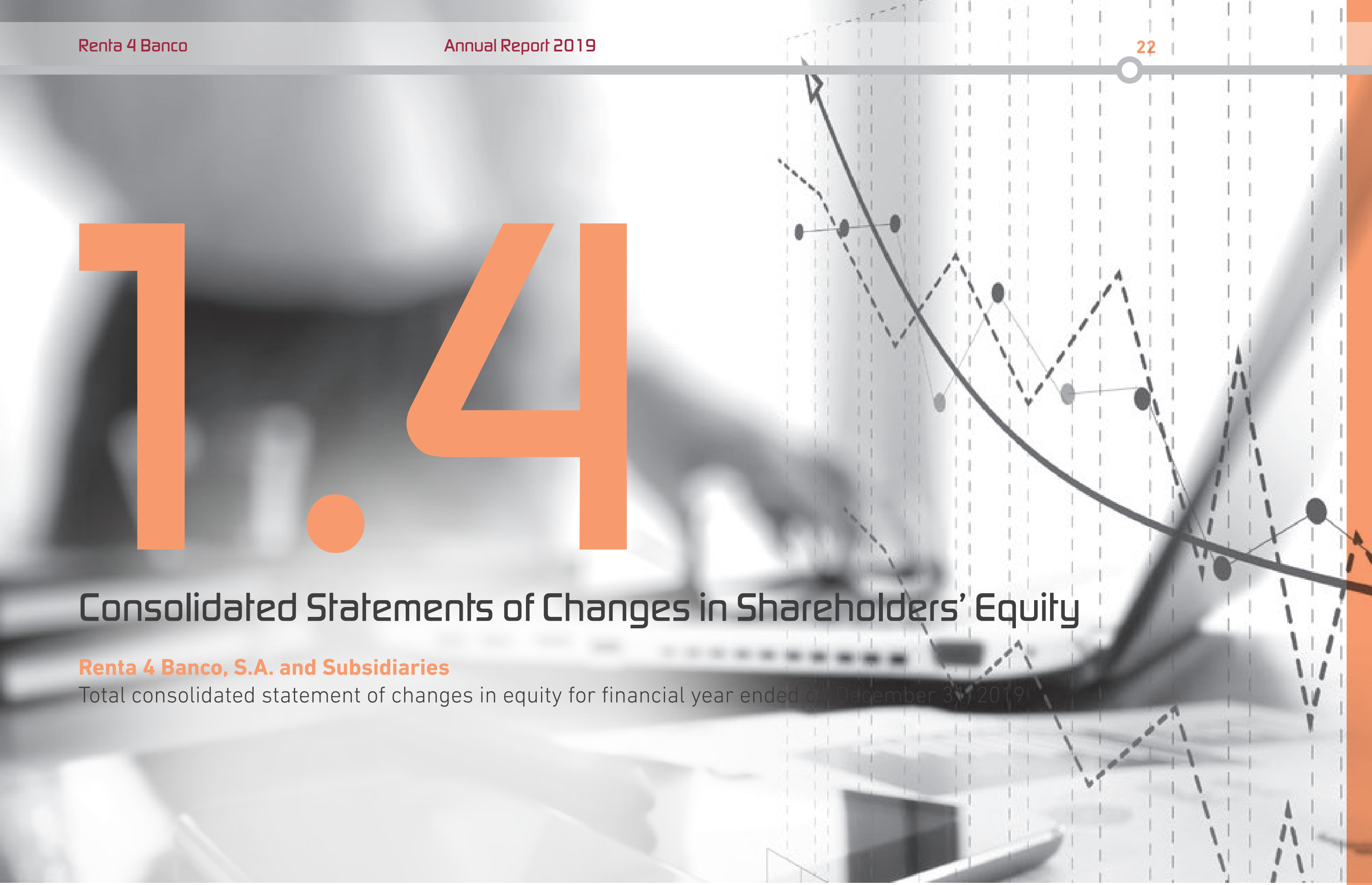
Total comprehensive profit or loss for the financial year:

17.945.000 €

Thousands of Euros

	2019	2018 (*)
Profit for the financial year	**17,602**	**15,761**
Other comprehensive income	**343**	**(1,128)**
Items that will not be reclassified to profit and losses	**1,317**	**(436)**
Changes in the fair value of equity instruments measured at fair value with changes in comprehensive income	1,881	(623)
Other valuation adjustments	-	-
Income tax relating to items that will not be reclassified	(564)	187
Elements that can be reclassified to profit and losses	**(974)**	**(692)**
Currency Conversion	(316)	(673)
Gains or (-) losses recognised in equity derived from currency exchange	(316)	(673)
Financial assets designated at fair value with changes in other comprehensive income	(940)	(27)
Profits or (-) losses in value recognised in equity	7,043	301
Transferred to profit and losses	(7,983)	(328)
Income tax relating to items that can be reclassified to profit or loss	282	8
Total comprehensive profit or loss for the financial year	**17,945**	**14,633**
Attributable to minority interests (non-controlling interests)	(235)	(366)
Attributable to the owners of the parent company	18,180	14,999

(*) Presented solely and exclusively for comparative purposes. (see note 2.2.).



1.4

Consolidated Statements of Changes in Shareholders' Equity

Renta 4 Banco, S.A. and Subsidiaries

Total consolidated statement of changes in equity for financial year ended on December 31, 2019

	Capital	Share premium	Equity instruments issued other than capital	Other equity instruments	Retained
Opening balance at 12/31/2018	**18,312**	**8,496**	**-**	**-**	
Effects of error correction	-	-	-	-	
Effects of changes in accounting policies	-	-	-	-	
Opening balance	**18,312**	**8,496**	**-**	**-**	
Overall profit or losses for the financial year	**-**	**-**	**-**	**-**	
Other changes in equity	**-**	**-**	**-**	**-**	
Dividends (or compensation to partners) (Note 18,g)	-	-	-	-	
Purchase of treasury shares (Note 18,f)	-	-	-	-	
Sale or cancellation of treasury shares	-	-	-	-	
Transfers between equity components	-	-	-	-	
Other increases or (-) decreases in equity (Note 18,l)	-	-	-	-	
Closing balance at 12/31/2019	**18,312**	**8,496**	**-**	**-**	

Thousands of Euros

							Minority ownership interest		
gains	Revaluation reserves	Other reserves	(-) Treasury shares	Profit attributable to the owners of the parent company	(-) Interim dividends	Accumulated other comprehensive income	Accumulated other comprehensive income	Other elements	Total
-	**-**	**63,111**	**(763)**	**16,095**	**(8,922)**	**(13)**	**(93)**	**778**	**97,001**
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	**-**	**63,111**	**(763)**	**16,095**	**(8,922)**	**(13)**	**(93)**	**778**	**97,001**
-	**-**	**-**	**-**	**17,830**	**-**	**350**	**(7)**	**(228)**	**17,945**
-	**-**	**3,963**	**162**	**(16,095)**	**805**	**-**	**-**	**470**	**(10,695)**
-	-	(3,246)	-	-	(8,117)	-	-	-	(11,363)
-	-	-	(231)	-	-	-	-	-	(231)
-	-	36	393	-	-	-	-	-	429
-	-	7,173	-	(16,095)	8,922	-	-	-	-
-	-	-	-	-	-	-	-	470	470
-	**-**	**67,074**	**(601)**	**17,830**	**(8,117)**	**337**	**(100)**	**1,020**	**104,251**

Renta 4 Banco, S.A. and Subsidiaries

Total consolidated statement of changes in equity for financial year ended 31 December 2018

	Capital	Share premium	Equity instruments issued other than capital	Other equity instruments	Retained
Opening balance at 12/31/2017	**18,312**	**8,496**	**-**	**-**	
Effects of error correction	-	-	-	-	
Effects of changes in accounting policies	-	-	-	-	
Opening balance	**18,312**	**8,496**	**-**	**-**	
Overall profit or losses for the financial year	**-**	**-**	**-**	**-**	
Other changes in equity	**-**	**-**	**-**	**-**	
Dividends (or compensation to partners) (Note 18.g)	-	-	-	-	
Purchase of treasury shares (Note 18.f)	-	-	-	-	
Sale or cancellation of treasury shares	-	-	-	-	
Transfers between equity components	-	-	-	-	
Other increases or (-) decreases in equity (Note 18.l)	-	-	-	-	
Closing balance at 12/31/2018	**18,312**	**8,496**	**-**	**-**	

(*) Presented solely and exclusively for comparative purposes. (see note 2.2.).

Thousands of Euros

							Minority ownership interest		
gains	Revaluation reserves	Other reserves	(-) Treasury shares	Profit attributable to the owners of the parent company	(-) Interim dividends	Accumulated other comprehensive income	Accumulated other comprehensive income	Other elements	Total
-	**-**	**58,919**	**(643)**	**16,513**	**(8,118)**	**873**	**(61)**	**711**	**95,002**
-	-	-	-	-	-	-	-	-	-
-	-	(210)	-	-	-	210	-	-	-
-	**-**	**58,709**	**(643)**	**16,513**	**(8,118)**	**1,083**	**(61)**	**711**	**95,002**
-	**-**	**-**	**-**	**16,095**	**-**	**(1,096)**	**(32)**	**(334)**	**14,633**
-	**-**	**4,402**	**(120)**	**(16,513)**	**(804)**	**-**	**-**	**401**	**(12,634)**
-	**-**	(4,059)	-	-	(8,922)	-	-	-	(12,981)
-	**-**	-	(434)	-	-	-	-	-	(434)
-	**-**	66	314	-	-	-	-	-	380
-	**-**	8,395	-	(16,513)	8,118	-	-	-	-
-	**-**	-	-	-	-	-	-	401	401
-	**-**	**63,111**	**(763)**	**16,095**	**(8,922)**	**(13)**	**(93)**	**778**	**97,001**

1.5

Consolidated cash flow statements

Renta 4 Banco, S.A. and Subsidiaries

Consolidated cash flow statements for the years ended on December 31, 2019 and December 31, 2018

Thousands of Euros

	Note	2019	2018 (*)
CASH FLOWS FROM OPERATING ACTIVITIES		**244,850**	**51,080**
Profit for the financial year		**17,602**	**15,761**
Adjustments to obtain cash flows from operating activities		**9,002**	**8,825**
Amortisation	13 and 14	8,594	5,234
Other adjustments		408	3,591
Net increase/decrease in operating assets		**(162,776)**	**(90,904)**
Financial assets held for trading		1,571	(12,497)
Financial assets at fair value with changes in other comprehensive income		(120,424)	(131,938)
Financial assets at amortised cost		(45,345)	54,724
Other operating assets		1,422	(1,193)
Net increase/decrease in operating liabilities		**387,197**	**122,887**
Financial liabilities held for trading		6	(213)
Financial liabilities designated at fair value through profit or loss		-	-
Financial liabilities at amortised cost		386,552	123,925
Other operating liabilities		639	(825)
Collections/payments from taxes on profits		**(6,175)**	**(5,489)**

Thousands of Euros

	Note	2019	2018 (*)
CASH FLOWS FROM INVESTING ACTIVITIES)		**(6,945)**	**(6,646)**
Payments		**(6,945)**	**(6,646)**
Tangible assets	13	(4,787)	(4,642)
Intangible assets	14	(1,858)	(2,004)
nvestments in joint ventures and associates		(300)	-
Collections		**-**	**-**
Shares		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		**(13,242)**	**(13,997)**
Payments		**(13,991)**	**(14,745)**
Dividends	2.10 and 18.g	(11,363)	(12,981)
Acquisition of equity instruments	18.f	(231)	(434)
Other payments related to financing activities		(2,397)	(1,330)
Collections		**749**	**748**
Disposal of equity instruments		429	380
Other collections related to financing activities		320	368
EFFECT OF EXCHANGE RATE CHANGES		**(316)**	**(673)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**224,347**	**29,764**
Cash or cash equivalents at beginning of year	**8**	**427,868**	**398,104**
Cash and cash equivalents at end of year	**8**	**652,215**	**427,868**
MEMORANDUM ITEM			
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**8**	**652,215**	**427,868**
Cash		91	100
Cash equivalents at central banks		294,391	19,952
Other financial assets		357,733	407,816
Less: Bank overdrafts repayable on demand		-	-

(*) Presented solely and exclusively for comparative purposes. (see note 2.2.).

2

Consolidated Management report Financial year ended on 31 December, 2019

2.1 General information

Renta 4 Banco, S.A. (hereinafter, "the Bank" or "the Parent Company") is the entity resulting from the merger by absorption, which took place on 30 March 2011, of Renta 4 Servicios de Inversión S.A., (absorbing entity) and Renta 4 Banco, S.A. (absorbed entity), the latter previously known as Banco Alicantino de Comercio, S.A., the change of name of the latter having been registered on the Mercantile Registry on 8 June 2011.

In addition, during the merger process, the absorbing company's bylaws were amended, changing its trade name from Renta 4 Servicios de Inversión, S.A. to Renta 4 Banco, S.A. and extending its corporate purpose to include banking activities, as well as the investment and ancillary services of investment service companies. The Parent Company is registered on the Mercantile Registry and on the Special Registry of Credit Entities of the Bank of Spain under code 0083.

On December 19, 2011, the Directorate General of the Treasury and Financial Policy under the Ministry of Economy and Finance approved the partial splitting off of branches of activity of Renta 4, S.A., Sociedad de Valores in favour of Renta 4 Banco, S.A.

By virtue of this split, Renta 4, S.A., Sociedad de Valores transferred to Renta 4 Banco, S.A. all of its equity assigned to certain branches of activity of the company split off, which constitute "an economic unit", and which was transferred en bloc by universal succession to Renta 4 Banco, S.A., acquiring this company as the beneficiary of the split, by universal succession, all of the assets and liabilities, rights and obligations composing the split off equity and liabilities.

The balance sheet of the company Renta 4, S.A., Sociedad de Valores was considered to be the balance sheet of the division closed on December 31, 2010. All transactions carried out by the split off equity of Renta 4, S.A., Sociedad de Valores are considered to have been carried out for accounting purposes on behalf of Renta Banco, S.A., as of 1 January 2011.

As a result of the split, Renta 4, S.A., Sociedad de Valores, transferred net assets to Renta 4 Banco, S.A. amounting to 13,630 thousand euros, representing 48.418% of the total equity of Renta 4, S.A., Sociedad de Valores prior to the split. Therefore, Renta 4, S.A., Sociedad de Valores reduced its capital by the necessary amount, amounting to 2,944,826.61 euros, through the redemption of shares number 1,047,869 to 2,031,485, both inclusive.

The corporate purpose of the Parent Company consists of the activities of credit institutions in general, including the provision of investment services, as well as the acquisition, holding, enjoyment, administration and disposal of all classes of negotiable securities, and in particular those determined in section 175 of the Commercial Code and other legislation in force relating to the activity of such entities. It also includes the provision of all types of services and advice, whether economic, financial, fiscal, stock market, organisational, mechanisational or otherwise, and the carrying out of company valuation studies, as well as the placement and negotiation of the values of all classes of movable and immovable goods belonging to third parties.

The activity or activities constituting the corporate purpose may be carried out by the Company totally or partially, indirectly, through the ownership of shares or ownership interest in companies with an identical or similar corporate purpose.

The Parent Company has its registered office in Madrid, Paseo de la Habana 74. By agreement of the Administrative Body, this may be moved within the same municipality where it is established. In the same way, offices, agencies or delegations that the development of the social activity makes necessary or convenient may be created, removed or moved, both in national territory and abroad. Annex IV includes the balance sheet, the income statement, the statement of total recognised gains and losses, and the statement of total changes in equity and cash flow of the Parent Company on 31 December 2019 and 2018.

The Parent Company is the head of an economic and consolidable group of credit institutions ("the Group"). The activities of subsidiaries and associates are included in Annex I.

The activities carried on by the Group's most representative companies are regulated by Royal Legislative Decree 4/2015 of 23 October, which approves the revised text of the Values Market Law, by Law 47/2007 of 19 December and by Royal Decree 217/2008 of 15 February, as well as the various Circulars from the National Values Market Commission which implement it. Likewise, the management activity of collective investment institutions is regulated by Law 35/2003, of 4 November, and its subsequent amendments, and by Royal Decree 1082/2012, of 13 July, applicable as of 21 July 2012, and its subsequent amendments, approving the General Regulation for the Implementation of Law 35/2003, of 4 November, which replaces, through its repeal, Royal Decree 1309/2005, of 4 November. In addition, pension fund management activity is regulated by Royal Decree 1/2002, of 29 November, approving the Consolidated Text of the Law regulating Pension Plans, implemented by Royal Decree 304/2004, of 20 February, approving the General Pension Plans and Funds Regulations and subsequent amendments thereto.

As a credit entity, Renta 4 Banco, S.A. is subject to certain legal regulations that regulate, among others, aspects such as:

a) Coefficient of Minimum Reserves

Maintenance of a minimum percentage of funds deposited with a national central bank of a country participating in the single currency (euro) to hedge the ratio of minimum reserves. As of December 31, 2019 and 2018, Renta 4 Banco, S.A. complied with the minimum requirements.

b) Own Resources

Maintenance of a minimum level of own resources. The regulations establish, in summary, the obligation to maintain sufficient own resources to cover the requirements for the risks contracted. As of December 31 2019 and 2018, the Group and the Parent Company complied with the minimum requirements in this respect.

c) Liquidity ratio

Section 412 of General Regulation (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit entities and investment companies (hereinafter CRR) requires compliance with the liquidity requirement, as developed in Delegated General Regulation (EU) 2015/61. This requirement is applicable to credit institutions at the individual level (Section 6.4 of the RRC) and at the consolidated level of the matrix (Section 11.3 of the RRC) from 1 October 2015.

It has been adopted according to the following timetable:

- 60% of the liquidity hedge requirement from 1 October 2015.
- 70% from 1 January 2016.
- 80% from 1 January 2017.
- 100% from 1 January 2018.

The liquidity ratio on 31 December 2019 and 2018 presented by the Parent Company at individual and Group level is over 100%, which has been due since 1 January 2018.

d) Annual contribution to the Deposit Guarantee Fund (hereinafter referred to as "DGF"))

Represents an additional guarantee to that provided by the Bank's own resources to its creditors, the purpose of which is to guarantee up to 100,000 euros of customer deposits in accordance with the provisions of current regulation.

On 1 June 2016, Bank of Spain Circular 5/2016 of 27 May 2016 was published on the calculation method so that the contributions of member institutions to the Deposit Guarantee Fund for Credit Institutions (FGD) are proportional to their risk profile, which will be used by the FGD Management Committee in determining the amount of each entity's annual contributions to the deposit guarantee sub-fund, taking into consideration indicators of capital, liquidity and financing, asset quality, business model, management model and potential losses for the FGD.

On December 2, 2015, the Management Committee of the FGD determined the annual contribution to be made, on the one hand, to the Deposit Guarantee Fund at 1.6 per thousand of the calculation basis and, on the other hand, 5 per cent of the 2 per thousand to the Securities Guarantee Fund.

At the date of preparation of these consolidated financial statements, the Management Committee of the FGD had not yet communicated the annual contribution to be made by the Bank for the values guarantee sub-fund (the amount estimated by the entity amounts to 444 thousand euros in the 2019 financial year). The amount reported with regard to the Deposit Guarantee Sub-fund amounted to 919 thousand euros. These amounts were recorded under section "Other operating charges" in the accompanying consolidated income statement (see Note 22.c).

Annual contribution to the Single Resolution Fund- The National Resolution Fund (FRN, managed by the FROB) was set up during the financial year of 2015 and will be financed by annual contributions from credit entities and investment service companies until it reaches at least 1% of amount of the guaranteed deposits of all entities by 31 December 2024 at the latest. This fund was mutualised with the other funds of the euro zone member countries in the Single Resolution Fund (SRF) in January 2016.

On 7 November 2015 Royal Decree 1012/2015 of 6 November implementing Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment service companies and amending Royal Decree 2606/1996 of 20 December on deposit guarantee funds from credit institutions was published in the Official State Bulletin (BOE).

In relation to the first of the aspects developed, the Royal Decree establishes that the FROB will determine annually the annual contributions of the institutions to the NRF, adjusting these contributions to the risk profile of the Group.

On 1 January 2016, Regulation 806/2014 of the European Parliament and of the Council, of

15 July 2014, came into force, by virtue of which the Single Board of Resolution replaces the National Resolution Authorities, assuming the competence over the administration of the SRF as well as the calculation of the contributions to be made by the institutions, applying the calculation methodology specified in Delegated Regulation 2015/63 of the Commission of 21 October 2014, in accordance with the uniform conditions of application set forth in the Council Implementation Regulation 2015/81 of 19 December 2014.

On 29 April 2019, the Group made a contribution to the SRF amounting to 225 thousand euros (295 thousand euros in 2018) together with the associated fees amounting to 8 thousand euros (11 thousand euros in 2018). These amounts were recorded under caption "Other Operating Expenses" in the accompanying consolidated income statement. (See Note 22.c).

Since 29 September 2007, Renta 4 Banco, S.A. has held all the shares making up its capital admitted to trading on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. They are also included in the Spanish Stock Exchange Interconnection System.

Company transactions

On 26 September 2019, Renta 4 Banco, S.A. reached a definitive agreement to acquire the intermediation, fund commercialisation and custody business of BNP Paribas Sucursal España, S.A., which has been operating under the company name "BNP Paribas Personal Investors".

2.2

Basis of presentation

a) Presentation basis of consolidated financial statements

The Group's consolidated financial statements for 2019 (hereinafter the "financial statements") were prepared by the Parent Company's Directors at the Board of Directors meeting held on 17 March 2020. It is expected that these consolidated financial statements will be approved by the Shareholders' General Meeting without any changes. The 2018 consolidated financial statements of Renta 4, Banco S.A. and its Subsidiaries were prepared by its Directors on 11 March 2019 and approved by the shareholders at their General Meeting held on 29 April 2019.

In accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the law of a Member State of the European Union and whose securities are listed on a regulated market of one of the Member States of the European Union must present their consolidated financial statements for the years beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards adopted by the European Union and previously adopted by the European Union ("EU-IFRS").

In this regard, the Group's consolidated financial statements for 2019 are presented in accordance with International Financial Reporting Standards adopted by the European Union and taking into consideration the provisions of the Bank of Spain´s Circular 4/2017 and its subsequent amendments, which constitute the development and adaptation to the Spanish credit institution sector of the International Financial Reporting Standards approved by the European Union. No mandatory accounting principles or valuation criteria which have a significant effect on these consolidated financial statements have ceased to be applied when preparing them.

The Group's consolidated financial statements for 2019 were prepared taking into account all the mandatory accounting policies and standards and valuation criteria that have a material effect thereon, so that they accurately present the Group's equity and consolidated financial position at 31 December 2019, and also the consolidated results of its operations and consolidated cash flows for the year then ended.

Note 4 summarises the most significant accounting policies and principles, and valuation criteria applied in preparing the Group's consolidated financial statements for 2019. Note 2.9 below summarises the main changes in accounting policies in 2019.

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

b) Comparison of information

In accordance with mercantile legislation, the Parent Company's Directors present, for comparison purposes, with each of the items in the consolidated balance sheet, in the consolidated income statement, in the consolidated statement of total recognised gains and losses, in the consolidated statement of total changes in equity, in the consolidated cash flow statement and in the consolidated report, in addition to the figures for 2019, those for the previous year.

The consolidated financial statements for the year ended 31 December 2019 have been prepared considering the adaptation of the content of the public financial information to the preparation criteria, terminology, definitions and formats of the statements known as FINREP, which are established on a mandatory basis for the consolidated financial information prepared applying the International Financial Reporting Standards adopted by the European Union, in Commission Implementing Regulation (EU) 680/214 of 16 April, in accordance with Regulation (EU) 575/2013 of the European Parliament and of the Council.

Leases

As from 1 January 2019, IFRS 16 "Leases" replaces IAS 17 "Leases" and includes amendments to the lessee's accounts (see Note 4.v). The Group has opted to apply the modified retrospective approach (see Note 2.9.a) and has not restated previous years for comparison purposes as permitted by the standard itself.

The information contained in the consolidated financial statements for 2018 is presented only as a comparison with the information relating to 2019 and, therefore, does not constitute the Group's consolidated financial statements for 2018.

c) Use of judgements and estimates in the preparation of the consolidated financial statements

The information included in the consolidated financial statements is the responsibility of the Parent Company's Directors.

In preparing certain information included in these financial statements, the Directors used judgements and estimates based on assumptions that affect the application of accounting principles and criteria and the amounts of assets, liabilities, income, expenses and commitments recorded therein. The most significant estimates used in the preparation of these financial statements relate to:

- Losses due to impairment on financial assets (see note 4.h).
- Impairment losses and the useful lives of tangible assets (see note 4.j).
- The consolidation goodwill impairment tests (see note 4.i).

The valuation of goodwill requires estimates to be made in order to determine its fair value for the purpose of assessing a possible impairment. To determine this fair value, the Parent Company's Directors estimate the expected future cash flows of the cash-generating unit of which it forms part and use an appropriate discount rate to calculate the present value of these cash flows. Future cash flows depend on meeting budgets for the next five years, while discount rates depend on the interest rate and risk premium associated with each cash-generating unit. Note 4.i) and 14.a) analyse the assumptions used to calculate the value in use of cash-generating units and include an analysis of sensitivity to changes in assumptions.

- The valuation of equity instruments in share delivery plans for managers and employees (see note 4.p).
- The fair value of certain financial assets not listed on official secondary markets (see note 6).
- Measurement of the financial risks to which the Group is exposed in the course of its business (see note 5).

The estimates and assumptions used are based on historical experience and other factors that have been considered the most reasonable ones at the present time and are reviewed periodically. If, as a result of these revisions or future events, there is a change in these estimates, the effect is recognised in the consolidated income statement for that period and subsequent periods in accordance with IAS 8.

d) Ownership interest in credit institutions

At 31 December 2019 and 2018, the Group did not have an ownership interest in the capital of other domestic or foreign credit institutions.

e) Consolidation methods

The Group classifies its ownership interest in subsidiaries or associates in accordance with the following criteria:

Subsidiaries are defined as institutions over which the Group has control. An institution controls an investee when it is exposed to, or entitled to, variable returns because of its involvement in the investee and has the ability to influence those returns through the power it exercises over the investee.

In order to be considered subsidiaries, the following must be valid:

a. **Power:** An investor has power over an investee when the former has rights in force that give it the capacity to direct the relevant activities, i.e. those that significantly affect the returns of the investee;

b. **Returns:** An investor is exposed to, or is entitled to, variable returns for his/her involvement in the investee when the returns obtained by the investor for such involvement may vary depending on the economic evolution of the investee. Investor returns can be only positive, only negative or both positive and negative at the same time.

c. **Power to return ratio:** An investor controls an investee if the investor not only has power over the investee and is exposed to, or is entitled to, variable returns for his/her involvement in the investee, but also has the capacity to use his/her power to influence on the returns he/she obtains from that involvement in the investee.

Subsidiaries have fully consolidated by means of the global integration method, consisting in the inclusion in the Group's balance sheet of all the rights and obligations composing the equity of these subsidiaries and in the income statement of all the income and expenses used to determine their profit or loss for the year.

Likewise, the Group ceases to be consolidated once it loses control. When this situation arises, the consolidated financial statements include the results from the part of the year in which the Group maintained control over the same.

Associates are companies over which the Group has the capacity to exercise significant influence, due to the presence in their governing bodies, the effective capacity to influence in their strategic and operational policies and the existence of significant transactions. Associates have consolidated by using the equity method, whereby the carrying amount of the investment is replaced by the amount corresponding to the percentage of the associate's equity.

f) Minority interests

The value of the minority shareholders' interest in the equity and in the results of the consolidated subsidiaries is presented under "Minority Interests" in the consolidated balance sheets and under "Profit for the Year - Attributable to Minority Interests" in the consolidated profit and loss accounts and the consolidated statements of recognised income and expenses, respectively.

In the case of acquisitions of interest from external partners, the difference between the price paid and the amount recorded is recorded in equity attributable to the Parent Company.

g) Valuation homogenisation

The necessary valuation homogenisation adjustments have been made in order to adapt the valuation criteria of the subsidiaries to those of the Parent Company..

h) Elimination of internal transactions

The various reciprocal balances from internal transactions in loans, dividends, purchase and sale of goods and provision of services have been eliminated.

i) Regulatory changes

The accounting principles and policies and the valuation methods applied in preparing the accompanying consolidated financial statements do not differ significantly from those detailed in Note 2 to the Consolidated Financial Statements for the 2018 financial year, except, fundamentally, for the application of IFRS 16, which came into force on 1 January 2019.

a) Standards and interpretations of most recent application approved by the European Union

In the 2019 financial year the following amendments to IFRS and their interpretations (hereinafter "IFRIC") came into force, the effects of which have been included in these consolidated financial statements of Grupo Renta 4:

IFRS 16 - "Leases"

EOn 1 January 2019, IFRS 16 replaced IAS 17 "Leases". The new standard introduces a single accounting model for the lessee and requires the lessee to recognise the assets and liabilities of all lease contracts. The standard provides two exceptions to the recognition of lease assets and liabilities, which may be applied in the case of short-term contracts and those whose underlying asset is of low value. The lessee must recognise under assets a right to use representing its right to use the leased asset, which is recognised under the headings "Tangible Assets - Property, Plant and Equipment - For Own Use" in the consolidated balance sheet (see Note 13), and a lease liability representing the obligation to make the lease payments, which is recognised under the heading "Financial Liabilities at Amortised Cost - Other Financial Liabilities" in the consolidated balance sheet (see Note 16). For the purposes of the consolidated profit and loss account, the amortisation of the right to use must be recognised under "Amortisation" (see Note 13) and the finance cost associated with the lease liability must be recognised under "Interest Expenses - Financial Liabilities at Amortised Cost" (see Note 22-a).

With respect to lessor accounting, IFRS 16 substantially maintains the accounting requirements of IAS 17. Consequently, the lessor continues to classify its leases as either operating leases or finance leases and accounts for each of those two types of lease contract differently.

At the transition date, with respect to the asset, it was elected to register right-of-use assets for an amount equal to the lease liabilities, adjusted by the amount of any advanced or accrued lease payments related to that lease recognised in the balance sheet before the initial record date.

As of 1 January 2019, the Group has recognised assets for rights to use and lease liabilities amounting to 21,065,000 euros in both cases. The impact on the Group's capital (CET1) amounted to 0.935%. The discount rate used by the Group at the time the standard came into force was 2.57%.

IFRIC 23 - Uncertainty about Income Tax Treatment

The Interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty about the treatment of income taxes.

If the Group believes that the tax authority is likely to accept an uncertain tax treatment, the interpretation requires the entity to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates in a manner consistent with the tax treatment used or intended to be used in its income tax return.

If the Group believes that the tax authority is unlikely to accept an uncertain tax treatment, the interpretation requires the entity to use the most probable amount or expected value (sum of possible amounts, weighted by their probability) to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The method used shall be the method that the entity expects to provide the best prediction of the resolution of the uncertainty.

The entry into force of this standard on 1 January 2019 did not have a significant impact on the Group's consolidated financial statements.

Modified IAS 28 - Long-term Interests in an Associate or Joint Venture

The amendments to IAS 28 clarify that an entity is required to apply IFRS 9 to

financial instruments that are long-term interests in an associate or joint venture that are, in essence, part of the net investment in the associate or joint venture but are not accounted for using the equity method.

The entry into force of this standard on 1 January 2019 has not had a significant impact on the Group's consolidated financial statements.

Annual IFRS improvement project 2015-2017

The annual IFRS improvement project 2015-2017 introduces minor amendments and clarifications to IFRS 3 - Business combinations, IFRS 11 - Joint ventures, IAS 12 - Income taxes and IAS 23 - Loans expenses.

The entry into force of this standard on 1 January 2019 did not have a significant impact on the Group's consolidated financial statements.

Modified IAS 19 - Modification, Reduction or Liquidation of a Plan

Minor amendments are made to IAS 19 on accounting for Employee Profits in Defined Provision Plans where there is a modification, reduction or liquidation of the plan during the period. In such cases, the entity must use updated actuarial assumptions to determine the current service cost and net interest as of the date of modification, liquidation or settlement of a plan.

The entry into force of this standard on 1 January 2019 did not have a significant impact on the Group's consolidated financial statements.

b) Standards and interpretations not in force at 31 December 2019:

At the date of preparation of these consolidated financial statements, new International Financial Reporting Standards and interpretations thereof had been published which were not mandatory at 31 December 2019. Although, in some cases, the IASB permits the application of the amendments prior to their entry into force, the Grupo Renta 4 did not apply them early:

IAS 1 and IAS 8 - "Definition of Materiality"

The amendments clarify the definition of Materiality in the preparation of financial statements by aligning the definition in the Framework, IAS 1 and IAS 8 (which before the amendment contained similar but not identical definitions). The new definition of materiality is as follows: 'information is material if its omission, misstatement or obscuring can reasonably be expected to influence decisions made by the principal users of the general-purpose financial statements of a specific entity based on those financial statements'.

This standard shall be applied to the financial years beginning on or after 1 January 2020. It is not expected to have a significant impact on the Group's consolidated financial statements.

IFRS 3 - "Definition of Business"

The amendment clarifies the difference between the acquisition of a business and the acquisition of a group of assets for accounting purposes. To determine whether a transaction is an acquisition of a business, an entity must make an assessment and conclude that the following two conditions are met:

- The fair value of the assets acquired is not concentrated on a single asset or group of similar assets.
- the set of activities and assets acquired includes, as a minimum, an input and a substantive process that together contribute to the ability to create products.

This standard shall be applied to the financial years beginning on or after 1 January 2020. It is not expected to have a significant impact on the Group's consolidated financial statements.

IFRS 9, IAS 39 and IFRS 7 - Amendments - IBOR Reform

The IBOR Reform (Phase 1) refers to the amendments issued by the IASB to IFRS 9, IAS 39 and IFRS 7 to prevent some accounting hedges from having to be discontinued in the period before the reference rate reform actually takes place.

In some cases and/or jurisdictions, there may be uncertainty about the future of some references or their impact on contracts held by the entity, that directly causes uncertainty about the timing or amounts of cash flows from the hedged instrument or the hedging instrument. Because of such uncertainties, some entities may be forced to discontinue hedge accounting, or may not be able to designate new hedging relationships.

For this reason, the amendments include a number of transitional simplifications to the requirements for the application of hedge accounting that apply to all hedging relationships that are affected by the uncertainty arising from the reform. A hedging relationship is affected by the reform if it creates uncertainty about the term or amount of the cash flows of the hedged instrument or the hedge referenced to the particular benchmark.

Given that the objective of the amendment is to provide temporary exceptions to the application of certain specific hedge accounting requirements, these exceptions should terminate once the uncertainty is resolved or the hedge ceases to exist.

The amendments shall be applied for financial years beginning on or after 1 January 2020, although early recording is allowed. The Group has not applied these changes in advance as of 31 December 2019. From 2020 onwards, it is expected that they will not have a significant impact on the Group's consolidated financial statements.

IFRS 17 - Insurance contracts

IFRS 17 sets out the principles that an entity should apply in accounting for insurance contracts. This new standard replaces IFRS 4. The new standard introduces a single accounting model for all insurance contracts and requires entities to use updated assumptions in their estimates.

An entity divides contracts into groups and recognises and measures groups of insurance contracts for the total of:

- fulfilment cash flows, which comprise the estimation of future cash flows, an adjustment to reflect the time value of money and the financial risk associated with future cash flows, and a risk adjustment for non-financial risk.
- The contractual service margin, which represents unearned profit.

The amounts recognised in the profit and loss account shall be broken down into income from insurance activity, expenses incurred in the provision of insurance services, and insurance financing income or expenses. The income from insurance activity and the expenses of the insurance service provision shall exclude any investment component. Income from insurance activity shall be recognised during the period in which the entity provides insurance hedge and shall be allocated to accounting periods in proportion to the value of the provision of insurance hedge provided by the insurer during the period.

This standard shall be applied for annual periods beginning on or after 1 January 2021.

j) Distribution of profit

The allotment of results for 2019 and 2018 is made in accordance with the proposals for their allotment included in the financial statements of the respective Group companies prepared in accordance with accounting principles generally accepted in the countries in which they are located.

The proposed allotment of profit for financial year 2019 (determined in accordance with accounting principles and criteria generally accepted in Spain) of the Parent Company, formulated by the directors and pending of approval by the shareholders at the Annual General Meeting, is as follows, as well as the allotment of profit for financial year 2018 of the Parent Company which was approved by the General Shareholders' Meeting held on 29 April 2019.

Thousand Euros

	2019	2018
Reserves	5,081	2,239
Interim dividend (Note 18-g)	8,117	8,922
Final interim dividends (Note 18-g)	4,060	3,246
Total distributed	17,258	14,407

On 17 March 2020, the Board of Directors which prepares the financial statements of the Parent Company agreed to the allotment of a final interim dividend of € 4,060 thousand gross amount out of financial year 2019 profit (see Note 18-g).

On 29 October 2019, the Board of Directors resolved to distribute an interim dividend in the gross amount of 8,117 thousand euros against 2018 profit (see Note 18.g).

On 11 March 2019, the Board of Directors which prepares the financial statements of the Parent Company agreed to the allotment of a final interim dividend of EUR 3,246 thousand gross amount out of financial year 2018 profit (see Note 18.g).

On 30 October 2018, the Board of Directors resolved to distribute an interim dividend in the gross amount of 8,922 thousand euros against 2018 profit (see Note 18.g)..

2.3 Group and associated companies

The subsidiaries and associates of Renta 4 Banco, S.A. at 31 December 2019 and 2018 are detailed in Annex I. On the other hand, the information relating to the accounting for associates in the consolidation process is reflected in Note 12.

The individual annual financial statements of the Group companies used in the consolidation process for 2019 and 2018 were those at 31 December 2019 and 2018, respectively.

The Group classifies its ownership interest in subsidiaries or associates in accordance with the criteria set out in section 2.5.

In 2019, the changes in "Group companies" were as follows:

- On 21 August 2019, the capital increase of 1,728 thousand Peruvian soles, equivalent to 500 thousand euros, was subscribed by Renta 4 Banco S.A. in the Peruvian subsidiary Renta 4 Agente de Bolsa S.A.
- On 31 July 2019 the capital increase carried out in the Colombian subsidiary Renta 4 Global Fiduciaria amounting to 2,500,000 thousand Colombian pesos, equivalent to 686 thousand euros, was formalised. The subscription to Renta 4 Banco, S.A. amounted to 1,735,710 thousand Colombian pesos, corresponding to 476 thousand euros.
- On 13 March 2019, the capital increase carried out in the Colombian subsidiary Renta 4 Global Fiduciaria amounting to 3,000,000 thousand Colombian pesos, equivalent to 852 thousand euros, was formalised. The subscription to Renta 4 Banco, S.A. amounted to 2,082,860 thousand Colombian pesos, corresponding to 592 thousand euros.

During 2019, the changes in "associated companies" were as follows:

- On 24 April 2019, Renta 4 SGIIC, S.A. acquired 30% of Kobus Partners Management SGEIC, S.A. through a capital increase with a share premium of 300 thousand euros.

In 2018, changes in "Group companies" were as follows:

- On 16 May 2018 the capital increase carried out in the Peruvian subsidiary Renta 4 Sociedad Agente de Bolsa, S.A. amounting to 1,912 thousand nuevos soles, equivalent to 500 thousand euros was formalised. The subscription of this increase does not imply any change in the shareholding.
- On 24 April 2018, the capital increase carried out in the subsidiary Renta 4 Global Fiduciaria amounting to 2,000,000 thousand Colombian pesos, equivalent to 570 thousand euros, was formalised. The subscription to Renta 4 Banco, S.A. amounted to 1,388,580 thousand Colombian pesos, corresponding to 396 thousand euros.
- On 17 August 2018, the capital increase carried out in the subsidiary Renta 4 Global Fiduciaria amounting to 2,500,000 thousand Colombian pesos, equivalent to 741 thousand euros was formalised. The subscription to Renta 4 Banco, S.A. amounted to 1,735,710 thousand Colombian pesos, corresponding to 514 thousand euros.

During 2018, there were no changes in "associates".

There were no changes to the Group's perimeter of consolidation in 2018.

A breakdown of the subsidiaries and associates of Renta 4 Banco, S.A. as of 31 December 2019 and 2018 is included in Annex I to these consolidated financial statements.

2.4 Accounting principles and valuation criteria applied

The following accounting policies and principles, and valuation criteria were applied in preparing the Group's consolidated annual financial statements for 2019:

a) Going concern principle

The information contained in these annual financial statements has been prepared considering that the Group's management will continue in the future and, therefore, the accounting standards have not been applied for determining the value of the equity for the purposes of their total or partial transfer, nor for a hypothetical liquidation, since the directors consider that the Group's activity will continue normally.

b) Accrual principle

These consolidated annual financial statements, except for cash flow statements, were prepared on the basis of the actual flow of goods and services, regardless of when they were paid or collected.

c) Offsetting of balances

Only balances receivable and payable arising from transactions that, contractually or as required by law, provide for the possibility of offsetting are offset against each other and, accordingly, are presented in the consolidated balance sheet at their net amount and it is also the intention to settle them at their net amount or to realise the asset and pay off the liability simultaneously. For these purposes, the presentation in accordance with EU-IFRSs in these consolidated annual financial statements of the financial assets subject to valuation adjustments for depreciation or impairment, net of these items, is not considered as an "offsetting of balances".

d) Transactions in foreign currency

For the purposes of these consolidated annual financial statements, the functional and presentation currency is deemed to be the euro, and foreign currency is defined as any currency other than the euro.

At initial recognition, balances receivable and payable in foreign currencies were translated to euros using the spot exchange rate. Thereafter, the following rules apply for the conversion into euros of balances denominated in foreign currencies:

- Monetary assets and liabilities have been converted into euro using the official average spot exchange rates published by the European Central Bank at the end of each financial year.
- Income and expenses have been translated at the exchange rate prevailing on the date of the transaction.

Exchange differences arising on the translation of foreign currency balances are recorded in the consolidated income statement.

At 2019 year-end the total amount of assets and liabilities denominated in foreign currencies amounted to 48,092 thousand euros and 37,115 thousand euros, respectively. At 2018 year-end the total amount of assets and liabilities denominated in foreign currencies amounted to 50,154 thousand euros and 38,839 thousand euros, respectively.

e) Revenue recognition

As a general rule, income is recognised at the fair value of the compensation received or to be received, less discounts, rebates or commercial rebates. When the cash inflow is deferred over time, fair value is determined by discounting future cash flows.

The recognition of any income in the consolidated income statement or in the consolidated equity shall be subject to compliance with the following prerequisites:

- Its amount can be estimated reliably.
- It is likely that the institution will receive the economic benefits.
- The information is verifiable.

When doubts arise about the collection of an amount previously recognised in the income, the amount whose collectability is no longer likely is recognised as an expense rather than as less income.

Income and expenses from interest, dividends and similar items

Income and expenses from interest and similar items are generally recognised in accounting on an accrual basis using the effective interest method.

Interest shall be recognised in the income statement on the basis of the following criteria, irrespective of the portfolio in which the assets are classified:

- Interest due prior to the date of initial recognition and receivable shall be part of the carrying amount of the debt instrument.
- Interest accrued subsequent to the initial recognition of a debt instrument shall, until collected, be included in the gross carrying amount of the instrument.

Dividends received from companies other than those included in the scope of consolidation of the Group are recognised as income when the right to receive them by the consolidated institutions arises.

When a debt instrument is considered to be impaired, interest income is recognised by applying to the carrying amount of the asset the interest rate used to discount the estimated cash flows to be recovered.

Commissions, fees and similar items

Income and expenses due to fees and commissions that should not be part of the calculation of the effective interest rate of transactions and/or are not part of the acquisition cost of financial assets or liabilities other than those classified at fair value with changes in gains and losses are recognised in the consolidated income statement using different criteria depending on their nature. The most significant are:

- Those related to the acquisition of financial assets and liabilities measured at fair value with changes in gains and losses, which are recognised in the income statement upon collection/payment.
- Those arising from transactions or services that extend over time, which are recognised in the consolidated income statement over the life of the transactions or services.
- Those that respond to a singular act, which are imputed to the income statement when the act that originates them occurs.

Non-financial income and expenses

They are recognised for accounting purposes on an accrual basis.

Deferred collections and payments over time

They are recognised for accounting purposes for the amount resulting from financially updating the expected cash flows to market rates.

f) Recognition, valuation and classification of financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and, simultaneously, a financial liability or equity instrument in another entity.

Financial instruments are recognised in the consolidated balance sheet only when the Group becomes a party to the contract in accordance with the contract specifications. The Group recognises debt instruments, such as credits and money deposits, from the date on which the legal right to receive, or the legal obligation to pay, cash arises, and financial derivatives from the contract date. In addition, transactions carried out in the foreign currency market will be recorded on the settlement date, and financial assets traded on the Spanish secondary securities markets, if they are equity instruments, will be recognised on the contract date and, in the case of debt securities, on the settlement date.

f.1) Financial assets

Classification of financial assets

IFRS 9 contains three main categories of classification for financial assets: Measured at amortised cost, measured at fair value with changes in accumulated other comprehensive income, and measured at fair value with changes in profit or loss.

The classification of financial instruments into a category of amortised cost or fair value has to undergo two tests: the business model and the contractual cash flow assessment, commonly known as the "Solely Payment of Principal and Interest Criterion" (hereinafter SPPI).

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- The financial asset is held within the framework of a business model whose objective is to hold financial assets in order to obtain contractual cash flows; and

- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest, basically understood as compensation for the time value of money and the debtor's credit risk.

A financial asset shall be measured at fair value with changes in other comprehensive income if both of the following conditions are met:

- The financial asset is held within the framework of a business model whose objective is achieved by obtaining contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

A debt financial instrument is classified at fair value with changes in profit or loss provided that the institution's business model for its management or the characteristics of their contractual cash flows make it inappropriate to classify it in any of the other portfolios described.

In general, equity financial instruments are measured at fair value with changes in profit or loss. However, the Group may irrevocably elect on initial recognition to present subsequent changes in fair value in other comprehensive income.

Financial assets will only be reclassified when the Group decides to change the business model. In this case, all the financial assets of that business model will be reclassified. The change in the objective of the business model must be prior to the reclassification date.

Valuation of financial assets

All financial assets are initially recognised at fair value plus, in the case of financial instruments that are not classified at fair value with changes in profit or loss, transaction costs that are directly attributable to the acquisition or issue of the instruments.

Except for trading derivatives other than economic and accounting hedges, all changes in the value of financial assets due to accrued interest and similar items are recognised under "Interest Income" in the consolidated income statement for the period in which the accrual occurred (see Note 22.a). Dividends received from companies other than subsidiaries, associates or joint ventures are recognised under "Dividend Income" in the consolidated income statement for the period in which the right to receive them arises.

Changes in valuations subsequent to the initial recognition for reasons other than those mentioned in the preceding paragraph are treated as described below, depending on the categories in which the financial assets are classified.

Its financial assets are classified in the following portfolios for valuation purposes:

"Financial Assets Held for Trading" and "Financial Assets Designated at Fair Value with Changes in Profit or Loss":

"Financial Assets held for trading" includes financial assets whose business model aims to generate profits through purchases and sales or to generate profit or loss in the short term. In "Financial Assets Designated at Fair Value with Changes in Profit or Loss" financial assets will be classified provided that the institution's business model for its management or the characteristics of its contractual cash flows do not make it appropriate to classify them in any of the other portfolios described.

Assets recognised under these headings in the consolidated balance sheets are measured after their acquisition at fair value and changes in their value (gains or losses) are recognised, at their net amount, under "Gains or Losses on Financial Assets and Liabilities Held for Trading, Net" and "Gains or Losses on Financial Assets and Liabilities Designated at Fair Measured with Changes in Profit or Loss, Net" in the consolidated income statement, except for interest on derivatives designated as economic and accounting hedges of interest rates, which are recognised under "Interest Income" or "Interest Expenses" (See Note 22.a), depending on where the profit or loss from the hedged instrument is recognised. However, changes arising from exchange rate differences are recognised under "Gains or Losses on Financial Assets and Liabilities" in the consolidated income statement (See Note 22.a).

"Financial Assets at Fair Value with Changes in other Comprehensive Income"

Debt financial instruments:

- The assets recognised under the balance sheet heading are measured at their fair value. Subsequent changes in this valuation (capital gains or losses) are recognised temporarily at their amount (net of the related tax effect) under "Accumulated other comprehensive income - Elements that can be Reclassified to Profit or Loss - Changes in the Fair Value of Debt Instruments Measured at Fair Value with Changes in Other Comprehensive Income" in the balance sheet. Amounts recognised under "Accumulated other comprehensive income - Elements that can be Reclassified to Profit or Loss - Financial Assets at Fair Value with Changes in Other Comprehensive Income" and "Accumulated other comprehensive income - Elements that can be Reclassified to Profit or Loss - Currency Conversion" will still be part of the Bank's equity until derecognition in the balance sheet of the asset that gave rise to them or until the existence of impairment in the value of the financial instrument is determined. In case of sale of these assets, the amounts will be cancelled, as shown in "Gains or Losses due to Derecognition in Accounts of Financial Assets and Liabilities not Measured at

Fair Value with Changes in Profit or Loss, Net" or "Exchange Rate Differences, Net", as applicable, in the income statement corresponding to the period when the derecognition takes place in the balance sheet. Apart from that, net losses due to impairment in financial assets at fair value with changes in other comprehensive income occurred during the financial year are recognised under "Impairment in the Value or Reversal of the Impairment in the Value of Financial Assets not Measured at Fair Value with Changes in Profit or Loss - Financial Assets at Fair Value with Changes in Other Comprehensive Income" in the income statement of said period (see Note 22.f). Exchange rate differences arising from monetary items are recognised under "Exchange Rate Differences, Net" in the income statement (see Note 22.g).

- On the other hand, net losses due to impairment on financial assets at fair value with changes in other comprehensive income arising in the year are recognised under "Impairment in the Value or Reversal of the Impairment in the Value of Financial Assets not Measured at Fair Value with Changes in Profit or Loss and Net Gains or Losses on Amendment - Financial Assets at Fair Value with Changes in Other Comprehensive Income" in the consolidated income statement for that period (see Note 22.f).
- Exchange rate differences arising from monetary items are recognised under "Exchange Rate Differences, Net" in the consolidated income statement (see Note 22.g).

Equity financial instruments:

- At the time of initial recognition of specific investments in equity instruments that would otherwise be measured at fair value with changes in profit or loss, the Group may make the irrevocable decision to present subsequent changes in fair value in other comprehensive income. Subsequent changes in this valuation shall be recognised in "Accumulated other comprehensive income - Items that shall not be Reclassified to Profit or Loss - Changes in the Fair Value of Equity Instruments Measured at Fair Value with Changes in Other Comprehensive Income".

"Financial Assets at Amortised Cost"

A financial instrument will be classified in the amortised cost portfolio when it is managed with a business model whose objective is to hold the financial assets to receive contractual cash flows, and meets the SPPI test.

The assets recognised under this heading in the consolidated balance sheets are measured after their acquisition at their "amortised cost", which is determined using the "effective interest rate" method.

The net losses due to impairment in the assets recognised in these headings in each year are recognised under "Impairment in the Value or Reversal of the Impairment in the Value of Financial Assets not Measured at Fair Value with Changes in Profit or Loss - Financial Assets at Amortised Cost" in the consolidated income statement for that period (see Note 22.f).

Losses due to impairment on financial instruments are recognised in accordance with Note 4.h).

f.2) Financial liabilities

Classification of financial liabilities

Under IFRS 9, financial liabilities are classified into the following categories:

- Financial liabilities at amortised cost.
- Financial liabilities held for trading (including derivatives): these are instruments recorded in this category when the Group's objective is to generate profits through purchases and sales with these instruments;
- Financial liabilities designated at fair value with changes in profit or loss at the time of initial recognition ("Fair value option"). The Group has the option of irrevocably designating a financial liability as measured at fair value with changes in profit or loss if the application of this criterion eliminates or significantly reduces inconsistencies in valuation or recognition, or if it is a group of financial liabilities, or a group of financial assets and liabilities, that is managed, and its performance evaluated, based on fair value in line with a risk management or investment strategy.

Valuation of financial liabilities

All financial liabilities are initially recognised at fair value plus, in the case of financial instruments that are not classified at fair value with changes in profit or loss, transaction costs that are directly attributable to the acquisition or issue of the instruments.

Changes in valuations subsequent to the initial recognition for reasons other than those mentioned in the preceding paragraph are treated as described below, according to the categories in which the financial liabilities are classified:

"Financial Liabilities Held for Trading" and "Financial Liabilities Designated at Fair Value with Changes in Profit or Loss"

Liabilities recognised under these headings in the consolidated balance sheets are measured after their recognition at fair value and changes in their value (gains or losses) are recognised, at their net amount, under "Gains or Losses on Financial Assets and Liabilities Held for Trading, Net" and "Gains or Losses on Financial Assets and Liabilities Designated at Fair Value with Changes in Profit or Loss, Net" in the consolidated income statement (see Note 22.f), except for interest on derivatives designated as economic and accounting hedges of interest rates, which are recorded under the "Interest Income" or "Interest Expenses" captions (see Note 22.a), depending on where the profit or loss of the hedged instrument are recorded. However, changes arising from exchange rate differences are recognised under "Gains or Losses on Financial Assets and Liabilities" in the consolidated income statement (see Note 22.a).

"Financial Liabilities at Amortised Cost"

The liabilities recognised in this caption in the consolidated balance sheets are measured after their acquisition at "amortised cost", which is determined using the "effective interest rate" method.

f.3) Gains and losses on financial instruments

Gains and losses on financial instruments are recorded depending on the portfolio in which they are classified according to the following criteria:

- For financial instruments included in the "Held for Trading" category, changes in fair value are recorded directly in the income statement.
- For financial instruments measured at amortised cost, changes in fair value are recognised when the financial instrument is derecognised from the balance sheet and, for financial assets, when they become impaired.
- For financial instruments included in the category "Financial assets designated at fair value through other comprehensive income", changes in fair value are recognised directly in equity under "Accumulated other comprehensive income - Elements that can be reclassified to profit or loss - Changes in fair value of debt instruments measured at fair value through other comprehensive income" until they are derecognised, when the existing amount is transferred to the income statement. Impairment losses, if any, are recorded in the profit and loss account and as "Accumulated other comprehensive income - Elements that will not be Reclassified to Profit or Loss - Changes in Fair Value of Equity Instruments Measured at Fair Value with Changes in Other Comprehensive Income".

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

The fair value of a financial instrument at a specified date is defined as the amount for which it could be bought or sold at that date between two knowledgeable parties in an arm's length transaction. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it in an organised, transparent and deep market ("listed price" or "market price").

When a market publishes bid and offer prices for the same instrument, the market price for an asset acquired or a liability to be issued is the bid (demand) price, while the price for an asset to be acquired or a liability issued is the ask (offer) price. If there is a relevant market creation activity or it can be demonstrated that positions can be closed -liquidated or covered- at the average price, then the average price is used. When there is no market price for a given financial instrument, its fair value is estimated on the basis of that established in recent transactions involving similar instruments and, failing that, on the basis of valuation models sufficiently contrasted by the financial community, taking into account the specific characteristics of the instrument to be measured and, in particular, the different types of risks associated with the instrument.

The valuation techniques used to estimate the fair value of a financial instrument meet the following requirements:

- The most consistent and appropriate financial and economic methods are used, which have been shown to provide the most realistic estimate of the price of the financial instrument.
- These are those commonly used by market participants when valuing this type of financial instrument, such as discounted cash flows, condition-based option valuation models, non-arbitrage, etc.
- They maximise the use of available information, both with respect to observable data and recent transactions of similar characteristics, and limit as far as possible the use of unobservable data and estimates.
- They are widely and sufficiently documented, including the reasons for their choice over other possible alternatives.
- The methods of valuation chosen are respected over time, provided that there are no reasons to change the reasons for their choice.
- The validity of the valuation models is periodically evaluated using recent transactions and current market data.

They take into account the following factors: the time value of money, credit risk, exchange rate, commodity price, price of capital instruments, volatility, market liquidity, early cancellation risk and administration costs.

Specifically, the fair value of financial derivatives traded on organised, transparent and deep markets included in the trading portfolios is assimilated to their daily quotation and if, for exceptional reasons, their quotation cannot be established on a given date, they are measured using methods similar to those used to value derivatives not traded on organised markets.

The fair value of derivatives not traded in organised markets or traded in shallow or not very transparent organised markets is assimilated to the sum of the future cash flows arising from the instrument, discounted to the valuation date ("present value" or "theoretical close"), using in the valuation process methods recognised by the financial markets: "net present value" (NPV), option pricing models, etc.

Amortised cost is defined as the acquisition cost of a financial asset or liability adjusted (plus or minus, as appropriate) by principal and interest repayments and, plus or minus, as appropriate, the portion allocated to the consolidated profit and loss account using the effective interest rate method, of the difference between the initial amount and the repayment value of these financial instruments. In the case of financial assets, amortised cost also includes adjustments to their value due to impairment.

The effective interest rate is the updating rate that exactly matches the initial value of a financial instrument to all of its estimated cash flows of all kinds over its remaining life, without taking into account future credit risk losses. For financial instruments at fixed interest rates, the effective interest rate coincides with the contractual interest rate established at the time of acquisition, adjusted, where appropriate, by the commissions and transaction costs which, in accordance with IFRS 9, must be included in the calculation of said effective interest rate. In the case of financial instruments with variable interest rates, the effective interest rate is estimated in a similar manner to fixed interest rate transactions, and is recalculated at each review date of the transaction´s contractual interest rate, taking into account changes in the future cash flows of the transaction.

g) Reclassifications between portfolios

In 2019 and 2018 the Group did not reclassify any portfolios.

h) Impairment of financial assets value

A financial asset is considered impaired - and consequently its carrying amount is adjusted to reflect the effect of its impairment - when there is objective evidence that events have occurred that give rise to:

1. A negative effect on future cash flows estimated at the time the transaction was entered into, in the case of debt instruments (credits and debt securities).

2. That its carrying amount cannot be fully recovered in the case of equity instruments.

As a general rule, the carrying amount of financial instruments is adjusted due to their impairment with a charge to the profit and loss account for the year in which the impairment becomes apparent. Reversals of previously recognised impairment losses, if any, are recognised in the profit and loss account for the year in which the impairment is eliminated or reduced.

When the recovery of any recorded amount is considered remote, it is removed from the balance sheet, without prejudice to any actions that the Bank may take to try to collect it until its rights have been definitively extinguished, whether by statute of limitations, remission or other causes.

The criteria applied by the Group to determine the possible impairment losses for each category of financial instruments are presented below, together with the method used for hedge calculation accounted for due to said impairment.

The “expected loss” impairment model is applied to financial assets measured at amortised cost and to financial assets valued at fair value with changes in accumulated other comprehensive income, except for investments in equity instruments; and to loan obligations and financial guarantee contracts unilaterally revocable by the Group.

Likewise, all financial securities valued at fair value with changes in profit or loss are excluded from the impairment model.

The standard classifies financial instruments into three categories, which depend on the evolution of their credit risk from the time of initial recognition. The first category includes transactions when they are initially recognised (Stage 1), the second comprises transactions for which a significant increase in credit risk has been identified since initial recognition (Stage 2) and the third category includes impaired transactions (Stage 3).

Definition of impaired financial assets

The “expected loss” impairment model is applied to financial assets measured at amortised cost; to financial assets valued at fair value with changes in Accumulated other comprehensive income, except for investments in equity instruments; and to loan commitment and financial guarantee contracts.

IFRS 9 differentiates between the following expected loss concepts:

- 12-month expected loss: expected credit losses resulting from possible events of default within 12 months after the filing date; and
- Expected loss over the life of the entire transaction: expected credit losses resulting from all possible events of default during the expected life of the financial instrument.

The estimate of expected loss over the life of the entire transaction is applied if the credit risk of a financial asset at the filing date has increased significantly since initial recognition and the 12-month measurement of expected loss is applied if it has not.

The Group uses the following definitions:

Default:

The Group applies a definition of default for financial instruments that is consistent with that used in internal credit risk management, as well as with the indicators provided for in the banking regulations applicable. Both qualitative and quantitative indicators are considered.

The Group considers default to have occurred when one of the following situations takes place:

- a default of more than 90 days; or
- there are reasonable doubts about the full repayment of the instrument.

A default of 90 days is a rebuttable presumption in cases where the institution considers, on the basis of reasonable and documented information, that it is appropriate to use a longer period. As of December 31, 2019, the Group had not used terms longer than 90 days for any of the significant portfolios.

This definition is applied consistently throughout the Group.

Impaired financial asset:

A financial asset has a credit impairment when one or more events have occurred that have a negative impact on the estimated future cash flows of that financial asset. Evidence that a financial asset has a credit impairment is provided by observable data on the following events:

a. significant financial difficulties of the issuer or borrower.

b. breach of contractual clauses, such as a non-payment or a default event.

c. concessions or advantages that the lender, for economic or contractual reasons related to the borrower's financial difficulties, has granted to the borrower, which he/she would not otherwise have provided.

d. an increasing likelihood that the borrower will go into bankruptcy or other financial restructuring.

e. he disappearance of an active market for the financial asset in question due to financial difficulties, or

f. the purchase or creation of a financial asset at a significant discount that reflects the credit loss suffered.

It may not be possible to identify a single specific event but, on the contrary, the combined effect of several events may have caused the financial asset to have a credit impairment.

The Group's definition of impaired financial asset is aligned with the definition of default described in the preceding paragraphs.

Significant increase in credit risk:

The objective of impairment requirements is to recognise expected credit losses over the whole life of financial instruments in which there have been significant increases in credit risk since initial recognition considering all reasonable and documented information, including forward-looking information.

The model developed by the Group, which consists of evaluating qualitative factors (triggers, refinancing, macroeconomic information, among others) and, in some cases, quantitative factors for assessing the significant increase in credit risk, has a dual approach that is applied globally.

In any case, the instruments that meet any of the following circumstances are considered to be Stage-2 (see below):

- Default of more than 30 days that are subject to special vigilance by the Risk units due to negative signals in their credit quality although there is no objective evidence of impairment.
- Refinancing or restructuring that does not show evidence of impairment.

The standard introduces a series of operational simplifications/practical solutions for the analysis of the significant increase in risk for certain assets of high credit quality. The Group uses this possibility provided for by the standard to directly consider that its credit risk has not increased significantly because it has a low credit risk at the filing date.

Therefore, the classification of impaired financial instruments under new IFRS 9 is as follows:

- **Stage-1:** No significant increase in impairment: The value adjustment for losses on these financial instruments is calculated as the expected credit losses in the next twelve months.
- **Stage-2:** Significant increase in impairment: When the credit risk of a financial asset has increased significantly since initial recognition, the value adjustment for losses on that financial instrument is calculated as the expected credit loss over the whole life of the asset.
- **Stage-3:** Impaired: When there is objective evidence that the financial asset is impaired, it is transferred to this category in which the write-down of that financial instrument is calculated as the expected credit loss over the whole life of the asset.

Methodology for the calculation of expected losses

In accordance with IFRS 9, the estimation of expected losses should reflect:

- a weighted and unbiased amount, determined by assessing a range of possible outcomes.
- the value of money in time.
- reasonable and supportive information that is available without undue effort or cost and that reflects both current conditions and predictions of future conditions.

The Group estimates expected losses both individually and collectively.

The objective of the Group's individual estimation is to estimate the expected losses for significant impaired risks or risks that are in Stage 2. In these cases, the amount of credit losses is calculated as the difference between the expected cash flows discounted at the effective interest rate of the transaction and the carrying amount of the instrument.

For the collective estimation of expected losses, instruments are grouped into groups of assets based on their risk characteristics. The exposures within each group are segmented according to the common characteristics of the credit risk, such as the degree of credit risk; the geographic region; the sector for companies; the default state; and the type of product for individuals. In the case of collective measurement, the Group estimates the cash flows it expects to receive as the sum of the marginal losses that occur in each period and over the remaining life of the instrument.

If the risk has increased significantly since the origin, the expected losses are measured over the remaining life of the instrument and otherwise the expected losses are measured over the next 12 months.

Marginal losses are derived from the following parameters:

- **PD:** estimation of the probability of default in each period
- **EAD**: estimation of exposure in the event of default in each future period, taking into account changes in exposure after the filing date, including prepayments.
- **LGD**: an estimation of the loss in the event of default, as the difference between contractual cash flows and the cash flows expected to be received, including guarantees.

In the case of debt securities, the Group monitors changes in credit risk by monitoring published external credit ratings.

Use of present, past and future information

IFRS 9 requires the incorporation of present, past and future information both for the detection of significant increases in risk and for the measurement of expected losses.

When estimating expected losses, the standard does not require the identification of all possible scenarios. However, the probability of a loss event occurring and the probability that it will not occur should be considered, even if the possibility of a loss occurring is very small. Also, when there is no linear relationship between the different future economic scenarios and their associated expected losses, more than one future economic scenario should be used for the estimation.

Hedge accounting

The Group does not currently have accounting hedges..

i) Goodwill and other intangible assets

Goodwill

Goodwill represents the excess of the acquisition price of business combinations over the fair value of their net assets acquired at the acquisition date.

When the acquisition is made with deferred payment, the acquisition price corresponds to the updated value of said deferred payment.

Goodwill is not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Any impairment that arises is immediately recognised in the consolidated income statement and may not be reversed in the future.

For the purpose of calculating impairment, goodwill is allocated to cash-generating units and its recoverable amount is estimated, understanding the latter one as being the highest amount between the fair value less sales costs and the value in use. If the recoverable amount is less than the carrying amount, it is considered to be impaired and the carrying amount is reduced to its recoverable amount. The impairment losses recognised for goodwill are not reversed in subsequent years.

To estimate value in use, estimated cash flows are discounted to their present value using a discount rate that reflects current market estimates of the time value of money and the specific risks of the investment.

In the event of the disposal or sale of a subsidiary or associate, the goodwill attributed to that company, if any, is included in the determination of the profit or loss of the disposal or sale.

Other intangible assets

The Group has recorded its computer applications as “Other Intangible Assets”, as well as the “Customer Relationships” arising from the purchase in December 2006 of Gesdinco Gestión, S.G.I.I.C., S.A. and Padinco Patrimonios, S.A. In addition, the Group recorded the “Customer Relationships” arising from the acquisition of Renta 4 Chile Corredores de Bolsa (see note 14).

Computer applications include the amounts paid for access to property or for the right to use computer software. The maintenance costs of these computer applications are directly allocated as expenses in the year in which they are incurred. It is amortised on a straight-line basis over a period of three years from the date on which the corresponding computer application begins to be used.

The “Customer Relationships” acquired from the purchase in December 2006 of Gesdinco Gestión, S.G.I.I.C., S.A. and Padinco Patrimonios, S.A. are amortised on a straight-line basis over a period of eight years (useful life), which is the time calculated by the Management in which these relationships will be maintained in accordance with the information available. At 31 December 2014, these “Customer Relationships” were fully amortised. Likewise, the “Customer Relationships” arising from the acquisition in 2012 of Renta 4 Chile Corredores de Bolsa, S.A. are amortised on a straight-line basis over a period of 7 years (useful life), which is the time estimated by Management in which these relationships will be maintained, according to the historical information available. At December 31, 2019, these customer relationships were fully amortised.

j) Tangible assets

Tangible assets are classified according to their use: tangible assets for own use, real estate investments and other assets transferred under operating leases.

Tangible assets for own use are valued at cost minus accumulated amortisation and any impairment losses. This heading includes assets, both owned and leased (right to use), that the Bank holds for current or future use and expects to use for more than one year. It also includes tangible assets received by the Bank for the total or partial liquidation of financial assets representing receivables from third parties and which are intended for continual use.

For further information on the accounting treatment of rights to use under a lease, see Note 4-v.

The cost of tangible assets includes disbursements made initially in their acquisition and production and, subsequently, in the event of expansion, replacement or improvement, when it is considered probable that future economic benefits will be obtained from their use.

Upkeep and maintenance expenses, which do not increase the useful life of the asset, are charged to the income statement of the year in which they are incurred.

The Group considered that the acquisition cost at the date of transition to IFRS (1 January 2005) was the carrying amount recognised under generally accepted accounting principles in Spain at 1 January 2005.

Real estate investments reflect the net book value of a building (including land) held for rental purposes.

The acquisition or production cost of tangible assets, net of their residual value, is amortised on a straight-line basis over the years of estimated useful life of the various items, as detailed below:

	Years of useful life	Amortisation percentages used
Buildings and other constructions	50	2%
Real estate investment		
Building	50	2%
Facilities	10	10%
Machinery, installations and tools	10	10%
Furniture and fixtures	10	10%
Transport elements	6.25	16%
Equipment for information processes	4	25%
Other fixed assets	5	20%

Tangible assets are derecognised from the consolidated balance sheet when not available or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal, assignment or abandonent. The difference between the amount of the sale and its carrying amount is recognised in the consolidated income statement for the period in which the asset is derecognised.

The Group regularly assesses whether there are indications, both internal and external, that a tangible asset may be impaired at year-end. For those identified assets, it estimates the recoverable amount of the tangible asset, understanding the latter one as the highest value between its fair value less necessary sales costs and its value of use. If the recoverable amount so determined is less than the carrying amount, the difference between the carrying amount and the recoverable amount is recognised in the income statement, reducing the carrying amount of the asset to its recoverable amount.

k) Cash, cash balances with central banks and other demand deposits

Cash and cash equivalents comprise cash in hand and demand balances with financial intermediaries.

l) Treasury stock and convertible shares

The Parent Company shares held by the Group are recorded as a reduction in consolidated equity. No gain or loss is recognised in the consolidated profit or loss for the year arising from transactions with treasury stock, which is recognised directly in consolidated equity. Any difference between the carrying amount and the compensation, if reissued, is recognised under "Share Premium".

Convertible shares are separated between the liability and the equity components based on the terms of the contract. In the issuance of convertible shares, the fair value of the liability component is determined using the market rate of a non-convertible equivalent instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until extinguished by its conversion or settlement. The remainder of the amount obtained is allocated to the conversion option which is recognised in equity. Transaction costs are deducted from equity, net of the associated income tax. The carrying amount of the conversion option is not reassessed in subsequent years. The transaction costs of convertible preference shares are distributed between the liability and equity components on the basis of the allocation of the amount obtained between those components on initial recognition of the instrument.

m) Provisions

The obligations existing at the consolidated balance sheet date, arising from past events that could give rise to loss of property for the Group, the amount and settlement time of which are indeterminate, are recognised in the consolidated balance sheet as provisions at the present value of the most probable amount that the Group will have to pay to settle the obligation. Provisions are quantified on the basis of the best information available at the date of preparation of the consolidated annual financial statements on the consequences of the event giving rise to them and are re-estimated at each accounting close.

At 31 December 2019 and 2018, the provisions reflected in the consolidated balance sheet basically cover certain risks arising from the development of its business activity and risks arising from claims by third parties against the Parent Company and other subsidiaries.

Contingent liabilities recorded in a business combination

Contingent liabilities recognised in a business combination are initially measured at fair value. They are subsequently measured at the highest of the amount that would be recognised in accordance with the recognition criteria for provisions set out above or the amount initially recognised less, where appropriate, the cumulative amortisation recognised in accordance with the requirements for recognition of ordinary income.

The allocation and release of the provisions considered necessary in accordance with the foregoing criteria are recognised with a charge or credit, respectively, to "Allocations to Provisions (Net)" in the consolidated income statement.

n) Tax on profits

The profit tax expense is determined by the tax payable in respect of the taxable profit for a year, after taking into account the changes during that year arising from temporary differences, tax credits and rebates and tax loss carryforwards.

The profit tax expense is recognised in the consolidated income statement except when the transaction is recognised directly in equity and in business combinations in which the deferred tax is recognised as another equity item.

In order for tax credits, rebates and tax loss carryforwards to be effective, the requirements established in current legislation must be met, provided that it is probable that they will be recovered, either because there are sufficient deferred tax liabilities or because they arose from specific situations that it is considered unlikely that they will arise in the future.

The tax effect of temporary differences is included, where applicable, in the corresponding deferred tax assets and liability items recorded under the headings, "Tax Assets" and "Tax Liabilities" in the accompanying consolidated balance sheet.

At least at each balance sheet date, the Group reviews the deferred tax assets recorded and makes the appropriate valuation adjustments in the event that the deferred tax assets are not current or turn out to be recoverable. Deferred tax assets and liabilities are valued at the effective tax rates that are expected to be applicable to the financial year in which the assets are realised or the liabilities are settled, based on the tax rates (and tax legislation) approved or almost approved at the balance sheet date.

o) Fees

This heading includes fees for intermediation, asset management, custodianship, and other income related to the Group's activities (underwriting, placement, etc.). These revenues are recognised in the consolidated income statement as the service is provided, or, in the case of a service carried out in a single act, when the act in question is performed.

p) Staff Expenses

Short-term Compensations

This type of compensation is valued, without discounting, at the amount payable for the services received, and is generally recorded as personnel expenses for the financial year and as a liability accrual account for the difference between the total expense and the amount already paid.

Other Staff Compensations

At 31 December 2019, the Group had granted loans to several of its employees for the acquisition of shares of Renta 4 Banco, S.A. amounting to €32 thousand (€94 thousand in 2018) with guarantees amounting to €131 thousand (€519 thousand in 2018). This acquisition was financed through zero interest loans maturing in 15 years from the date of the transaction, in accordance with the repayment schedule agreed upon in the contracts. The difference between the present value of the payments to be made by the employee and the fair value is recorded in the consolidated income statement as a personnel expense.

At 31 December 2019, the Group had granted personal loans to several of its employees to meet the personal and/or family needs of the employees covered by the applicable collective labour agreements amounting to 520 thousand euros (446 thousand euros in 2018) without guarantees, in compliance with the conditions established therein, and the Group had granted this financing at a zero percent interest rate. The difference between the present value of the payments to be made by the employee and the fair value is recorded in the consolidated income statement as a personnel expense.

The amount recognised in the consolidated income statement for zero percent loans amounted to 2 thousand euros and 1 thousand euros of revenue for 2019 and 2018, respectively. (see note 22.d).

Pension commitments

The Group classifies its commitments according to their nature as either defined contribution, for which the Group is only obliged to make fixed contributions to a third party, or defined benefit, for which the Group undertakes to pay an amount when the contingency occurs based on variables such as age, years of service and salary. The Group's commitments are as follows:

Renta 4 Sociedad de Valores, S.A.

In accordance with the collective bargaining agreement in force at Renta 4, S.A., Sociedad de Valores, in the case of employees coming from the former stock brokerage firms, it is obliged to pay a permanency premium when they reach 25, 35 or 45 years of service. The Group has not recognised any provision in this regard, since it considers that the amount accrued at 31 December 2019 and 2018 is not significant.

Additionally, Renta 4, S.A., Sociedad de Valores, in accordance with the collective bargaining agreement in force, must cover the contingencies of early retirement, death, and disability of employees included in the Collective Bargaining Agreement for Securities Companies and Agencies of the Autonomous Community of Madrid. The Company is covering these commitments by establishing a defined benefit pension plan.

Furthermore, for the other employees of this company who are not parties to this Agreement, the Group has covered the contingencies of retirement, incapacity for work, death, severe dependence, or heavy dependence, through a defined contribution plan by means of an annual contribution of 600 euros per employee since the 2006 financial year.

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 the 2007 financial year, the Group has covered the contingencies of retirement, incapacity for work, death, severe dependency, or heavy dependency for the employees of these companies through the establishment of two defined contribution plans to which it contributes 600 euros per employee per year.

Defined contribution plans

These plans are valued at the present value of the contributions to be made, unless they are to be paid within twelve months of the date of the consolidated annual accounts in which the corresponding services were received from the employees, in which case the amount is not adjusted. The contribution accrued for this item during the financial year is recognised under "Staff Costs" in the consolidated income statement. The contributions recognised as an expense in the consolidated income statement amounted to 297 thousand euros and 304 thousand euros for financial years 2019 and 2018, respectively (see Note 22-d).

Defined Benefit Plan

The Group calculates the present value of its defined benefit plan obligations at the date of the consolidated financial statements, after deducting the unrecognised past service cost and the fair value of the plan assets, as required by current regulations. The amount thus obtained is recorded as a provision for defined benefit pension funds.

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

- Are owned by a legally separate third party that is not a related party.
- They are available exclusively to pay for or finance commitments to employees.
- They may not be returned to the Group except when the commitments to employees have been settled, or in order to pay the Group for benefits paid.
- These are not non-transferable instruments issued by the Group.

The net amount of current service cost, interest cost, expected return on any plan assets, past service cost, and the effect of any type of reduction or liquidation of the plan are recognised in the consolidated income statement for the financial year.

The cost of past services is recognised immediately as an expense in the consolidated income statement, unless the changes to the plan are conditional on the employee remaining in the Group for a specified period of time, in which case the expense is allocated on a straight-line basis over that period.

They are considered as "Actuarial gains and losses" those gains and losses which arise from the differences between prior actuarial assumptions and reality, and from changes in the actuarial assumptions used. They are recognised in full in the consolidated income statement for the financial year in which they arise.

The costs incurred by the Group in the financial years 2019 and 2018 in relation to its defined obligations amounted to 1 thousand euros each year (see Note 22-d).

The Renta 4 Group contracted out all of its pension commitments to employees in accordance with Royal Decree 1,588/1999 of 15 October, by setting up pension plans and, through these, arranging insurance contracts with a company external to the Renta 4 Group.

Specifically, the defined benefit pension obligations relating to Renta 4, S.A. Sociedad de Valores are covered by assets realised in the corresponding insurance policy and are presented in the balance sheets at the net amount of the commitments assumed, minus the assets assigned to these. At 31 December 2019, the amount of the assets assigned to the aforementioned insurance contracts (mathematical provision) was 84 euros lower than the amount of the commitments to be covered (1,343 euros in 2018).

There is a correspondence between these commitments to be met and the mathematical provision of the affected insurance policy, and the risks inherent in these commitments have been transferred to the insurance company. The risks transferred include the interest rate, however, for the purposes of quantifying the commitments to be covered at 31 December 2019, the interest rate used is somewhat lower than that applied by the insurance company, and equal to the interest rate published by the Directorate General of Insurance and Pension Funds and applicable to the 2019 financial year, which, as established in its Resolution of 13 January 2019, stands at 0.98% (0.98% in the 2018 financial year). The maximum interest rate for pension plans established by the Directorate General of Insurance and Pension Funds for the 2019 financial year is 1.57% (1.53% in 2018).

Using the interest rate corresponding to a 10-year government bond (0.47% in 2019 and 1.41% in 2018), the calculation regarding the aforementioned commitments does not vary significantly with respect to that used by the Entity.

The main assumptions used to carry out a valuation of these commitments were as follows:

	2019	2018
Survival tables	MEWP-2000P	MEWP-2000P
Interest rate	0.98%	0.98%
Annual Increase in Retirement Premium	0%	0%
Retirement Age	65	65
Rotation	No	No

The results of the actuarial valuation performed are described below, including a break-down of the value of the pension obligations, the fair value of the assets related to the hedging of said commitments, as well as the amounts recognised in the assets, liabilities, and consolidated income statement.

The valuation of the foregoing commitments in accordance with the aforementioned assumptions is as follows:

Thousands of Euros

	2019	2018
Risks due to Non-incurred Pensions	20	35
Incurred	20	28
Unaccrued	-	7
Commitments to be met	20	28
Fair value of plan assets (Plan position account)	20	26
Assets (Liabilities) to be recognised in the balance sheet	-	(2)

The change in the present value of the defined obligation accrued due to benefit commitments was as follows:

Thousands of Euros

	2019	2018
Value of unincurred pension risks accrued at beginning of financial year	28	43
Cost of services for the current period	1	1
Effect of personnel reduction	(9)	(19)
Attributable income	-	3
Value of risks for non-incurred accrued pensions at financial year-end	20	28

The change in the fair value of the Plan's assets, instrumented through the corresponding insurance policy, was as follows:

Thousands of Euros

	2019	2018
Fair value of plan assets at beginning of financial year (P.M. insurance)	28	43
Rescue Value of the insurance policy	-	-
Financial year insurance premiums	1	1
Performance of the insurance policy	-	3
Other increases or (-) decreases	(9)	(19)
Fair value of plan assets at year-end	20	28

Severance

Severance indemnities are recognised as a provision and as a personnel expense only when the Group is demonstrably committed to terminate its relationship with an employee or group of employees before the normal retirement date, or to pay severance benefits as a result of an offer made to encourage voluntary termination by employees.

q) Off-balance-sheet customer resources

The Group includes in memoranda accounts (auxiliary non-accounting registry) at fair value the resources entrusted by third parties for their investment in companies and investment funds, pension funds, insurance-savings contracts and discretionary portfolio management contracts (see Note 23).

Additionally, in memoranda accounts (see Note 19), assets acquired on behalf of third parties, equity instruments, debt instruments, derivatives and other financial instruments held on deposit for which the Group has a responsibility to its customers are recognised at fair value or, in the absence of a reliable estimate of the fair value, at their cost. On occasions, and in accordance with the contracts signed with customers and only when market operations so require (international markets), the Group uses global custody accounts (omnibus), in which the Group appears as the holder of the positions, maintaining the internal records necessary to know the breakdown by customer.

To determine the fair value of these positions, the Group uses the stock market values obtained from the various markets or those supplied by global custodians in the case of ownership interest in investment funds (net asset value).

r) Cash flow statement

In the cash flow statement, the following expressions are used in the following senses:

- Cash flows: Inflows and outflows of cash and cash equivalents, i.e. short-term investments with high liquidity and low risk of changes in value.
- Operating activities: Typical activities of credit institutions, as well as other activities that cannot be classified as investment or financing.
- Investment activities: The acquisition, dispossession or disposal by other means 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 liabilities, which are not part of operating activities.

The indirect method was used to prepare the Consolidated Statement of Cash Flows. To this end, the Group begins with the profit or loss for the year, correcting the amount for the effects of non-monetary transactions and all types of deferred payment items and accruals that give rise to past or future operating collections and payments, as well as income and expenses associated with cash flows from activities classified as investing or financing activities.

s) Transactions with related parties

Transactions with related parties are accounted for in accordance with the valuation rules detailed above.

The prices of transactions with related parties are adequately supported and, therefore, the Parent Company's Directors consider that there are no risks that could give rise to significant tax liabilities.

t) Statement of changes in equity

The statement of changes in equity presented in these annual financial statements shows the total changes in equity during the year. This information is further broken down into two statements: The statement of total recognised gains and losses and the statement of total changes in equity. The main characteristics of the information contained in both parts of the statement are explained below:

Statement of total recognised gains and losses

This part of the statement of changes in equity presents the income and expenses generated by the Group as a result of its activities during the year, distinguishing those recognised as income in the income statement for the year and the other income and expenses recognised, in accordance with current legislation, directly in equity.

Therefore, in this statement is presented:

- The profit for the financial year.
- The net amount of income and expenses temporarily recognised as "Accumulated other comprehensive income" by valuation in equity.
- The net amount of income and expenses definitively recognised in equity.
- Accrued income tax on the items indicated in the two preceding paragraphs.
- The total recognised income and expense, calculated as the sum of the foregoing letters.

The changes in income and expenses recognised in equity as "Other Comprehensive Income" are broken down into:

- Valuation gains (losses): Includes the amount of income, net of expenses incurred in the year, recognised directly in equity. The amounts recognised in the year under this heading are held under this heading, although in the same year they are transferred to the income statement at the initial value of other assets or liabilities or reclassified to another heading.
- Amounts transferred to the income statement: includes the amount of valuation gains

or losses previously recognised in equity, albeit in the same year, which are recognised in the income statement.

- Amount transferred at the initial value of the hedged items: includes the amount of the valuation gains or losses previously recognised in equity, albeit in the same year, that are recognised in the initial value of the assets or liabilities as a result of cash flow hedges.
- Other reclassifications: Includes the amount of the transfers made in the year between valuation adjustment items in accordance with the criteria established in current legislation.

All items in the statement of total recognised gains and losses are eligible for recognition in the income statement, except the item "Actuarial Gains (Losses) on Pension Plans". The amounts of these items are presented at their gross amount and their corresponding tax effect is shown under the "Income Tax" caption in the statement.

Total statement of changes in equity

This part of the statement of changes in equity presents all statements in equity, including those arising from changes in accounting criteria and corrections of errors. This statement therefore shows a reconciliation of the carrying amount at the beginning and end of the year of all the items that make up equity, grouping the changes according to their nature into the following items:

- Effects of changes in accounting policies and correction of errors: Which includes changes in equity arising as a result of the retrospective restatement of financial statement balances arising from changes in accounting criteria or correction of errors.
- Total overall result for the year: includes, in an aggregate manner, the total of the items recorded in the statement of total recognised gains and losses indicated above.
- Other changes in equity: includes other items recognised in equity, such as increases or decreases in the endowment fund, distribution of income, transactions with own equity instruments, payments with equity instruments, transfers between equity items and any other increase or decrease in equity.

u) Financial guarantees

Financial guarantees are defined as contracts whereby the Group undertakes to pay specific amounts on behalf of a third party if the latter fails to do so. The main contracts included under this heading, which are included in the "Memorandum Item" at the end of the consolidated balance sheet, are financial guarantees.

When the Group issues these types of contracts, they are recognised under "Financial Liabilities at Amortised Cost - Other Financial Liabilities" on the liability side of the consolidated balance sheet at fair value and simultaneously under "Other Financial Assets" under "Credit Investments" at the present value of the future cash flows receivable, using, for both items, a discount rate similar to the discount rate for financial assets granted by the Institution to the counterparty with a similar term and risk. Subsequent to the issue, these types of contracts are valued by recording the differences against the income statement as financial income or as commission received, depending on whether the account is "Other Financial Assets" or "Other Financial Liabilities", respectively.

In addition to what is mentioned in the previous paragraph, the financial guarantees will be covered as established in Note 5.a.2 in relation to credit risk coverage.

v) Leases

On 1 January 2019, IFRS 16 came into force replacing IAS 17 "Leases" (see note 2.9.a). The new standard introduces a single accounting model for the lessee and requires the lessee to recognise the assets and liabilities of all lease contracts. The standard provides two exceptions to the recognition of lease assets and liabilities, which may be applied in the case of short-term contracts and those whose underlying asset is of low value. The Bank has decided to apply both exceptions. The lessee must recognise in the asset a right to use representing their right to use the leased asset which is recorded under the headings ''Tangible assets - Tangible fixed assets'' in the balance sheet (see Note 13), and a lease liability representing their obligation to make the lease payments which is recorded under the heading ''Financial liabilities at amortised cost - Other financial liabilities'' in the balance sheet (see Note 16).

At the commencement date of the lease, the lease liability represents the present value of all outstanding lease payments. The liabilities recorded in this chapter of the balance sheets are valued after their initial recognition at amortised cost, this being determined according to the "effective interest rate" method.

Rights to use are initially recorded at cost. This cost includes the initial valuation of the lease liability, any payments made before the initial date minus lease incentives received, all initial direct costs incurred, and an estimate of costs to be incurred by the lessee such as costs associated with the removal and dismantling of the underlying asset. The assets recorded under this heading in the balance sheets are valued after their initial recognition at cost less:

- Accumulated amortisation and accumulated impairment; and
- Any revaluation of the corresponding lease liability.

The interest expense on lease liabilities is recognised in the profit and loss account under the heading "Interest expense" (see Note 22.a). Variable payments not included in the initial valuation of the lease liability are recognised under the heading "Administrative expenses - Other administrative expenses" (see Note 22.d).

Amortisation is calculated, using the straight-line method on the acquisition cost of the assets, over the validity term of the lease agreement. The provisions for the amortisation of tangible assets item are recognised under the "Amortisation" heading in the income statement (see Note 13).

If one of the two exceptions is chosen in order not to recognise the right to use and the related liability in the balance sheet, the payments relating to the related leases are recognised in the income statement over the term of the contract or on a straight-line method basis or in another manner that best represents the structure of the lease transaction, under heading "Administrative Expenses - Other Administrative Expenses" (see Note 22-e).

As of 1 January 2019, the Group has recognised assets for rights to use and lease liabilities amounting to 21,065,000 euros in both cases. The Group's impact in terms of capital (CET1) was 0.935%.

2.5 Risk management of financial instruments

The activity with financial instruments may involve the assumption or transfer of one or more types of risk by the Group. The risks related to financial instruments are as follows:

- Credit risk: It is the risk that one of the parties to the contract of the financial instrument ceases to fulfil its contractual obligations due to the insolvency or inability of natural or legal persons and results in a financial loss for the other party.
- Liquidity risk: Sometimes referred to as financing risk, it is the risk that arises either from an institution's inability to sell a financial asset quickly for an amount close to its fair value or from the institution's difficulty in finding funds to meet its commitments relating to financial instruments.
- Market risk: The risk arising from holding financial instruments whose value may be affected by changes in market conditions; it includes three types of risk:

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

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

  iii) Price risk: This risk arises as a result of changes in market prices, either due to factors specific to the instrument itself, or due to factors affecting all instruments traded in the market. The Group holds positions in equity instruments which, although they expose it to this type of risk, do not do so significantly.

The Group has implemented a risk management model based on the following basic pillars:

a) Credit risk

a.1) Credit risk management and measurement

The credit risk arises from the possible loss caused by non-compliance with the contractual obligations of the Group's counterparties. In the case of reimbursable financing granted to third parties, it arises as a result of the non-recovery of principal, interest and other items in the terms of the amount, duration and other conditions established in the contracts. In the case of off-balance-sheet risks, this arises from the counterparty's failure to meet its obligations to third parties, which requires the Group to assume them as its own by virtue of the commitment undertaken.

The Group takes an exposure to credit risk when counterparties fail to comply with their commitments. In this sense, it distinguishes two types of counterparty: Customers in general and financial institutions and public administrations.

The current customer credit risk control system is based on the development of new systems for evaluating and classifying both individual and group debtors, from which it is possible to determine the provisions made to cover possible losses.

With regard to the granting, monitoring and control of risk with customers in general, the Group's Risk Control Department supervises the correct operation of the current system of discretionary management of operating limits, which are always granted on the basis of the collateral (securities) deposited with the Group. In accordance with the terms of the contracts signed with customers, the Group may dispose of the securities and ownership interests in customer investment funds to offset the debit balances that the customer presents in the event of non-payment (non-replacement of funds) by the customer.

a.2) Total exposure to credit risk

The following table shows the total exposure to credit risk at the end of 2019 and 2018 using the criteria established for calculating the basis for the impairment provision:

Thousands of Euros

	2019	2018
Cash balances at central banks and other demand deposits	652,215	427,868
Financial assets designated at fair value with changes in other comprehensive income (Debt instruments)	843,253	712,642
Central banks	-	-
Loans and advances - Credit institutions	34,374	26,718
Loans and advances - Clientele	120,648	83,052
Contingent risks	672	608
Guarantees granted: Contingent commitments granted	30,114	18,353
Total Risk and maximum exposure	**1,681,276**	**1,269,241**
Normal risk	1,676,050	1,265,879
Doubtful risk	5,226	3,362
Total Risk and maximum exposure	**1,681,276**	**1,269,241**

Total risk exposure includes the on-balance sheet items detailed in the table above excluding valuation adjustments - impairment losses.

As of December 31, 2019 and 2018, the maximum level of exposure to credit risk, without taking into account guarantees or other credit enhancements, does not differ from the carrying amount shown in these annual financial statements.

Loans and advances - Credit institutions: the main item in this portfolio is financial guarantees with foreign credit institutions.

Loans and advances - Clientele: they are essentially debit balances with individuals related to securities operations, for which there is a collateral of the positions these customers hold deposited in the Group. When the Group classifies these balances as impaired, the impairment losses are determined by taking into account the value of these positions used as collateral.

As of December 31, 2019 and 2018 there was no individual exposure that did not comply with the limits established by the Bank of Spain.

The distribution of total country credit risk exposure, country by country, as of December 31, 2019 and 2018, is as follows.

Financial year 2019

Thousands of Euros

Country	Cash balances at central banks and other demand deposits	Deposits in credit institutions	Credits for customers	Debt securities	Risks and obligations contingent	Total
Spain	538,792	2,781	102,196	487,921	30,776	1,162,466
Italy	-	-	1	56,226	-	56,227
France	87,884	30,853	549	-	-	119,286
Alemania	11,095	102	9,624	-	-	20,821
United Kingdom	3,445	1	462	10,010	-	13,918
Poland	1,372	-	-	-	-	1,372
Greece	-	-	-	236,980	-	236,980
Belgium	-	-	1	-	-	1
USA	1	100	18	-	-	119
Colombia	2,392	4	87	-	-	2,483
Peru	662	-	313	-	-	975
Chile	5,556	532	6,242	-	-	12,330
Luxembourg	1,016	1	1,070	-	-	2,087
Ireland	-	-	3	-	-	3
Portugal	-	-	11	52,116	-	52,127
Netherlands	-	-	7	-	-	7
Mexico	-	-	-	-	-	-
Saudi Arabia	-	-	60	-	10	70
Australia	-	-	2	-	-	2
Qatar	-	-	1	-	-	1
Namibia	-	-	1	-	-	1
	652,215	**34,374**	**120,648**	**843,253**	**30,786**	**1,681,276**

Financial year 2018

Thousands of Euros

Country	Cash balances at central banks and other demand deposits	Deposits in credit institutions	Credits for customers	Debt securities	Risks and obligations contingent	Total
Spain	359,370	7,088	52,304	585,524	18,944	1,023,230
Italy	-	-	4	103,916		103,920
France	-	-	323	-	-	323
Germany	918	62	22,974	-	-	23,954
United Kingdom	54,706	18,865	2	-	-	73,573
Poland	2,583	-	-	-	-	2,583
USA	1	100	-	-	-	101
Colombia	1,857	-	31	-	-	1,888
Peru	509	-	275	-	-	784
Chile	6,504	602	6,825	-	-	13,931
Luxembourg	1,420	1	242	-	-	1,663
Switzerland	-	-	-	-	-	-
Ireland	-	-	1	-	-	1
Portugal	-	-	-	23,202	-	23,202
Netherlands	-	-	2	-	-	2
Mexico	-	-	1	-	-	1
Saudi Arabia	-	-	53	-	17	70
Australia	-	-	15	-	-	15
Singapore	-	-	-	-	-	-
	427,868	**26,718**	**83,052**	**712,642**	**18,961**	**1,269,241**

a.3) Credit quality

The Group has a credit risk measurement system based on external ratings granted by external rating agencies (S&P's, Moody's and Fitch).

Of the total instruments subject to credit risk, the credit quality of the portfolios of financial assets designated at fair value with changes in other comprehensive income (debt securities) and financial assets at amortised cost (deposits with credit institutions) in accordance with ratings granted with external rating agencies is detailed below. The credit quality of the portfolios of customer loans and other capital instruments is not detailed, since most of the Group's exposure does not have an external credit rating.

Thousands of Euros

				2019
	Balances in Central Banks	Balances at sight at credit institutions	Deposits in credit institutions	Debt securities
From AAA to A-	294,391	162,626	31,579	58,558
From BBB+ to B-	-	132,073	2,681	691,536
From CCC+ to C	-	-	-	-
Not rated	-	63,034	114	93,159
Totals	**294,391**	**357,733**	**34,374**	**843,253**

Thousands of Euros

				2018
	Balances in Central Banks	Balances at sight at credit institutions	Deposits in credit institutions	Debt securities
From AAA to A-	-	192.667	23.969	38.975
From BBB+ to B-	19.952	157.373	2.639	656.551
From CCC+ to C	-	-	-	-
Not rated	-	57.776	110	17.116
Totals	**19.952**	**407.816**	**26.718**	**712.642**

a.4) Credit risk for financing construction and real estate development

At 31 December 2019 and 2018, the Group had no credit investment transactions to finance construction and real estate development activities. At 31 December 2019 and 2018, the Group did not have credit granted for the acquisition of housing. At 31 December 2019 and 2018, the Group did not have any foreclosed assets arising from financing for construction and real estate development companies.

a.5) Refinancing and restructuring policy for loans and credits.

The Group uses the following definitions:

- Refinancing operation: operation which, whatever its holder or guarantees, is granted or used for economic or legal reasons related to financial difficulties of the holder to cancel one or more transactions granted, by the institution itself or by other institutions of its group, to the holder or to one or more other companies of its economic group, or by which said transactions are brought fully or partially up to date with payments, in order to make it easier for the holders of the cancelled or refinanced transactions to pay their debt (principal and interest) because they cannot, or it is foreseen that they will not be able to, comply in due time and form with said conditions.
- Refinanced operation: an operation that brings all or part of the payments up to date as a result of a refinancing operation carried out by the institution itself or another institution of its economic group.
- Restructured operation: operation in which, for economic or legal reasons related to the financial difficulties of the holder, its financial conditions are modified in order to facilitate the payment of the debt (principal and interest) because the holder cannot, or it is foreseen that he/she will not be able to, comply in due time and form with said conditions, even when said modification is foreseen in the contract. In any case, operations in which assets are removed or received to reduce debt, or in which conditions are modified to extend their maturity, vary the amortisation table to reduce the amount of quotas in the short term or reduce their frequency, or establish or extend the grace period for principal, interest or both, are considered restructured, except when it can be proven that the conditions are modified for reasons other than the holders' financial difficulties and are analogous to those applied in the market on the date of their modification to those operations granted to customers with a similar risk profile.
- Renewal operation: operation formalised to replace another previously granted by the institution itself, without the borrower having, or is expected to have in the future, financial difficulties; i.e., the operation is formalised for reasons other than refinancing.
- Renegotiated operation: an operation in which the financial conditions are modified without the borrower having, or being expected to have in the future, financial difficulties, i.e., when the conditions are modified for reasons other than restructuring.

In any case, in order to qualify an operation as a renewal or renegotiated operation, the holders must have the capacity to obtain in the market, on the date of the renewal or renegotiation, operations for an amount and with financial conditions similar to those applied by the institution, and these must be adjusted to those granted on that date to customers with a similar risk profile.

As of 31 December 2019, the Group has a single transaction in force for refinancing, refinanced or restructured operations amounting to 2,390 thousand euros covered by security interests amounting to 2,240 thousand euros. The maturity of this operation is 24 June 2022. As of 31 December 2018, the Group had a single transaction in force for refinancing, refinanced or restructured operations amounting to 2,390 thousand euros covered by security interests amounting to 2,814 thousand euros.

b) Liquidity risk

This risk reflects the potential difficulty for a credit institution to have liquid funds available in time, or to be able to access them, in sufficient amounts and at an appropriate cost, to meet its payment obligations without impacting the market price or the cost of the transaction.

The Group maintains a prudent policy of protection against liquidity risk. To this end, it maintains sufficient cash and other liquid financial instruments to cover computable liabilities with a residual maturity of less than one year.

The objective of Renta 4 Banco S.A. (Parent Company) is to maintain a long-term financing structure that is in line with the liquidity of its assets and whose maturity profiles are compatible with the generation of stable and recurrent cash flow that allows it to manage the balance sheet without liquidity tensions in the short term.

In addition, Renta 4, Sociedad de Valores, S.A. (subsidiary) must comply with a liquidity ratio whereby it must maintain a volume of investments in highly liquid, low-risk assets for an amount equivalent to 10% of the liabilities payable with a residual maturity of less than one year, disregarding instrumental and transitory credit accounts (intermediation customers).

At 31 December 2019 and 2018, the group had complied with this liquidity ratio. Article 412 of Regulation (EU) 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (hereinafter CRR) requires compliance with the liquidity requirement, as developed in Delegated Regulation (EU) 2015/61. This requirement is applicable to credit institutions at the individual level (Section 6.4 of the RRC) and at the consolidated level of the matrix (Section 11.3 of the RRC) from 1 October 2015.

It has been adopted according to the following timetable:

- 60% of the liquidity hedge requirement from 1 October 2015.
- 70% from 1 January 2016.
- 80% from 1 January 2017.
- The 100% as of January 1, 2018..

The liquidity ratio as of December 31 of 2019 and 2018 presented by both the Parent Company and the Group is over 100%, which was required since January 1, 2018.

The breakdown of financial instruments by residual maturity, in accordance with the criteria used in the preparation of the liquidity statements, as of December 31, 2019 and 2018, is as follows. The maturity dates considered to draw up this table are in accordance with the contractual conditions of the instruments:

2019 Thousands of Euros

ASSET	3 months or less	3 to 6 months	6 to 9 months	9 to 12 months	Over 12 months
Cash	91	-	-	-	-
Exposures with central banks	294,391	-	-	-	-
Transferable assets constituting credits with or backed by the central government of a Member State	88,044	107,400	26,954	58,094	172,964
Transferable assets constituting credits with or backed by central banks and public-sector bodies	184,033	-	-	3,066	106,952
Total ITO shares or ownership interests	27,169	-	-	-	-
Other transferable shares not specified elsewhere	351,491	-	-	-	10,000
Bonds of non-financial companies	471	20,829	-	15,791	48,935
Money market securities and instruments	6,895	-	-	-	10,010
Non-renewable amounts receivable and loans	5,424	2,759	1,083	3,262	30,363
Amounts receivable from derivatives	7	-	-	-	-
Other assets	103,561	9	9	949	716
Totals	**1,061,577**	**130,997**	**28,046**	**81,162**	**379,940**

2019 Thousands of Euros

LIABILITIES	3 months or less	3 to 6 months	6 to 9 months	9 to 12 months	Over 12 months
Retailer deposits	1,018,274	-	-	-	-
Liabilities with non-financial customers	114,691	-	-	-	-
Liabilities with financial customers	462,201	9,808	-	-	-
Other liabilities	19,956	3,161	1,410	4,987	27,707
Totals	**1,615,122**	**12,969**	**1,410**	**4,987**	**27,707**

2019 Thousands of Euros

Liquidity buffer	908,031
Net liquidity outflow	137,457
Liquidity coverage ratio (%)	660,59%

2018 Thousands of Euros

ASSET	3 months or less	3 to 6 months	6 to 9 months	9 to 12 months	Over 12 months
Cash	100	-	-	-	-
Exposures with central banks	19,952	-	-	-	-
Transferable assets constituting credits with or backed by the central government of a Member State	-	48,665	-	-	254,577
Transferable assets constituting credits with or backed by central banks and public-sector bodies	10,607	16,502	-	-	312,610
Total ITO shares or ownership interests	28,550	-	-	-	-
Other transferable shares not specified elsewhere	402,394	-	-	-	-
Bonds of non-financial companies	298	-	-	31,386	38,230
Money market securities and instruments	4,886	-	-	-	-
Non-renewable amounts receivable and loans	7,600	5,271	1,934	9,262	22,627
Amounts receivable from derivatives	215	115	145	-	-
Other assets	55,609	-	1,551	1,034	461
Totals	**530,211**	**70,553**	**3,630**	**41,682**	**628,505**

2018 Thousands of Euros

LIABILITIES	3 months or less	3 to 6 months	6 to 9 months	9 to 12 months	Over 12 months
Retailer deposits	795,065	-	-	-	-
Liabilities with non-financial customers	67,330	-	-	-	58
Liabilities with financial customers	343,426	-	-	-	9,849
Other liabilities	20,581	317	625	1,554	10,000
Totals	**1,226,402**	**317**	**625**	**1,554**	**19,907**

2018 Thousands of Euros

Liquidity buffer	625,611
Net liquidity outflow	99,123
Liquidity coverage ratio (%)	631,15%

As it may be observed in the tables above, there are no significant items under the breakdown of maturities on the asset side of the balance sheet which would reduce the above mentioned gap. The most significant figures are the equity instruments, property, plant and equipment and intangible assets, and ownership interest.

c) Market risk

The Renta 4 Group's trading portfolio focuses on investments through shares listed on the domestic market and residually listed on international markets, and positions on futures and/or options on the main stock market indexes, traded on regulated and diversified markets, with a sufficient guarantee of liquidity to enable positions to be closed. 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, 2019 and 2018 was as follows:

Thousands of Euros

	2019	2018
Trading portfolio (maximum loss)	40	191
Portfolio of financial assets designated at fair value with changes in other comprehensive income (maximum loss)	1,267	2,110
VaR (in % of portfolio)	0.15%	0.31%

c.1) Exchange rate risk

The Group's exposure to this risk factor is mostly due to its investment in Latin America, which is insignificant.

c.2) Interest rate risk

It 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 changes may arise from movements in the interest rate curves or in the credit spreads applied to balancing entries.

The Directors consider that exposure to this risk is insignificant. In accordance with current legislation, the Renta 4 Group analyses the adverse impact on its economic value and net interest income in the event of a change in interest rates, without in any case exceeding the limits established for aggregation of own funds for hedging interest rate risk.

d) Other risks

As a result of the investments held by the Group in foreign countries, at 31 December 2019 and 2018 there were no restrictions on its ability to access or use the assets, or to settle liabilities.

2.6

Fair value of financial instruments

As described in Note 4-f), with the exception of financial instruments classified as “Financial Assets at Amortised Cost” and equity instruments whose fair value cannot be reliably determined, the Group’s financial assets are booked at their fair value on the consolidated balance sheet.

Similarly, with the exception of financial liabilities classified as “Financial liabilities at amortised cost”, the other financial liabilities are also booked at their fair value on the consolidated balance sheet.

Following is a detail of the financial assets and liabilities recognised at fair value at 31 December 2019 and 2018, broken down by class of financial assets and liabilities and at the following levels:

- **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 said assets.
- **LEVEL 2:** Financial instruments whose fair value has been estimated on the basis of listed prices on organised markets for similar instruments, or by employing other valuation methods 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 methods in which some significant input is not based on observable market data.

Financial assets

			Fair value hierarchy		
12/31/2019	**Balance sheet total**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets held for trading	**27,195**	**27,195**	**27,195**	**-**	**-**
Debt securities	-	-	-	-	-
Other equity instruments	27,188	27,188	27,188	-	-
Trading derivatives	7	7	7	-	-
Financial assets at fair value with changes in other comprehensive income	**850,419**	**850,419**	**779,788**	**70,631**	**-**
Debt securities	843,072	843,072	772,750	70,322	-
Capital instruments	7,347	7,347	7,038	309	-
Equity instruments	-	-	-	-	-
12/31/2018					
Financial assets held for trading	**28,766**	**28,766**	**28,766**	**-**	**-**
Debt securities	-	-	-	-	-
Other equity instruments	28,291	28,291	28,291	-	-
Trading derivatives	475	475	475	-	-
Financial assets at fair value with changes in other comprehensive income	**718,020**	**717,661**	**704,765**	**12,896**	**-**
Debt securities	712,577	712,577	699,681	12,896	-
Capital instruments	5,084	5,084	5,084	-	-
Equity instruments	359	-	-	-	-

Financial liabilities

At 31 December 2019, the breakdown of the balance of this heading is as follows:

			Fair value hierarchy		
12/31/2019	**Carrying amount**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Pasivos financieros mantenidos para negociar	**6**	**6**	**6**	**-**	**-**
Derivados de negociación	6	6	6	-	-

At 31 December 2018, no balance was recognised under the heading 'Financial Liabilities Held for Trading'.

The main valuation methods, assumptions and inputs used to estimate the fair value of financial instruments classified in Levels 1, 2 and 3 (there are no financial instruments classified) according to the type of financial instrument at 31 December 2019 and 2018 are as follows:

- Trading derivatives: The fair value of most of the proprietary portfolio of trading derivatives was determined on the basis of the instruments' listed prices on active markets (Level 1).
- 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 BME Clearing screens (for credit institutions), or using prices obtained from information services providers that build prices based on pricing data reported by 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.
- Equity instruments: The fair values of all the Group's listed equity instruments were determined on the basis of the securities' prices listed on official markets, which is why these investments are classified as Level 1 in the tables above.

There were no transfers among the various levels during the financial year, nor were there any relevant changes in the valuation of unlisted equity instruments included in the portfolio of financial assets at fair value through other comprehensive income.

"Loans and receivables" and "Financial liabilities at amortised cost" are typically very short-term transactions at floating rates, and so their carrying amount does not differ significantly from their fair value.

The amounts recognised in the consolidated income statements at 31 December 2019 and 31 December 2018 for changes in the fair value of the Group's financial instruments, which correspond to unrealised gains and losses, distinguishing between financial instruments whose fair value is determined on the basis of the prices published in active markets (Level 1), are estimated using a valuation technique whose variables are obtained from observable market data (Level 2) and the rest (Level 3), together with the cumulative changes in value at 31 December 2019 and 31 December 2018.

2.7

Information by segment

Business segment information is generated for the purposes of facilitating the internal control, monitoring and management of the Renta 4 Group's business and earnings.

The Board of Directors is the most senior decision-making body for operations in 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, management bases its analysis on the basic business units, for which accounting and management information is readily available. The same general principles are applied as those used in the Group's management information, and the measurement and recognition criteria and accounting principles are essentially the same as those used to draw up the financial statements.

The business lines described below were established on the basis of the Group's organisational structure in force at 2019 and 2018; taking into account, on the one hand, the nature of the services offered and, on the other, the customer segments to which they are addressed.

The Group has the following main business lines, which form the basis on which the Group presents information related to its segments:

- Intermediation (national and international capital markets and marketing of managed and third party investment funds).
- Portfolio and asset management and counsel (Collective Investment Institutions and Pension Funds).
- Corporate services: mainly incorporates support activities for the rest of the segments, as well as depositary services and values custody.

The Group operates mainly in the national territory, although since the financial year of 2011 a non-significant part of its activity has been carried out in Chile, Colombia, Peru, and Luxembourg, with similar customers and products in all territories.

The Group's business focuses on intermediation, asset management, and corporate services developed through its network of offices, agents, subsidiaries and website, which are offered to private customers and financial intermediaries, small and medium-sized enterprises. Corporate services, including the provision of services developed through various subsidiaries of the Group.

The turnover between the most relevant segments corresponds to the UCIT marketing commissions managed, which are transferred from the Asset Management Segment to the Intermediation Segment, which acts as a marketer through the network. These fees are assigned in accordance with the agreed conditions that the directors consider to be in line with market practices.

Segment information as of December 31, 2019 and 2018 is presented as follows:

12.3

INCOME STATEMENT	Intermediation	Asset Management
Interest income		
Internal	-	-
External	6,232	-
Interest expense		
Internal	-	-
External	(2,397)	-
Return on capital instruments (dividends)	-	-
Results of entities accounted for using the equity method	-	120
Commission income		
Internal	9,328	-
External	46,240	73,000
Commission expenses		
Internal	-	(9,328)
External	(19,664)	(43,615)
Results of financial transactions - Net	13,479	-
Exchange differences (profit or (-) loss, net)	4,059	-
Other operating income	52	-
Other operating expenses	(2,440)	-
GROSS MARGIN	**54,889**	**20,177**
Personnel Expenses	(21,501)	(7,883)
Other administrative expenses	(11,258)	(4,127)
Amortisation	(7,691)	(356)
Allocation to provisions	(220)	-
Impairment losses on financial assets	(316)	-
(+/-) Profit/(Loss) on the decrease of non-financial assets and ownership interest	-	-
Impairment losses on other assets	-	-
CONSOLIDATED PROFIT BEFORE TAX	**13,903**	**7,811**
BALANCE SHEET		
Total assets	1,759,120	38,911
Total liabilities	1,663,133	14,272
Other information	-	-
Acquisitions of tangible assets	4,760	27

(*) Presented solely and exclusively for comparative purposes.
The 'adjustments' column in the table above shows the elimination of the marketing transactions carried out between the intermediation and management segments. These transactions, which are eliminated in the cons
The adjustments to the total assets and liabilities presented by segment correspond to the eliminations of the reciprocal and shareholders' equity items between the different Group companies generated in the consolida

Thousands of Euros

1.2019			12.31.2018(*)				
Corporate Services	Adjustments	Total	Intermediation	Asset Management	Corporate Services	Adjustments	Total
-	-	-	-	-	-	-	-
-	-	6,232	4,636	-	-	-	4,636
-	-	-	-	-	-	-	-
-	-	(2,397)	(1,330)	-	-	-	(1,330)
320	-	320	-	-	368	-	368
-	-	120	-	-	-	-	-
-	(9,328)	-	10,968	-	-	(10,968)	-
13,107	-	132,347	55,976	71,638	13,065	-	140,679
-	9,328	-	-	(10,968)	-	10,968	-
(1,158)	-	(64,437)	(25,572)	(44,547)	(1,383)		(71,502)
1,016	-	14,495	4,373	-	(1,761)	-	2,612
-	-	4,059	4,789	-	-	-	4,789
175	-	227	76	10	176	-	262
(20)	-	(2,460)	(2,495)	-	(18)	-	(2,513)
13,440	**-**	**88,506**	**51,421**	**16,133**	**10,447**	**-**	**78,001**
(6,450)	-	(35,834)	(22,146)	(4,904)	(4,587)	-	(31,637)
(3,377)	-	(18,762)	(13,693)	(3,032)	(2,837)	-	(19,562)
(547)	-	(8,594)	(4,486)	(193)	(555)	-	(5,234)
-	-	(220)	(413)	-	-	-	(413)
-	-	(316)	860	-	-	-	860
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,066	**-**	**24,780**	**11,543**	**8,004**	**2,468**	**-**	**22,015**
40,961	(72,054)	1,766,938	1,368,083	28,569	19,514	(69,897)	1,346,269
12,780	(27,498)	1,662,687	1,267,058	7,311	504	(25,605)	1,249,268
-	-	-	-	-	-	-	-
-	-	4,787	4,637	5	-	-	4,642

olidation process, are shown in the table above to correctly reflect the activity of each segment.
tion process.

2.8

Cash, cash balances with central banks and other demand deposits

The composition of the chapter 'Cash, Cash balances at Central Banks and Other Demand Deposits' of the consolidated balance sheets to December 31, 2019 and 2018, is as follows:

Thousand of Euros

	2019	2018
Cash	91	101
Banco de España	294,391	19,952
Other demand deposits	357,733	407,816
Total	**652,215**	**427,868**

The breakdown by remaining maturity of this chapter is detailed in note 5.b).

At 31 December 2019 and 2018, 'Other Demand Deposits' includes mainly the balances in demand current accounts, which earn the market interest rate for this type of accounts for an amount, excluding 'valuation adjustments', of EUR 357,733 thousand (EUR 407,816 thousand in 2018).

The Group considers the following headings, which do not include the related 'valuation adjustments', to be cash or cash equivalents:

Thousand of Euros

	2019	2018
Cash	91	100
Banco de España	294,391	19,952
Other demand deposits	357,733	407,816
Total	**652,215**	**427,868**

The balances held at the Bank of Spain are subject to compliance with the minimum reserves ratio stipulated in current regulation applicable to the Group's Parent Company.

2.9 Financial assets and liabilities held for trading

The breakdown of these asset and liability captions in the consolidated balance sheets is as follows:

Thousands of Euros

	Assets		Liabilities	
	2019	**2018**	**2019**	**2018**
Derivatives	7	475	6	-
Equity instruments	27,188	28,291	-	-
Debt securities	-	-	-	-
Total	**27,195**	**28,766**	**6**	**-**

At 31 December 2019 and 2018 there were no assets in this portfolio assigned to any type of commitment or guarantee.

There were no transfers or reclassifications of financial instruments included in this portfolio during the financial years 2019 and 2018.

a) Derivatives

Negotiation derivatives, in accordance with Note 4-f), are classified in the negotiation portfolio and, as such, are measured at fair value and any changes in fair value are recognised directly in the consolidated income statement.

Following is a breakdown, for the financial years ended December 31, 2019 and 2018, of the notional values and fair values of the financial derivatives recorded as 'Negotiation Derivatives' classified by type of market, type of products, counterparty, remaining term and type of risk:

Thousands of Euros

	Domestic		Fair value			
	Memorandum accounts		Assets		Liabilities	
	2019	2018	2019	2018	2019	2018
By market type						
Organised markets	1,712	3,746	7	475	6	-
Non-organised markets	-	-	-	-	-	-
	1,712	**3,746**	**7**	**475**	**6**	**-**
By product type						
Futures	913	2,123	-	-	-	-
Others						
Purchased	606	1,623	7	475	-	-
Sold	193	-	-	-	6	-
	1,712	**3,746**	**7**	**475**	**6**	**-**
By counterpart						
Other financial institutions	1,712	3,746	7	475	6	-
Other sectors	-	-	-	-	-	-
	1,712	**3,746**	**7**	**475**	**6**	**-**
By remaining term						
Up to 1 year	1,712	3,746	7	475	6	-
From 1 to 5 years	-	-	-	-	-	-
	1,712	**3,746**	**7**	**475**	**6**	**-**
By type of risks covered						
Exchange rate risk	-	-	-	-	-	-
Interest rate risk	500	500	-	-	-	-
Share price risk	-	-	-	-	-	-
Other risks (1)	1,212	3,246	7	475	6	-
	1,712	**3,746**	**7**	**475**	**6**	**-**

(1). At December 31, 2019 and 2018, Renta 4 Banco has long positions in electricity derivatives that are fully offset by reverse positions. This operation derives mainly from positions in electricity futures to give counterparty to an institutional one, which are covered by the opposite position through electricity swaps, a product on which most of the market participants operate. Consequently, the economic result of these positions is zero as they are fully compensated.

b) Equity instruments

At 31 December 2019 and 2018, the breakdown of the balance of this heading, by sector of activity of the issuer, is as follows::

Thousands of Euros

	2019	2018
Credit institutions	-	12
Financial companies	27,188	28,112
Other Sectors	-	167
Total	**27,188**	**28,291**

The heading of the ‘Other Capital Instruments is as follows, based on whether or not the securities composing it are listed, and the percentage they represent of the totall:

	Thousands of Euros		% of total	
	2019	**2018**	**2019**	**2018**
Listed	27,188	28,291	100	100
Unlisted	-	-	-	-
	27,188	**28,291**	**100**	**100**

At 31 December 2019 and 2018, the breakdown of the balance of this heading is as follows:

	Thousands of Euros	
	2019	**2018**
Ownership interest in UCITs, VC and SCR	27,052	27,254
Shares and other ownership interest	136	1,037
	27,188	**28,291**

The breakdown of ‘Ownership Interest in UCITs’ at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	12.31.2019	**12.31.2018**
Renta 4 Renta Fija 6 Meses, FI	14,979	-
Kobus renewable energy II FCR	5,094	4,851
Pictet Total Return Agora I (Eur)	1,257	1,214
Ged VI España FCR	1,183	-
Bmo real estate equit B(Eur)	1,038	799
Ged V España Fcr	828	780
Renta 4 Activos Alternativos 1 Scr,SA	600	-
Merian Global equity I (Eur)	-	1,439
Schroder Isf Em.Mkts Debt Ab Retc(Eur)	-	1,405
Neuberger Berman SD EM market debt “i” (Eur)	-	1,398
Lm West Ass Macro Opp Bond X (Eur)	-	1,244
Franklin K2 Alt Strt "A" (Eurhdg)	-	1,134
Renta 4 Renta Fija Mixto FI	-	1,113
Templeton GLB tot Return I (Eur)	-	1,013
Axa Wf Global Inflation Bonds "I" (Eur)	-	995
Salar E1 (Eur)	-	868
Amundi II Pio ABS rtn Multi-Startegy I Acc	-	798
Vontobel Twty abs ret cred IH (EurHDG)	-	791
Nordea 1 stable Return BI (Eur)	-	787

Thousands of Euros

	12.31.2019	12.31.2018
Blackstone Divers Multi-Str I (EurHDG)	-	768
UBS (Lux)- Convert Global Q (Eur)	-	692
MFS Meridian Prudent Wealth W1 (Usd)	-	688
Other (*)	2,073	4,477
Total	**27,052**	**27,254**

(*) Ownership interest in UCITs which individually are less than 500 thousand euros.

The breakdown of 'Shares and other ownership interests' at 31 December 2019 and 2018 is as follows:

Thousands of Euros

	12.31.2019	12.31.2018
Listed		
ETFS Physical Gold	-	820
Others	136	217
	136	**1,037**

c) Debt securities

At 31 December 2019 and 2018, the Group has no debt securities classified as financial assets held for trading.

d) Other information

The breakdown by remaining maturity of this caption is detailed in note 5.b) on 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 obtain the fair value.

2.10

Financial assets at fair value through other comprehensive income

The breakdown of this caption on the asset side of the consolidated balance sheet is as follows:

Thousands of Euros

	2019	2018
Equity instruments	7,347	5,443
Debt securities	843,072	712,577
Total	**850,419**	**718,020**

There were no transfers or reclassifications of financial instruments included in this portfolio during the financial years 2019 and 2018.

The changes in this item in the consolidated balance sheet in 2019 and 2018 were as follows:

Thousands of Euros

	2019	2018
Opening balance	**718,020**	**598,393**
Transfer IFRS9	-	(14,037)
Registrations	1,336,183	397,847
Cancellations	(1,189,107)	(243,708)
Deferrals of accrued interest	3,051	2,119
Coupon bond collection	(18,553)	(21,873)
Valuation adjustments	941	(656)
Impairment of assets	-	-
Generic endowment/recovery	(116)	(65)
Closing balance	**850,419**	**718,020**

a) Equity instruments

At 31 December 2019 and 2018, the breakdown of the balance of this heading is as follows:

Thousands of Euros

	2019	2018
Shares and other ownership interest	**7,347**	**5,443**

The breakdown of 'Shares and other ownership interests' at 31 December 2019 and 2018 is as follows:

Thousand or Euros

	12.31.2019	12.31.2018
Listed		
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	6,876	4,864
Valore metals Corp (Formerly: Kivallic Energy)	162	54
Unlisted		
Other ownership interests	309	525
	7,347	**5,443**

The breakdown of the heading "Accumulated other comprehensive income - Items that will not be reclassified to profit or loss- Changes to the fair value of equity instruments valued at fair value with changes in other comprehensive income" of the equity (Note 18.j) at 31 December 2019 and 2018, as a result of changes to the fair value of the assets in this portfolio, is as follows:

Thousands of Euros

	2019	2018
Capital instruments		
Other resident sectors	203	(1.057)
Other non-resident sectors	(75)	(132)
	128	**(1.189)**

b) Debt securities

The breakdown of debt securities classified by counterparty is as follows:

Thousands of Euros

	2019	2018
Spanish public administrations	427,428	572,563
Resident credit institutions	27,306	-
Non-resident credit institutions	10,010	-
Non-resident public administrations	345,322	127,118
Other resident sectors	33,187	12,961
Valuation adjustments	(181)	(65)
Total	**843,072**	**712,577**

The breakdown of these headings, by term remaining until maturity, is provided in Note 5.b).

EThe fair value of debt instruments as of December 31, 2019 and 2018 has been determined based mainly on listed prices in official markets (Central de Anotaciones de Banco de España), and based on prices provided by different information service providers which construct their prices based on prices communicated by contributors (Bloomberg).

The breakdown of "Accumulated other comprehensive income - Items that can be reclassified to profit or loss - Financial assets at fair value through profit or loss" in equity (Note 18.j) at 31 December 2019 and 2018, as a result of changes in the fair value of the assets in this portfolio, is as follows:

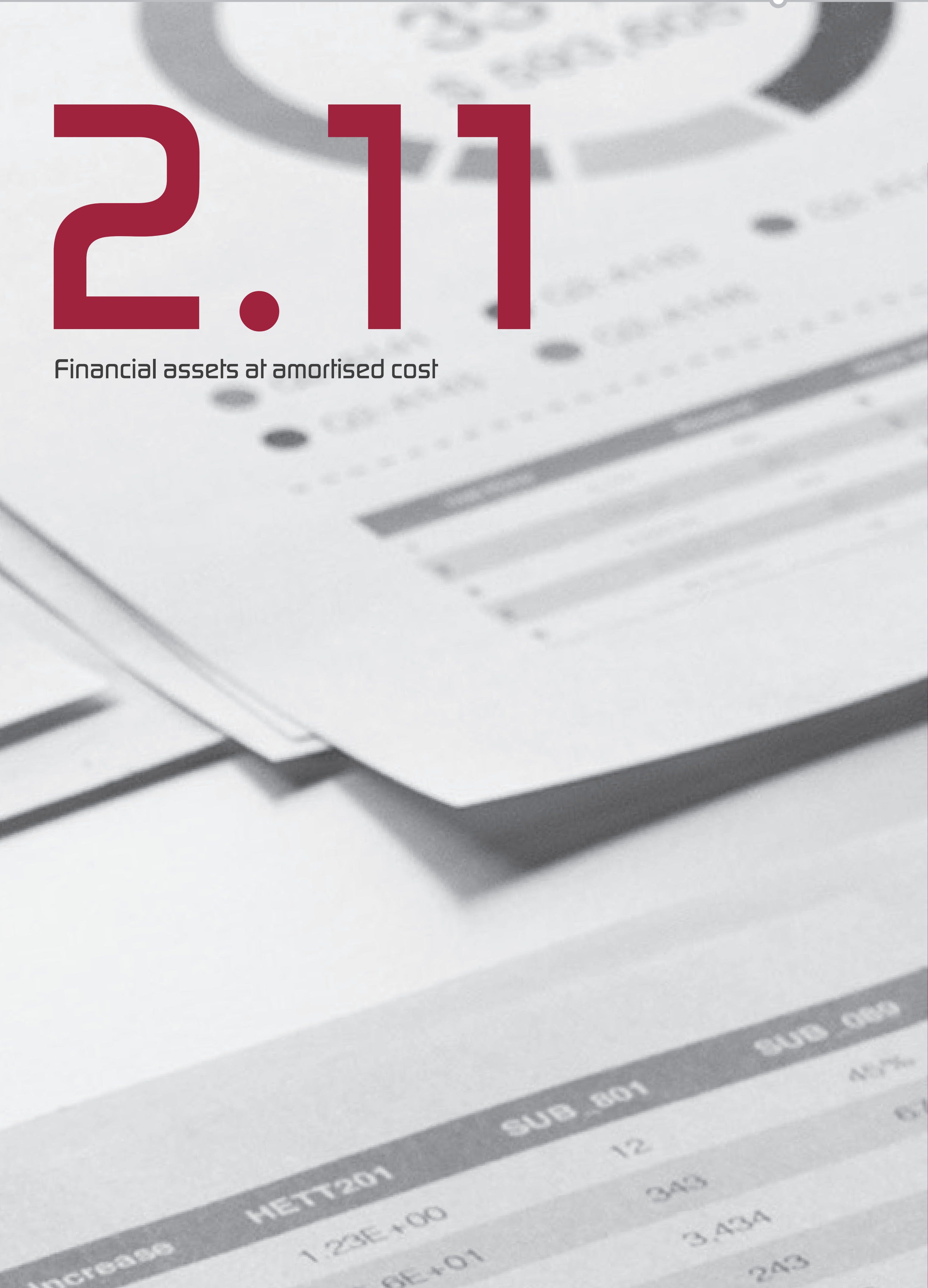
Thousands of Euros

Debt securities	2019	2018
Spanish Public Administrations	869	2,103
Non-resident public administrations	493	99
Credit institutions	154	-
Non-resident credit institutions	6	
Other resident sectors	17	1
Other non-resident sectors	-	(6)
Total	**1,539**	**2,197**

At 31 December 2019 and 2018, the Group had pledged debt securities listed in favour of BME Clearing to guarantee daily operations with national derivatives and national variable income. The nominal value of these assets at 31 December 2019 amounted to EUR 80,136 thousand (31 December 2018: EUR 65,000 thousand) with a market value of EUR 83,565 thousand (31 December 2018: EUR 69,616 thousand).

Also, at 31 December 2019, the Group had entered into a credit agreement with a pledge of securities with the Bank of Spain. The nominal value of the pledged securities amounted to EUR 283,756 thousand (31 December 2018: EUR 311,952 thousand). The fair value amounted to EUR 294,051 thousand and EUR 339,719 thousand, at 31 December of the years 2019 and 2018, respectively. The amount of this guarantee available at 31 December 2019 and 2018 with the European Central Bank was EUR 268,554 thousand and EUR 301,432 thousand, respectively.

These deposits from the European Central Bank are taken using the credit policy with pledge of securities that the Parent Entity has in the central bank and which allows obtaining liquidity immediately. These deposits are part of programmes designed by the European Central Bank (T-LTRO II) to improve long-term financing



2.11

Financial assets at amortised cost

The breakdown of this section on the assets in the consolidated balance sheets is as follows:

Thousands of Euros

	2019	2018
Loans and advances:		
Central banks	-	-
Credit institutions	34,274	26,618
Clientele	119,724	82,235
Total	**153,998**	**108,853**

The breakdown by remaining maturity of this chapter is detailed in note 5.b).

a) Central banks

At 31 December 2019 and 2018, there was no balance under this heading.

b) Credit institutions

The breakdown of this heading is as follows:

Thousands of Euros

	2019	2018
Time deposits or accounts	532	5,185
Other accounts (*)	33,742	21,433
Doubtful assets	100	100
Valuation adjustments		
Impairment losses on assets	(100)	(100)
Accrued interest	-	-
Total	**34,274**	**26,618**

(*)At 31 December 2019, "Other Accounts" includes EUR 30,740 thousand relating to financial guarantees provided to financial intermediaries in connection with international derivatives transactions (EUR 18,828 thousand at 31 December 2018).

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

The breakdown of time deposits or accounts at 31 December 2019 and 2018 is as follows:

31 December, 2019

Entity	Type	Date of Maturity	Thousands of Euros
Banco Bice (*)	2.52%	08/01/2020	133
Banco Security (*)	1.92%	01/03/2020	261
Banco Bice (*)	2.52%	01/22/2020	138
			532

(*) These time deposits or accounts correspond to one of the LATAM companies.

31 December, 2018

Entidad	Type	Date of Maturity	Thousands of Euros
Banco Bice (*)	3.00%	01/09/2019	137
Banco Security (*)	2.76%	01/04/2019	270
Banco Bice (*)	3.00%	01/31/2019	141
BTG PACTUAL (*)	4.32%	01/31/2019	37
BBVA	0.00%	09/10/2019	4.600
Total			**5.185**

(*) These time deposits or accounts correspond to one of the LATAM companies.

c) Clientele

The breakdown of this heading in the consolidated balance sheets, by type and situation of credit, counterparty sector and interest rate modality, is as follows:

Thousands of Euros

	2019	2018
By modality and credit situation:		
Secured receivables	35,080	34,489
Other secured receivables	3,895	3,933
Other term receivables	3,384	4,836
Accounts receivable on demand and miscellaneous	3,271	2,127
Doubtful assets	5,126	3,262
Other financial assets	69,652	34,078
Valuation adjustments	(684)	(490)
	119,724	**82,235**
By sector:		
Public Administrations	1	1
Other financial corporations	66,272	34,341
Other non-financial corporations and sole proprietors	36,819	27,447
Rest of Households	16,632	20,446
	119,724	**82,235**
By interest rate modality:		
Variable	119,724	82,235
Fixed	-	-
	119,724	**82,235**

The breakdown of these headings, by term remaining until maturity, is provided in Note 5.b).

In the 2019 and 2018 financial years the Group signed pledge agreements on the securities deposited by clients which serve as security for accounts receivable.

The balance corresponding to “Unsecured receivables” is made up of debtors with a personal guarantee, debtors with personal loans and unsecured debtors. With respect to the balance corresponding to “Other term receivables”, it contains both the fixed-term deposits of Chile and Peru, as well as the simultaneous deposits that the Chilean subsidiary has with its customers.

The Group maintains in the “Other Financial Assets” account the amount required for guarantees from each of the brokers in the derivative markets in which it operates on behalf of customers and which the Parent Company in turn requires from its customers (see Note 16.d). Said guarantees cover both national organised markets (MEFF, Eurostoxx) and international derivatives and CFD markets.

At the same time, the breakdown of receivables according to their modality and credit situation is as follows:

Thousands of Euros

	Debt		Value Guarantees		Limit		Available	
	2019	2018	2019	2018	2019	2018	2019	2018
Secured receivables	35,080	34,489	95,831	78,878	55,970	52,154	20,890	17,665
Other debtors with collateral	3,895	3,933	4,777	5,609	3,895	3,933	-	-
Unsecured receivables	4,149	2,390	5,343	3,089	4,149	2,390	-	-
Unsecured doubtful receivables	977	872	-	-	-	-	-	-
Other term receivables	3,384	4,836	-	-	2,618	3,775	109	688
	47,485	**46,520**	**105,951**	**87,576**	**66,632**	**62,252**	**20,999**	**18,353**

The breakdown of valuation adjustments made on transactions classified as "Loans and advances - Customers" is as follows:

Thousands of Euros

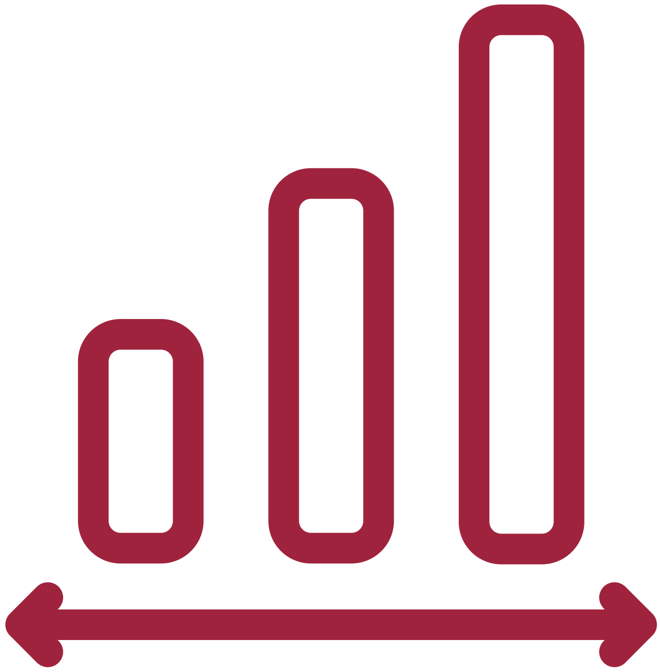
	2019	2018
Valuation adjustments:		
Impairment losses on assets	(924)	(817)
Accrued interest	240	327
	(684)	**(490)**

d) Impairment losseso

The breakdown and movement of the impairment losses recorded at the close of financial years 2019 and 2018 for the assets in the Loans and advances portfolio (credit institutions and clients) is as follows:

Thousands of Euros

	Doubtful (Stage - 3)	Special surveillance (Stage - 2)	Normal (Stage - 1)	Total
Balance as of January 1, 2018	**2,019**	**-**	**67**	**2,086**
Additions				
Provisions charged to loss and profit statement	71	-	9	80
Recoveries				
Recoveries with credit to loss and profit statement	(996)	-	(9)	(1,005)
Uses				
Transfer to Failures	-	-	-	-
Other	(244)	-	-	(244)
Balance as of 31 December 2018	**850**	**-**	**67**	**917**



Thousands of Euros

	Doubtful (Stage - 3)	Special surveillance (Stage - 2)	Normal (Stage - 1)	Total
Balance as of 1 January 2018 (*)	**850**	**-**	**67**	**917**
Additions				
Provisions charged to loss and profit statement	622	28	5	655
Recoveries				
Recoveries with credit to loss and profit statement	(446)	-	(9)	(455)
Uses				
Transfer to Failures	(93)	-	-	(93)
Other	-	-	-	-
Balance as of 31 December 2019	**933**	**28**	**63**	**1,024**
Of which: Credit institutions	100	-	-	100
Of which: Clients	833	28	63	924

Virtually all the credit risk hedging was determined collectively, except for the risk transactions classified as doubtful for reasons other than default, for some factor other than the automatic factors defined in IFRS 9 (see Note 4-h), for which the hedge was estimated on a tailored basis using techniques that reliably measure the recoverable amount.

2.12

Investments in joint ventures and associates

During financial year 2019 this section of the accompanying balance sheet contains the following movements:

Thousands of Euros

	2019
Opening balance	**-**
Registrations	300
Cancellations	-
Individual results for the financial year	48
Impairment	-
Closing balance	**348**

In 2019 the Group acquired a 30% share in Kobus Partners Management SGEIC, S.A. for 300 thousand euros.

At 31 December 2018, the Group had no investments in joint ventures and associates.

2.13

Tangible assets

The detail of the tangible assets for own use and the movements during financial years 2019 and 2018, in this heading, are as follows:

Thousands of Euros

	Computer equipment	Furniture, installations and others	Buildings	Real estate investment	Right to use (*)	Total
Cost value						
Balance as of 31 December 2018	6,690	36,495	24,012	5,837	-	73,034
Registrations	589	4,198	-	-	23,372	28,159
Cancellations	(3,968)	(1,324)	-	-	(46)	(5,338)
Transfers	-	-	-	-	-	-
Balance as of 31 December 2019	3,311	39,369	24,012	5,837	23,326	95,855
Accumulated amortisation						
Balance as of 31 December 2018	(5,717)	(17,927)	(6,296)	(2,143)	-	(32,083)
Registrations	(436)	(3,325)	(427)	(120)	(2,649)	(6,957)
Cancellations	3,968	1,324	-	-	46	5,338
Transfers	-	-	-	-	-	-
Balance as of 31 December 2019	(2,185)	(19,928)	(6,723)	(2,263)	(2,603)	(33,702)
Net value at 31 December 2019	1,126	19,441	17,289	3,574	20,723	62,153

(*) As indicated in Note 2.9.a, as of January 1, 2019, IFRS 16 comes into force, which includes changes in the accounting for leasing operations. In this regard, this breakdown is not comparative with respect to 2018 financial year (see Note 4-v).

Thousands of Euros

	Computer equipment	Furniture, installations and others	Buildings	Real estate investment	Total
Cost value					
Balance as of December 31, 2017	6,055	32,556	23,964	5,837	68,412
Registrations	635	3,939	68	-	4,642
Cancellations	-	-	(20)	-	(20)
Balance at 31 December 2018	6,690	36,495	24,012	5,837	73,034
Accumulated amortisation					
Balance as of December 31, 2017	(5,297)	(14,956)	(5,890)	(2,014)	(28,157)
Registrations	(420)	(2,971)	(426)	(129)	(3,946)
Cancellations	-	-	20	-	20
Balance at 31 December 2018	(5,717)	(17,927)	(6,296)	(2,143)	(32,083)
Net value at 31 December 2018	973	18,568	17,716	3,694	40,951

The additions recognised in 2019 and 2018 financial years under "Furniture, Fixtures and Other" and "Buildings" relate to improvements made by the Group at various offices.

As of December 31 of 2019 and 2018, the Group had no firm commitment to purchase or sell fixed assets for a significant amount, nor are its assets subject to significant charges or encumbrances.

As of December 31 of 2019 and 2018, it is estimated that the fair value of the tangible assets owned by the Group does not differ significantly from that recognised in the accompanying consolidated balance sheet.

Also, there are no tangible assets of significant amount for which there are restrictions on use or ownership, which are out of service or which the Group has pledged to guarantee the default of debts.

As of December 31 of 2019, 20,723 thousand euros had been recorded as an operating lease under "Right to Use" as a result of the entry into force of IFRS 16 (see Notes 2.9.a and 4.v.).

Real estate investment

As of December 31 of 2019 and 2018, the building located in Madrid at Paseo de la Habana 63 and the building located in Mallorca at Paseo de Mallorca 32, with the total net carrying amount of 3,574 thousand euros and 3,694 thousand euros, respectively, were recorded as real estate investments.

The breakdown of the minimum future collections on non-cancellable operating lease contracts as of December 31 of 2019 and 2018 is as follows:

Thousands of Euros

	2019	2018
Up to one year	175	176
Between one and five years	700	704
	875	**880**

On 15 March 2016, the Group carried out an independent appraisal of the most significant real estate investment, the building located at Paseo de la Habana nº 63, in order to determine its fair value. Based on the results of this appraisal, which was performed using the income restatement method and the market comparison method, its fair value does not differ from its net book value as of December 31 of 2019 and 2018.

2.14 Intangible assets

a) Goodwill

The breakdown of, and movement in, this heading in the accompanying consolidated balance sheets in 2019 and 2018 financial years are as follows:

Thousands of Euros

	Cost	Value adjustment due to impairment	Total
Balances at 12/31/17	**17,772**	**(2,481)**	**15,291**
Transactions	-	-	-
Balances at 12/31/18	**17,772**	**(2,481)**	**15,291**
Transactions	-	-	-
Balances at 12/31/19	**17,772**	**(2,481)**	**15,291**

As of December 31 of 2019 and 2018, the goodwill amounts to a total of 15,291 thousand euros, relating to the companies included in the UGE Management (in the amount of 5,476 thousand euros) and the intermediary UGE (in the amount of 9,815 thousand euros). The intermediary CGU comprises the companies Renta 4 Banco, S.A. (arising from the acquisition of Banco Alicantino de Comercio S.A.), Renta 4, S.A., Sociedad de Valores, Renta 4 Burgos S.A., Renta 4 Aragón S.A., Renta 4 Huesca S.A. and Padinco Patrimonios S.G.C., S.A.; likewise, the CGU called "Management" comprises Renta 4 Gestora S.G.I.I.C., S.A. (arising from the acquisition of Gesdinco Gestión, S.G.I.I.C.), Renta 4 Pensiones, E.G.F.P., S.A. and Renta 4 Luxembourg, S.A.

Until 2015, the Group had recorded another goodwill associated with the CGU "Chile"; this goodwill was identified with the business expected to be generated by the sale of other services offered by the Renta 4 Group to Chilean customers (intermediation, management of assets-investment funds, pension funds and portfolio management), and by the possible expansion of the customer portfolio in Chile due to the possibility of operating in the Spanish market. Nevertheless, during 2015, and on the basis of the results obtained by the CGU, the Directors considered necessary to recognise impairment losses in said CGU amounting to EUR 129,000, recognised under "Impairment in Value or Reversal of Impairment in Value of Non-Financial Assets - Intangible Assets" in the consolidated income statement for 2015 (note 22.g). As a consequence of this impairment, as of 31 December 2015, the goodwill of CGU Chile was totally impaired.

At 31 December 2019 and 2018, the Group carried out an impairment test on goodwill for the "Intermediary" CGU and the "Management" CGU, based on the assumptions set out below.

The impairment test performed by the Parent Company was verified by an independent expert who, on 10 March 2020, issued a report on the impairment test and the correct valuation of goodwill at 31 December 2019.

Accordingly, and in accordance with the estimates and projections available to the Bank's Directors, in 2019 there were no losses of value that would have required the recording of additional impairments.

Under the regulations, impairment in value occurs when the net carrying amount exceeds the recoverable amount, which is the highest value between the value in use and the fair value less the costs to sell. In this case, the recoverable amount of the previous CGUs has been determined following a revenue approach; specifically, the dividend discount methodology has been used based on cash flow projections based on budgets approved by Group Management, as detailed below:

Intermediary CGU

	2019	2018
Projected period	5 years	5 years
Discount rate (projected period)	10.5%	10.3%
Perpetual growth rate	2.5%	2.5%

Management CGU

	2019	2018
Projected period	5 years	5 years
Discount rate (projected period)	10.5%	10.3%
Perpetual growth rate	2.5%	2.5%

The main assumptions used in accordance with the aforementioned methodology are described below:

Projected period

As stated in paragraph 33(b) of IAS 36, the projected period considered for the estimation of future cash flows in both CGUs was 5 years, in accordance with budgets approved by Group Management for the next 5 years. We consider that this period is adequate to reflect the current business plan projected for each of them.

Discount rate

Discount rates reflect the Management's estimate of the specific risk of each unit. This is the benchmark used by Management to assess operational development and future investment proposals. The discount rate applied to calculate the value in use of each of the CGUs at the valuation date was the cost of own resources and was determined in accordance with the "Capital Asset Pricing Model (CAPM)".

This model is based on the risk-free rate (Rf), which has been calculated based on the average yield in the last three months of 2019 of the 10-year Spanish public debt (bond) for the Intermediary and management CGUs, incorporating in its calculation the effect on the yield of the Spanish public debt of the expansion measures of the Balance Sheet of the European Central Bank, to which is added the market risk premium (Rm) multiplied by the beta coefficient considered appropriate by the risk profile and growth of each CGU. The result obtained, as shown in the tables above, is 10.5% for both CGUs (2018: 10.3% for Intermediary CGU and 10.3% for Management CGU).

Perpetual growth rate

For the calculation of the perpetual growth rate the estimation of long-term inflation from public sources has been used, as well as the potential growth of the industries of intermediation and management of assets on this inflation. The growth rate used was 2.5% in all Cash Generating Units.

The Management of these CGUs considers that this growth rate is justified.

Sensitivity to changes in assumptions

In order to ensure the soundness of its calculation, Management has carried out a sensitivity analysis of the value in use of the different CGUs analysed with respect to variations in the main assumptions affecting said calculation. To this end, sensitivity analyses have been carried out on the discount rate, the perpetual growth rate and the required capital requirements. The main results are shown below:

Intermediary and Management CGUsn

Reasonable variations of +/-100 basis points in the discount rate used combined with reasonable variations of +/-100 basis points in the perpetual growth rate with respect to the base scenario would not cause impairment in either of the two CGUs.

Similarly, reasonable variations of +/-100 basis points in the discount rate used combined with reasonable variations of +/-0.25 times in the minimum capital requirements required of the CGU with respect to the base scenario would not cause impairment in either of the two CGUs.

Likewise, reasonable variations of +/-100 basis points in the perpetual growth rate used combined with reasonable variations of +/-0.25 times in the minimum capital requirements required of the CGU with respect to the base scenario would not cause impairment in either of the two CGUs.

b) Other intangible assets

This caption in the consolidated balance sheets includes the computer software acquired from third parties, the customer portfolio generated in the acquisition of Gesdinco S.A., S.G.I.I.C and Padinco Patrimonios, S.G.C., S.A. and the customer portfolio generated in the acquisition of Renta 4 Chile Corredores de Bolsa, S.A. which had the following movements in 2019 and 2018:

Thousands of Euros

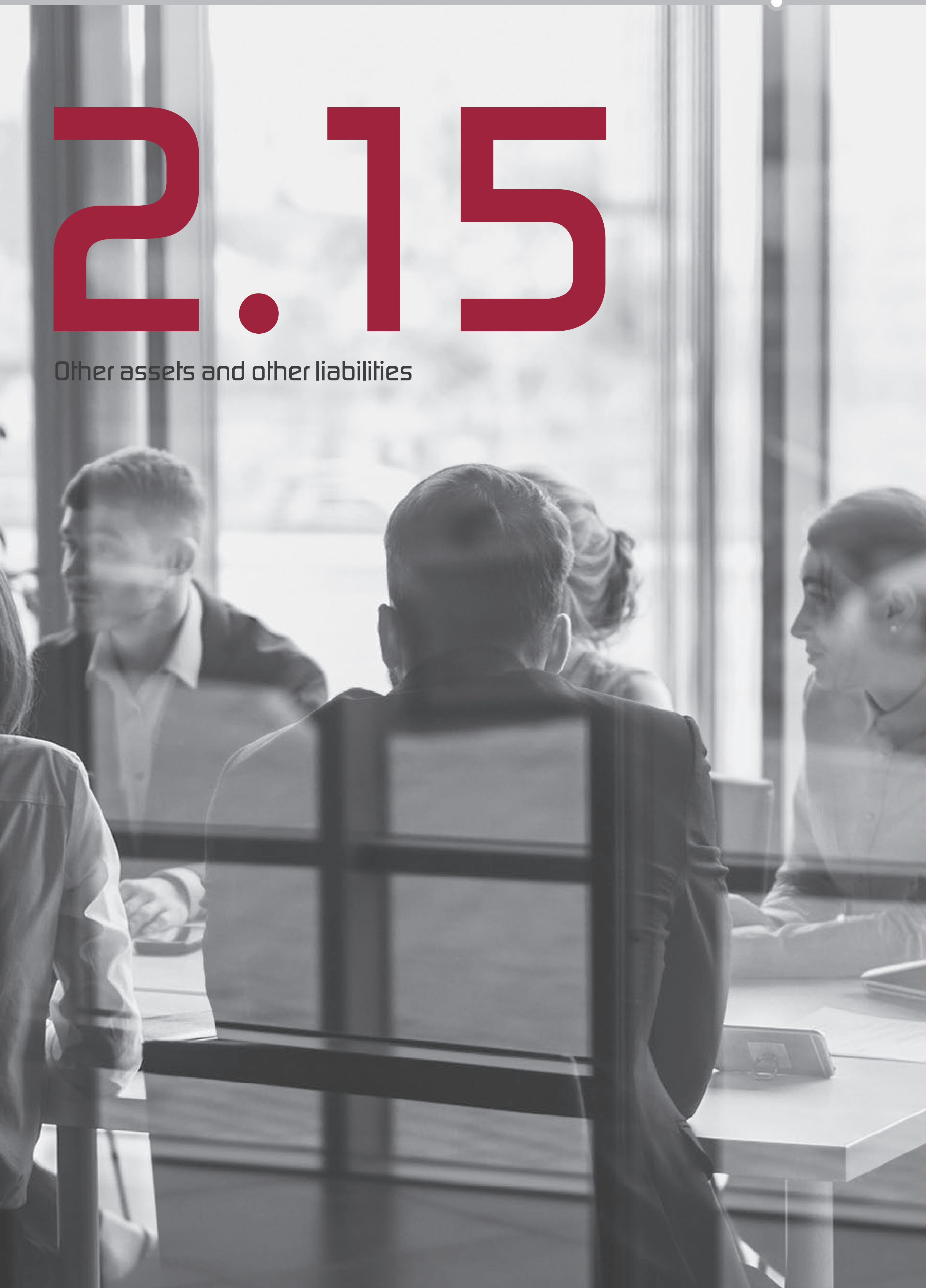
	Cost	Accumulated amortisation	Net value
Balance as of December 31, 2017	**9,072**	**(6,787)**	**2,285**
Registrations and endowments	2,004	(1,288)	716
Cancellations	-	-	-
Balance as of 31 December 2018	**11,076**	**(8,075)**	**3,001**
Registrations and endowments	1,858	(1,637)	221
Cancellations	(5,714)	5,714	-
Balance as of 31 December 2019	**7,220**	**(3,998)**	**3,222**

At 31 December 2019 and 2018 "Other Intangible Assets" includes the fully amortised customer portfolio of Gesdinco and Padinco (815 thousand euros of cost and 815 thousand euros of accumulated amortisation). Furthermore, as of 31 December 2019, it includes the fully amortised Chilean customer portfolio, with a cost of 646 thousand euros and accumulated amortisation of 646 thousand euros (with a net value of 64 thousand euros, 646 thousand euros and accumulated amortisation of 582 thousand euros at 31 December 2018).

This heading also includes computer software with a net value of 3,222 thousand euros at 31 December 2019 (at 31 December 2018: 2,937 thousand euros).

2.15

Other assets and other liabilities



The breakdown of the balance of these asset and liability captions in the consolidated balance sheet at 31 December 2019 and 2018 is as follows:

Thousands of Euros

Assets	2019	2018
Unaccrued expenses paid	1.069	931
Other	88	17
	1.157	**948**

Thousands of Euros

Liabilities	2019	2018
Accruals/deferrals	1.562	1.514
Other	4.041	2.283
	5.603	**3.797**

In financial year 2019, the balance of other unpaid accrued expenses amounts mainly to the provision for variable remuneration to employees.

2.16

Financial liabilities at amortised cost

The breakdown of this caption on the liability side of the consolidated balance sheets as of 31 December 2019 and 2018, is as follows:

Thousands of Euros

	2019	2018
Deposits from central banks	9,808	9,849
Deposits from credit institutions	19,540	19,754
Customer deposits	1,447,067	1,102,821
Other financial liabilities	173,681	107,748
	1,650,096	**1,240,172**

The breakdown of these headings, by term remaining until maturity, is provided in Note 5.b).

a) Deposits from central banks

The detail of this heading on the liability side of the consolidated balance sheets as of 31 December 2019 and 2018, depending on the nature of the instrument, is as follows:

Thousands of Euros

	2019	2018
Term accounts	9,950	9,950
Valuation adjustments - Accrued interest of institutions	(142)	(101)
Total	**9,808**	**9,849**

The breakdown of central bank deposits as at 31 December 2019 and 2018 is as follows:

12.31.2019

			Thousands of Euros	
Entidad	**Type**	**Expiry date**	**Limit**	**Drawn down**
European Central Bank (1)	0.00%	06/29/2020	9,950	9,950

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

12.31.2018

			Thousands of Euros	
Entidad	**Type**	**Expiry date**	**Limit**	**Drawn down**
European Central Bank (1)	0.00%	06/29/2020	9,950	9,950

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

These deposits from the European Central Bank are taken using the credit policy with pledge of securities that the Parent Entity has in the central bank and which allows obtaining liquidity immediately. These deposits are part of programmes designed by the European Central Bank (T-LTRO II) to improve long-term financing. The Group also has an undrawn liquidity with the European Central Bank amounting to 268,544 thousand euros at 31 December 2019 (31 December 2018: 301,432 thousand euros).

b) Deposits at credit institutions

The detail of this heading on the liability side of the consolidated balance sheets as of 31 December, 2019 and 2018, depending on the nature of the instrument, is as follows:

	Thousands of Euros	
	2019	**2018**
Other accounts	19,540	19,754

c) Customer deposits

The breakdown, by balancing entry and type of financial instrument at 31 December 2019 and 2018, of this heading in the consolidated balance sheet is as follows:

	Thousands of Euros	
	2019	**2018**
Term deposits	-	-
Demand deposits	1,447,067	1,102,821
Assets sold under repurchase agreements	-	-
Valuation adjustments	-	-
	1,447,067	**1,102,821**

d) Other financial liabilities

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

The breakdown of other financial liabilities by type of financial instrument, at 31 December 2019 and 2018 is as follows:

Thousands of Euros

	2019	2018
Payment obligations	1,298	1,388
Deposits received	58	58
Clearing houses	2,748	2,773
Tax collection accounts		
Social Security Administration	556	529
Financial guarantees	130,285	87,674
Other	17,808	15,326
Leases (*)	20,928	-
Total	**173,681**	**107,748**

(*) The variation is due to the entry into force of IFRS 16 on 1 January 2109 (see Note 4.v).

As financial guarantees, the Group includes the financial guarantees required of its customers for trading in the MEFF, international derivatives and CFD (contracts that are settled for differences).

"Other Items" above includes balances outstanding in respect of transactions of Allfunds customers, which are settled in the first days of the following month, amounting to 13,270 thousand euros at 31 December 2019 (31 December 2018: 9,837 thousand euros).

2.17

Provisions

The breakdown of this consolidated balance sheet heading at December 31, 2019 and 2018, is as follows:

Thousands of Euros

	2019	2018
Outstanding tax litigation and procedural issues	490	458
Commitments and guarantees granted	2	5
	492	**463**

The changes in these headings in 2019 and 2018 were as follows:

	Other provisions
Balance as of December 31, 2017	**628**
Additions with a charge to profit or loss	413
Provision recoveries with a credit to profit or loss	-
Provisions utilised	(578)
Balance as of 31 December, 2018	**463**
Additions with a charge to profit or loss	223
Provision recoveries with a credit to profit or loss	(3)
Provisions utilised	(191)
Balance as of 31 December, 2019	**492**

At 31 December 2019 and 2018, the provisions recognised on the consolidated balance sheet amounting to 492 thousand euros and 463 thousand euros, respectively, correspond to the Parent Company and other subsidiaries and mainly cover certain risks arising from the performance of their business activities and risks arising from third party claims.

2.18

Equity

The detail of the Group's equity at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	**2018**
Equity		
Registered capital	18,312	18,312
Share premium	8,496	8,496
Other reserves	67,074	63,111
Less: Treasury shares	(601)	(763)
Profit for the financial year	17,830	16,095
Less: Interim dividends	(8,117)	(8,922)
	102,994	**96,329**
Accumulated other comprehensive income		
Currency Conversion	(1,330)	(1,021)
Financial assets designated at fair value with changes in other comprehensive income		
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income	128	(1,189)
Changes in fair value of debt instruments measured at fair value with changes in other comprehensive income	1,539	2,197
	337	**(13)**

Thousands of Euros

	2019	2018
Minority interests (non-controlling interests)		
Accumulated other comprehensive income	(100)	(93)
Other elements	1,020	778
	920	**685**
Total Equity	**104,251**	**97,001**

a) Issued capital

Share capital of the Parent, 31 December 2019 and 2018, amounts to 18,311,941.35 euros and is divided into 40,693,203 registered shares number 1 to 40,693,203, with a par value of 0.45 euros each, of the same class and series. All the shares are fully subscribed and paid.

The Parent's shares have been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since November 14, 2007 under ISIN code ES0173358039 given by the Spanish National Codification Agency. The listed price of the shares at 31 December 2019 was 7.00 euros (31 December 2018: 7.84 euros).

The Parent's shareholders structure at 31 December 2019 and 2018 is as follows:

	31 December, 2019		31 December, 2018	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Juan Carlos Ureta Domingo	12,701,375	31.21%	12,696,130	31.20%
Matilde Estades Seco	987,791	2.43%	987,791	2.43%
Surikomi, S,A,	2,113,366	5.19%	2,113,366	5.19%
Sociedad Vascomadrileña de Inversiones, S,A,	2,386,731	5.87%	2,376,802	5.84%
Juan Carlos Ureta Estades	8,163	0.02%	8,163	0.02%
Matilde Ureta Estades	5,457	0.01%	5,457	0.01%
Inés Asunción Ureta Estades	2,941	0.01%	2,941	0.01%
Mutualidad General de la Abogacía	2,800,650	6.88%	2,800,650	6.88%
Mobel Línea, S,L,	940,962	2.31%	940,962	2.31%
The Bank of New York Mellon S,A, N,V,	826,246	2.03%	837,854	2.06%
Santiago González Enciso (*)	1,793,570	4.41%	1,792,763	4.41%
Pilar Muro Navarro	422,405	1.04%	422,405	1.04%
Global Portfolio Investments SL	2,276,232	5.59%	2,276,232	5.59%
Arbarin, Sicav	363,686	0.89%	562,884	1.38%
Contratas y Servicios Extremeños S,A,	2,046,890	5.03%	2,044,590	5.02%
Otros (incluida autocartera)	11,016,738	27.08%	10,824,213	26.61%
	40,693,203	**100%**	**40,693,203**	**100%**

(*) Includes direct ownership interest (1.39%) and indirect ownership interest (3.02%).

At 31 December 2019, the Group's main shareholder, in addition to the percentage of direct ownership reflected in the foregoing table, held 13.53% indirectly (13.50% at 31 December 2018), representing 44.74% of the Parent Company's share capital (44.70% at 31 December 2018).

b) Share premium

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

c) Other reserves

The breakdown of this heading at 31 December, 2019 and 2018 is as follows:

Thousands of Euros

	2019	2018
Legal reserve of the Parent Company	3,662	3,662
Reserves at Group Companies	63,412	59,449
	67,074	**63,111**

The breakdown of "Reserves at Group companies" is as follows:

Thousands of Euros

Company	2019	2018
Renta 4 Banco, S.A.	57,184	52,773
Renta 4, Sociedad de Valores, S.A.	5,350	5,296
Renta 4 Burgos, S.A.	(2,475)	(2,475)
Renta 4 Aragón, S.A.	(1,049)	(1,049)
Renta 4 Vizcaya, S.A.	(365)	(365)
Renta 4 Gestora, S.G.I.I.C., S.A.	6,182	5,744
Renta 4 Huesca, S.A.	(373)	(373)
Carterix, S.A.	(119)	(106)
Renta 4 Pensiones, S.G.F.P., S.A.	5,157	3,951
Renta 4 Equities	53	193
Other	(6,133)	(4,140)
	63,412	**59,449**

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. The portion of this reserve that does not exceed 20% of share capital 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. In addition, under certain conditions, this reserve may be used to increase share capital. At 31 December 2019 and 2018, the parent's legal reserve amounted to 20%.

e) Voluntary reserves

The Parent's voluntary reserves at 31 December 2019 and 2018 are freely distributable, as there were no unused tax losses pending offset and subject to equity requirements (Note 18.i).

This heading includes a restricted reserve related to goodwill under assets in the parent company's balance sheet.

f) Treasury shares

The breakdown of the movement in this heading in 2019 and 2018 were as follows:

Thousands of Euros

	2019	2018
Opening balance	(763)	(643)
Procurement	(231)	(434)
Sales	393	314
Closing balance	**(601)**	**(763)**

In 2019 equity instruments amounting to 231 thousand euros and sales amounting to 393 thousand euros were purchased and capital gains amounting to 36 thousand euros were recognised directly in equity. In 2018 equity instruments amounting to 434 thousand euros and sales amounting to 314 thousand euros were purchased and capital gains amounting to 66 thousand euros were recognised directly in equity. At 31 December 2019 and 2018, this heading includes the following shares:

Number of shares

	2019	2018
Other	89,970	116,852

g) Interim dividend

On 17 March 2020, the Board of Directors which prepares the financial statements of the Parent Company resolved to distribute an interim dividend in the gross amount of 4,060 thousand euros on account of the profit for 2019.

The following is a breakdown of the financial statement prepared by the Parent's directors on the basis of their individual results, which shows that there is sufficient liquidity for distribution:

Thousands of Euros

	Projected distributable parent company profits for the year
Results net of taxes as of 31 December, 2019	17,258
Interim dividend paid in 2019	8,117
Maximum amount to be distributed (*)	9,141
Projected cash for one year from the date of the agreement	
Cash at the date of the agreement	548,000
Projected cash balances one year from the date of the agreement	603,000

(*) The amount to be distributed complies with the requirements established in article 277 of the Company Law.

At that date, the Parent Company had sufficient liquidity to pay the dividend.

On 29 October 2019, the Board of Directors resolved to distribute a final dividend out of the profit for 2019 amounting to a gross total of 8,117 thousand euros.

The following is a breakdown of the financial statement prepared by the Parent's directors on the basis of their individual results, which shows that there is sufficient liquidity for distribution:

Thousands of Euros

	Projected distributable parent company profits for the year
Profit after taxes at 30 December, 2019	12,221
Interim dividend paid in 2019	-
Maximum amount to be distributed (*)	12,221
Projected cash for one year from the date of the agreement	
Cash at the date of the agreement	332,595
Projected cash balances one year from the date of the agreement	399,114

(*) The amount to be distributed complies with the requirements established in article 277 of the Company Law.

At that date, the Parent Company had sufficient liquidity to pay the dividend.

On 11 March 2019, the Board of Directors which prepares the financial statements of the Parent resolved to distribute an interim dividend in the gross amount of 3,246 thousand euros on account of the profit for 2018.

The following is a breakdown of the financial statement prepared by the Bank's Directors on the basis of their individual results, which shows that there is sufficient liquidity for distribution:

Thousands of Euros

	Projected distributable parent company profits for the year
Results net of taxes as of 31 December, 2018	14,407
Interim dividend paid in 2018	8,922
Maximum amount to be distributed (*)	5,485
Projected cash for one year from the date of the agreement	
Cash at the date of the agreement	427,868
Projected cash balances one year from the date of the agreement	450,000

(*) The amount to be distributed complies with the requirements established in article 277 of the Company Law.

At that date, the Parent Company had sufficient liquidity to pay the dividend.

On 30 October 2018, the Board of Directors resolved to distribute a dividend in the gross amount of 8,922 thousand euros on account of the profit for 2018.

The following is a breakdown of the financial statement prepared by the Parent's directors on the basis of their individual results, which shows that there is sufficient liquidity for distribution:

Thousands of Euros

	Projected distributable parent company profits for the year
Resultados netos de impuestos al 30 de septiembre de 2018	10,818
Interim dividend paid in 2018	-
Maximum amount to be distributed (*)	10,818
Projected cash for one year from the date of the agreement	
Cash at the date of the agreement	250,738
Projected cash balances one year from the date of the agreement	300,886

(*) The amount to be distributed complies with the requirements established in article 277 of the Company Law.

At that date, the Parent Company had sufficient liquidity to pay the dividend.

h) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity holders of the parent by the average number of outstanding ordinary shares during the year. Basic earnings per share are calculated by dividing net profit for the year attributable to equity holders of the Parent Company by the average number of outstand-ing ordinary shares plus the average number of ordinary shares that would be issued if all dilutive potential ordinary shares were converted into ordinary shares.

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

	2019	2018
Net profit attributable to owners of the Parent Company (in thousands of euros)	17,830	16,095
Financial costs associated with the issuance of convertible bonds (in thousands of euros)	-	-
Net profit attributable to owners of the parent, net of the finance costs associated with issuance of convertible bonds (in thousands of euros)	17,830	16,095
Weighted average number of ordinary shares for basic and diluted earnings per share	40,590,420	40,569,358
Weighted average number of ordinary shares, excluding treasury shares, for calculating diluted earnings per share	40,590,420	40,569,358
Basic earnings per share (euros)	**0.44**	**0.40**
Diluted earnings per share (euros)	**0.44**	**0.40**

i) Minimum capital requirements

On 26 June 2013, the European Parliament and the Council of the European Union approved Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (hereinafter, “CRR”), and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (hereinafter, “CRD”), which entered into force on 1 January 2014, with progressive implementation until 1 January 2019. They have the effect of repealing all formerly prevailing solvency regulations.

The CRR and the CRD regulate the own resources requirements in the European Union and reflect the recommendations established in the Basel III Capital Accord, specifically:

- The CRR, directly applicable by Member States, contains prudential requirements to be implemented by credit institutions and among other matters, covers:

  i) Definition of the items that computable as capital, stipulating the requirements for hybrid instruments to be legible and limiting the eligibility of non-controlling interests recognised for accounting purposes.

  ii) Definition of prudential filters and deductions from capital for each defined capital tiers. Note that the Regulation introduces new deductions with respect to Basel II (deferred tax assets that are dependent on future profitability, pension funds, etc.) and modifies existing deductions. However, it introduces transitional provisions that allow for staggered application.

  iii) Establishment of minimum capital requirements, included in Article 92 of the CRR, articulated around three types of capital: Common Equity Tier 1 (CET 1) capital, of at least 4.5% of RWA; Tier 1 capital, of at least 6% of RWA; and Total Capital, of at least

8%. However, the competent authority has the power to require additional equity.

iv) Imposition of a leverage calculation requirement on financial institutions, which is defined as the entity's Tier I capital divided by its total exposure unadjusted by risk. Since 2015, the ratio is publicly disclosed by the entity.

- The CRD, which has to be transposed by Member States into their national legislation at their discretion, has as its main objective the coordination of national provisions relating to access to the business of credit institutions and investment firms, their governance mechanisms and their supervisory framework. The CRD, among other matters, includes the requirement for additional capital requirements over those established in the CRR, which will be progressively implemented until 2019 and whose non-compliance implies limitations on the discretionary distribution of earnings, specifically:

v) A capital conservation buffer and countercyclical capital buffer, further implementing the Basel III regulatory framework with the aim mitigating the procyclical effects of financial regulation, includes an obligation to maintain a Capital Conservation Buffer of 2.5% of CET 1 capital, common to all financial institutions and an institution-specific Countercyclical Capital Buffer on CET 1 capital.

vi) A buffer against systemic risks, aimed at mitigating systemic risks, i.e. to cover risks of disruptions in the financial system that could have serious negative consequences for the financial system and the real economy of a Member State.

vii) A buffer for global systemically important institutions and other systemically important institutions to reduce the potential impact of financial distress of institutions that, given their size, complexity, interconnections, cross-border activities and/or difficulty of replacement services provided, may have on the financial system and the real economy.

In this respect, in application of Article 68.2.a) of Law 10/2014, the Bank of Spain demanded a total capital ratio of at least 12.10% at consolidated and individual level in 2019. In addition, a Bank of Spain requirement was received establishing a minimum total capital ratio at consolidated and individual level of 12.13% in 2020.

At December 31, 2019, the Group was in compliance with the aforementioned provisions, maintaining the CET 1 capital ratio at 16.68% (17.82% in 2018).

In terms of legislative developments in Spain, the newest legislation mainly focuses on the transposition of the European regulations at the local level:

- Royal Decree-Law 14/2013, of November 29, on urgent measures regarding the adaptation of Spanish law to European regulations on the supervision and solvency of financial institutions: it partially transposes the Spanish law of the CRD and enables the Bank of Spain to make use of the options afforded to the competent authorities in the CRR.
- Bank of Spain Circular 2/2014 of January 31 to credit institutions on the exercise of various regulatory options contained in Regulation (EU) No. 575/2013. The purpose is to establish, in accordance with the powers conferred, which options of the CRR it assigns to the competent national authorities, consolidate groups of credit institutions and credit institutions, whether integrated into a consolidate group, will

have to comply with as from 1 January 2014, and with what scope. To this end, in this Circular, the Bank of Spain makes use of some of the temporary or permanent regulatory options provided for in the CRR, in general in order to allow continuity in the treatment that Spanish legislation had been giving to certain issues prior to the entry into force of said Community legislation, justified in some instances by the business model traditionally pursued by Spanish banks. This does not preclude the future exercise of other options attributed to the competent authorities in the CRR, in many cases, mainly in the case of non-general options, by direct application of the CRR, without the need for a Bank of Spain circular.

- Law 10/2014 of 26 June on the organisation, supervision and solvency of credit entities, the main purpose of which is to continue with the process of transposition of CRD IV initiated by the Royal Decree Law 14/2013 of 29 November and to consolidate certain national provisions in force to date concerning the organisation and discipline of credit institutions. Among the main novelties, for the first time, the express obligation of the Bank of Spain to present, at least once a year, a Supervisory Programme specifying the content and form that the supervisory activity will take, and the actions to be undertaken as a consequence of the results obtained. This program will include the development of a stress test at least once a year.

- Bank of Spain Circular 3/2014 of July 30 on credit institutions and certified appraisal companies and services. Among other measures, this Circular amends Circular 2/2014 of January 31 on the exercise of several of the regulatory options contained in Regulation (EU) No. 575/2013 with respect to the prudential requirements for credit institutions and investment services, in order to unify the treatment of the deduction of intangible assets during the transitional period established by Regulation (EU) No. 575/2013, bringing the treatment of goodwill into line with that of other intangible assets.

- Royal Decree 84/2015 of 13 February implementing Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, which develops aspects of the regulations it develops, with special emphasis on the activity requirements applicable to credit institutions, the elements of the supervisory function and the regulatory development of capital buffers.

- Bank of Spain Circular 2/2016, of February 2, for credit institutions, on the regulation supervision and solvency of credit institutions, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No. 575/2013.

- Bank of Spain Circular 4/2017, of November 27, for credit institutions, on public and reserved financial information standards and model financial statements, which completes the adaptation to Regulation (EU) No. 575/2013.

- Bank of Spain Circular 2/2018 of 21 December amending Circular 4/2017 of 27 November to credit institutions on public and confidential financial reporting standards and financial statement formats, and Circular 1/2013 of 24 May on the Central Risk Information Office and financial statement formats, which completes the adaptation to Regulation (EU) no. 575/2013.

In relation to the Group's eligible own funds, the prudential filter applies concerning additional valuation adjustments on assets valued at fair value in accordance with Articles 34 and 105 of Regulation (EU) No 575/2013 and its implementing legislation Implementing Regulation (EU) 101/2016 using the simplified approach.

In relation to its minimum capital requirements, the Group applies:

- The standardised approach to calculate its capital requirements in respect of credit, balancing entries, and dilution risk.
- The standardised approach to calculate its capital requirements in respect of market risk.
- The basic indicator approach to calculate its capital requirements in respect of operational risk.

The table below presents the Group's eligible capital at 31 December 2019 and 2018, indicating each of its components and deductions, and broken down, as required under the new regulations, into Level 1 and Level 2 capital:

Thousands of Euros

	2019	2018
Total eligible equity	72,423	67,843
Level 1 Capital	**72,423**	**67,843**
Paid-in equity instruments	18,312	18,312
Share premium	8,496	8,496
Additional valuation adjustments (-)	(878)	(747)
CET 1 equity instruments (-)		
Held directly	(601)	(763)
Held indirectly	(1,672)	(2,261)
Retained earnings from previous years	67,074	63,111
Other reserves	337	(13)
Non-controlling interests recognised within CET 1 capital	-	-
Transitional adjustments due to additional minority interests	-	-
Goodwill (-)	(15,423)	(15,291)
Other intangible assets (-)	(3,222)	(3,001)
Other transitional adjustments to ordinary Tier 1 capital	-	-
Tier 2 capital	**-**	**-**
Adjustments for general credit risk using the standard method	-	-
Additional Deductions from Tier 2 capital	-	-
Ordinary Tier 1 capital ratio	16.68%	17.82%
Ordinary Tier 1 capital surplus (+) / deficit (-)	**52,879**	**50,714**
Total capital ratio	**16.68%**	**17.82%**
Surplus (+) / deficit (-) of total capital	**37,678**	**37,392**

j) Accumulated other comprehensive income - Elements that can be reclassified to profit or loss - - Changes in the fair value of debt instruments valued at fair value with changes in other comprehensive income

This balance sheet heading includes the net amount of changes in the fair value of debt instruments classified at fair value with changes in other comprehensive income that must be classified as part of the Group's equity. These changes are recognised in the profit and loss account when the assets from which they arose are sold (see note 10).

k) Accumulated other comprehensive income - Elements that will not be reclassified to profit or loss - Changes in the fair value of equity instruments valued at fair value with changes in other comprehensive income

This balance sheet section includes the net amount of changes in the fair value of equity instruments classified at fair value through other comprehensive income that should be classified as part of the Group's equity (see note 10).

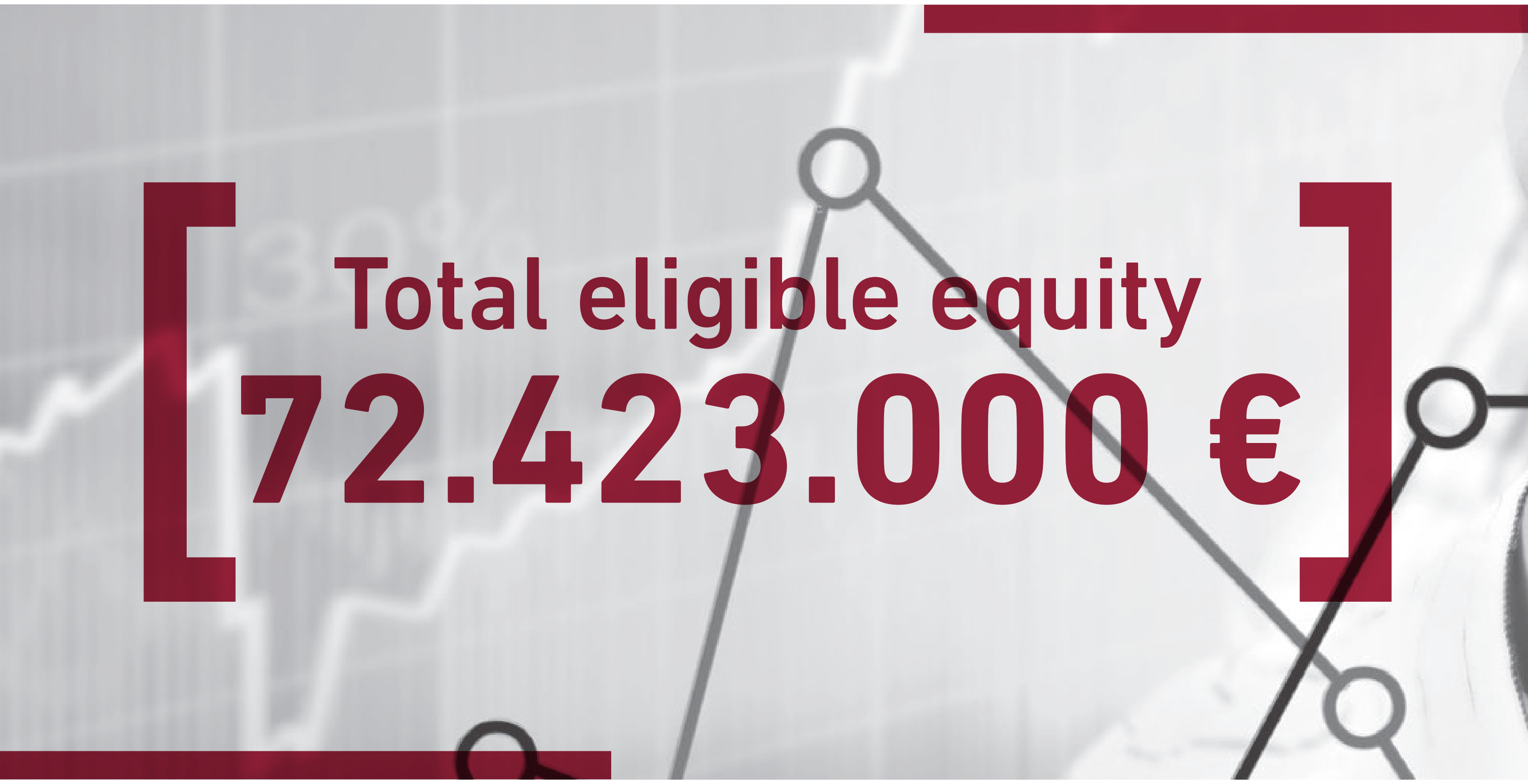
l) Minority interests (non-controlling interests)

The detail of this caption in the accompanying consolidated balance sheets and of the changes therein in 2019 and 2018, as well as of the results for the year attributed to external partners, are shown in the accompanying table:

Financial year 2019

Thousands of Euros

	% of participation at 12.31.19	Balance at 12.31.18	Attributable profit or loss for the year	Other (Note 3)	Balance at 12.31.19
Carterix, S.A. (antes Renta 4 Marruecos, S.A.)	0.08%	1	-	-	1
Renta 4 Inversiones de Valladolid, S.A.	1.00%	3	-	-	3
Renta 4 Lérida, S.A.	18.34%	17	-	-	17
Renta 4 Inversiones Inmobiliarias (antes Renta 4 On Line, S.A.)	1.00%	1	-	-	1
Rentsegur Correduría de Seguros, S.A.	27.51%	23	-	-	23
Renta 4 Equities, S.A.	0.11%	1	-	-	1
Renta 4 Global Fiduciaria, S.A.	30.57%	639	(228)	463	874
		685	**(228)**	**463**	**920**



Financial year 2018

Thousands of Euros

	% of participation at 12.31.18	Balance at 12.31.17	Attributable profit or loss for the year	Other (Note 3)	Balance at 12.31.18
Carterix, S.A. (antes Renta 4 Marruecos, S.A.)	0.08%	1	-	-	1
Renta 4 Inversiones de Valladolid, S.A.	1.00%	3	-	-	3
Renta 4 Lérida, S.A.	18.34%	17	-	-	17
Renta 4 Inversiones Inmobiliarias (antes Renta 4 On Line, S.A.)	1.00%	1	-	-	1
Rentsegur Correduría de Seguros, S.A.	27.51%	24	(1)	-	23
Renta 4 Equities, S.A.	0.11%	1	-	-	1
Renta 4 Global Fiduciaria, S.A.	30.57%	603	(333)	369	639
		650	**(334)**	**369**	**685**

2.19 Contingent risks and commitments

a) Contingent risks

The detail of contingent risks, understood as transactions in which the Companies guarantee third party obligations arising as a result of financial guarantees granted or other types of contracts at 2019 and 2018 year-end, is as can be seen in the following table:

Thousands of Euros

	2019	2018
Financial guarantees and others	672	608
	672	**608**

A significant portion of these amounts will mature without any payment obligation materializing for the consolidated companies and, therefore, the combined balance of these commitments cannot be considered a real future financing or liquidity need to be granted to third parties by the Group.

b) Contingent commitments

The detail of the contingent commitments, understood as irrevocable commitments that may give rise to the recognition of financial assets, at 31 December 2019 and 2018, is as follows:

Thousands of Euros

	2019	2018
Credit commitments	20,999	18,353
Other obligations issued	9,115	-
	30,114	**18,353**

This item includes credit commitments for credit accounts signed with third parties to finance their operations on the Stock Exchange, in accordance with certain conditions and terms previously stipulated in the contract.

The detail of the credit commitments for credit accounts signed with third parties to finance their operations on the Stock Exchange in 2019 and 2018, grouped by counterparty and indicating the limit and amount to be drawn down, is as follows:

Thousands of Euros

	Debt		Value Guarantees		Limit		Available	
	2019	2018	2019	2018	2019	2018	2019	2018
Secured receivables	35,080	34,489	95,831	78,878	55,970	52,154	20,890	17,665
Other debtors with collateral	3,895	3,933	4,777	5,609	3,895	3,933	-	-
Unsecured receivables	4,149	2,390	5,343	3,089	4,149	2,390	-	-
Unsecured doubtful receivables	977	872	-	-	-	-	-	-
Other term receivables	3,384	4,836	-	-	2,618	3,775	109	688
	47,485	**46,520**	**105,951**	**87,576**	**66,632**	**62,252**	**20,999**	**18,353**

The average interest rate offered for these commitments is 12-month Euribor plus 1.59% at 31 December 2019 (12-month Euribor plus 1.66% at 31 December 2018).

c) Ongoing legal proceedings and/or claims

At 31 December 2019 and 2018, various legal proceedings and claims were in progress against the Group arising from the ordinary course of its business. Both the Group's legal advisers and its Directors consider that the outcome of these proceedings and claims will not have a material effect on the consolidated financial statements for the current year.

2.20

Tax position

On 1 January 2017, the tax group was broken up and the companies that formed part of it are individually taxed for corporate income tax at the tax rate applicable to each of them, depending on the applicable legislation.

The detail of the income tax expense and the reconciliation between the tax expense and the accounting profit before tax multiplied by the tax rate applicable to each company for 2019 and 2018 is as follows:

Thousands of Euros

	2019	2018
Consolidated profit before taxes	24,780	22,015
Quota	7,355	6,626
Adjustments to prior years' expense	101	237
Deductions	(283)	(712)
Offsetting of tax loss carryforwards	-	(17)
Effect of non-deductible/taxable items	5	120
Income tax expense	7,178	6,254
Adjustments to prior years' expense	(101)	(237)
Deferred tax effect	40	43
Other adjustments	256	54
Current tax rate	7,373	6,114
Withholdings and advance payments	(6,175)	(5,489)
Tax payable/(refund)	**1,198**	**625**

Under current legislation, taxes cannot be deemed to be definitively settled until the returns filed have been inspected by the tax authorities or the four-year statute-of-limitations period has elapsed. At 31 December 2019, the companies composing the Group had open for inspection the last four financial years for all taxes applicable to it. The Parent Company's Directors do not expect significant additional liabilities to arise in the event of an inspection.

In addition, taxes were recognised with a (charge)/ credit to equity relating to the valuation of the portfolio of financial assets designated at fair value with changes in other comprehensive income amounting to 282 thousand euros and 195 thousand euros in 2019 and 2018, respectively.

In accordance with the corporate tax returns filed and the estimates made for 2019, the Group has the following tax loss carryforwards to offset against any future tax benefits for which the related deferred tax assets have not been recognised:

Thousands of Euros

Year of origin	2019 (*)	2018 (*)
1999	5	5
2000	34	34
2001	22	22
2002	1	1
2004	371	371
2005	28	29
2011	1	1
2012	154	154
2013	316	341
2014	882	844
2015	871	790
2016	889	612
2017	1,335	1,313
2018	2,547	-
	7,456	**4,517**

(*) Se trata de saldos globales de Bases Imponibles negativas tanto de saldos nacionales como de saldos correspondientes a filiales internacionales,

These tax loss carryforwards include individual tax bases generated by the tax group companies prior to their integration into the Group and tax bases generated by other individual companies not belonging to the Group.

Taxable bases are adjusted to the year-end exchange rate due to the volatility of the exchange rates of foreign companies.

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

Thousands of Euros

Current tax assets	2019	2018
Current tax assets relating to corporate tax	-	-
Taxes receivable relating to corporate tax	-	1,551
Taxes receivable relating to VAT	-	-
	-	**1,551**
Current tax liabilities		
Current tax liabilities relating to corporate tax		
Taxes payable relating to corporate tax	1,198	625
Current tax liabilities (other balances with public authorities)	-	-
Other		
Withholdings from participants in redemption of UCIT shares,	1,488	992
Personal income tax (I,R,P,F,)	817	780
Other	362	182
Taxes payable relating to VAT	190	228
Withholdings IRPF rents	18	19
Personal income tax withholdings relating to capital yields	773	539
	4,846	**3,365**

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

Thousands of Euros

Deferred tax assets	Time differences	Tax effect
2019		
Total impairment of financial assets	637	191
Amortisation expense	1,069	319
Other	1,570	430
	3,276	**940**
2018		
Total impairment of financial assets	637	191
Amortisation expense	1,284	383
Other	1,538	446
	3,459	**1,020**

The temporary difference generated by the “amortisation expenses” is reversing.

Thousands of Euros

Deferred tax liabilities	Time differences	Tax effect
2019		
Tax valuation of financially leased assets	3,093	928
Financial assets designated at fair value with changes in other comprehensive income	2,387	716
	5,480	**1,644**
2018		
Tax valuation of financially leased assets	3,581	1,037
Financial assets designated at fair value with changes in other comprehensive income	1,443	434
	5,024	**1,471**

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

Thousands of Euros

	2019		2018	
	Deferred Tax Assets	**Deferred Tax Liabilities**	**Deferred Tax Assets**	**Deferred Tax Liabilities**
Opening balance	1,020	1,471	1,187	1,681
Registrations	-	282	67	-
Cancellations	(80)	(109)	(234)	(210)
Other	-	-	-	-
Closing balance	**940**	**1,644**	**1,020**	**1,471**

With regard to deferred tax assets, the provisions of Royal Decree-Law 3/2016 of 2 December, which adopts measures in the tax area aimed at consolidating public finances and other urgent social measures, stipulate that losses due to impairment in value on ownership interest which were tax deductible in tax periods prior to 2014 and which are not tax deductible as from that date must be reversed for a minimum annual amount, on a straight-line basis over five years. The effect of this Royal Decree on the consolidated annual financial statements for 2019 was an increase in tax expense of 32 thousand euros (25 thousand euros in 2018).

2.21

Related paries

In 2019 and 2018 the Group considers related parties to the Group and Associated companies, key management personnel consisting of the members of the Board of Directors of the Parent Company and the members of Senior Management, consisting of a General Manager, and the significant Shareholders of the Parent Company.

Balances and transactions with related companies

The balances at 31 December 2019 and 2018 and the transactions performed by the Group in 2019 and 2018 are as follows:

Financial year 2019

Thousands of Euros

Expenses and Income	Significant Shareholders (*)	Directors and Managers	Related Persons, Institutions or Group Companies	Other Related Parties (**)	Total
Expenses					
Financial expenses	-	-	-	8	8
Leases	-	-	-	13	13
Services received	-	-	-	30	30
Totals	-	-	-	**51**	**51**
Income					
Financial income	20	26	-	26	72
Provision of Services	191	54	-	306	551
Totals	**211**	**80**	-	**332**	**623**
Assets					
Secured receivables	51	910	-	1,272	2,255
Secured receivables	-	22	-	-	-
Credits for customers	-	-	18	50	68
Other financial assets	-	-	-	-	-
Totals	**51**	**932**	18	**1,322**	**2,323**
Liabilities					
Financial liabilities at amortised cost	4,149	1,943	-	3,186	9,278
Totals	**4,149**	**1,943**	-	**3,186**	**9,278**

Financial year 2019

Thousands of Euros

Other transactions	Significant Shareholders (*)	Directors and Managers	Related Persons, Institutions or Group Companies	Other Related Parties (**)	Total
Financing agreements: loans and capital contributions (lender) (***)	51	932	-	1,272	2,255
Financing, Loan and Capital Contribution Agreements (borrower)	-	-	-	-	-
Other asset transactions	-	-	18	50	68
Other liability transactions	4,149	1,943	-	3,186	9,278
Dividends distributed	3,875	4,001	-	11	7,887
Guarantees received	388	1,972	-	2,499	4,859
Obligations undertaken	175	1,068	-	1,500	2,743

(*) Significant shareholders who are Directors or Managers are included in the "Directors and Managers" column. (**) Correspond to balances and transactions with companies related to significant shareholders and Directors and Managers. (***) Including balance drawn down.

All transactions with related parties have been carried out under market conditions.

The detail of the outstanding balances with Significant Shareholders, Directors and Managers for the transactions carried out in 2019 is as follows:

Position	Transaction type	Principal Amount	Amount available	Amount drawn	Collateral	Maturity
Other related parties	Securities loan	175	51	124	388	04/22/2021
Directors and Managers	Securities loan	271	271	-	405	05/24/2021
Directors and Managers	Securities loan	775	639	136	1.567	06/27/2021
Directors and Managers	Securities loan	1.500	1.272	228	2.499	06/27/2022
Directors and Managers	Loans	22	22	-	-	06/01/2024

Financial year 2018

Thousands of Euros

Expenses and Income	Significant Shareholders (*)	Directors and Managers	Related Persons, Institutions or Group Companies	Other Related Parties (**)	Total
Expenses					
Financial expenses	-	-	-	-	-
Leases	-	-	-	12	12
Services received	-	13	-	6	19
Totals	-	**13**	-	**18**	**31**
Income					
Financial income	12	28	-	20	60
Provision of Services	141	42	-	183	366
Totals	**153**	**70**	-	**203**	**426**
Assets					
Secured receivables	-	2,025	-	-	2,025
Credits for customers	-	-	-	21	21
Other financial assets	-	-	-	**-**	**-**
Totals	**-**	**2,025**	-	**21**	**2,046**
Liabilities					
Financial liabilities at amortised cost	1,643	1,420	-	1,369	4,432
Totals	**1,643**	**1,420**	**-**	**1,369**	**4,432**

Financial year 2018

Thousands of Euros

Other transactions	Significant Shareholders (*)	Directors and Managers	Related Persons, Institutions or Group Companies	Other Related Parties (**)	Total
Financing agreements: loans and capital contributions (lender) (***)	-	2,025	-	-	2,025
Financing, Loan and Capital Contribution Agreements (borrower)	-	-	-	-	-
Other asset transactions	-	-	-	21	21
Other liability transactions	1,643	1,420	-	1,369	4,432
Dividends distributed	4,400	5,490	-	29	9,919
Guarantees received	274	4,257	-	-	4,531
Obligations undertaken (****)	175	2,419	-	-	2,594

(*) Significant shareholders who are Directors or Managers are included in the "Directors and Managers" column. (***) Including balance drawn down. (**) Correspond to balances and transactions with companies related to significant shareholders and Directors and Managers. (****) The detail is included for comparison purposes regarding financial year 2019.

All transactions with related parties have been carried out under market conditions.

The detail of the outstanding balances with Significant Shareholders, Directors and Managers for the transactions carried out in 2018 is as follows:

Position	Transaction type	Principal Amount	Amount available	Amount drawn	Collateral	Maturity
Other related parties	Securities loan	175	-	175	274	04/22/2021
Directors and Managers	Loans	26	26	-	-	12/31/2019
Directors and Managers	Securities loan	271	271	-	454	05/24/2021
Directors and Managers	Securities loan	147	134	13	156	11/02/2019
Directors and Managers	Securities loan	200	198	2	329	07/08/2022
Directors and Managers	Securities loan	1,000	789	211	2,147	11/12/2019
Directors and Managers	Securities loan	775	607	168	1,171	06/27/2021

In addition, at 31 December 2019 related party securities had been deposited with the Group amounting to 153,109 thousand euros (31 December 2018: 153,009 thousand euros).

Information on Directors

The composition of the Board of Directors and the compensation received by the Parent's Directors based in their capacity as Executives is as follows:

Thousands of Euros

Financial year 2019	Board of Directors	Board Committees	Other compensations	Total
Board of Directors				
Navarro Martínez Pedro Ángel	60	-	-	60
Ferreras Díez Pedro	60	-	-	60
Trueba Cortés Eduardo (*)	60	-	-	60
García Molina Francisco de Asís (*)	60	-	-	60
Rubio Laporta José Ramón	60	-	-	60
Harmon Sarah Marie	60	-	-	60
Chacón López Eduardo	60	-	-	60
Juste Bellosillo Inés	60	-	-	60
Fundación Obra Social Abogacía Española	71	-	-	71
Mutualidad de la Abogacía (*)	71	-	-	71
Aznar Cornejo Gema (**)	15	-	-	15
Total	**637**	**-**	**-**	**637**

((*) On 20 December 2019, the members of the board were removed. (**) On 20 December 2019, she joined the Board.

Thousands of Euros

Financial year 2018	Board of Directors	Board Committees	Other compensations	Total
Board of Directors				
Navarro Martínez Pedro Ángel	60	-	-	60
Ferreras Díez Pedro	60	-	-	60
Trueba Cortés Eduardo	60	-	-	60
García Molina Francisco de Asís	60	-	-	60
Rubio Laporta José Ramón	60	-	-	60
Harmon Sarah Marie	60	-	-	60
Chacón López Eduardo	60	-	-	60
Juste Bellosillo Inés	60	-	-	60
Fundación Obra Social Abogacía Española	71	-	-	71
Mutualidad de la Abogacía	71	-	-	71
Total	**622**	**-**	**-**	**622**

Remuneration of key management personnel

The Group considers key management personnel to be the members of the parent's company's Board of Directors, which includes four executive directors, and the members of the Senior Management, consisting of a general manager.

The compensation accrued by key management personnel is as follows:

Thousands of Euros

Item	Managers	Senior Management
Financial year 2019		
Wages and salaries and monetary compensation	1,722	183
Total	**1,722**	**183**
Financial year 2018		
Wages and salaries and monetary compensation	1,910	213
Total	**1,910**	**213**

In addition, the Group has an insurance policy to cover its liability with members of the Board of Directors and Senior Management for possible claims in the performance of their duties. The premium paid by the Group in 2019 amounted to 81 thousand euro (76 thousand euros in 2018).

The Group also had an insurance policy in 2019 to cover its obligations in the event of death, permanent and total disability of its senior executives. The premium paid by the Group in 2019 amounted to 1 thousand euros (1 thousand euros in 2018).

Other information on Directors

At the end of 2019 and 2018, the directors of the parent company, in accordance with the following resolutions with the information required by article 229 of Royal Decree 1/2010, of July 2, approving the revised text of the Law on Capital Companies. The Board of Directors of the Parent Company has not informed to the other members of the parent's Board of Directors of any situation of conflict, direct or indirect, that they (or their related parties) may have with the interest of the Parent Company.

2.22

Income and expenses

a) Interest income, interest expense and profit or (losses) on financial assets and liabilities.

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

Thousands of Euros

	2019	2018
Interest income		
Deposits with central banks	40	101
Deposits in credit institutions	757	583
Credits for customers	2,384	1,833
Debt securities	3,051	2,119
	6,232	**4,636**
Interest expense		
Deposits from central banks	(628)	(48)
Deposits in credit institutions	(1,010)	(1,186)
Customer deposits	(208)	(96)
Leases (*)	(551)	-
	(2,397)	(1,330)
Gains / (Losses) on financial assets and liabilities		
Not measured at fair value through profit or loss	8,099	328
Held-for-trading	6,396	2,284
	14,495	**2,612**

(*) The variation is due to the entry into force of IFRS 16 on 1 January 2109 (see Note 4,v),

b) Commissions

“Fee and commission income” and “Fee and commission expense” headings in the consolidated income statements include the amount of all fees and commissions payable to, or paid to, the Group accrued during the financial year. The criteria used to recognise fees and commissions in results are detailed in Note 4.o).

The breakdown of income and expenses due to fees and commissions in 2019 and 2018 is as follows:

Thousands of Euros

	2019	2018
Commission income		
Contingent liabilities	44	25
Services related to securities	45,610	56,079
Sale of non-banking financial products (Note 23.a)	8,805	8,869
Management of UCITS and pension funds (Note 23.a)	69,825	70,773
Other fees and commissions	4,888	4,068
Asset management fees and equity management advice (Note 23.a)	3,175	865
	132,347	**140,679**
Commission expenses		
Paid to other entities and correspondent banks	(12,702)	(16,518)
Fees paid on trading securities	(51,735)	(54,984)
	(64,437)	**(71,502)**

c) Other operating income and expenses

The breakdown of “Other operating income” in the consolidated income statements for 2019 and 2018 is as follows:

Thousands of Euros

	2019	2018
Other products	227	262

This heading includes mainly rental income arising from the real estate investment held by the Group (see Note 13).

The breakdown of "Other Operating Expenses" in the consolidated income statements for 2019 and 2018 is as follows:

Thousands of Euros

	2019	2018
Contribution to the Investment Guarantee Fund	40	30
Contribution to the Deposit Guarantee Fund	1,363	1,270
Contribution to the NRF	233	306
Other charges	824	907
	2,460	**2,513**

"Other charges" includes mainly fees paid to the Spanish National Securities Commission (CNMV).

The subsidiary company Renta 4, S.A., Sociedad de Valores, must make an annual contribution to the Investment Guarantee Fund in accordance with the provisions of Royal Decree 948/2001, of 3 August, on investor compensation systems, as amended by Law 53/2002, of 30 December, on tax, administrative and social measures and by Royal Decree 1642/2008, of 10 October, amending the amounts guaranteed. In 2019 this company contributed 20 thousand euros to the aforementioned Fund (30 thousand euros in 2018).

d) Staff expenses

The breakdown of the balance of this heading in the consolidated statements of income is as follows::

Thousands of Euros

	2019	2018
Salaries and bonuses, active personnel	27,964	25,109
Social security payments	5,607	5,177
Provisions for defined benefit plans	1	1
Provisions for defined contribution plans	297	304
Termination benefits	1,371	160
Other staff expenses	143	237
Training expenses	86	116
Parent company share-based remuneration	365	533
	35,834	**31,637**

As of December 31 of 2019 y 2018, "Wages and Salaries" includes, among other items, the income corresponding to the financial effect of the loans granted to staff (see note 4).

The number of Group employees as of December 31, 2019 and 2018, by gender and professional category, is as follows:

Thousands of Euros

Financial year 2019	Average			Year-end	
	Men	Women	With a disability equal to or greater than 33%	Men	Women
Department	11	2	-	11	2
Technicians	289	128	2	299	125
Administrative staff	28	57	2	28	57
	328	**187**	**4**	**338**	**184**

Thousands of Euros

Financial year 2018	Average			Year-end	
	Men	Women	With a disability equal to or greater than 33%	Men	Women
Department	12	-	-	12	-
Technicians	277	121	-	281	127
Administrative staff	29	56	2	29	56
	318	**177**	**2**	**322**	**183**

As of December 31, 2019, the Board of Directors of Renta 4 Banco, S.A., responsible for the approval of these consolidated financial statements for issue, the year of 2019, is made up of 8 men, 3 women and 1 legal entity.

As of December 31, 2018, the Board of Directors of Renta 4 Banco, S.A., responsible for the approval of the 2018 consolidated financial statements for issue, is made up of 10 men, 2 women and 2 legal entities.

e) Other administrative expenses

The breakdown of the balance of this heading in the consolidated statements of income is as follows:

Thousands of Euros

	2019	2018
Property, fixtures and equipment (*)	1,935	4,765
IT	3,992	2,934
Notifications	5,481	4,115
Advertising and publicity	1,755	2,027
Technical reports	1,261	1,113
Court and legal fees	473	397
Insurance and self-insurance premiums	195	181
Entertainment and employee travel expenses	1,252	1,410
Association membership fees	178	156
Levis and other contributions		
Property tax	114	110
Other	599	790
Endowments	157	196
Other expenses	1,370	1,368
	18,762	**19,562**

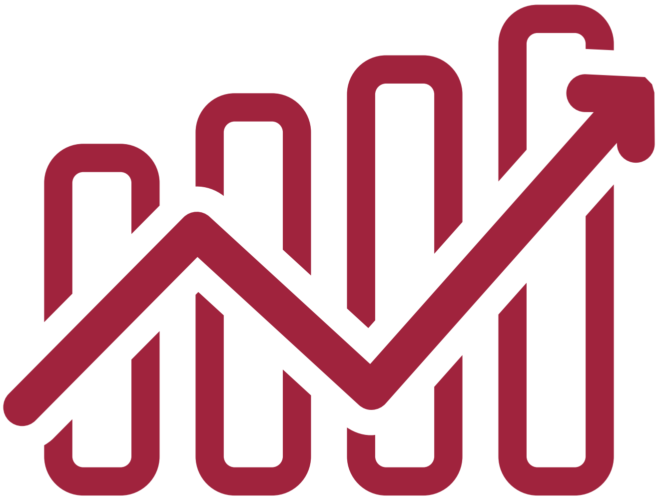
(*) The variation is due to the entry into force of IFRS 16 on 1 January 2109 (see Note 4.v).

f) Impairment / Reversal of impairment of financial assets not measured at fair value through profit or loss

The breakdown of the balance of this heading in the accompanying consolidated income statement for the years 2019 and 2018 is as follow:

Thousand of Euros

	2019	2018
Financial assets designated at fair value with changes in other comprehensive income		
Generic impairment provision	(116)	(65)
Financial assets at amortised cost		
Provisions (Note 11.c)	(655)	(80)
Recoveries (Note 11.c)	455	1.005
	(200)	**925**
	(316)	**860**



g) Exchange rate differences (net)

The breakdown of the heading in the accompanying consolidated income statements for the years ended in December, 31, 2019 and 2018 is as follows:

Thousands of Euros

	2019	2018
Item		
Trading operations	4,059	4,789

2.23 Additional information

a) Fiduciary services and investment services

The breakdown of off-balance sheet customer funds at year-end 2019 and 2018 (on a consolidated basis and eliminating overlapping) is as follows:

Thousands of Euros

	2019	2018
Mutual and pension funds	7,293,851	6,644,124
Discretionary portfolios under management	661,101	585,067
Funds managed by the Group	7,954,952	7,229,191
Investment Funds and Companies	1,620,170	1,157,170
Funds marketed but not managed by the Group	1,620,170	1,157,170
Total	**9,575,122**	**8,386,361**

The fee and commission income generated by the management of the assets listed above in 2019 and 2018 is shown below:

Thousands of Euros

	2019	2018
Asset management fees and equity management advice (Note 22.b)	3,175	865
Fees and commissions generated by the marketing of non-banking financial products (Note 22.b)	8,805	8,869
Fees from the management of UCITS and pension funds (Note 22.b)	69,825	70,773
	81,805	**80,507**

In addition, the Group provides securities management and custody services to its customers. The commitments undertaken by the Group at 31 December 2019 and 2018 in connection with this service are as follows:

Thousands of Euros

	2019	2018
Securities owned by third parties (at fair value)		
Capital instruments	12,649,818	11,753,615
Debt instruments	2,616,996	2,634,795
	15,266,814	**14,388,410**

Thousands of Euros

	2019	2018
Securities owned by third parties (at nominal value)		
Derivatives	2,286,383	2,505,232
	2,286,383	**2,505,232**

b) Branches

A list of Renta 4 Banco, S.A. branches at December 31, 2019 and 2018 is provided in Annex II.

c) Agency agreements

Annex III to the accompanying consolidated 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 notes to the financial statements.

d) Audit fees

The auditing firm KPMG Auditores S.L., which audits the Group's financial statements, invoiced fees for the year ended 31 December 2019, as detailed below:

Thousands of Euros

		Spain
	2019	2018
For auditing tasks	102	101
For the review of interim financial statements	24	24
Asset protection report	27	27
T-LTRO II Agreed Procedures Report	-	4
	153	**156**

The amounts included in the foregoing table include the fees relating to the services performed to carry out the audit in financial year 2019, regardless of when they were invoiced.

On the other hand, other institutions affiliated to the KPMG Group invoiced the Group for the year ended 31 December 2019 and 2018, fees and expenses for professional services, as detailed below:

Thousands of Euros

	Spain	
	2019	**2018**
For auditing tasks	54	57
For other verification services	2	7
For tax advisory services	9	-
For other services	-	-
	65	**64**

e) Abanded balances and deposits

In accordance with what is indicated in article 18 of Law 33/2003, of 3 November, on the equity of public administrations, there are no balances and deposits in the Institutions in abandment in accordance with the provisions of that Article.

f) Customer service

Article 17 of Order ECO/734/2004, of 11 March, of the Ministry of Economy establishes the obligation for customer service departments and services and, where appropriate, customer advocates, of financial institutions, to submit annually to the Board of Directors an explanatory report on the development of their function during the previous year.

Article 17 of the aforementioned order establishes the obligation for customer service departments and services and, where appropriate, customer advocates, of financial institutions, to submit annually to the Board of Directors an explanatory report on the development of their function during the previous year.

In the 2019 financial year, the Renta 4 Group's Customer Service received a total of 25 complaints and claims, all of which were admitted for processing. Twenty-four of them were processed by the Renta 4 Customer Service and one, by the Participant's advocate for being related to pension plans. The number of complaints submitted in 2019 was 25, less than the 35 submitted in 2018. Thirty-four of them were accepted for processing and one was rejected.

As regards the type of resolutions, during financial year 2019, there were 16 resolutions issued in favour of Renta 4, 64% of the total, whereas in financial year 2018 they amounted to 24, 69% of the total claims. In financial year 2019, one (1) of the resolutions issued was favourable to the client, 4% of the total, and in 2019, 8 claims were resolved by the Service by means of a proposal for advent, 32% of the total, a similar figure to the 9 agreements reached in 2018, which represented 26% of the total. The amount paid out in these agreements amounted to EUR 8,454.71 in 2019, compared with EUR 24,832.61 in 2018.

Attached in Annex V is the Report of the Customer Service Department of Renta 4 Group for the financial year 2019.

g) Environmental impact

In view of the activity in which the Group entities are involved, they have no environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to their equity, financial position or profits or losses. For this reason, no specific breakdowns are included in this report of the consolidated annual financial statements with respect to information on environmental issues.

Also, in 2019 and 2018 the institutions composing the Group did not have any greenhouse gas emission rights.

h) Information on the average payment period to suppliers. Third additional provision. "Duty of information" of the Law 15/2010, of 5 July

The information regarding the average payment period to suppliers is as follows:

	2019	2018
(Days)		
Average payment period to suppliers	12.25	11.15
Ratio of paid operations	12.83	13.68
Ratio of outstanding transactions	1.21	1.15
(Thousands of euros)		
Total payments made	**22,251**	**26,208**
Total payments pending	**1,298**	**1,388**

On 2 January 2019, Renta 4 Banco, S.A. signed a contract with several of its subsidiaries to provide accounting, IT, administrative and tax services. The contract has a duration of 1 year, which can be extended.

On 2 January 2019, Renta 4 Banco, S.A. signed a lease agreement with several of its subsidiaries for the lease of the building located at Paseo de la Habana 74, Madrid (see Note 13). The space will be used for investment services and financial intermediation in general in each of its subsidiaries. The contract has a duration of 1 year, which can be extended.

Since 31 August 2013, Renta 4 Banco, S.A. has signed a contract with Renta 4 Gestora SGIIC, S.A. and Renta 4 Pensiones EGFP, S.A. to market the managed UCITs and pension funds. The contract has a duration of 1 year, tacitly renewable for equal periods.

As of 2 January 2019, Renta 4 Sociedad de Valores, S.A. has signed a contract with Renta 4 Banco, S.A. for the provision of investment services of indefinite duration, by which it undertakes to provide custody, administration, settlement and intermediation services to the Bank. Both parties agree to adjust on a daily basis, and depending on the volumes (number of operations, equity, markets) managed, intermediated, settled and under the sub-custody of Renta 4 Sociedad de Valores, S.A., the commissions that the Securities Company will receive in execution of the services contained in the contract.

In 2019 and 2018 no contracts were signed with Group companies in addition to those mentioned above.

j) Annual bank report

In compliance with the provisions of Article 87.1 of Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions, Annex VI includes a breakdown of the information required by the aforementioned law.

k) Other public information required by the Bank of Spain

In compliance with the reporting obligations to the Bank of Spain, the Group reported the following as of 31 December 2019:

- It has not carried out financing operations for the construction, real estate development and home purchases.
- It has no foreclosed assets or assets received in payment of debts by the group of credit institutions.
- For the presentation of information on the distribution of customer loans by activity, see Note 11.c.

2.24

Subsequent events

On 26 September 2019, Renta 4 Banco, S.A. reached a definitive agreement for the acquisition of the brokerage, fund marketing and custody business of BNP Paribas Sucursal España, S.A. which has been operating under the commercial name "BNP Paribas Personal Investors".

Up to the date on which the Group's Board of Directors prepared its consolidated annual financial statements, no additional significant event has occurred that must be included in the accompanying consolidated annual financial statements in order for them to give a true and fair view of the Group's equity, financial position, results of operations and cash flows.

0.1

Annex

Renta 4 Banco, S.A. and Subsidiaries

Breakdown of ownership interests in Group Companies and Associates at 31 December 2019

			% of ownersh
Company	**Address**	**Activity**	**Direct**
Group companies			
Carterix, S.A.	Madrid	Provision of financial services	5
Renta 4 Aragón, S.A.	Madrid	Provision of financial services	99.96
Sociedad de Estudios e Inversiones Benidorm, S.A.	Madrid	Provision of financial services	-
Renta 4 Burgos, S.A.	Madrid	Provision of financial services	99.97
Renta 4 Gestora, S.G.I.I.C., S.A.	Madrid	I.I.C. Management	99.99
Renta 4 Huesca, S.A.	Madrid	Provision of financial services	99.94
Renta 4 Inversiones de Valladolid, S.A.	Madrid	Provision of financial services	85
Renta 4 Lérida, S.A.	Madrid	Provision of financial services	81.66
Renta 4 Inversiones Inmobiliarias S.A.	Madrid	Provision of financial services	99
Renta 4 Pensiones, E.G.F.P., S.A.	Madrid	Management of pension funds	99.99
Renta 4, S.A., Sociedad de Valores	Madrid	Brokerage on the stock exchange market	100
Renta 4 Equities, S.A.	Madrid	Provision of financial services	-
Renta 4 Corporate, S.A.	Madrid	Financial advice and consultancy	100
Renta 4 Vizcaya, S.A.	Madrid	Provision of financial services	-
Rentsegur, Correduría de Seguros, S.A.	Madrid	Insurance brokerage and provision of financial services	-
Padinco Patrimonios, S.A.	Madrid	Provision of financial services	100
Renta 4 Chile SPA	Chile	Provision of financial services	100
Inversiones Renta 4 Chile, S.L.	Chile	Provision of financial services	0.01
Renta 4 Chile Corredores de Bolsa, S.A.	Chile	Provision of financial services	-
Renta 4 Colombia SAS	Bogotá	Provision of financial services	100
Renta 4 Agente de Bolsa S.A.	Lima	Provision of financial services	99.99
Renta 4 Luxembourg, S.A.	Luxembourg	I.I.C. Management	100
Renta 4 Global Fiduciaria, S.A.	Bogotá	Provision of fiduciary services	69.43
Associated companies			
Kobus Partners Management SGEIC, S.A.	Madrid	E.I.C. Management.	-

This annex forms an integral part of Note 3 to the accompanying consolidated annual financial statements report and should be read in conjunction with it.

ip interest

Thousand of Euros

Indirect	Total	Capital	Share premium	Reserves	Valuation adjustments	Profit/(loss)	Dividend
94.92	99.92	782	-	(412)	-	(19)	-
-	99.96	62	-	8	-	-	-
100	100	60	-	(22)	-	-	-
-	99.97	34	-	10	-	-	-
-	99.99	2,374	-	8,708	-	6,262	(4,029)
-	99.94	3	-	(2)	-	-	-
14	99	60	-	260	-	-	-
-	81.66	90	-	(5)	-	(2)	-
-	99	60	-	(8)	-	-	-
-	99.99	3,889	290	5,207	-	1,048	-
-	100	3,149	24	7,873		6	-
99.9	99.9	15	-	260	-	-	-
-	100	92	-	1,386	-	487	-
99.99	99.99	391	-	(367)	-	(2)	-
72.5	72.5	75	-	(37)	-	(4)	-
-	100	105	-	91	-	-	-
-	100	9,640	-	(229)	(65)	(1)	-
99.99	100	6,625	-	(218)	57	-	-
100	100	7,969	-	(1,628)	(858)	(611)	-
-	100	587	-	(319)	(64)	(11)	-
-	99.99	3,550	-	(1,962)	(192)	(395)	-
-	100	700	-	91	-	99	-
-	69.43	6,047	-	(2,115)	(327)	(750)	-
30	30	223	236	44	-	217	-

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Annex

Renta 4 Banco, S.A. and Subsidiaries

Breakdown of ownership interests in Group Companies and Associates at 31 December 2018

			% of ownersh
Company	**Address**	**Activity**	**Direct**
Group companies			
Carterix, S.A.	Madrid	Provision of financial services	5
Renta 4 Aragón, S.A.	Madrid	Provision of financial services	99.96
Sociedad de Estudios e Inversiones Benidorm, S.A.	Madrid	Provision of financial services	-
Renta 4 Burgos, S.A.	Madrid	Provision of financial services	99.97
Renta 4 Gestora, S.G.I.I.C., S.A.	Madrid	I.I.C. Management	99.99
Renta 4 Huesca, S.A.	Madrid	Provision of financial services	99.94
Renta 4 Inversiones de Valladolid, S.A.	Madrid	Provision of financial services	85
Renta 4 Lérida, S.A.	Madrid	Provision of financial services	81.66
Renta 4 Inversiones Inmobiliarias S.A.	Madrid	Provision of financial services	99
Renta 4 Pensiones, E.G.F.P., S.A.	Madrid	Management of pension funds	99.99
Renta 4, S.A., Sociedad de Valores	Madrid	Brokerage on the stock exchange market	100
Renta 4 Equities, S.A.	Madrid	Provision of financial services	-
Renta 4 Corporate, S.A.	Madrid	Financial advice and consultancy	100
Renta 4 Vizcaya, S.A.	Madrid	Provision of financial services	-
Rentsegur, Correduría de Seguros, S.A.	Madrid	Insurance brokerage and provision of financial services	-
Padinco Patrimonios, S.A.	Madrid	Provision of financial services	100
Renta 4 Chile SPA	Chile	Provision of financial services	100
Inversiones Renta 4 Chile, S.L.	Chile	Provision of financial services	0.01
Renta 4 Chile Corredores de Bolsa, S.A.	Chile	Provision of financial services	-
Renta 4 Colombia SAS	Bogotá	Provision of financial services	100
Renta 4 Agente de Bolsa S.A.	Lima	Provision of financial services	99.99
Renta 4 Luxembourg, S.A.	Luxembourg	I.I.C. Management	100
Renta 4 Global Fiduciaria, S.A.	Bogotá	Provision of fiduciary services	69.43

This annex forms an integral part of Note 3 to the accompanying consolidated annual financial statements report and should be read in conjunction with it.

ip interest

Thousand of Euros

Indirect	Total	Capital	Share premium	Reserves	Valuation adjustments	Profit/(loss)	Dividend
94.92	99.92	782	-	(399)	-	(13)	-
-	99.96	62	-	8	-	-	-
100	100	60	-	(22)	-	-	-
-	99.97	34	-	10	-	-	-
-	99.99	2,374	-	8,246	-	5,952	(5,490)
-	99.94	3	-	(2)	-	-	-
14	99	60	-	263	-	(3)	-
-	81.66	90	-	(4)	-	(1)	-
-	99	60	-	(8)	-	-	-
-	99.99	3,889	290	4,002	(21)	1,225	-
-	100	3,149	24	10,888	-	24	-
99.9	99.9	15	-	400	-	(140)	-
-	100	92	-	848	-	538	-
99.99	99.99	391	-	(367)	-	-	-
72.5	72.5	75	-	(33)	-	(4)	-
-	100	105	-	91	-	-	-
-	100	9,640	-	(228)	(58)	(1)	-
99.99	100	6,625	-	(219)	57	1	-
100	100	7,969	-	(761)	(572)	(867)	-
-	100	587	-	(305)	(66)	(14)	-
-	99.99	3,050	-	(1,502)	(188)	(460)	-
-	100	700	-	(146)	-	237	-
-	69.43	4,509	-	(1,027)	(303)	(1,088)	-

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Annex

Renta 4 Banco, S.A. and Subsidiaries
List of offices 31 December, 2019

OFFICE	POSTAL ADDRESS
Renta 4 A Coruña	Calle Juan Flórez, Núm. 60, Bajo 15004, Coruña (A), España
Renta 4 Albacete	Calle Tesifonte Gallego, Núm. 25, Bajo 2002, Albacete, España
Renta 4 Alicante	Avenida Óscar Esplá, Núm. 29, Bj 3007, Alicante/Alacant, España
Renta 4 Almería	Avenida Federico García Lorca, Núm. 21, 4004, Almería, España
Renta 4 Ávila	Avenida de Portugal, Núm. 39, 5001, Ávila, España
Renta 4 Badajoz	Calle Pedro de Valdivia, Nº7-9, (Chaflán Con Ronda Del Pilar) 06002, Badajoz, España
Renta 4 Barcelona	Calle Gran Vía de Les Corts Catalanes, Núm. 655, Local 8010, Barcelona, España
Renta 4 Barcelona - Diagonal	Avenida Diagonal, Núm. 459, 8036, Barcelona, España
Renta 4 Bilbao	Calle Elcano, Núm. 14, 48008, Bilbao, España
Renta 4 Burgos	Avenida de la Paz, Núm. 3, Bajo 9004, Burgos, España
Renta 4 Cáceres	Avenida Virgen De Guadalupe, Núm. 7, Bj 10001, Cáceres, España
Renta 4 Cádiz	Calle Juan Ramón Jiménez, 1 Esquina Avenida Andalucía, 11007, Cádiz, España
Renta 4 Cantabria	Calle Isabel II, Núm. 20, 39002, Santander, España
Renta 4 Castellón	Calle Carrer Gasset, Núm. 9, 12001, Castellón De La Plana, España
Renta 4 Ciudad Real	Calle Calatrava, Núm. 5, Bj 13004, Ciudad Real, España
Renta 4 Córdoba	Paseo de La Victoria, Núm. 1, 14008, Córdoba, España
Renta 4 Cuenca	Calle Diego Jiménez, Nº2, 16.004, Cuenca, España
Renta 4 Cullera	Paseo Passtge De Lúllal, Núm. 2-Bj, Edificio Manantial 46400, Cullera, España
Renta 4 Elche	Calle Corredera, Núm. 34, 3203, Elche/Elx, España
Renta 4 Gijón	Calle Jovellanos, Núm. 2, Esquina C/Cabrales 33202, Gijón, España
Renta 4 Girona	Calle Gran Vía Jaume I, Núm. 29-35, 17001, Girona, España
Renta 4 Gran Canaria	Calle muelle las Palmas, Núm. 6, 35003, Las Palmas De Gran Canaria, España
Renta 4 Granada	Calle Acera del Darro, Núm. 35, 18005, Granada, España
Renta 4 Guadalajara	Calle Padre Félix Flores, Núm. 4, 19001, Guadalajara, España
Renta 4 Guipúzcoa	Calle Urbieta, Núm. 2, Bajo, 20006, San Sebastián/Donostia, España
Renta 4 Huelva	Avenida de la Ría, Núm. 4, Entreplanta 21001, Huelva, España
Renta 4 Huesca	Calle Cavia, Núm. 8, Bajo 22005, Huesca, España
Renta 4 Jaén	Avenida De Madrid, Núm. 20, Bajo 23003, Jaén, España
Renta 4 Lanzarote	Calle Esperanza, Núm. 1, 35500, Arrecife, España
Renta 4 León	Calle Ordoño II, Núm. 35, 24001, León, España
Renta 4 Lleida	Rambla Ferrán, Núm. 1, 25007, Lleida, España

OFFICE	POSTAL ADDRESS
Renta 4 Logroño	Calle Jorge Vigón, Núm. 22, 26003, Logroño, España
Renta 4 Lugo	Calle Rúa Montevideo, Núm. 7, Bajo 27001, Lugo, España
Renta 4 Madrid	Paseo de la Habana, Núm. 74, 28036, Madrid, España
Renta 4 Madrid - Almagro	Calle Almagro, Núm. 11, 28010, Madrid, España
Renta 4 Madrid - Príncipe de Vergara	Calle Príncipe de Vergara, Núm. 12, 28001, Madrid, España
Renta 4 Madrid - Recoletos	Paseo de Recoletos, Núm. 21, 28004, Madrid, España
Renta 4 Madrid - Serrano	Calle Serrano, Núm. 63, Bajo, 28006, Madrid, España
Renta 4 Madrid Sur	Calle Leganés, Núm. 33, 28945, Fuenlabrada, España
Renta 4 Málaga	Calle Alameda de Colón, Núm. 9, 29001, Málaga, España
Renta 4 Mallorca	Calle Avinguda Comte de Sallent, Núm. 2, 7003, Palma De Mallorca, España
Renta 4 Murcia	Avenida General Primo de Rivera, Núm. 23, 30008, Murcia, España
Renta 4 Ourense	Calle Curros Enríquez, Núm. 27, Baixo 32003, Ourense, España
Renta 4 Oviedo	Calle General Yagüe, Núm. 1, Conde de Torero 33004, Oviedo, España
Renta 4 Palencia	Plaza Isabel La Católica, Núm. 1, 34005, Palencia, España
Renta 4 Pamplona	Avenida Baja Navarra, Núm. 9 Bis, 31002, Pamplona/Iruña, España
Renta 4 Sabadell	Calle Vilarrubias, Núm. 9, Bajos B, 08208, Sabadell, España
Renta 4 Salamanca	Avenida Mirat, Núm. 11, 37002, Salamanca, España
Renta 4 Segovia	Paseo Ezequiel González, Núm. 34, 40002, Segovia, España
Renta 4 Sevilla	Avenida de la Buharia, Núm. 11, 41018, Sevilla, España
Renta 4 Soria	Avenida Navarra, Núm. 5, 42003, Soria, España
Renta 4 Tarragona	Rambla Nova, Núm. 114, Bajo 5 43001, Tarragona, España
Renta 4 Tenerife	Calle el Pilar, Núm. 54, 38002, Santa Cruz De Tenerife, España
Renta 4 Terrassa	Calle Arquímedes, Núm. 156, 8224, Terrassa, España
Renta 4 Teruel	Avenida Sagunto, Núm. 42, Bajo 44002, Teruel, España
Renta 4 Toledo	Avda. de la Reconquista Nº 3 Planta Baja, Toledo, España
Renta 4 Valencia	Plaza Alfonso el Magnánimo, Núm. 2, 46003, Valencia, España
Renta 4 Valladolid	Calle Manuel Iscar, Núm. 3, 47001, Valladolid, España
Renta 4 Vigo	Calle García Barbón, Núm. 18, 36201, Vigo, España
Renta 4 Vitoria	Avenida Gasteiz, Núm. 23, 01008, Vitoria-Gasteiz, España
Renta 4 Zamora	Avenida Alfonso IX, Núm. 1, 49013, Zamora, España
Renta 4 Zaragoza	Calle León XIII, Núm. 5, 50008, Zaragoza, España

This annex forms an integral part of Note 21 to the accompanying annual financial statements with which it should be read.

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Annex

Renta 4 Banco, S.A. and Subsidiaries
List of offices 31 December, 2018

OFFICE	POSTAL ADDRESS
Renta 4 A Coruña	Calle Juan Flórez, Núm. 60, Bajo 15004, Coruña (A), España
Renta 4 Albacete	Calle Tesifonte Gallego, Núm. 25, Bajo 2002, Albacete, España
Renta 4 Alicante	Avenida Óscar Esplá, Núm. 29, Bj 3007, Alicante/Alacant, España
Renta 4 Almería	Avenida Federico García Lorca, Núm. 21, 4004, Almería, España
Renta 4 Ávila	Avenida De Portugal, Núm. 39, 5001, Ávila, España
Renta 4 Badajoz	Calle Ronda Del Pilar, Núm. 2, Bajo Izquierda 6002, Badajoz, España
Renta 4 Barcelona	Calle Gran Vía De Les Corts Catalanes, Núm. 655, Local 8010, Barcelona, España
Renta 4 Barcelona - Diagonal	Avenida Diagonal, Núm. 459, 8036, Barcelona, España
Renta 4 Bilbao	Calle Elcano, Núm. 14, 48008, Bilbao, España
Renta 4 Burgos	Avenida De La Paz, Núm. 3, Bajo 9004, Burgos, España
Renta 4 Cáceres	Avenida Virgen De Guadalupe, Núm. 7, Bj 10001, Cáceres, España
Renta 4 Cádiz	Avenida Cayetano Del Toro, Núm. 27, 11010, Cádiz, España
Renta 4 Cantabria	Calle Isabel II, Núm. 20, 39002, Santander, España
Renta 4 Castellón	Calle Carrer Gasset, Núm. 9, 12001, Castellón De La Plana, España
Renta 4 Ciudad Real	Calle Calatrava, Núm. 5, Bj 13004, Ciudad Real, España
Renta 4 Córdoba	Paseo De La Victoria, Núm. 1, 14008, Córdoba, España
Renta 4 Cuenca	Avenida Castilla La Mancha, Núm. 4, 16002, Cuenca, España
Renta 4 Cullera	Paseo Passtge De Lúllal, Núm. 2-Bj, Edificio Manantial 46400, Cullera, España
Renta 4 Elche	Calle Corredera, Núm. 34, 3203, Elche/Elx, España
Renta 4 Gijón	Calle Jovellanos, Núm. 2, Esquina C/Cabrales 33202, Gijón, España
Renta 4 Girona	Calle Gran Vía Jaume I, Núm. 29-35, 17001, Girona, España
Renta 4 Gran Canaria	Calle Muelle Las Palmas, Núm. 6, 35003, Las Palmas De Gran Canaria, España
Renta 4 Granada	Calle Acera Del Darro, Núm. 35, 18005, Granada, España
Renta 4 Guadalajara	Calle Padre Félix Flores, Núm. 4, 19001, Guadalajara, España
Renta 4 Guipúzcoa	Calle Urbieta, Núm. 2, Bajo, 20006, San Sebastián/Donostia, España
Renta 4 Huelva	Avenida De La Ría, Núm. 4, Entreplanta 21001, Huelva, España
Renta 4 Huesca	Calle Cavia, Núm. 8, Bajo 22005, Huesca, España
Renta 4 Jaén	Avenida De Madrid, Núm. 20, Bajo 23003, Jaén, España
Renta 4 Lanzarote	Calle Esperanza, Núm. 1, 35500, Arrecife, España
Renta 4 León	Calle Ordoño II, Núm. 35, 24001, León, España

OFFICE	POSTAL ADDRESS
Renta 4 Lleida	Rambla Ferrán, Núm. 1, 25007, Lleida, España
Renta 4 Logroño	Calle Jorge Vigón, Núm. 22, 26003, Logroño, España
Renta 4 Lugo	Calle Rúa Montevideo, Núm. 7, Bajo 27001, Lugo, España
Renta 4 Madrid	Paseo De La Habana, Núm. 74, 28036, Madrid, España
Renta 4 Madrid - Almagro	Calle Almagro, Núm. 11, 28010, Madrid, España
Renta 4 Madrid - Príncipe de Vergara	Calle Príncipe De Vergara, Núm. 12, 28001, Madrid, España
Renta 4 Madrid - Recoletos	Paseo De Recoletos, Núm. 21, 28004, Madrid, España
Renta 4 Madrid - Serrano	Calle Serrano, Núm. 63, Bajo, 28006, Madrid, España
Renta 4 Madrid Sur	Calle Leganés, Núm. 33, 28945, Fuenlabrada, España
Renta 4 Málaga	Calle Alameda de Colón, Núm. 9, 29001, Málaga, España
Renta 4 Mallorca	Calle Avinguda Comte De Sallent, Núm. 2, 7003, Palma De Mallorca, España
Renta 4 Murcia	Avenida General Primo De Rivera, Núm. 23, 30008, Murcia, España
Renta 4 Ourense	Calle Curros Enríquez, Núm. 27, Baixo 32003, Ourense, España
Renta 4 Oviedo	Calle General Yagüe, Núm. 1, Conde De Torero 33004, Oviedo, España
Renta 4 Palencia	Plaza Isabel La Católica, Núm. 1, 34005, Palencia, España
Renta 4 Pamplona	Avenida Baja Navarra, Núm. 9 Bis, 31002, Pamplona/Iruña, España
Renta 4 Sabadell	Calle Vilarrubias, Núm. 9, Bajos B, 08208, Sabadell, España
Renta 4 Salamanca	Avenida Mirat, Núm. 11, 37002, Salamanca, España
Renta 4 Segovia	Paseo Ezequiel González, Núm. 34, 40002, Segovia, España
Renta 4 Sevilla	Avenida De La Buharia, Núm. 11, 41018, Sevilla, España
Renta 4 Soria	Avenida Navarra, Núm. 5, 42003, Soria, España
Renta 4 Tarragona	Rambla Nova, Núm. 114, Bajo 5 43001, Tarragona, España
Renta 4 Tenerife	Calle El Pilar, Núm. 54, 38002, Santa Cruz De Tenerife, España
Renta 4 Terrassa	Calle Arquímedes, Núm. 156, 8224, Terrassa, España
Renta 4 Teruel	Avenida Sagunto, Núm. 42, Bajo 44002, Teruel, España
Renta 4 Toledo	Calle Roma, Núm. 3, Bajo 45003, Toledo, España
Renta 4 Valencia	Plaza Alfonso el Magnánimo, Núm. 2, 46003, Valencia, España
Renta 4 Valladolid	Calle Manuel Iscar, Núm. 3, 47001, Valladolid, España
Renta 4 Vigo	Calle García Barbón, Núm. 18, 36201, Vigo, España
Renta 4 Vitoria	Avenida Alfonso IX, Núm. 1, 49013, Zamora, España
Renta 4 Zamora	Calle León XIII, Núm. 5, 50008, Zaragoza, España

This annex forms an integral part of Note 21 to the accompanying annual financial statements with which it should be read.

0.3 Annex

Renta 4 Banco, S.A. and Subsidiaries
List of agents 31 December, 2019

Name of Representative
Sentido Común Gestión, S.L.
Sofaboyco, S.L.

This Annex forms an integral part of Note 21 in the accompanying annual financial statements and both should be read jointly.

Renta 4 Banco, S.A. and Subsidiaries
List of agents 31 December, 2018

Name of Representative
Algar Financial Products, S.L.
Castañé Echevarría, José María
Castañé y Asociados Invest, S.L.
Informadsa Financieros, S.L.
Misuin Gestión, S.L.
Rivera Castillejo, Miguel
Sáinz Suelves, Antonio
Sentido Común Gestión, S.L.
Sofaboyco, S.L.
Solo 747, S.L.

This Annex forms an integral part of Note 21 in the accompanying annual financial statements and both should be read jointly.

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Consolidated Management report
Financial year 2019

0.4

Annex

Renta 4 Banco, S.A.
Balance sheets as of 31 December 2018 and 2019

Thousands of Euros

ASSET	Notes	2019	2018
Cash, cash balances with central banks and other demand deposits	**6**	**623,844**	**404,759**
Financial assets held for trading	**7**	**26,595**	**28,129**
Derivatives		7	475
Equity instruments		26,588	27,654
Debt securities		-	-
Memorandum item: Loaned or given as collateral with the right to sell or pledge		-	-
Financial assets designated at fair value with changes in other comprehensive income	**8**	**850,256**	**717,853**
Equity instruments		7,184	5,276
Debt securities		843,072	712,577
Memorandum item: Loaned or given as collateral with the right to sell or pledge		377,616	409,335
Financial assets at amortised cost	**9**	**139,132**	**96,596**
Debt securities		-	-
Loans and advances		139,132	96,596
Central banks		-	-
Credit institutions		33,732	26,026
Clientele		105,400	70,570
Memorandum item: Loaned or given as collateral with the right to sell or pledge		-	-
Investments in subsidiaries, joint ventures and associates	**10**	**39,298**	**38,502**
Group companies		39,298	38,502
Jointly controlled companies		-	-
Associates		-	-
Tangible assets	**11**	**57,295**	**36,985**

Thousands of Euros

ASSET	Notes	2019	2018
Tangible assets		57,014	36,697
For own use		57,014	36,697
Real estate investment		281	288
Of which: transferred under an operating lease		281	288
Memorandum item: acquired under a finance lease		19,628	-
Intangible assets	**12**	**6,019**	**6,203**
Goodwill		3,812	4,447
Other intangible assets		2,207	1,756
Tax assets	**18**	**991**	**2,456**
Current tax assets		-	1,551
Deferred tax assets		991	905
Other assets	**13**	**990**	**815**
Insurance contracts linked to pensions		-	-
Stocks		-	-
Rest of the assets		990	815
Non-current assets and disposal groups of items classified as held for sale		**-**	**-**
TOTAL ASSETS		**1,774,420**	**1,332,298**

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Annex

Renta 4 Banco, S.A.
Balance sheets as of 31 December 2018 and 2019

Thousand of Euros

LIABILITIES	Notes	2019	2018
Financial liabilities held for trading	**7**	**6**	**-**
Derivatives		6	-
Financial liabilities at amortised cost	**14**	**1,649,743**	**1,247,382**
Deposits		1,481,178	1,144,639
Central banks		9,808	9,849
Credit institutions		14,117	17,464
Clientele		1,457,253	1,117,326
Debt instruments issued		-	-
Other financial liabilities		168,565	102,743
Memorandum item: Subordinated liabilities		-	-
Derivatives - hedge accounting		**-**	**-**
Provisions	**15**	**496**	**485**
Pensions and other post-employment defined benefit obligations		-	-
Other long-term employee compensations		-	-
Outstanding tax litigation and procedural issues		490	458
Commitments and guarantees granted		6	27
Remaining provisions		-	-
Tax liabilities	**18**	**4,656**	**3,431**
Current tax liabilities		3,185	2,148
Deferred tax liabilities		1,471	1,283
Share capital repayable on demand		**-**	**-**
Other liabilities	**13**	**4,584**	**2,820**
Of which: Social work fund (only savings banks and credit cooperatives)		-	-
Liabilities included in disposal groups of items classified as held for sale		**-**	**-**
TOTAL LIABILITIES		**1,659,485**	**1,254,118**

Thousand of Euros

EQUITY	Notes	2019	2018
Fondos propios	**16**	**83,249**	**77,156**
Capital		18,312	18,312
Paid-up capital		18,312	18,312
Share premium		8,496	8,496
Other reserves		47,901	45,626
Accumulated reserves or losses on investments in joint ventures and associates		-	-
Others		47,901	45,626
(-) Treasury shares		(601)	(763)
Profit for the financial year		17,258	14,407
(-) Interim dividends		(8,117)	(8,922)
Accumulated other comprehensive income		**1,686**	**1,024**
Items that are not reclassified to the income statement		147	(1,173)
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income		147	(1,173)
Elements that can be reclassified to profit and losses		1,539	2,197
Changes in fair value of debt instruments measured at fair value with changes in other comprehensive income		1,539	2,197
TOTAL EQUITY		**84,935**	**78,180**
TOTAL EQUITY AND LIABILITIES		**1,744,420**	**1,332,298**
MEMORANDUM ITEM: OFF-BALANCE-SHEET EXPOSURES	**17**		
Guarantees granted		5,123	4,945
Contingent commitments granted		20,999	18,353
Other obligations issued		9,115	-

0.4

Annex

Renta 4 Banco, S.A.
Income statements for the financial years ended on December 31, 2019 and 2018

Thousand of Euros

	Notes	2019	2018
Interest income	20.a	6,088	4,472
(Interest expense)	20.a	(2,196)	(1,217)
(Expenses relating to share capital repayable on demand)			
A) INTEREST MARGIN		**3,892**	**3,255**
Dividend income		7,382	5,846
Commission income	20.b	68,257	77,102
(Commission expenses)	20.b	(22,142)	(27,723)
Gains or (-) losses on derecognition in accounts of financial assets and liabilities not measured at fair value with changes in profit or loss, net	20.a	8,099	328
Gains or (-) losses on financial assets and liabilities held for trading, net	20.a	5,790	2,507
Exchange differences [profit or (-) loss], net		3,843	4,638
Other operating income	20.c	351	307
(Other operating expenses)	20.c	(2,284)	(2,332)
Of which: Obligatory allocations to social work funds (only savings banks and credit cooperatives)		-	-
B) GROSS MARGIN		**73,188**	**63,928**
(Administrative expenses)		(41,980)	(40,458)
(Personnel Expenses)	20.d	(27,336)	(23,940)
(Other administrative expenses)	20.e	(14,644)	(16,518)
(Amortisation)	11 and 12	(8,284)	(5,223)
(Provisions or (-) reversal of provisions)	15	(202)	(435)

Thousand of Euros

	Notes	2019	2018
(Impairment in the value or (-) reversal of impairment in the value of financial assets not measured at fair value with changes in profit or loss)		(309)	876
(Financial assets at fair value with changes in other comprehensive income)	20.f	(116)	(65)
(Financial assets at amortised cost)	20.f	(193)	941
C) OPERATING INCOME		**22,413**	**18,688**
(Impairment in the value or (-) reversal of impairment in the value of investments in subsidiaries, joint ventures or associates)	10 and 20.f	(772)	(977)
Gains or (-) losses on derecognition in accounts of non-financial assets and ownership interest, net	10	-	-
Of which: investments in subsidiaries, joint ventures and associates		-	-
D) PRE-TAX GAINS OR (-) LOSSES FROM CONTINUING OPERATIONS		**21,641**	**17,711**
(Expenses or (-) income from taxes on income from continuing operations)	18	(4,383)	(3,304)
E) GAINS OR (-) LOSSES AFTER TAX FROM CONTINUING OPERATIONS		**17,258**	**14,407**
Gains or (-) losses after tax from discontinued operations		-	-
F) PROFIT OR LOSS FOR THE FINANCIAL YEAR		**17,258**	**14,407**

0.4 Annex

Renta 4 Banco, S.A.
Statements of changes in Equity as of December 31, 2019 and 2018

Statement of recognised income and expense for the years ended 31 December 2019 and 2018

Thousands of Euros

	2019	2018
Profit for the financial year	**17,258**	**14,407**
Other comprehensive income	**662**	**(447)**
Items that will not be reclassified to profit and losses	**1,320**	**(428)**
Changes in the fair value of equity instruments valued at fair value with changes in overall result	1,886	(611)
Other valuation adjustments	-	-
Income tax relating to items that will not be reclassified	(566)	183
Elements that can be reclassified to profit and losses	**(658)**	**(19)**
Financial assets designated at fair value with changes in other comprehensive income	(940)	(27)
Profits or (-) losses in value recognised in equity	*7,043*	*301*
Transferred to profit and losses	*(7,983)*	*(328)*
Other reclassifications	*-*	*-*
Income tax relating to items that can be reclassified to profit or loss	282	8
Total comprehensive profit or loss for the financial year	**17,920**	**13,960**

0.4

Annex

Renta 4 Banco, S.A.
Statement of Changes in Equity

Total statement of changes in equity for the year ended 31 December 2019

Sources of changes in equity	Capital	Share premium	Equity instruments issued other than capital	Other instru
Opening balance 2019	**18,312**	**8,496**	**-**	
Effects of error correction	-	-	-	
Effects of changes in accounting policies	-	-	-	
Opening balance 2019	**18,312**	**8,496**	**-**	
Total comprehensive profit or loss for the financial year	**-**	**-**	**-**	
Other changes in equity	**-**	**-**	**-**	
Dividends (or remuneration to partners) (Note 16.g)	-	-	-	
Purchase of treasury shares	-	-	-	
Sale or cancellation of treasury shares	-	-	-	
Transfers between equity components	-	-	-	
Closing balance 2019	**18,312**	**8,496**	**-**	

Thousand of Euros

equity ments	Retained gains	Revaluation reserves	Other reserves	(-) Treasury shares	Profit for the financial year	(-) Interim dividends	Accumulated other comprehensive income	Total
-	**-**	**-**	**45,626**	**(763)**	**14,407**	**(8,922)**	**1,024**	**78,180**
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	**-**	**-**	**45,626**	**(763)**	**14,407**	**(8,922)**	**1,024**	**78,180**
-	**-**	**-**	**-**	**-**	**17,258**	**-**	**662**	**17,920**
-	**-**	**-**	**2,275**	**162**	**(14,407)**	**805**	**-**	**(11,165)**
-	-	-	(3,246)	-	-	(8,117)	-	(11,363)
-	-	-	-	(231)	-	-	-	(231)
-	-	-	36	393	-	-	-	429
-	-	-	5,485	-	(14,407)	8,922	-	-
-	**-**	**-**	**47,901**	**(601)**	**17,258**	**(8,117)**	**1,686**	**84,935**

0.4

Annex

Renta 4 Banco, S.A.
Statement of Changes in Equity

Total statement of changes in equity for the year ended 31 December 2018

Sources of changes in equity	Capital	Share premium	Equity instruments issued other than capital
Opening balance 2018	**18,312**	**8,496**	**-**
Effects of error correction	-	-	-
Effects of changes in accounting policies	-	-	-
Opening balance 2018	**18,312**	**8,496**	**-**
Total comprehensive profit or loss for the financial year	**-**	**-**	**-**
Other changes in equity	**-**	**-**	**-**
Dividends (or remuneration to partners) (Note 16.g)	-	-	-
Purchase of treasury shares	-	-	-
Sale or cancellation of treasury shares	-	-	-
Transfers between equity components	-	-	-
Closing balance 2018	**18,312**	**8,496**	**-**

Thousands of Euros

equity ments	Retained gains	Revaluation reserves	Other reserves	(-) Treasury shares	Profit for the financial year	(-) Interim dividends	Accumulated other comprehensive income	Total
-	**-**	**-**	**41,612**	**(643)**	**16,345**	**(8,118)**	**1,251**	**77,255**
-	-	-	-	-	-	-	-	-
-	-	-	(220)	-	-	-	220	-
-	**-**	**-**	**41,392**	**(643)**	**16,345**	**(8,118)**	**1,471**	**77,255**
-	**-**	**-**	**-**	**-**	**14,407**	**-**	**(447)**	**13,960**
-	**-**	**-**	**4,234**	**(120)**	**(16,345)**	**(804)**	**-**	**(13,035)**
-	-	-	(4,059)	-	-	(8,922)	-	(12,981)
-	-	-	-	(434)	-	-	-	(434)
-	-	-	66	314	-	-	-	380
-	-	-	8,227	-	(16,345)	8,118	-	-
-	**-**	**-**	**45,626**	**(763)**	**14,407**	**(8,922)**	**1,024**	**78,180**

0.4 Annex

Renta 4 Banco, S.A.
Cash flow statements for the financial years ended on December 31, 2019 and 2018

Thousands of Euros

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		**233,011**	**54,372**
Profit for the financial year		**17,258**	**14,407**
Adjustments to obtain cash flows from operating activities		**(1,060)**	**997**
Amortisation	**11 and 12**	8,284	5,223
Other adjustments		(9,344)	(4,226)
Net increase/decrease in operating assets		**(160,328)**	**(101,072)**
Trading portfolio		1,534	(13,152)
Other financial assets at fair value with changes in profit and loss		–	–
Financial assets at fair value with changes in other comprehensive income		(120,423)	(131,939)
Financial assets at amortised cost		(42,729)	44,476
Other operating assets		1,290	(457)
Net increase/decrease in operating liabilities		**381,273**	**143,291**
Trading portfolio		6	(136)
Other financial liabilities at fair value with changes in profit and loss		–	–
Financial liabilities at amortised cost		380,330	143,735
Other operating liabilities		937	(308)
Collections/payments from taxes on profits		**(4,312)**	**(3,251)**
CASH FLOWS FROM INVESTING ACTIVITIES)		**(565)**	**(1,537)**
Payments		**(7,947)**	**(7,383)**
Tangible assets	**11**	(4,773)	(4,655)
Intangible assets	**12**	(1,606)	(1,318)
Shares	**10**	(1,568)	(1,410)
Collections		**7,382**	**5,846**
Other collections related to investment activities		7,382	5,846
CASH FLOWS FROM FINANCING ACTIVITIES		**(13,361)**	**(14,252)**
Payments		**(13,790)**	**(14,632)**
Dividends	**4 and 16.h**	(11,363)	(12,981)

Thousands of Euros

	Notes	2019	2018
Acquisition of equity instruments	16.g	(231)	(434)
Other payments related to financing activities		(2,196)	(1,217)
Collections		**429**	**380**
Disposal of equity instruments	16.g	429	380
EFFECT OF EXCHANGE RATE CHANGES		**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**219,085**	**38,583**
Cash or cash equivalents at beginning of year	**6**	**404,759**	**366,176**
Cash and cash equivalents at end of year	**6**	**623,844**	**404,759**
MEMORANDUM ITEM			
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6**	**623,844**	**404,759**
Cash		42	50
Cash equivalents at central banks		294,391	19,952
Other financial assets		329,411	384,757
Less: bank overdrafts repayable on demand		-	-

0.5 Anexo

Renta 4 Banco, S.A.

Report from the Customer Service Department of Renta 4 Group Financial year 2019

Purpose of the Report

The purpose of this report is to highlight the activity carried out during financial year 2019 by the Customer Care Service of Renta 4 Banco, S.A. and the entities of the Renta 4 Group that adhere to it, as it has de annually since its creation in 2004, thus complying with article 20 of the Regulations for the Defence of the Client of Group Renta 4 and with the provisions of Order ECO 734/2004, of 11 March, on Customer Care Departments and Services and the Customer Ombudsman of Financial Institutions.

In that sense, as laid down in Article 6 of that regulation, the main function of the Customer Service Department is the addressing and resolution of the complaints and claims that are presented before the entities subject to the law. In the case of financial services provided by the aforementioned entities, directly or through representation, by Spanish or foreign natural or legal persons who meet the condition of users of the financial services provided by the aforementioned entities, provided that such complaints and claims refer to their legally recognised interests and rights, whether they derive from contracts, from the regulations on transparency and protection of customers or from good financial practices and uses, in particular from the principle of equity.

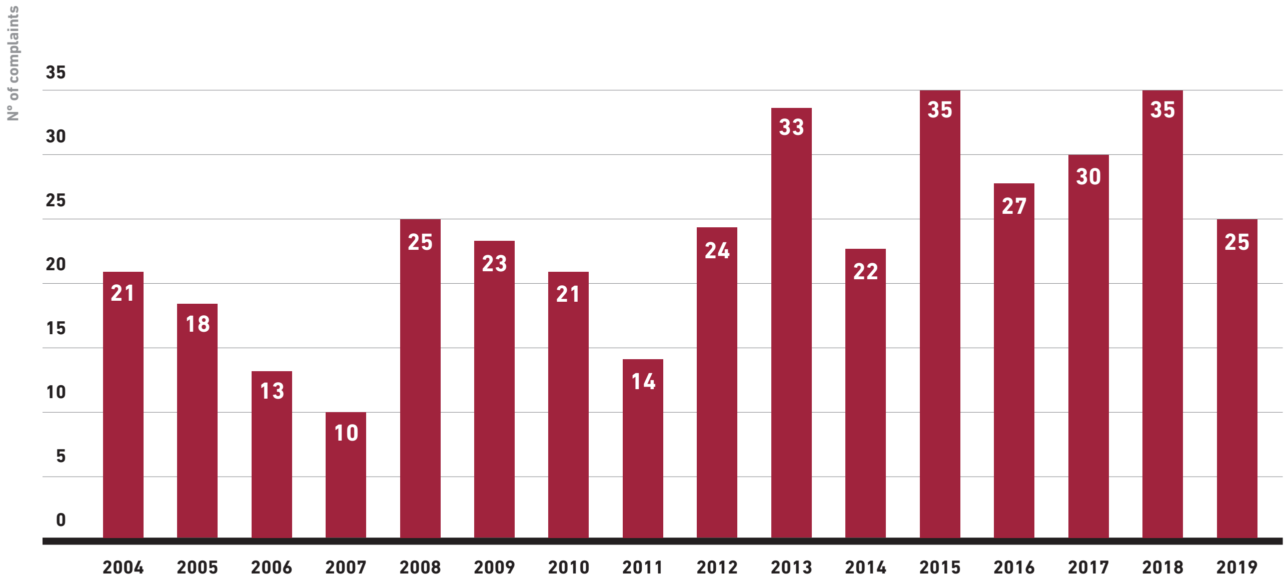
Result of complaints Financial Year 2019

In 2019, a total of 25 complaints and/or claims were received from customers, 24 of which were submitted to the Renta 4 Customer Service and one to the Participant's Ombudsman, as they being on issues related to pension plans. The 25 complaints were admitted for processing, and both the Participant's Ombudsman and Renta 4's Customer Service Department carried out a detailed study and analysis of each of the issues raised, reviewing the procedures established by Renta 4 and finally issuing the corresponding resolution, or requesting the parties to reach an agreement on the disputes that had arisen.

With regard to the queries made to the Customer Service, a total of 4 information requests were received in 2019 and, as in previous years, the number of formal queries received is very low, due to the fact that customers usually make their queries directly to the professionals in the offices, who resolve them whenever possible, in an agile and quick manner, providing them with the appropriate solution and information, and in these cases, it is not necessary to formally process them through the Customer Service.

With regard to the number of complaints filed with the Renta 4 Customer Service Department since its creation in 2004 and through to 2019, it should be noted that no year has recorded a significant figure in absolute terms: 25 in 2019, 35 in 2018, 30 in 2017 and 27, 35 and 22 in 2016, 2015 and 2014, respectively (Graph 1). The small variations that are reflected throughout these years could have occurred as a consequence of different factors; such as the crisis in the financial markets, the economic and financial situation of previous years, regulatory changes or due to the increase in commissions.

Graphic 1. Total claims 2004-2019



In addition, it should be noted that the number of complaints filed is a small amount that has remained stable throughout the fifteen (15) years that the Renta 4 Customer Service has been operating.

In this regard, it should be noted that the number of complaints, 25 in 2019, is not very significant compared to the total number of clients with assets that Renta 4 has as of 31 December 2019, a total of 81,924 clients, in the same way as in all previous financial years, as in 2018 when a total of 34 complaints were admitted for processing in connection with the 78,228 clients at the end of 2018.

Similarly, if the number of claims filed during 2019 is compared with the assets managed by Renta 4 at the end of 2019, 20,951 million euros, this is not a significant figure, nor can the number of claims, 24 in 2019, be considered significant when compared to the 62 commercial offices with which Renta 4 operates nationally.

Complaints classified by Type of Resolution

As regards to the type of resolution issued by the Customer Care Service during 2019, as shown in Table 1, there were 16 resolutions of the 25 complaints received that were unfavourable to the client, accounting for 64% of the total number of complaints, one resolution was favourable to the client, 4% of the total, and the Customer Care Service urged the parties to reach an agreement in 8 complaints, 32% of the total.

Table 1. Trend in claims submitted to Customer Service - Classification by Types of Outcome

Classification by Types of Outcome	2019		2018		2017		2016		2015		2014		2013		2012	
	Nº.	%	Nº.	%	Nº.	%	Nº.	%	Nº.	%	Nº.	%	Nº.	%	Nº.	%
Unfavorable to the customer	16	64%	24	69%	21	70%	24	89%	18	51%	12	55%	24	73%	20	83%
Favorable to the customer	1	4%	1	3%						0%	2	9%	0	0%		0%
Customer Service Agreement Proposal (Agreement)	8	32%	9	26%	8	27%	3	11%	14	40%	6	27%	7	21%	4	17%
Customer desisted									1	3%		0%	2	6%		
Not accepted for proceedings/issue suspended			1	3%	1	3%			2	6%	2	9%				
TOTAL	**25**	**100%**	**35**	**100%**	**30**	**100%**	**27**	**100%**	**35**	**100%**	**22**	**100%**	**33**	**100%**	**24**	**100%**

In those cases where Renta 4 and the clients have reached a settlement, the amounts disbursed have been insignificant, specifically in 2019 the total amount was 8,454.71 euros, in 2018 it was 24,832.61 euros, a similar figure to the amount paid by Renta 4 in 2015, which was 12,470.75 euros and higher than the 3,517.97 euros in 2017, 487 euros in 2016 and 873.54 euros in 2014. Consequently, these amounts are not very significant when compared with the Entity's financial figures, and they do not represent a loss for the Entity.

Additionally, as this Customer Service Department has been doing every year, an estimate has been made of the amounts affected by the claims presented and admitted for processing, that is, the maximum cost that Renta 4 would have had to disburse in the event that all resolutions were favourable to clients, and this overall amount is estimated at 147,000 euros for 2019, an amount similar to previous years: 205,000 euros for 2018, 210.000 euros for 2016, 190,000 euros for 2015, and 200,000 euros estimated for 2009.

On the other hand, it should be noted that the Customer Service Department, in addition to carrying out the main function of resolving complaints and claims, plays an intermediary role between the client and the entity. In this sense, having analysed the reason for the claim, reviewed the procedures, and in the cases this is feasible, it is the Service itself that urges the parties to reach an agreement.

Complaints classified by content

In relation to the content of the claims reflected in Table 2, following the same classification used in previous years' reports, the figures are as follows:

Table 2. Trends in Customer Service Claims – Classification by Contents

Classification by Contents	2019		2018		2017		2016		2015		2014		2013		2012	
	Nº.	%	Nº.	%	Nº.	%	Nº.	%	Nº.	%	Nº.	%	Nº.	%	Nº.	%
Commissions - Rates	6	24%	3	9%	6	20%	9	33%	13	37%	11	50%	18	55%	7	29%
Operations with securities, orders carried out	6	24%	20	57%	15	50%	8	30%	3	9%	5	22%	13	39%	16	67%
Investment Funds/ Pension Plans	7	28%	4	11%	3	10%	1	4%	9	25%	5	22%	0	0%	0	0%
Others	6	24%	8	23%	6	20%	9	33%	10	29%	1	6%	2	6%	1	4%
TOTAL	**25**	**100%**	**35**	**100%**	**30**	**100%**	**27**	**100%**	**35**	**100%**	**22**	**100%**	**33**	**100%**	**24**	**100%**

In 2019, it should be noted that the number of claims submitted under each of the headings was practically the same, 7 claims in the section referring to Investment Funds-Pension Plans, 28% of the total, while in the remaining headings 6 claims were received, 24%, with no material being highlighted due to the number of claims.

The claims filed in Investment Funds-Pension Plans are those whose content refers to the marketing and operation in the subscription, reimbursement and transfer of investment funds and pension plans. In 2019, 7 complaints were received, slightly higher than in previous years, 4 in 2018 (11%), 3 in 2017 (10%).

Under the heading "Securities transactions and order execution," which includes those complaints related to discrepancies in clients' orders management and execution operations. In 2019, 6 complaints were received (24% of the total), which is an amount similar to that of 2016 (8, 30%) and 2014 (5, 23%). Besides, this amount smaller than claims submitted in 2018 (20, 57% of the total) and 2017 (15, 50%).

On the other hand, the section on Fees and Charges includes complaints relating to fees and expenses associated with the various investment products and services. In 2019 a total of 6 complaints were processed, 24% of the total, a number similar to that of recent years and lower than those received between 2013 and 2015, 18 complaints in 2013 (55%), a total of 11 in 2014 (50%) and 13 in 2015, representing 37%.

And finally, there were 6 complaints classified under Others in 2019, 24% of the total, which in 2018 included a total of 8 (23%), similar figures to previous years, such as the 9 complaints recorded in 2016 and 10 in 2015. This heading includes all claims that could not be included in any of the other segments, and therefore the content of these claims is heterogeneous.

On the other hand, it should be noted that in recent years the National Securities Market Commission and the Bank of Spain have requested more information from entities' Customer Services regarding claims and a greater degree of detail, establishing different classifications as to the reasons, causes, types of products, among others, etc. This information enables the regulatory bodies to prepare annual reports with the aggregate information of all entities.

For this reason, as in previous years, the information relating to complaints filed between 2015 and 2019 has been included in this Annual Report, using the classification and information criteria required by the National Securities Market Commission and the Bank of Spain.

In this way, further information is provided on the content of the complaints processed, as reflected in Tables No. 3 and No. 4 of this report.

Table 3. Trends in Customer Service Claims – CNMV Classification

Type of Product	Cause of Claim	2019	2018	2017	2016	2015
Shares and rights	Marketing		1	3	3	3
	Managing and carrying out orders	3	1	5	4	
	Commissions				1	1
	Others					1
Debt instruments and hybrids	Commissions					2
	Others					1
UCITS	Marketing	4	1			1
	Managing and carrying out orders	3	3	4		6
	Others			1		2
Derivatives	Marketing	1	1	1	3	2
	Managing and carrying out orders	3	16	8	4	1
	Commissions			1		
	Others					1
Portfolio management contracts	Others					1
Others	Commissions	1				
	Managing and carrying out orders	6	3	5	7	9
	Others		3			
	Otros	4	6	2	2	4
Total		**25**	**35**	**30**	**24**	**35**

Table 4. Trend in Claims – Bank of Spain Classification

Bank of Spain criterion		2019	2018	2017	2016	2015
Other Investment Services	Commissions and expenses	6	3	8	10	13
	Discrepancies in entries	6	10	11	8	2
	Ex-Ante	2	1	2	2	2
	Ex-Post	-	2	1	2	
	Miscellaneous	3	14	3	4	9
UCITS	UCITS-related	-		5	1	9
	Discrepancies in entries	3	2	-	-	-
	Ex-ante	2	2	-	-	-
	Ex-Post	2	-			
	Miscellaneous	-	1	-	-	-
Current Accounts	Miscellaneous	1				
Total		**25**	**35**	**30**	**27**	**35**

CONCLUSIONS

In summary, the Client Service Department considers that the 25 claims submitted during the 2019 financial year continues to be a non-significant figure both in absolute and in relative terms if compared with the total number of the Entity's clients, with the assets managed by Renta 4, or with the amounts claimed therein.

On the other hand, the evolution of the number of complaints filed with the Customer Service Department from the beginning of its activity, in 2004 and until 2019, continues to be an insignificant figure, remaining stable despite the growth experienced by the Entity and its business figures.

In addition, it should be noted that the Customer Service Department, as it has been doing since the beginning of its activity, in each of the complaints received it has gathered as much information as it has deemed appropriate from the different areas of the Entity, in order to know all the aspects relating to the complaints, in order to be able to issue an appropriate resolution or to urge the parties to reach an agreement. In this process, this Service, together with other areas of Renta 4, has promoted and carried out modifications both in procedures and in the information available through the different channels at its disposal, all with the aim of correcting any specific incidents that may occur, as well as improving operations and the information available. All this with the aim of reducing incidents, improving the quality of the provision of financial services and increasing transparency towards the customer, offering better and more complete information on products, their risks, operations and other specific characteristics.

In this way, in addition to the functions assigned, the Customer Service Department is intended to be a means of communication between customers and the different entities of the Renta 4 Group, in order to improve the procedures and practices of the Renta 4 Group and offer a higher quality service to all customers.

0.6 Annex

Renta 4 Banco, S.A.
Annual Banking Report

On 27 June 2014, Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, transposing Article 89 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 relating to the taking up and pursuit of the business of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC (CRD IV) and repealing Directives 2006/48/EC and 2006/49/EC, was published in the Official State Gazette.

In compliance with the provisions of Article 87.1 and the Twelfth Transitional Provision of Law 10/2014, of 26 June, credit institutions shall be obliged to publish, specifying by countries where they are established, the following information on a consolidated basis corresponding to the last closed financial year:

a. Name, nature and geographical location of the activity

b. Turnover and number of full-time employees.

c. Gross profits before tax and income tax

d. Subsidies and public aid received

On the basis of the foregoing, the information required, as mentioned above, is set out below:

a) Name, nature and geographical location of the activity

Renta 4 Banco, S.A. is the entity resulting from the merger by absorption, which took place on 30 March 2011, of Renta 4 Servicios de Inversión S.A., (absorbing entity) and Renta 4 Banco, S.A. (absorbed entity), the latter previously known as Banco Alicantino de Comercio, S.A., the change of name of the latter having been registered in the Mercantile Registry on 8 June 2011. In addition, during the merger process, the absorbing company's bylaws were amended, changing its trade name from Renta 4 Servicios de Inversión, S.A. to Renta 4 Banco, S.A. and extending its corporate purpose to include banking activities, as well as the investment and ancillary services of investment service companies. The Parent Company is registered on the Mercantile Registry and on the Special Registry of Credit Entities of the Bank of Spain under code 0083.

The corporate purpose of Renta 4 Banco, S.A. consists of the activities of credit institutions in general, including the provision of investment services, as well as the acquisition, holding, enjoyment, administration and disposal of all types of transferable securities, and in particular those specified in article 175 of the Commercial Code and other legislation in force relating to the activity of such entities.

The activity or activities constituting the corporate purpose may be carried out by the Company totally or partially, indirectly, through the ownership of shares or ownership interest in companies with an identical or similar corporate purpose. In addition to the operations it carries out directly, the Bank is the head of a group of subsidiaries which engage in various activities and which, together with it, constitute Renta 4 Group. As a result, the Parent Company is required to prepare, in addition to its own individual financial statements, the Group's consolidated financial statements. The Parent has its registered office at Paseo de la Habana 74, Madrid.

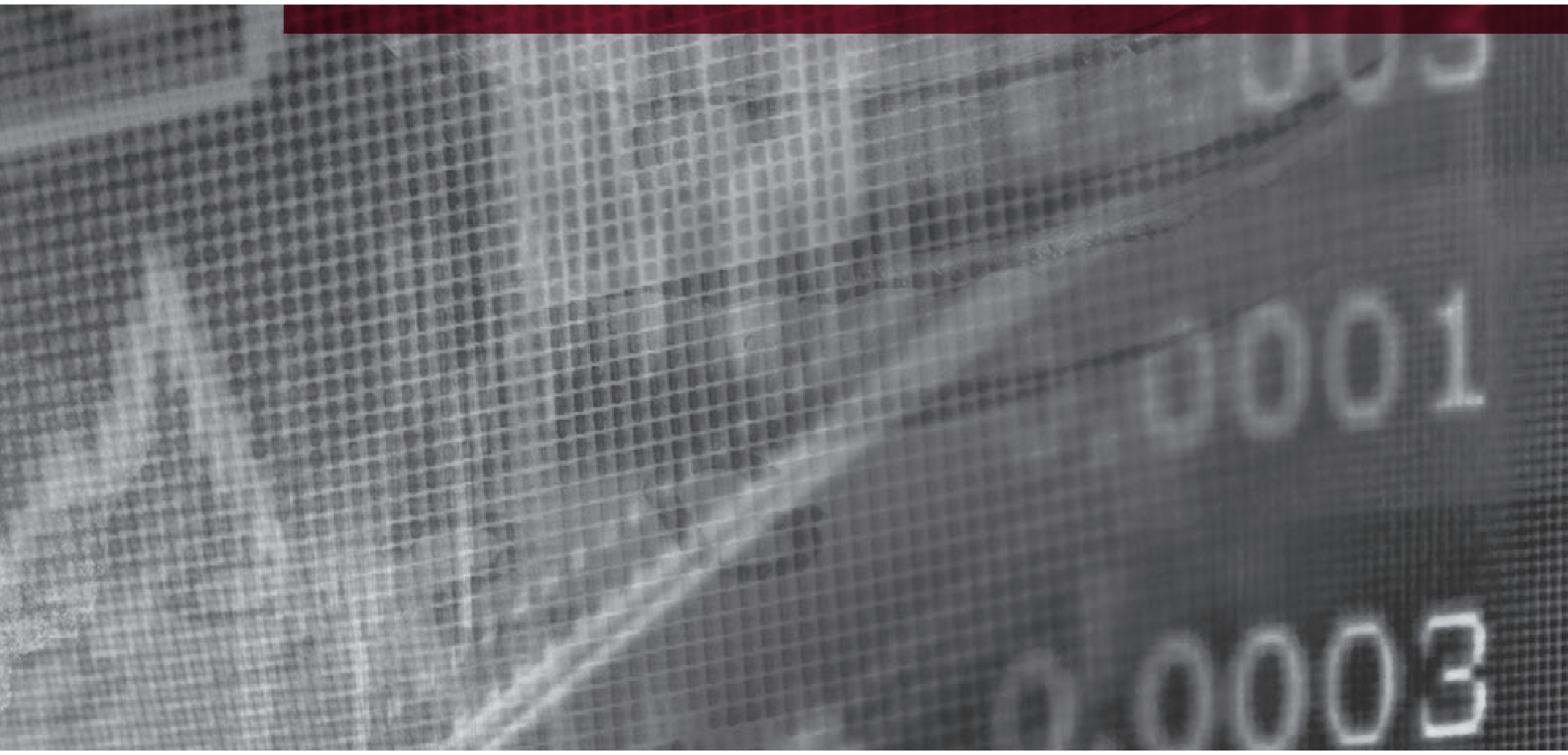
The Group operates mainly in Spain. The activities, name, nature and geographical location of the subsidiaries are included in Annex I to these notes to the consolidated financial statements.

b) Turnover and number of full-time employees.

This heading provides information on turnover and the number of full-time employees by country at the end of 2019 and 2018, on a consolidated basis.

Turnover was considered to be the number of fees and commissions received, as shown in the Group's consolidated income statement, at the end of 2019 and 2018:

	Thousands of Euros Turnover		Number of employees (full time)	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Spain	128.653	137.276	465	456
Chile	983	1.470	26	22
Colombia	335	105	16	13
Perú	90	157	12	12
Luxembourg	2.286	1.671	3	2
TOTAL	**132.347**	**140.679**	**522**	**505**



c) Gross profits before tax and income tax

This heading shows the information relating to consolidated profit before tax and consolidated income tax as included in the Group's consolidated income statement at 2019 and 2018 year-end:

Thousands of Euros

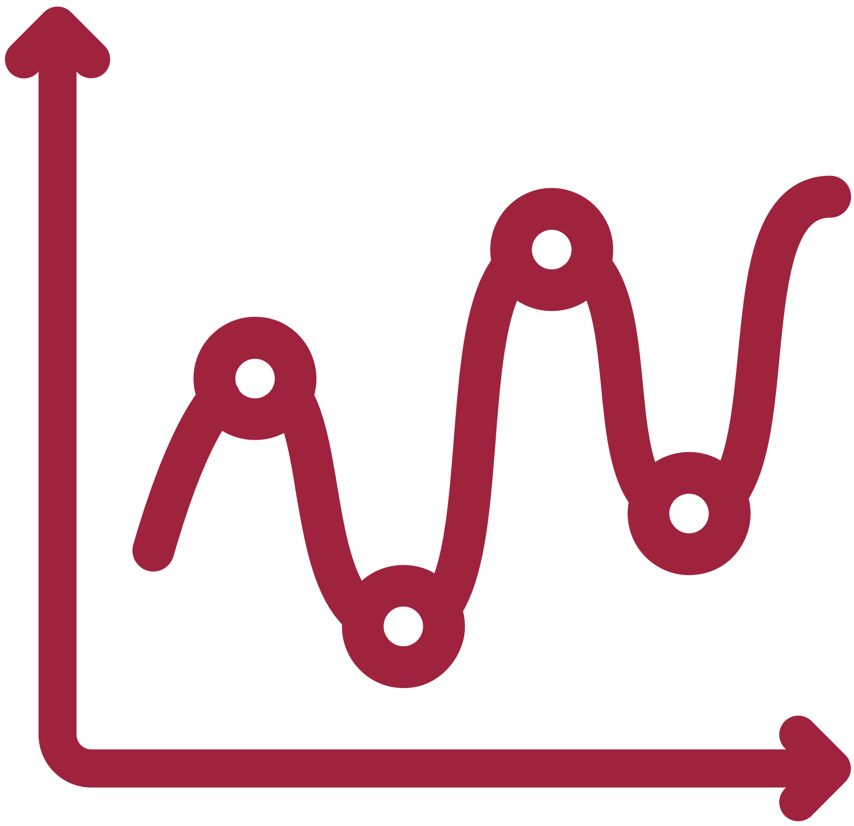
	Profit before tax		Income tax	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Spain	24,870	23,048	-7,117	-5,960
Chile	-576	-566	0	-189
Colombia	-785	-1,076	-10	-26
Perú	-370	-457	0	0
Luxembourg	1,641	1,066	-51	-79
TOTAL	**24,685**	**22,015**	**-7,178**	**-6,254**

d) Subsidies or public aid received

No public subsidies or aid were received during the financial years of 2019 and 2018.

e) Return on assets

The return on assets calculated as the net profit divided by the entire balance sheet is 1,00% (2018: 1.17%).



3 Consolidated management report

3.1

Economic environment and financial markets

2019 has been a positive year for savings, with very good performance and returns on practically all assets. Although economic growth has weakened in 2019 (in a context of strong geopolitical tensions and trade wars), the monetary policy impulse by central banks (especially the Fed) has increased the appetite for both variable and fixed income assets.

From the macro side we have witnessed an economic slowdown in 2019. The reasons for this have been both structural (lower potential growth of the economies, strategic confrontation between China and the US, overcapacity) and circumstantial (increase in tariffs, Brexit, or crises in some emerging economies). By regions, uneven performance has been observed. In the United States, we are witnessing the longest economic expansion in living memory. Private consumption remains strong, with trade tensions having limited impact so far, and support from the Fed (with 3 precautionary rate cuts, prioritizing growth over inflation). In Europe, by contrast, trade tensions and lower global demand in the automotive sector have led to significant falls in German manufacturing activity. In China, we have witnessed a moderate slowdown (with stimulus support), and the slowdown has been more pronounced in emerging countries (the worst year in more than a decade, due to commercial tensions and their own vulnerabilities). With respect to monetary policy, 2019 can be said to have been a year of “failed normalisation”. Both the Federal Reserve and the ECB have had to reverse their intention to raise interest rates and stop buying bonds on the market. In terms of real long-term interest rates, the impact has been around 100 basis points in the USA and 50 basis points in Europe, with the consequent positive impact on risky assets.

Despite the slowest economic growth in a decade, equities have performed well in 2019, closing on a historic high in the US and annual highs in Europe. The US stock markets closed their best year since 2013, with rises in the Nasdaq 100 (+38%), S&P (+29%), Russell (+24%) and Dow Jones (+22%). Since the election of Donald Trump in November 2016, the S&P has risen by 50%, far exceeding the performance of the rest of the world’s stock exchanges. In Europe the Eurostoxx 50 closed up +25%, the Stoxx 600 +23%, with the Greek (ASE +49%), Irish (Iseq +31%) and Italian (Eb +28%) markets standing out, with the French CAC (+26%) and German DAX (+25.5%) more in line with the European average. The worst relative performance was seen in indices such as the British FTSE 100 (+12%) and the Ibex 35 (+11.8%). Other stock markets have performed well, such as the Chinese CSI 300 (+36%), or the Japanese Nikkei (+18%).

Given the low profit growth in 2019 (+0.5% on the S&P 500, +3% on the Stoxx 600, due to the global economic slowdown), the expansion of multiples explains most of the rise in the indices in 2019 (favoured both by the drop in long-term real interest rates and by the progressive reduction of the risk premium). The PER 20e multiples are around 18x on the S&P 500 and 15x on the Stoxx 600. The stock market performance in the last months of the year has continued to improve with the improvement of macro data, with greater visibility of some uncertain scenarios such as Brexit or with each step forward in the trade dispute between the USA and China (with the imminent signing of Phase 1 of the Agreement announced by Trump), so that as 4Q19 has progressed, we have seen how the market has been clearing the risk of recession. From a sectorial approach, virtually all sectors have risen, although the more cyclical sectors, such as industry and materials, have performed worse than defensive (basic consumption, utilities) or growth (technology) sectors, with investors overweighting low-volatility stocks. In Europe, financial services (+39%), construction (+37%) and technology (+35%) stood out, against worse performance from telecommunications (0%), oil companies (6%) and banks (8%).

From a flow point of view, in 2019 global equity funds have seen the highest level of returns since the Global Financial Crisis, despite having one of the best performances in recent years. With 250bn USD, the outflow of funds has been almost as high as in 2008, especially in the United States and Europe (110bn USD each). This figure, however, represents around 4% of assets under management in Europe, and 1% in the United States. In contrast, the global bond market has had net inflows of 545bn USD, one of the highest since the global financial crisis (slightly below the net 551bn USD in 2017). The contrast in flows between variable and fixed income is particularly striking in Europe, as we observe how bonds with negative yields have received inflows of USD 74bn (the highest level since the global financial crisis).

With regard to fixed income, 2019 has been characterised by a continued decline in government debt rates during the first eight months and some recovery in the latter part of the year as geopolitical tensions dissipated and the deteriorating economic outlook began to bottom out. During the financial year, central banks were the main catalysts of market movements, as they turned around and returned to expansionary monetary policies. In the Euro Zone, this has resulted in the Central Bank's inability to aband. the negative ground in its benchmark rates, a situation that has gone from being temporary to one which is expected to be maintained at least for the next two or three years, and in a central bank that already has very little room for manoeuvre, which is why it has very explicitly called for financial expansion measures to be applied to countries that have the capacity to do so.

We recall the main actions of the European Central Bank (ECB) and the US Federal Reserve (Fed) in 2019:

ECB: Overcoming objections from some members of the Governing Council, the ECB adopted the following array of measures in September:

- Cutting the deposit rate by 10 b.p. to -0.50%. The refinancing rate and the marginal lending facility remain at 0% and 0.25%.
- Forward guidance is reinforced and linked to a solid convergence of the inflation outlook to a level sufficiently close to but below 2% on its projection horizon, and that this is reflected in underlying inflation. It should be noted that the current ECB projections for the 2022 financial year point to inflation of 1.6% (1.7% in 4Q2022), still far below the target.
- The asset purchase programme is restarted at a rate of EUR 20 billion per month from 1 November and with no defined end date (until "shortly before interest rates start to rise"). The asset composition of the programme will be similar to the previous ones. This will involve the purchase of about 15% of the program in corporate bonds (about EUR 3-4 billion). Moreover, the purchase of bonds is extended to those with returns below the deposit rate. The ECB does not consider it necessary to change the limits on asset purchases as it believes that under current conditions it has sufficient margin to maintain the established purchase rate.
- Tiering of excess reserves: A system of two tranches is introduced, one of which is exempt from the deposit rate (-0.50%) and is paid at 0%. The volume of exempted reserves is determined on the basis of a multiplier on the minimum reserve requirement, and which will

be the same for all institutions. This multiplier may vary, in principle it has been set at 6 times. We estimate that just over 40% of the European banks' excess reserves will be exempted, so the demand for government bonds will fall, especially affecting the short end of the interest rate curve.

- The new TLTRO is modified: the 10 b.p. spread on the deposit and refinancing rates is eliminated and the duration is extended from 2 to 3 years.

It should be noted that the change of leadership at the ECB, now under the presidency of Christine Lagarde, has not brought about any major changes, as Lagarde has reaffirmed the policies of her predecessor, Mario Draghi, although we do hope that Lagarde will seek more consensus within a Governing Council that is currently very divided. Furthermore, it should be noted that the ECB is launching a strategic review in 2020 (the last one was in 2003) which will last about a year. The review will be comprehensive and may include a review of what the central bank considers to be price stability. We believe that this is the main risk, in case the ECB wants to revise downwards or extend the range of its inflation target, which would be a de facto lowering of the target, as it could result in an anchoring of the inflation outlook at lower levels, at a time when the other central banks are pointing the opposite way.

In 2019, the Fed made three benchmark rate cuts (July, September and October) of 25 basis points each, to 1.50-1.75%. After this the Fed paused, waiting to see the effect of the new monetary stimulus on the economy. It should be noted that the average projection of the so-called dot plot in which Fed members indicate their expectations for the benchmark rates does not point to rate movements in 2020 and contemplates a rise in 2021. This contrasts with the market outlook, which gives a probability of at least 35% for a rate cut in 2020, given the slowdown in the US economy (some analysts still point to the risk of the US economy entering a recession, although this would be moderate if it occurred).

In this context, the Bund's profitability, which had ended 2018 above 0.20%, began to test negative levels at the end of 1Q2019, only to plummet to levels below -0.70% at the end of August, from which it recovered to close 2019 at levels close to -0.20%. A similar pattern was followed by the US 10-year bond, which fell from levels of just over 2.5% to 1.46% in the summer before recovering to 1.88% at the end of the year. In addition, in Europe investors' search for profitability led to a shift towards riskier assets, which resulted in a fall in risk premiums on government bonds on the periphery of Europe. Similarly, credit spreads narrowed throughout the year, except for rallies in May and August.

In the exchange market the USD has been depreciating against other currencies, outstanding examples being the EUR/USD close to 1.12, GBP/EUR close to 1.31, and USD/CNH below 7, calming Trump's potential threats of tariff action against some countries to push the USD down.

Within the raw materials, we highlight the behaviour of crude oil. The Brent rose 23% in 2019, the best year since 2016 (it fell 20% in 2018), resulting in better demand expectations for 2020 as well as a drop in U.S. inventories in recent weeks.

3.2

Evolution of the sector

After the spectacular performance of risky assets in 2019 (which offsets a difficult 2018, where most assets delivered a negative return), we believe that looking ahead to 2020 we need to see some improvement in the economic growth scenario, and a slight growth in corporate profits, to obtain positive returns on risky assets. At the same time, we see tighter valuations than at the beginning of 2019 and geopolitical risks, variables that limit the upward potential.

From a macro perspective, we left 2019 asking the same question as a few months ago: where are we in the economic cycle? After the continued downward revision of growth forecasts in 2019 (to the lowest rates since the financial crisis), we expect an improvement in 2020 (although well below potential), allowing for a low probability of a recession. The assumptions in this scenario are a containment of trade tensions, favourable financial conditions (central bank support), and a timid contribution from financial policy. We also expect inflation to be contained, in this scenario of weak growth, and in the face of structural deflationary factors (globalisation, technology).

With regard to monetary policies, moderate growth and lower inflation should lead to lower neutral rates for longer. Central banks have responded to cyclical uncertainty, with the largest percentage of rate cuts since the great Financial Crisis. We therefore expect the injection of liquidity to continue. As regards the Fed, given the scenario of solid growth in the US (+2%) and the expectation of underlying inflation converging on its 2% target, we do not discount further rate cuts, barring a greater global slowdown. In Europe, the ECB continues to implement long-term stimuli in the face of the risks of economic slowdown and low inflation, but the additional room for manoeuvre for 2020 is reduced in the face of growing dissent within the ECB.

With regard to business profits, in the second quarter of 2009, the downward revision of EPS for 2019 was substantial (-6% in the United States and Europe), and although EPS for 2020 has also been revised downwards, the expected growth in EPS for 2020 is still high (+8.5% in the S&P 500, +8.0% in the Stoxx 600). From the point of view of flows, the equity risk premium remains high, positioning is prudent (looking at equity weights in hedge funds, multi-asset funds, etc.), and equity issuance is in negative territory for the first time in a decade in Europe.

In this context, the main factors in order to be constructive in equity are: 1) reasonable valuations both absolute (in Europe, PER 20e 15x of the Stoxx 600, P/VC 1.8x, with RPD 3.8%, discount compared to history) and relative to public debt and credit; 2) macroeconomic stabilisation (slowdown yes, recession no); 3) expected improvement in business results; 4) maintenance of expansionary monetary policies; 5) corporate movements (low rates, need for inorganic growth); 6) share buybacks; 7) gradual resolution of political risks (Brexit trade negotiations).

At the same time there are risks, which will increase volatility and risk premiums at certain times, and that make essential both the timing of entry / exit, and the appropriate selection of sectors and companies. The most important are: 1) further deterioration of the cycle, with upsurge of trade tensions between the United States - China and / or other trading partners; 2) greater than expected slowdown in China; 3) downward risk in EPS 2020e; 4) geopolitical risks; 5) monetary policy constraints.

The current scenario continues to bring potential opportunities for active management and stock selection. On the one hand, we see how the context of low interest rates increases the attractiveness of companies with high dividend yields, well covered by the generation of free cash flow. This does not necessarily imply following a defensive strategy. In this group we might immediately think of traditionally defensive sectors (utilities and telecommunications), but we also find interesting opportunities in sectors that are somewhat more cyclical and have higher beta (energy, raw materials, leisure, chemicals), but which in our view present less risk of downward revision of free cash flows than that discounted by the market, while having more attractive valuations.

On the other hand, companies with visibility of their secular growth (above global GDP), solid balance sheets, high returns on capital and cash generation, and reasonable valuations, should continue to perform well in the current low growth scenario. We continue to look for companies with these characteristics, especially in sectors such as technology, health, infrastructure or industrial niches. We therefore believe that the best way to manage equities in this scenario is to diversify portfolios and find a balance, continuing to combine quality and growth companies at reasonable prices, with companies clearly undervalued by the market which at current prices may be discounting a very negative scenario. In a scenario as unpredictable as the current one, where geopolitical factors play a greater role than desired, we believe that bottom-up management and stock selection are increasingly important.

With regard to fixed income, we enter 2020 with a scenario of weak economic growth, in an already very mature cycle. Furthermore, geopolitical uncertainties remain: the risk of the UK leaving the EU at the end of the year without having signed a free trade agreement cannot be ruled out, while we believe that the signing of a second part to the trade agreement between the US and China is complicated, as it would include the most controversial issues, basically the Chinese government's interventionism in its economy. In this context, we believe that a defensive position is justified. In this sense, taking into account that we expect central banks to maintain an accommodating monetary policy in the medium term, justified by the poor growth data and the absence of inflation, bonds have little downward risk, both in investment grade and in the more solvent part of the high yield bonds (up to BB rating), since, as we pointed out earlier, central bank purchases have the effect of pushing investors into categories of lower credit quality in search of profitability.

In European public debt, we are betting on peripheral debt versus German debt, with a view to reducing the risk premium. Meanwhile, on the credit side, investment grade corporate bonds offer very low expected returns, so we believe it makes sense to invest in short term debt with "carry", including High Yield, although being very selective and avoiding the lowest levels of credit quality, especially with regard to cyclical sectors, it being preferable to take positions in subordinated debt of solvent investment grade companies. Similarly, we found value in issues in dollars compared to their counterparts in euros, although monitoring the currency to hedge at specific times.

With regard to currencies, After the euro's 4% depreciation against the dollar in 2019, looking ahead to 2020 we expect the euro to move in the range of 1.10-1.20 USD/EUR, with gradual appreciation as the lower cyclical risk reduces the dollar's safe-haven effect, political risk in the eurozone (Brexit, Italy) is reduced, and the eurozone's current account surplus and US financial and current account deficits are captured.

3.3

Evolution of the entity

During the 2019 financial year Renta 4 Bank has obtained a net income attributable to the group of 17.8 million euros compared to 16.1 million euros in 2018.

The capital ratio "CET1 Fully Loaded" is 16.67%, well above the regulatory solvency requirements.

The Return on Equity (ROE) amounts to 19.14%, return on investment that is well above the industry average.

The evolution of the 2019 financial year has been characterised by two distinct periods, the first part of the year being marked by greater pressure on the income statement as a result of the uncertainty about market trends that had been building up since the end of 2018, and the second half of the year, with a significant improvement in results. In the first six months of the year, income attributable to the group was 6.4 million euros and in the second half of the year net income was 11.4 million euros, 76% higher.

In this different evolution in the two halves of the year, two factors have been particularly relevant, the growth in the second half of the year of gains from financial transactions (ROF) for the activity carried out in the Fixed Income markets, and success commissions obtained at the end of the year in portfolio management and fund management.

From the point of view of commercial activity and of the evolution of the main operational variables the year has also shown a positive trend, with a progressive evolution of the growth rates of client wealth and assets under management.

The client assets in the company's own network amounted to 12,347 million euros, growing 10,7% in the year, and the client assets under management have reached 10,546 million euros, accounting for a 13% growth versus the previous year.

Significant data at 12/31/2019

Operating Magnitudes	12/31/2019	12/31/2018	%
No. of Clients Own Network	**84,227**	**81,144**	**3.8%**
Total Assets (millions of euros)	**22,294**	**19,964**	**11.7%**
Stock Exchange	9,244	8,922	3.6%
Investment Funds (own and third party)	5,223	4,780	9.3%
Pension Fund	4,157	3,504	18.6%
SICAVs	1,166	1,045	11.6%
Other	2,504	1,713	46.2%
Assets Own Network (millions of euros)	**12,347**	**11,153**	**10.7%**
Third Party Network Assets (millions of euros)	**9,947**	**8,811**	**12.9%**

Workforce (period average)	12/31/2019	12/31/2018	%
Average workforce in the period	515	495	4.0%
Commercial network (abroad)	268(53)	256(46)	4.7%
General services	247	239	3.3%
Number of offices	66	66	0.0%

Renta 4 Share	12/31/2019	12/31/2018	%
Ticker (Reuters/Bloomberg/Adrs)	**RTA4.MA**	**RTA4.MA**	
Market price(€)	**7**	**7,84**	**-10.7%**
Market Cap (€)	**284,852,421**	**319,034,712**	**-10.7%**
No. of Outstanding Shares	40,693,203	40,693,203	

Operational Data overview

The volume of total assets administered and managed in 2019 has reached 22,294 million, of which 12,347 million belongs to the proprietary network, and has over the year grown by 1,194 million euros, up 10.7%. The assets of third party networks stood at 9,947 million.

During 2019, total assets have increased by 2,330 million euros, which represents a growth of 11.7%.

Client assets under management (Investment Funds, SICAVs and Pension Funds) amount to 10,546 million euros, an increase of 1,217 million euros versus the closing of the previous year (13%).

In the fourth quarter of this year the fundraising for the proprietary network has been positive in the amount of 150 million euros.

The acquisition of new clients has continued at a good pace. The total number of own-network accounts is 84,227 versus the 81,144 recorded in that same period last year.

Profit and main items of income and expenses

The Net Profit Attributed to the Group in 2019 has been 17.8 million euros, representing a 10.8% increase versus that obtained during 2018.

In 2019, the Gross Fees (Fees received, income from companies accounted for using the equity method and other operating income), have decreased by 5.9%, down to 132.7 million euros. This decline is due to low trading volumes, especially in the variable income assets markets, with a drop in intermediation fees versus those obtained in that same period last year. Gross Intermediation Fees have decrease by 17.2% closing the period at 46.4 million euros. Over the second half of the year, there was a significant upward trend in gross fees, which grew by 14.5% in the fourth quarter of the financial year.

Management fees amounted to 73 million euros, 1.9% greater than the same period last year.

Commissions in the area of corporate services have remained at levels similar to the previous year, with revenues of 13.3 million euros.

Net fees (gross commissions - commissions paid), decreased by 1.7%, reaching the figure of 68.3 million euros, compared with 69.4 million euros in 2018.

The decline in fees was offset by the increase in interest margin, amounting to 3.8 million euros, which has meant an increase of 16%, and in greater measure due to the results of the financial operations, which has experienced significant growth, reaching 14.5 million euros compared to 2.6 million in the same period in 2018.

The gross margin for the year has been 88.5 million euros compared to 78 million in the same period last year, representing an increase of 13.5%.

On the cost side, the Operating Expenses and Amortisation (General expenses, Staff expenses, and Amortisation) amounted to 65.7 million euros, that is a 11.4% increase in the last 12 months. The increase in operating costs has been associated essentially to the digital transformation, which requires investment in technology, as well as to the costs associated with setting up the new companies in Chile, Peru and Colombia.

The Staff expenses have shown a 13.3% increase, resulting in 35.8 million euros, and the General administrative expenses decreased 4.1%, resulting in 18.8 million euros, versus the 19.6 million euros recorded in the previous year,

The amortisations have increased by 64.2%, compared with the same half of the previous year, largely as a result of the accounting effect which has led to the entry into force of the IFRS16, effective January 1, 2019.

The registered Operating profit has amounted to 24.8 million euros, a 12,6% increase versus the 22.0 million profit of the previous year..

3.4

Foreseeable evolution of the company

We continue to believe that ours is a very demanding sector, not only because of the digital transformation taking place, but also due to foundational changes that are deeply changing our clients' needs and the way in which we should meet them.

The context of low interest rates and the consequent disappearance of the so-called "risk-free asset" increases the need for savers/investors to look for investment alternatives to try to make their wealth profitable. The need for specialised, quality and close guidance and management creates a clear opportunity for Renta 4 Banco's business model as a bank specialised in investments, but at the same time it requires constant adaptation and improvement in both the offer of services and the relationship with the client, with the aim of making this relationship completely satisfactory.

The increase, for another year, of the client base, of the assets of the clients of the same network, and of the assets under management allows us to maintain a positive projection for the business. This is also helped by the expansion of our offering, incorporating alternative assets, the smooth functioning of the corporate operational activity (corporate) and the positive development of our subsidiaries in Luxembourg and in Chile, Peru and Colombia.

Our goal for 2020 is to continue transforming the Bank towards the future, maintaining high levels of return on capital (ROE) and strengthening the high solvency ratios and profitability that we have, which will allow us to continue with a policy of satisfactory return to shareholders.

3.5 Management policy and risks

Information on the entity's risk management policies is explained in detail in Note 5 to the financial statements corresponding to year 2019.

3.6 Acquisition of treasury shares

Information on treasury shares is provided in detail in Note 18 to the financial statements corresponding to year 2019.

3.7 Environmental impact

In view of the activities in which the Entity is involved, it has no environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or profits or losses. For this reason, no specific breakdowns are included in the notes to the financial statements with respect to information on environmental issues.

In addition, in financial years 2019 and 2018, the Entity had no greenhouse gas emission rights.

3.8

Research and development

In 2019, R&D efforts have been channelled into digital development.

3.9

Events subsequent to the closing of the financial year

The events subsequent to the balance sheet date are detailed in Note 24 of the financial statements corresponding to year 2019.

3.10

Information on human resources

Information on matters relating to the entity's personnel is detailed in Notes 4.p) and 22.d) to the financial statements corresponding to year 2019.

Approval of the 2020 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 2019 consolidated annual financial statements approved at the meeting held March 17, 2020 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	**Mr. Pedro Navarro Martínez**
Chairman	Deputy Chairman
Mr. Juan Luis López García	**Mr. Santiago González Enciso**
CEO	Board member
Mr. Jesús Sánchez Quiñones	**Mr. Pedro Ferreras Díez**
Board member	Board member
Fundación Obra Social Abogacía	**Mr. José Ramón Rubio Laporta**
Rafael Navas Lanchas | Board member	Board member
Mrs. Inés Justo Bellosillo	**Mr. Eduardo Chacón López**
Board member	Board member
Mrs. Gema Aznar Cornejo	**Mrs. Sarah Marie Harmon**
Board member	Board member

4 Annual corporate governance report

Annual corporate governance report of listed public limited companies

End date of reported year:
12/31/2019

Issuer identification
C.I.F. A- 82473018
Company name:
RENTA 4 BANCO, S.A.
Ps. de la Habana, 74
28036 Madrid

A. Ownership structure

A.1. Fill in the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
09/27/2011	18,311,941,35	40,693,203	40,693,203

Indicate whether different types of shares exist with different associated rights:

Yes **No** ✓

A.2. State the direct and indirect holders of a significant stake at year-end, excluding directors:

Name or company name of the shareholder	% of voting rights attached to the shares		% of voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
Maria Beatriz López Perera	0.00	5.03	0.00	0.00	5.03
Mutualidad General de la Abogacía	6.88	0.00	0.00	0.00	6.88
Indumenta Pueri S.L.	0.00	5.59	0.00	0.00	5.59

Details of the indirect stake:

Name or company name of the indirect holder	Name or company name of the direct holder	% of voting rights attached to the shares	% of voting rights through financial instruments	Total % of voting rights
Maria Beatriz López Perera	Contratas Y Servicios Extremeños, S.A.	5,03	0,00	5,03
Indumenta Pueri S.L.	Global Portfolio Investments S.L.	5,59	0,00	5,59

Indicate the most significant movements in the shareholder structure during the year:

Significant movements
The position of the Mutualidad General de la Abogacía is reported in this section because in 2019 the company resigned as a director, but continues to be a shareholder of the company.

A.3. Fill in the following tables on the members of the company's Board of Directors who own voting shares in the company:

Name or company name of the director	% of voting rights attached to the shares		% of voting rights through financial instruments		Total % of voting rights	% of voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. José Ramón Rubio Laporta	0.99	0.00	0.00	0.00	0.99	0.00	0.00
Mrs. Inés Juste Bellosillo	0.02	0.00	0.00	0.00	0.02	0.00	0.00
Mr. Juan Carlos Ureta Domingo	31.21	13.53	0.00	0.30	44.74	0.00	0.30

Name or company name of the director	% of voting rights attached to the shares: Direct	% of voting rights attached to the shares: Indirect	% of voting rights through financial instruments: Direct	% of voting rights through financial instruments: Indirect	Total % of voting rights	% of voting rights that may be transferred through financial instruments: Direct	% of voting rights that may be transferred through financial instruments: Indirect
Mr. Eduardo Chacón López	0.02	0.00	0.00	0.00	0.02	0.00	0.00
Mr. Pedro Ángel Navarro Martínez	0.41	0.10	0.00	0.00	0.51	0.00	0.00
Mr. Juan Luis López García	0.19	0.00	0.02	0.00	0.19	0.02	0.00
Mr. Jesús Sánchez- Quiñones González	0.73	0.00	0.00	0.00	0.73	0.00	0.00
Mr. Santiago González Enciso	1.39	3.02	0.00	0.00	4.41	0.00	0.00
Mr. Pedro Ferrerías Díez	0.22	0.00	0.00	0.00	0.22	0.00	0.00
Mrs. Sarah Marie Harmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mrs. Gemma Aznar Cornejo	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% total de derechos de voto en poder del consejo de administración							51,83%

Details of the indirect stake:

Name or company name of the director	Name or company name of the direct holder	% of voting rights attached to the shares	% of voting rights through financial instruments	Total % of voting rights	% of voting rights that may be transferred through financial instruments
Mr. Juan Carlos Ureta Domingo	Surikomi S.A.	5,19	0,30	5,19	0,30
Mr. Juan Carlos Ureta Domingo	Sociedad Vasco Madrileña de Inversiones, S.L.	5,86	0,00	5,86	0,00
Mr. Santiago González Enciso	IGE-6, S.L.	0,64	0,00	0,64	0,00
Mr. Santiago González Enciso	Fundación González Enciso	1,11	0,00	1,11	0,00
Mr. Pedro Ángel Navarro Martínez	Kursaal 2000, S.L.	0,10	0,00	0,10	0,00

Mrs. Sarah Marie and Mrs. Gemma Aznar are included because they directly hold a percentage corresponding to 0.005% and 0.002%, respectively, of the voting rights attached to shares, although the actual percentages cannot be shown correctly in the table above due to the limitations of the system (only two decimal points are allowed).

Likewise, Mr Eduardo Chacón has been included as the indirect owner of a percentage that makes up 0.001% of voting rights attached to the shares, although the actual percentages cannot be shown correctly in the table above due to the limitations of the system (only two decimal points are allowed).

With regard to Mr Juan Carlos Ureta Domingo (indirect stake) and Mr Juan Luis López García (direct stake), we have reported their positions in CFDs on the Renta 4 Banco security for the purposes of consistency of the information entered into the CNMV records. Nevertheless this position in CFDs does and will not grant its holder any voting rights on the Renta 4 Banco security as the CFDs are a synthetic financial instrument that is always settled by differences (not deliverable).

A.4. Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant stakes, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, except for those reported in section A.6:

Name or company name of the related party	Type of relationship	Brief description
No data		

A.5. Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant stakes, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Name or company name of the related party	Type of relationship	Brief description
No data		

A.6. Describe the relationships, unless insignificant for both parties, between the significant shareholders, or represented shareholders, on the Board and the directors, or their representatives, when the administrators are a legal entity.

Explain, where appropriate, how the significant shareholders are represented. In particular, specify any directors who have been appointed to represent significant shareholders, those whose appointment was promoted by significant shareholders, or those who were related to significant shareholders and/or entities in their group, indicating the nature of such relationship. In particular, indicate, where appropriate, the existence, identity and position of Board members or directors' representatives of the listed company who are also members of the management body, or their representatives, in companies with a significant stake in the listed company o in companies of the group of such significant shareholders:

Name or company name of the director or representative, related	Name or company name of the significant related shareholder	Company name of the significant shareholder's group company	Description of the relationship/ position
Mr. Eduardo Chacón López	Contratas Y Servicios Extremeños, S.A.	Contratas Y Servicios Extremeños, S.A.	Chairman - CEO
Fundación Obra Social de la Abogacía Española	Mutualidad General de la Abogacía	Mutualidad General de la Abogacía	Representative of the significant shareholder on Renta 4 board of directors

A.7. Indicate whether the company has been notified of any shareholders' agreements pursuant to Articles 530 and 531 of the Spanish Limited Liability Companies Law. If so, provide a brief description and list the shareholders that are party to the agreement:

Yes **No** ✓

Indicate whether the company is aware of the existence of any joint actions among its shareholders. Give a brief description as applicable:

Yes **No** ✓

Expressly indicate any amendments to or termination of such covenants, agreements or joint actions during the year:

None.

A.8. Indicate whether any individual or legal entities currently exercise control or could exercise control over the company pursuant to Article 5 of the Securities Market Law. If so, identify:

Yes ✓ No

Name or company name
Juan Carlos Ureta Domingo

The direct and indirect stake in the share capital is 44.74%..

A.9. Complete the following tables on the company's treasury shares:

At the end of the fiscal year:

Number of direct shares	Number of indirect shares(*)	Total % out of share capital
89,780		0.22

(*) Through:

Name or company name of the direct holder of the stake	Number of direct shares
No data	

Explain any significant changes during the year:

During the period ending on 31 December 2019, own equity instruments have been acquired for a total of 393 thousand euros, and 231 thousand euros have been sold, recording capital gains directly in its equity for 36 thousand euros.

A.10. Give details of the applicable conditions and current timeline for the general meeting to authorise the Board of Directors to issue, buy back or transfer treasury shares:

On 27 April 2018, the General Meeting of Shareholders adopted the following resolution: "The Board of Directors is authorised, with express powers of substitution, -even if this could lead to self-hiring or despite opposing interests- to carry out the derivative purchase of the Company's treasury shares, directly or indirectly through the Company's group companies, and as deemed convenient in the light of the circumstances, subject to Article 146 and the following articles in the revised text of the Spanish Limited Liability Companies Law and other applicable regulations. The minimum buying price or consideration will be equal to the par value of the treasury shares purchased, and the maximum buying price or consideration will be equal to the quoted price of the treasury shares purchased in an official secondary market on the date of purchase. At no time may the par value of the shares directly or indirectly purchased, added to those already held by the Company and its subsidiaries, exceed 10% of the subscribed share capital or the maximum amount that may be established by law. The types of purchase may include sale and purchase, swap, Donation, allocation or payment in kind or any other type of transaction for consideration according to the circumstances. This authorisation is granted for a period of five years. The authorisation granted provides that the shares purchased may be used in whole or in part for allocation or transfer to the directors or employees of the Company or companies in the Company's group, directly or as a result of them exercising option rights, within the scope of the Company's share price-based compensation systems approved appropriately. For this, the Board of Directors is authorised, with express power to substitute the members of the Board as deemed convenient, included the Secretary and the Vice Secretary of the Board, as extensively as necessary to apply for authorisations and adopt as many resolutions as necessary or convenient under the current regulations to execute and successfully deliver this agreement."

A.11. Estimated floating capital:

Estimated floating capital	%
	36.22

A.12. Give details of any restrictions (statutory, legal or otherwise) on the transfer of securities and/or voting rights. In particular, detail the existence of any kinds of restrictions that could hinder the company takeover through the purchase of its shares in the market, as well as any prior authorisation or communication rules that, with regard to the purchase or transfer of financial instruments in the company, would be applicable under the industry regulations.

Yes ✓ No

Description of the restrictions

Renta 4 Banco, S.A., as a credit entity, is subject to Article 17 of the Spanish Law 10/2014, of 26 June on the organisation, supervision and solvency of credit entities and the regulations that develop it, including Royal Decree 84/2015 of 13 February that develops said law and Circular 5/2010 of 28 September issued by the Bank of Spain. In this regard, when a person (natural or legal, alone or jointly with other persons) decides to purchase (directly or indirectly) a significant stake in a credit entity and will thereby acquire a percentage of voting rights or owned share capital equal to or above 20, 30 or 50% or if by virtue of the purchase such person will gain control of the credit entity as described in Article 42 of the Commercial Code, such person will be required to notify this to the Bank of Spain beforehand and will need prior authorisation to purchase/transfer their stake in the share capital of the credit entity.

A.13. Indicate whether the general meeting has resolved to adopt neutralisation measures to address a takeover bid by virtue of the provisions of Law 6/2007.

Yes **No** ✓

If applicable, explain the measures approved and the terms under which these restrictions may be non-enforceable:

A.14. Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes **No** ✓

Where applicable, state the various classes of shares, and the rights and obligations attached to each class:

B. Shareholders meeting

B.1. Indicate and state, if any, the differences with respect to the minimums stipulated in the Spanish Limited Liability Companies Law (LSC) with regard to the quorum required for the constitution of the general meeting:

Yes **No** ✓

B.2. Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework established in the Spanish Limited Liability Companies Law (LSC):

Yes **No** ✓

B.3. Indicate the rules governing amendments to the company's bylaws. In particular, indicate the majorities required to amend the bylaws and, if applicable, the rules for protecting shareholders' rights when the bylaws are amended.

According to Article 21 of the Company's Articles of Association "any amendment to the Articles of Association shall require the attendance, at first call, of shareholders present in person or by proxy, of at least fifty percent (50%) of the subscribed voting share capital, and at second call, the attendance of twenty-five percent (25%) of said capital shall be sufficient", providing, for the valid adoption of the corresponding resolution, that when, at second call, shareholders representing twenty-five percent (25%) or more of the subscribed voting share capital are present but do not reach fifty percent (50%), resolutions may only be validly adopted with the favourable vote of two thirds of the capital present in person or by proxy at the Meeting. Likewise, Article 12 of the Board of Directors Regulations (the "Board Regulations") states, and further provides in Article 25.3.c), that the amendment to the Articles of Association shall be voted by shareholders separately so that they can exercise their individual voting preferences, such separate approach to be applied for those other matters that are substantially independent, including amendments to the Articles of Association.

Lastly, Article 26 of the General Meeting Regulations sets forth that in order to agree the amendment of the Bylaws, if the capital present or represented at the meeting exceeds fifty percent (50%), the resolution may be adopted with an absolute majority. The vote in favour of two thirds of the capital present or represented at the General Meeting shall be required when the meeting, on second call, is attended by shareholders representing twenty-five percent (25%) or more of the subscribed capital with voting rights, but less than fifty percent (50%).

B.4. Indicate the attendance figures for the general meetings held during the year and those of the two previous fiscal years:

	Attendance information				
			% remote voting		
Date of General Meeting	% of attendance in person	% in represented	Electronic voting	Other	Total
04/28/2017	47.24	22.22	0.00	0.00	69.46
Of which Floating Capital	**1.09**	**9.78**	**0.00**	**0.00**	**10.87**
04/27/2018	42.81	28.12	0.00	0.00	70.93
Of which Floating Capital	**1.58**	**9.89**	**0.00**	**0.00**	**11.47**
04/29/2019	48.13	19.61	0.00	0.00	67.74
Of which Floating Capital	**1.72**	**6.40**	**0.00**	**0.00**	**8.12**

B.5. Specify if there have been any items on the agenda at the General Meetings held during the year that, for whichever reason, were not adopted by the shareholders:

Yes **No** ✓

B.6. Indicate whether the bylaws contain any restrictions with respect to a minimum number of shares required to attend general meetings or to vote remotely:

Yes **No** ✓

B.7. Indicate if there is a rule establishing that certain decisions, other than those established by Law, that involve the purchase, disposal, contribution to another company of key assets or other similar corporate operations, should be put to vote at the General Meeting of Shareholders:

Yes **No** ✓

B.8. Indicate the address and mode of accessing corporate governance content on the company's website, as well as other information on general meetings which must be made available to shareholders on the Company website:

Corporate website: https://www.renta4banco.com/es/

Information on corporate governance and other information on the general meetings can be found on the website in the "Corporate Governance" section, located at the top of the corporate website. This section contains all the corporate information on the subject in accordance with current legislation.

C. Structure of the company's governing body

C.1. Board of Directors

C.1.1 The maximum and minimum number of directors stipulated in the Company Bylaws and the number stipulated by the General Meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors stipulated by the General Meeting	15

C.1.2 Fill in the following table with the Board members' particulars:

Name or company name of the director	Representative	Category of the director	Position on the Board	Date of first appointment	Date of last appointment	Appointment procedure
Mr. José Ramón Rubio Laporta		Independent	Independent lead director	04/28/2015	04/29/2019	Resolution of the general meeting of shareholders
Mrs. Inés Juste Bellosillo		Independent	Director	04/28/2017	04/28/2017	Resolution of the general meeting of shareholders
Mr. Juan Carlos Ureta Domingo		Executive	Chairman	08/20/1999	04/28/2017	Resolution of the general meeting of shareholders
Mr. Eduardo Chacón López		Proprietary	Director	04/28/2017	04/28/2017	Resolution of the general meeting of shareholders
Mr. Pedro Ángel Navarro Martínez		Other External	Vice-president	08/20/2000	04/28/2017	Resolution of the general meeting of shareholders
Mr. Juan Luis López García		Executive	CEO	09/27/2011	04/28/2017	Resolution of the general meeting of shareholders
Mr. Jesús Sánchez-Quiñones González		Executive	Director	05/26/2000	04/28/2017	Resolution of the general meeting of shareholders
Mr. Santiago González Enciso		Executive	Director	08/20/1999	04/28/2017	Resolution of the general meeting of shareholders
Mr. Pedro Ferreras Díez		Other External	Director	07/18/2005	04/28/2017	Resolution of the general meeting of shareholders
Fundación Obra Social de la Abogacía Española	Mr. Rafael Navas Lanchas	Proprietary	Director	11/27/2012	04/27/2018	Resolution of the general meeting of shareholders
Mrs. Sarah Marie Harmon		Independent	Director	04/29/2016	04/29/2016	Resolution of the general meeting of shareholders
Mrs. Gemma Aznar Cornejo		Independent	Director	04/29/2019	04/29/2019	Resolution of the general meeting of shareholders
Total number of directors						**12**

Indicate the directors who have left by resignation, removal or any other cause, from the Board of Directors during the reporting period:

Name or company name of the director	Category of the director when they left	Date of last appointment	Date of departure	Special committees the director was a member of	Indicate whether the director left before the end of their office
Mr. Eduardo Trueba Cortés	Other External	04/28/2017	12/19/2019	Appointments and Remuneration Committee	Yes
Mr. Francisco De Asis García Molina	Independent	04/28/2017	12/19/2019	Audit and Control Committee and Appointments and Remuneration Committee	Yes
Mutualidad General de la Abogacía	Independent	04/28/2017	12/19/2019		Yes

Reason for leaving and other observations
Mr. Eduardo Trueba Cortés, Mr. Francisco de Asís García Molina and the Mutualidad General de la Abogacía (represented by Mr. Enrique Sanz Fernández-Lomana) presented their respective resignations in order to facilitate that the composition of the Board of Directors of the Company is even more in line with the trends, best practices and guidelines of good corporate governance. In addition, with regard to Mr. Trueba Cortés, we would like to inform that on October 29, 2019, he presented his resignation as an independent Director of the Company, and consequently the Board appointed, upon proposal of the ARC, Mr. José Ramón Rubio Laporta, as an independent Director of the Company, who accepted the position to which he was appointed on the same date.

C.1.3 Complete the following tables on board members and their respective categories:

EXECUTIVE DIRECTORS

Name or company name of the director	Position in the company organisation chart	Profile
Mr. Juan Carlos Ureta Domingo	Chairman	Mr Ureta has a degree in Law-Economy (Lawyer specialising in Economics) by Deusto University. As State Attorney (1980 examination), he worked for the Ministry of Economy and Treasury (1980 -1984). He has been a Stockbroker of the Madrid Stock Exchange since 1986 (number 1 in his year). Mr Ureta was the Chairman of the Instituto Español de Analistas Financieros from 2010 to 2016 and of the Fundación de Estudios Financieros from 2010 to 2016. Furthermore, he has been a member of the Board of Directors of Saint Croix Holding Immobilier, Socimi, S.A. and a member of the Board of Directors and of the Standing Committee of the Governing Body of the Madrid Stock Exchange since 1989. Between 1996 and 2003 he was a member of the Board of Directors of the Servicio de Compensación y Liquidación de Valores (Iberclear) and was the chairman of such service in 2002. Mr Ureta is also a member of the Board of Directors of Bolsas y Mercados Españoles (BME) from 2002 until 2006 and from 2018, member of the Board of Directors of Indra Sistemas (1998- 2007) Spanish leading company in information technology; and member of the Advisory Board of Lucent Technologies in Spain (1996 and 2001). Besides publishing countless papers on legal and financial matters, Mr Ureta is a consultant for several Spanish and foreign business groups..
Mr. Juan Luis López García	CEO	Mr López García has a degree in Economic and Business Sciences by the Complutense University of Madrid. Between 1980 and 1986 he worked as a financial analyst for BANIF. He then moved to the Banco Hispano Urquijo in London. (Risk Department) for 10 months. In 1987 he joined Urquijo Gestión de Patrimonios acting as portfolio manager and manager of Collective Investment Undertakings. Subsequently (1988-1991) he worked as portfolio manager for GESBANZANO, SGIIC (Banco Zaragozano Group) to then become an independent professional advising entities, especially non-profit-making organisations (1991-1997). In 1997 he joined Renta 4 where he was appointed as General Manager in March 2004. From 2006 until 2007 he was Chairman of Renta 4 Pensiones EGFP S.A. Until March 2011 he was Chairman and CEO of Renta 4 Gestora, SGIIC, S.A. and General Manager of Renta 4 Servicios de Inversión, S.A. where he has taken on different functions. At present, Mr Juan Luis López is a member of the Board of Directors of Renta 4 Pensiones SGFP, S.A. and Renta 4 Banco, S.A. and has also been CEO of the latter since January 2015.
Mr. Jesús Sánchez- Quiñones González	General Manager	Mr Sánchez-Quiñones has a degree in Business Management and Administration by ICADE and a Master's degree in Tax and Economic Studies by CECO. He was in charge of the management (and attendance) of all courses and seminars organised by Aula Financiera & Fiscal from 1991 to 2004. Since 2012, Mr. Sánchez-Quiñones has been General Manager at Renta 4 Banco, being the head of the areas of Business, Markets, Asset Management, Online Intermediation, Corporate Finance, Research, Marketing and Private Banking. From 2006 to 2012, he held the position of General Manager at Renta 4 S.V., being the head of the areas of Business, Markets, Asset Management, Online Intermediation, Corporate Finance, Research, Marketing and Private Equity Management. Since 2000, he has been Director at Renta 4 Servicios de Inversión (Holding), where he had a significant degree of involvement in the company's IPO (2007).

Name or company name of the director	Position in the company organisation chart	Profile
		In 1991 he founded (and was the Administrator of) Aula Financiera & Fiscal, S.L. a company specialising in training professionals from the Private Banking and Equity Management sector in tax and financial matters, most of them inspectors from the General Tax Department. Between 2004-2006 he was Chairman of Renta 4 S.G.I.I.C., S.A. and General Manager at Renta 4 S.V. In 1996 (until 2000) he was Assistant Manager of the Chairman of Renta 4 S.V. and had previously worked as Manager of the analysis department, Operator of the table of derivates and international contracting and Analyst of the Corporate Finance department. Besides being the coauthor of many publications and taking part in different work teams (e.g. CNMV and BME), he is a member of, among other organisations, the Grupo de Asesores Económicos, the Instituto Español de Analistas Financieros and frequently gives lectures at courses and seminars organised by different institutions (e.g. the Economy and Financial Politics Committee of the CEOE). Since April 2019 he has also been a Director at KOBUS PARTNERS MANAGEMENT SGEIC, S.A.
Mr. Santiago González Enciso	Regional Director	After training as a lawyer, his career has been linked to the business world, taking on management roles and being part of governing bodies in different companies, mainly within the financial and real-estate market. In this field, he joined Manglo, S.A. as Sales Manager in 1982 where he supervised the Finances and HR Department. Mr González was then appointed Director from 1985 until 1996. He was also Sole Administrator at Miralpáramo, S.L. He joined Renta 4 in 1991 as Regional Manager at Renta 4 SV in Valladolid and Regional Manager in Castilla y León at Renta 4 SV. He is currently the Manager at Renta 4 Valladolid; Regional Manager at Renta 4 Castilla y León; Director of the company Renta 4 Banco; Director of the company Renta 4 S.V., S.A; Chairman of the Board of Directors of Auditórium Privatum S.L; and CEO of I.G.E-6,S.L. Furthermore, Mr González Enciso is a financial advisor and trustee of several non-profit foundations and associations, and member of the Social Board at the University of Valladolid.

Total number of executive directors	4
% out of the total of the board	33.33%

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of the director	Name or company name of the significant shareholder represented or that has proposed their appointment	Profile
Mr. Eduardo Chacón López	Contratas y Servicios Extremeños, S.A.	Mr Chacón has a degree in Business and Economics Sciences by the University of Extremadura (1995) having studied the first two years at the University of Valladolid and has a degree in Business Senior Management by the San Telmo Business School, Seville (1997). He also attended a course on Senior Management, PAD (2008) by the Extremadura Business School of which he is founder and owner. Since 1995 he has been CEO of a group of family businesses from Extremadura that specialise in managing different services: street cleaning, maintenance, upkeep and cleaning of property, car parks and signposting, with a workforce of about eight hundred people, of which an approximate ten percent is disabled. Since 1997 he has sat on the Business Advisory Board of Mutua Fremap in Extremadura and is a Director of the Parking, S.L. organisation in Cáceres. Mr Chacón had been a member of the Governing Board of Caja Rural de Almendralejo, cooperative credit organisation from December 2013 until april 2017. He has also taken other courses on different subjects including Environment, Urban Waste Management and Treatment, trained to transport goods by road and other courses on Family business management, Leadership skills and Technical analysis of financial markets. He regularly attends high-level training courses and is especially interested in matters related to business strategy, team management, family businesses and the parallelism between the management of the sports world and the business world.

Name or company name of the director	Name or company name of the significant shareholder represented	Profile
Fundación Obra Social de la Abogacía Española	Mutualidad General de la Abogacía	Mr Navas Lanchas (natural person representing the Foundation) has a degree in Economic Sciences (1986) and Insurance Actuary (1986) by the Complutense University. He has also taken several courses on the Liquidation of Insurance Companies in UNESPA (July 1991); insurance and reinsurance in general and other specific courses on life insurance and pension funds; and Internal Control and solvency II of insurance companies. Basic skills in office software, Internet, email and actuary calculation software (ACTUS). Since 2013, he has been the General Manager of Mutualidad General de la Abogacía, having acted as Assistant General Manager the previous year. From 2006 to 2012 Mr Navas was Deputy General Manager of Mutualidad General de la Abogacía (since 2008 Deputy General Manager of the Financial Area of Mutualidad General de la Abogacía in charge of the departments of Financial Investments, Real-estate investments, Accountancy and Actuary Department; and from 2006 to 2008, Deputy General Manager coordinating all the departments in Mutualidad). He was also the Head of the Technical Actuary Department of Mutualidad General de la Abogacía (1991-2006). Previously Mr Navas had worked at Ernst Young as an auditor (insurance and finance sector, 1990-1991) and at Espacontrol Deloitte where he also worked as an auditor (1987-1990).

Total number of proprietary directors	2
% out of the total of the board	16.67

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of the director	Profile
Mr. José Ramón Rubio Laporta	Mr Rubio has held different leading positions during his career. In particular, he started his career working in the headquarters of Marks & Spencer in London. From 1975 until 1982 he was General Secretary and Secretary to the Board of Directors as well as Manager of the Legal Counsel department for a group of family businesses in the building, property development, mining and electric supply sector with over 700 employees. In 1982 he was a founding partner of the law firm “Mateu de Ros, Ramón y Cajal Rubio y asociados”, today “Ramón y Cajal Abogados”, where he remained until 1994 where he developed mainly the international business, participating in various operations of Spanish companies public offering in London, introducing foreign investors in Spanish listed companies, organizing presentations of the Spanish Chamber of Commerce in London, and advising different firms, among others to “BNP Securities”, “Ask Securities” and “Map Securities”, all from London. He has been a director at entities such as “Mediterranean Fund” managed by “Lombard Odier y Cia” and Secretary of the Board of Directors at “Ascorp, S.A.” a listed company of the “Grupo Cooperativo Mondragón”, and has held various other positions as Director in other companies dedicated to strategic management, real estate services as well as from within the health sector. From 1995 until 1998 he was CEO of the insurance group Previasa. Since 1998 he has been Vice President and CEO of the Grupo Hospitalario Quirón. In June 2012 he was appointed Chairman of the Institute for development and integration of Healthcare (IDIS) and in July 2012 he became Vice President of USP Hospitals. Mr Rubio has a degree in Law by the Complutense University of Madrid (1974) and furthered his studies with different courses on Politics by the Complutense University of Madrid (1975) and on Urban Planning Law. He speaks English and German.

Mrs. Inés Juste Bellosillo	She finished her degree in Business Sciences by the Autónoma University of Madrid in 1997 and her MBA by the Instituto de Empresa in 1998. In 1999 she became exports manager in charge of the European market and of opening new markets, meeting new trade partners and attending international fairs for Perfumería GAL, S.A. From 1999 until 2001 she was external consultant at DPB Consultores and was the Financial Head of the NGO-German Agro Action (Luanda, Angola) from 2003 to 2004. In 2011 (to date) she was appointed Chairwoman of the JUSTE Group which is a Spanish industrial group with family capital and over 90 years' experience in research, development, manufacturing and selling pharmaceutical and chemical-pharmaceutical products.
Mrs. Sarah Marie Harmon	She passed her degree in Journalism by Kansas University in 1990 and a Master's degree in Healthcare Management by the North Carolina University in 1995. From 1995 until 1998 she was Manager of Customer Support at United Healthcare. From 1998 to 2000 Ms Harmon was Senior Manager for Cerner Corporation. She took on the position of Practice Manager at EHealth (Entensity Inc.) from 2000 to 2001 when she joined Medem, Inc. as Business Development Manager until 2003. In 2004 she joined Microsoft Ibérica where she held different posts until she became Business Development Manager from 2011 until 2013. During 2013-2019 she has been General Manager at Linkedin Iberia, and since July 2019 she has been General Manager at Habitissimo, S.L.
Mrs. Gemma Aznar Cornejo	Mrs. Aznar Cornejo has a degree in Economics and Business Studies from the Universidad Abad Oliba in Barcelona (specialising in Business Economics). Since 2005, Mrs. Gemma has held the position of General Manager at Mary Kay Cosmetics in Spain, where she has developed, mainly, management functions through various departments (Finance, Marketing, Sales, Operations and HR), as well as multiple strategies including: commercial, marketing, internal, cost control or analysis of variables. From the end of 1998 to the end of 2004, he held the position of Senior Analyst in Corporate Banking in the Risk Division of Banco Santander, S.A., where he carried out, among others functions, the financial and operational analysis for large corporations in different sectors. Previously (May 1996 to September 1998) he was a Corporate Banking analyst at Banco Central Hispano in London, where he developed financial and economic analysis functions for multinational groups, and served as a liaison with the client to understand their needs. In addition to speaking Spanish, English and Catalan, Mrs. Aznar has taken various courses and programs that complement her main training, including the "International Business" course (Polytechnic City of London), the "Techniques and Analysis of Stock Market Operations" course (Barcelona Stock Exchange and Abad Oliba), and the "Advance Management Program" (AMP) (ESADE).

Total number of independent directors	4
% out of the total of the board	33.33

List any independent directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior officer of an entity which maintains or has maintained this relationship.

If applicable, include a statement from the board detailing the reasons why it believes this director may carry out duties as an independent director.

Name or company name of the director	Description of the relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS

Identify the other external directors and explain why these directors may not be considered proprietary or independent directors, and what their connection is with the Company, its managers or its shareholders:

Name or company name of the director	Reason	Company, director or shareholders to which this person is linked	Profile
Mr. Pedro Ángel Navarro Martínez	Has exceeded the 12-year limit to hold the position of independent Director.	Renta 4 Banco S.A.	Mr Navarro is an industrial engineer by the Polytechnic University of Barcelona. He also has an MBA by ESADE and a Master's degree in Finances by the Texas Tech University (USA). He began his career by working for two years and a half at Texas Instruments Inc. in Dallas (USA) and Nice (France). Mr Navarro then worked for a year at Honeywell Bull Spain. In 1972 he joined Accenture (formerly Arthur Andersen) where he remained until 2001. In Accenture he held the positions of Office Managing Partner in the office in Barcelona, then Chairman for Spain, CEO for Southern Europe and CEO of the Financial Entities sector for Europe, Latin America and Africa. He was a member of the World Board for ten years, from 1990 until 2000. At present, Mr Navarro is an independent Director of Renta 4 Banco, S.A. and Jazztel PLC; Executive Vice President of the Board of Trustees of ESADE and Vice President of CEDE (Spanish Confederation of Managers and Executives). Mr Navarro also belongs to the Círculo de Empresarios and the Instituto de Consejeros-Administradores (ICA).
Mr. Pedro Ferreras Díez	Has exceeded the 12-year limit to hold the position of independent Director.	Renta 4 Banco S.A.	Mr Ferreras has a degree in Law by the University of Oviedo (1977). Before joining the State Attorney Office in 1984 he was a lecturer in Administrative Law at the University of León (1978-1982). Since 1985 he has been working as a lawyer and is a Managing Partner of Ferreras Abogados. Mr Ferreras has been Chairman of SEPI (1996-2001) and a Director in different companies, including Repsol, Telefónica, SEPPA, the European Aeronautic Defense and Space Company. Likewise, he is a member of the Governing Board of the APD (Spanish Association for the Progress of Management) and a member of the Economic and Social Board of the International University of Catalunya. In September 2001 he resumed his activity as a lawyer.
Total number of other external directors			2
% out of the total of the board			16.67

Indicate any changes in the status of each director that may have occurred during the year:

Name or company name of the director	Date of change	Prior category	Current category
No data			

C.1.4 Complete the following table with the information on the number of female directors over the past 4 years and their category:

	Number of female board members				% of total directors of each category			
	2019	2018	2017	2016	2019	2018	2017	2016
Executive					0.00	0.00	0.00	0.00
Proprietary					0.00	0.00	0.00	0.00
Independent	3	2	2	1	75.00	40.00	40.00	16.66
Other External Female Directors					0.00	0.00	0.00	0.00
Total	3	2	2	1	25.00	14.29	14.29	8.33

C.1.5 Indicate whether the company has diversity policies in place for its Board of Directors with regards to age, gender, disability, education or work experience, among other matters. Small and medium businesses, as described by the Auditing Law, should at least report about the policy they have established to ensure gender diversity.

Yes No **Partial policies** ✓

If this is the case, describe the diversity policies, their targets, measures and the way they have been implemented and their outcome in the fiscal year. Also indicate the specific measures taken by the Board of Directors and the Appointments and Remuneration Committee to ensure a balanced and diverse ratio of directors.

Should the company not have a diversity policy in place, explain the reasons for it.

Description of policies, targets, measures and way they have been implemented, as well as their outcome.

In accordance with the provisions of Article 33.2 of the Articles of Association, Article 9.5 of the Regulations of the Board of Directors (the "Board Regulations") provides that "the Board of Directors shall ensure that the procedures for the selection of its members favour the diversity of gender, experience and knowledge and do not suffer from any implicit bias that could imply any discrimination and, in particular, that they facilitate the selection of female directors". The Board of Directors has entrusted this function to the Appointments and Remuneration Committee ("ARC") as described in Article 32.3(g) of the Board Regulations, where it indicates, among other functions assigned to the ARC, that it should "Ensure that the director selection procedures do not discriminate in terms of gender, set a representation target for the least represented gender and prepare guidelines on how to reach such target".

During 2019, the ARC developed part of its activity by focusing on the implementation of these policies, studying and analysing different female candidates as potential members of the Board of Directors for the next years. In application of these diversity policies, the General Shareholders' Meeting, at the proposal of the ARC and following a report from the latter and the Board, appointed Mrs. Gemma Aznar as the new independent female director of the Company.

C.1.6 Explain any measures that may have been agreed by the appointments committee to prevent any implicit bias in selection procedures to hinder the selection of female board members, and for the company to deliberately strive to include women who meet the professional profile sought among the candidates and that will enable a balanced ratio of men and women:

Explanation of the measures

Article 9.5 of the Board Regulations provides that the Board of Directors will ensure that the procedures for selecting its members promote diversity of gender, experience and knowledge and are free of any implicit bias that may entail discrimination and, in particular, facilitate the selection of women directors. In this regard, the Board has entrusted the ARC with the function of ensuring that the director selection procedures do not discriminate in terms of gender, set a representation target for the least represented gender and prepare guidelines on how to reach such target in accordance with Article 32.3.g) of the Regulations of the Board of Directors.

In turn, Article 32 of the Board Regulations and, in order to avoid any implicit bias in the procedures for selecting the members of the Board of Directors that might hinder and/or prevent the selection of Female Directors, provides that the ARC shall: (i) Evaluate the skills, knowledge and experience required by the Board of Directors, defining, as a consequence, the functions and skills required by the candidates to fill each vacancy and evaluating the time and dedication required to properly perform their duties. Any Director may request the ARC to consider potential candidates to fill vacancies on the Board of Directors, if they consider them suitable; and (ii) to ensure that the procedures for selecting Directors do not discriminate on the basis of gender diversity, establish a representation target for the under-represented gender and prepare guidelines on how to achieve this target.

The ARC has aimed to, by establishing the goals and basic principles applied to the director selection process and a series of conditions that the candidates must meet, in line with the director Selection Policy:

(i) To promote diversity and integration of knowledge, experiences and gender, striving to ensure that by 2020 the number of female directors represents at least 30% of the total number of members of the Board; and to achieve an adequate balance on the Board of Directors to enrich decision-making and to contribute plural points of view to the debates on matters within its competence; and

(ii) Ensure that the proposals for the appointment or re-election of directors are based on a preliminary analysis of the needs of the Board of Directors. As a result of the above, the ARC proposed a director Selection Policy based on the principles of diversity and balanced composition of the Board of Directors and this was adopted by the Board of Directors. In order to apply such policy, the ARC has continued during 2019 enforcing the process that started in 2018 to increase diversity on the Board of Directors, actions which resulted in the selection and later appointment of the new female director in 2019.

When, despite the measures adopted, there are few or no female directors, explain the reasons:

Explanation of the measures

The ARC, in order to continue applying the best practices in corporate governance pursued by the Company and, in particular, those related to gender diversity within the Board of Directors, has focused its activity, throughout the year 2019, on the application of these policies-after the study and analysis of the different candidates- in order to increase the percentage of female representation on the Board, proposing to the General Shareholders' Meeting (and being approved by the latter) the appointment of Mrs. Gemma Aznar as the new independent female director. As it could not be otherwise, the Company will continue to work in this line, promoting diversity on the Board of Directors and outlawing the existence of discrimination or bias in the procedure for selecting directors, especially those related to the gender of the potential candidate. The above, together with the resignations presented at the end of the 2019 fiscal year by several directors, only makes it easier for the composition of the Company's Board to be adjusted, even more, to the trends, best practices and guidelines of good corporate governance.

C.1.7 Explain the conclusions of the appointments committee on the verification of compliance with the director selection policy. And, specifically, how this policy addresses the objective of female directors accounting for at least 30% of the total number of members of the Board of Directors by 2020.

In 2016, the Appointments and Remuneration Committee set the basic principles and guidelines as the foundations for the director appointment policy and these are included in the proposal of the director Selection Policy that was adopted by the Board of Directors. Such Policy, based on the principles of diversity and balance in the composition of the Company's Board of Directors is expressly focused on encouraging the diversity and integration of knowledge, experience and gender, aiming to achieve at least 30% of female representation on the Board of Directors by 2020.

The members of the ARC issued a positive report on the Company's corporate governance policy, which expressly foresees that the Committee should ensure that the director selection procedure should foster diversity of gender, experience and knowledge, and be free of any implicit bias that may lead to discrimination and, in particular should facilitate the selection of female directors.

As reported, the activity of the ARC has been focused, in particular, on the application of these policies, studying and analysing different candidates, proposing the appointment of a new female director to the General Shareholders' Meeting in 2019, and being approved by the latter in April.

C.1.8 Explain any reasons for which proprietary directors have been appointed at the behest of shareholders accounting for less than 3% of share capital:

Name or company name of the shareholder	Justification
No data	

Provide details of any rejections of formal requests for board representation from shareholders whose shareholding is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been granted:

Yes **No** ✓

C.1.9 Indicate, if any, the powers delegated by the Board of Directors to directors or to Board committees:

Name or company name of the director or committee	Brief description
Juan Luis López García	All the powers granted to the Board of Directors, except those that cannot be delegated by Law or the Company Bylaws.

C.1.10 Identify any Board members working as managing directors, representatives of managing directors or executives at other companies that are part of the listed company's group:

Name or company name of the director	Group company name	Position	Has executive duties?
Mr. Juan Carlos Ureta Domingo	Renta 4 Corredores de Bolsa S.A.	Board Member	No
Mr. Juan Carlos Ureta Domingo	Renta 4 Sociedad Agente de Bolsa S.A.	Chairman Of The Board	No
Mr. Juan Carlos Ureta Domingo	Renta 4 Global Fiduciaria, S.A.	Member Of The Governing Board	No
Mr. Juan Luis López García	Renta 4 Global Fiduciaria, S.A.	Member Of The Governing Board	No
Mr. Juan Luis López García	Renta 4 Pensiones S.G.F.P S.A.	Director	No
Mr. Santiago González Enciso	Renta 4 S.V., S.A.	Director	No
Mr. Jesús Sánchez- Quiñones González	Renta 4 S.V., S.A.	Director	No
Mr. Jesús Sánchez- Quiñones González	Renta 4 Corporate, S.A.	Chairman - Ceo	Yes
Mr. Jesús Sánchez- Quiñones González	Kobus Partners Management Sgeic, S.A.	Director	No
Mr. Pedro Ferreras Díez	Renta 4 Corporate, S.A.	Director	No

C.1.11 Identify any directors, or representatives of directors who are legal entities, at your company who are also members of the Board of Directors, or representatives of directors who are legal entities, in other companies listed on official securities markets other than your group, which have been notified to the company:

Explanation of the measures	Company name of listed company	Position
Mr. Juan Carlos Ureta Domingo	BME Bolsas y Mercados Españoles	Director
Mr. Juan Carlos Ureta Domingo	Saint Croix Holding Immobilier Socimi S.A.	Director

C.1.12 Indicate and, explain where appropriate, whether the company has established rules on the maximum amount of company boards the company's directors may sit on, identifying, if any, where these rules are established:

Yes **No** ✔

C.1.13 Specify the amounts of the following items regarding the global remuneration of the Board of Directors:

Remuneration accrued by the Board of Directors during the fiscal year (thousands of euros)	1,722
Amount of pension rights accumulated by the current directors (thousands of euros)	4
Amount of pension rights accumulated by the former directors (thousands of euros)	

C.1.14 List any members of the senior management who are not also executive directors and state the total remuneration accrued by them during the year:

Name or company name	Position(s)
Mr. José Ignacio García-Junceda Fernández	Chairman/General Manager of Renta 4 S.V., S.A.

Total remuneration of senior executives (thousands of euros)	183

C.1.15 Indicate whether any amendments have been made to the Board regulations during the fiscal year:

Yes **No** ✔

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

The appointment of the Directors corresponds to the Meeting, without prejudice to the right of proportional representation that corresponds to the shareholders in the terms stipulated in the Spanish Corporate Law. In this sense, if vacancies arise during the period for which the Directors were appointed, the Board may, by means of co-option, appoint the persons who are to occupy them until the first Meeting is held, unless the Meeting has already been called, in which case the Board may appoint a Director until the next Meeting after the one called is held.

The proposals to appoint, ratify or re-elect Directors should refer to people who are known for their integrity, solvency, technical skills and experience and will be approved by the Board upon the proposal made by the ARC for Independent Directors or upon the proposal of the Board, based on the ARC's report, for all other Directors. In any case, the proposal or the report made by the ARC should assign the new Director to one of the director classes foreseen in the Company's Board Regulations. Proposals must be accompanied by a supporting report from the Board that assesses the competence, experience and merits of the proposed candidates, which will be attached to the minutes of the General Meeting or the Board meeting. When the Board diverges from the ARC's proposals, it must provide its reasons for the decision and these must be included in the minutes.

Directors may be either natural or legal persons; in the latter case, it will be necessary for the latter to appoint a natural person to permanently exercise the duties inherent to the position of director. The natural person should meet the legal requirements set for the directors and will be subject to the same duties, and will be jointly and severally liable alongside the legal entity Director. The proposed representative will be subject to the ARC's report. Should the legal person Director revoke its proxy, this will not come into effect unless a substitute has been assigned.

From the moment the call is announced and until the General Meeting takes place, the Company the following minimum details on the persons proposed to be appointed, ratified or re-elected as members of the Board should remain published on the Company's website: identity, curriculum vitae, and director class they belong to, as well as the proposal and reports mentioned above. In the case of a legal person, the information shall include information on the individual to be appointed to permanently act under the title proposed.

Persons who hold representation or management positions or functions in other credit entities or a significant stake in their share capital may not be appointed as directors unless expressly authorised by the Board.

Once a year, the Board will assess (i) its performance and the quality of its work, (ii) the Chairman's and CEO's performance of their roles based on the ARC's report, (iii) the performance and composition of its Committees, based on their reports, (iv) the diversity in the composition and competences of the Board, based on the ARC's report and (v) the performance and contribution made by the Directors, with special focus on the heads of the different Board Committees, based on the reports produced by the Committees. For such purposes, the Chairman will organise and coordinate the assessment of the Board with the Chairmen/Chairwomen of the Committees.

The Directors will remain in office for four years unless the General Meeting agrees to remove them or they resign from the position and they may be re-elected more than once for four-year terms.

The Directors will leave their position when, at the end of the term they were appointed for, the General Meeting is held or the time set to hold the General Meeting that is to agree the previous year's financial statements has passed, or when so agreed by the General Meeting by virtue of the powers granted by Law or the Company Bylaws.

The ARC may propose the removal of independent Directors before the end of the statutory term for which they were appointed, if the ARC deems that there are reasonable grounds to do so. In particular, there will be reasonable grounds for removal when the Director fails to carry out the duties attached to his/her position or when he/she is under whichever circumstances described in Article 9.2.a of the Board Regulations that prevent his/her appointment as independent Director when the Director takes on a new position or new duties that prevent him/her from devoting the necessary time to carry out his/her role as Director.

The removal of directors may also be proposed as a result of public buy-outs, mergers or other similar corporate transactions implying a change in the structure of the Company's capital, where such changes in the Board structure are due to the proportionality criterion in the Board Regulations..

When a Director leaves his/her position before the end of his/her office by resignation or otherwise, he/she must explain the reasons behind such decision in a letter to be sent to all the Board members.

C.1.17 Explain to what extent the annual evaluation of the Board has prompted significant changes in its internal organisation and the procedures applicable to its activities:

Description of changes
There have been no changes as the result of the self-assessment was satisfactory.

Describe the assessment procedure and the areas assessed by the Board of Directors with the support, if any, of an external consultant, regarding the performance and composition of the Board and its committees and any other area or aspect that has been assessed.

Description of the assessment procedure and areas assessed

The Board of Directors has assessed its composition and competences, the performance and composition of its Committees and the performance of the Chairman, CEO, Independent Lead Director and Secretary of the Company by sending all directors the relevant assessment surveys regarding the Board of Directors, Appointments and Remuneration Committee ("ARC") and the Audit and Control Committee ("ACC"). For the assessment we have counted on the advice of an external expert, Mr Salvador Montejo Velilla.

Once the answers were received, the ARC prepared the related reports assessing the Board of Directors, Chairman, CEO, Independent Lead Director and the Secretary of the Board. In addition, the ARC prepared a report assessing its own composition, competences and performance. The ACC also prepared a report assessing its own composition, competences and performance.

Subsequent to the evaluation, the Board of Directors approved the assessment reports for the Board and its committees, the Chairman, CEO, Independent Lead Director and Secretary, finding that:

(i) The Board of Directors has an appropriate composition and effectively takes on and exercises the powers and competences granted to it by the Articles of Association and the regulations of the Board of Directors, always acting in the Company's interest and to maximise the Company's economic value;

(ii) The ARC and the ACC each have an appropriate composition and effectively take on and exercise the powers granted to them by the current regulations and the Company's different corporate texts; and

(iii) The Chairman, CEO, Independent Lead Director and the Secretary of the Board have effectively and diligently discharged their duties.

C.1.18 Detail, as appropriate, for the years in which the assessment was supported by an external consultant, any business dealings that the consultant or any company in its group have with the Company or any company in its group.

Throughout the 2018 fiscal year and with respect to the previous year 2017, the business relations between the Company and/or any group company and the external consultant/advisor were limited solely and exclusively to advice on assessment matters for the Board, Committees, Chairman, Coordinating Director and Secretary.

C.1.19 Indicate the cases in which the directors must resign.

Pursuant of Article 12.2 of the Board Regulations, "The Directors shall hand in their resignation in the following cases:

a) At the age of 80.

b) When they leave the job, position or function linked to their appointment as executive directors.

c) In the case of proprietary Directors, when the shareholder who proposed the appointment transfers their entire shake in the Company or reduces it to an extent that entails the reduction of the number of its proprietary Directors.

d) When subject to one of the cases of incompatibility or bans foreseen by Law, the Company Bylaws or herein.

e) When the Board so requests it by majority of, at least, two thirds of its members because the Director has breached his/her duties, with a prior proposal or report by the Appointments and Remuneration Committee, or if remaining in his/her office would entail a threat to the Company's credit or reputation.

f) When the Director has received a serious caution from the Audit and Control Committee.

g) At the end, for whichever reasonable grounds, of the contractual or organic relationship with the Company's shareholder that had given rise to the Director's appointment."

Notwithstanding the foregoing, Section 3 foresees that "Should a natural person representing a legal person Director be the object of the cases foreseen in section 2 above, he/she will be promptly replaced by the legal person Director".

C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?:

Yes **No** ✓

If applicable, describe the differences.

C.1.21 State whether there are any specific requirements, apart from those relating to the directors, to be appointed Chairman of the Board of Directors:

Yes **No** ✓

C.1.22 Indicate whether the Bylaws or the board regulations set any age limit for directors:

Yes ✓ No

	Age limit
Chairman	80
CEO	80
Director	80

C.1.23 Indicate whether the Bylaws or the Board regulations set a limited term of office or other stricter requirements for independent directors other than those established by the regulations:

Yes **No** ✓

C.1.24 Indicate whether the Bylaws or Board regulations stipulate specific rules to delegate votes on the Board of Directors to other directors, the procedures thereof and, in particular, the maximum number of proxy votes a director may hold. Also indicate whether there is any limit as to the categories in which it is possible to delegate votes, beyond the limits provided in Law. If so, give brief details.

Proxy voting is described in Article 38.2 of the Company Articles of Association whereby "[...] all Directors may be represented by another Director. Proxy will be granted expressly for the relevant meeting of the Board of Directors and may be notified by whichever means foreseen in section 2 in the article above. Non-executive directors may only be represented by another non-executive director..

As regards the means by which proxies must be communicated, Article 37.2 of the Articles of Association states that "The meetings of the Board of Directors will be called by letter, fax, telegram, e-mail or any other means and will be authorised with the signature of the Chairman or the Secretary or Vice Secretary by order of the Chairman. The meeting will be called in due time to ensure that the Directors receive it at least three days before the meeting date save for emergency meetings that may be called to be held immediately. This will not apply to those cases where the Regulations of the Board of Directors require a specific time to call a meeting. The call must always include, unless reasonably justified, the Agenda for the meeting and will attach, where appropriate, any information deemed necessary," including the procedure to appoint a proxy, that will be in writing and specifically for each meeting.

C.1.25 Indicate the number of board meetings held during the fiscal year. Also state, if applicable, the number of occasions on which the Board met without its Chairman in attendance. Attendance shall also include proxies appointed with specific instructions.

Number of board meetings	13
Number of Board meetings without Chairman's attendance	0

Indicate the number of meetings held by the Independent Lead Director with the other directors without the attendance, in person or by proxy, of an executive Director:

Number of meetings	5

Indicate the number of meetings of the various board committees held during the year:

Number of meetings of the AUDIT AND CONTROL COMMITTEE	9
Number of meetings of the APPOINTMENTS AND REMUNERATION COMMITTEE	8

C.1.26 Indicate the number of meetings held by the Board of Directors during the fiscal year and the attendance data of its members:

Number of meetings where at least 80% of directors attended in person	13
% of attendance in person out of the total votes during the fiscal year	100.00
Number of meetings where all the directors attended in person or by proxy with precise instructions	13
% of votes cast with attendance in person, or by proxy with precise instructions, out of the total votes during the fiscal year	100.00

C.1.27 Indicate whether the consolidated and individual annual financial statements submitted to the Board for their preparation are certified beforehand:

Yes **No** ✓

Identify, where applicable, the person(s) who certified the Company's individual and consolidated annual financial statements to be prepared by the Board:

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to prevent qualified auditors' reports on the separate and consolidated financial statements prepared by it from being submitted at the General Meeting.

The Audit and Control Committee analyses the quarterly, half-yearly and yearly financial statements and has regular meetings with the External Auditor reviewing, where necessary, any changes in the accountancy criteria that would affect the financial statements, ensuring that there are no qualifications by the Auditor and that the Board of Directors prepares the statements without qualifications. In compliance with Article 31 of the Regulations of the Board of Directors, the Audit and Control Committee is in charge of reviewing the Company's financial statements, enforcing compliance with legal requirements and correctly applying the standard accountancy principles, as well as providing information on the proposals made by the management to change accounting principles and criteria.

C.1.29 Is the secretary to the board a director?

Yes **No** ✓

If the secretary is not a director complete the following table:

Name or company name of the secretary	Representative
Mr. Pedro Alberto Ramón y Cajal Agüeras	

C.1.30 Indicate the specific methods established by the company to protect the independence of the external auditors, as well as the methods, if any, employed to protect the independence of the financial analysis, of investment banks and of credit rating agencies, including how the legal provisions have been effectively implemented.

In accordance with Article 31.3.b) of the Board Regulations, the Audit and Control Committee is the body in charge of ensuring the External Auditors' independence by establishing, inter alia, the duty, as regards the external auditor, to:

(i) Present before the Board of Directors, to then be put forward to the General Meeting of Shareholders, the proposals to select, appoint, re-elect or replace the external auditor, as well as the terms of his/her contract, the scope of the auditor's professional office and the revocation or renewal of his/her appointment;

(ii) Regularly gather information from the external auditor about the audit plan and protect his/her independence -ensuring that the compensation given to the external auditor for his/her work does not compromise the quality of his/her work or his/her independence- and about matters that may threaten his/her independence and the results of the audit, to be examined by the Committee, and any other information related to the accounts audit. It should also receive information and exchange communications with the external auditor as foreseen by the laws on accounts audits and the auditing regulations, and it should check that the senior management takes into account the auditor's suggestions;;

(iii) Once a year, the Committee must receive from the external auditors the declaration of their independence in relation to the Company or companies directly or indirectly related to it, and information concerning additional services of any kind that have been provided and the fees received by the external auditor or by persons or companies related to it, in accordance with the provisions of the audit legislation and, for such purposes, ensure that the Company reports any changes of auditor as a regulatory announcement to the CNMV alongside a statement on the possible existence of disagreements with the outgoing auditor and, if any, with the contents. Should the external auditor resign, the Committee will examine the circumstances surrounding this decision;

(iv) Every year issue, prior to the issue of the auditors' report, a report expressing an opinion on the independence of the audito.

Such report should always include the assessment of the provision of the additional services referred to above, considered separately or jointly, other than the legal audit and connected to the independence system or with the audit regulations, ensuring that the Company and the external auditor observe the current regulations on providing non-audit services, the limits on the auditor's business concentration and, in general all other rules on auditor independence;

(v) Encourage the Company's auditor to take on the auditing of the companies that, if any, make up the group; and

(vi) Ensure that the external auditor annually holds a meeting with the full Board of Directors to report on the work done and the evolution of the Company´s accounting and risk situation.

In practice, in 2019, the ACC has performed all the duties foreseen and with the diligence required to keep the external auditor's independence

C.1.31 Indicate whether the company changed its external auditors during the fiscal year. Where appropriate, identify the incoming and outgoing auditors:

Yes **No** ✓

Explain any disagreements with the outgoing auditor and the reasons for the same:

Yes **No** ✓

C.1.32 Indicate whether the audit firm performs other non-audit work for the company and/or its group, and if so, state the amount of fees received for such work and the percentage they represent of the fees billed to the company and/or its group:

Yes ✓ No

	Company	Group companies	Total
Amount of non-audit work (thousands of euros)	44	9	53
Amount of non-audit work/Amount of audit work (as a %)	36.97	10.00	25.36

C.1.33 Indicate whether the audit report for the annual financial statements of the previous fiscal year included any reservations or qualifications. Indicate the reasons given by the Chairman of the audit committee to the shareholders of the General Meeting to explain the contents and scope of the reservations or qualifications.

Yes **No** ✓

C.1.34 Indicate the number of consecutive years that the current audit firm has been auditing the Company's individual and/or consolidated annual financial statements. Likewise, indicate for how many years the current firm has been auditing the annual financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	3	3
Number of years audited by the current audit firm/number of years the company or its group has been audited (as a %)	32.13	32.13

C.1.35 Indicate whether there is a procedure for the directors to be able to receive the necessary information to prepare for meetings of the management bodies sufficiently in advance, and if so, give details:

Yes ✓ No

Detail of the procedure

The Directors' right to information regarding the meetings of the Board of Directors is provided for in Article 22 of the Board Regulations. Directors have the duty to request and the right to obtain from the Company any information they need to fulfil their Board responsibilities. In this respect, Directors may obtain information on any aspect of the Company and its subsidiaries and may examine their books, records, documents and any other records of corporate operations and inspect all their facilities. They may also communicate with the Company's senior officers. Likewise, Directors are entitled to receive regular information on the movements in the shareholding and on the opinions that significant shareholders, investors and rating agencies have of the Company and its group.

So as to not disturb the Company's ordinary management, all rights to information will be exercised through the Chairman of the Board of Directors who will address the Directors' requests and will provide them with the information directly or with suitable contacts at the relevant company level.

The Chairman, in collaboration with the Secretary, will ensure that the Directors have all the information required sufficiently in advance to deliberate and adopt resolutions for the matters on the agendar.

Based on Article 28 of the Company Bylaws, the call for the Board of Directors meeting will attach all information required for such meeting.

C.1.36 Indicate and, where appropriate, give details of whether the company has established rules obliging directors to report and, where applicable, resign in any circumstances that might jeopardise the company's credit or reputation:

Yes ✓ No

Explain

As described in the Board Regulations, in Article 12, "1. Directors shall resign when the term for which they were appointed expires, when the Shareholders' General Meeting has been held or when the term for holding the General Meeting that is to decide on the approval of the previous year's financial statements has elapsed, or when the General Meeting so decides in the exercise of the powers legally and by virtue of the Articles of Association conferred on it", and shall hand in their resignation: "a) When they reach 80 years of age. b) When they cease to hold the positions, responsibilities or functions with which their appointment as executive directors was associated. c) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers their entire shareholding in the Company or reduces it to a level that requires a reduction in the number of its proprietary directors. d) When they are affected by any of the cases of incompatibility or prohibition provided for by law, the Articles of Association or these regulations. e) When the Board itself. e) When the Board itself so requests by a majority of at least two thirds of its members, for having infringed their obligations as a director, following a proposal or report by the Appointments and Remuneration Committee, or when their remaining on the Board may put the credit and reputation of the Company at risk. f) When they have been seriously reprimanded by the Audit and Control Committee. g) When they have terminated the contractual or organic relationship for any other just cause with any of the Company's shareholders that led to their appointment as a director".

"Of the legal, administrative or any other type of proceedings that are initiated against the Director and that, due to their importance or characteristics, could seriously affect the reputation of the Company. In particular, all Directors must inform the Company, through its Chairman, if they are accused or prosecuted or if the decision to open an oral trial is taken for any of the offences indicated in Article 213 of the revised text of the Spanish Corporate Law. In this case, the Board will examine the case as soon as possible and take the decisions it considers most appropriate in the interest of the Company".

C.1.37 Indicate whether any of the members of the Board of Directors have informed the company of any indictments or the commencement of oral proceedings against him/her for any of the offences specified in Article 213 of the Spanish Limited Liability Companies Law:

Yes **No** ✓

C.1.38 Detail any significant agreements entered into by the company which will come into force, are amended or terminated in the event of a change of control of the company following a takeover bid and the effects thereof.

None.

C.1.39 Identify, separately when referring to directors and aggregated when referring to all other cases and provide detailed information on agreements between the company and its officers, executives and employees that provide for indemnities or guarantee or golden parachute clauses when they resign or are wrongfully dismissed or if the contractual relationship ends due to a takeover or another kind of transaction.

Number of beneficiaries	Type of beneficiary	Description of the agreement
5	Chairman (Mr. Juan Carlos Ureta Domingo), CEO (Mr. Juan Luis López García), the Director and General Manager (Mr Jesús Sánchez-Quiñones González), Regional Director (Mr. Santiago González Enciso); Member of the Management Committee, Chairman of Renta 4 Gestora SGIIC SA and Renta 4 Pensiones EGFP SA (Mr. Antonio Fernández Vera)	In the event their dismissal is declared to be unfair, the Chairman, the CEO, the Director and General Manager and the Territory Manager would be entitled to receive compensation equivalent to the legal compensation provided for unfair dismissal under the ordinary employment laws. On the other hand, the member of the Management Committee, Chairman of Renta 4 Gestora SGIIC and Renta 4 Pensiones EGFP, S.A, is entitled to, in the event of their dismissal is declared to be unfair, to compensation equivalent to the compensation provided for unfair dismissal under the ordinary employment laws.

Indicate whether, beyond the assumptions foreseen by the regulations, these agreements must be reported to and/or authorised by the governing bodies of the company or its group. If this is the case, specify the procedures, assumptions foreseen and nature of the bodies in charge of their approval or their communication:

	Board of Directors	General Meeting
Body which authorises the clauses	✓	

	Yes	No
Is the General Meeting informed of the clauses?		✓

C.2. Board Committees

C.2.1 Give details of all board committees, their members and the proportion of executive, proprietary, independent and other external directors that form them:

Audit and Control Committee

Name	Position	Category
Mr. José Ramón Rubio Laporta	Chairman	Independent
Fundación Obra Social de la Abogacía Española	Member	Proprietary
Mrs. Sarah Marie Harmon	Member	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the functions, including any added functions that are not legally foreseen, if any, conferred to this Committee and describe the procedures and rules of its organisation and operation. For each of these functions, indicate the more relevant actions during the fiscal year and how it effectively carried out each of the functions conferred to it by Law or Bylaws or other corporate agreements.

A. Composition. It is composed of at least 3 Directors who will be appointed by the Board of Directors at the proposal of its Chairman, chosen from among its non-executive members, and at least two of them should be independent. The Committee will appoint, from among its members, the Chairman, who will always be an Independent Director and will be replaced every 4 years, without prejudice to his/her continuity or re-election as a member of the Committee. Furthermore, the Committee will appoint its Secretary and, where appropriate, a Vice President. Likewise, all members of the Audit and Control Committee should have the necessary knowledge, professional experience and devotion to carry out the functions they are entrusted with.

B. Competences. The Committee's functions are set forth in Article 42 of the Company Bylaws and Article 31 of the Board Regulations.

C. Workings. The Committee will meet at least once every quarter and, in any case, every time it is called by its Chairman or at the request of the Chairman of the Board of Directors. The conclusions drawn from each meeting will be included in the minutes that will be reported at the Board meeting. Any members of the management team, Company employees or auditors requested to do so will be obliged to attend the Committee meetings and to collaborate and provide the information they have.

In 2019, the ACC carried out the following functions inter alia:

• Acted as a communication channel between the Board and the external auditor, assessing the results of each audit.

• Authorised KPMG Abogados, S.L. to provide professional consultancy services in preparing and filing the 1042-S forms for 2018.

• Issued, prior to the auditors' report, a report on whether the independence of the auditors or audit firms was jeopardised.

• Approve the Internal Audit Action Plan.

• Supervised the effectiveness of the Company's internal control, internal audit and risk management systems, and discussed with the auditor any significant weaknesses detected in the internal control system.

• Monitored compliance with the rules of the internal codes of conduct and its corporate social responsibility policy.

• Approved, to then be presented before the Board, the Self-Assessment Report on the Risk of Money Laundering; the best practices policy; the Guide on the Filing Procedures of Collective Investment Undertakings; and the reports on the monitoring of the recovery plan and conflicts of interest.

• Oversaw the reporting and submission of regulatory financial information, in particular the separate and consolidated financial statements.

• Reported on the annual corporate governance report..

• Evaluated its own performance within the framework of the self-assessment of the performance of the Board of Directors and its internal Committees.

Identify the directors who are members of the audit committee appointed with regard to his or her knowledge and experience in accounting, auditing or both, and indicate the date when the Chairman of the committee was appointed as such.

Names of directors with experience	Mr. José Ramón Rubio Laporta
Date the Chairman was appointed as such	02/23/2017

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
Mrs. Sarah Marie Harmon	Chairman	Independent
Mrs. Inés Juste Bellosillo	Member	Independent
Mr. Pedro Ángel Navarro Martínez	Member	Other External

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	66.67
% of other external directors	33.33

Explain the functions, including any added functions that are not legally foreseen, if any, conferred to this Committee and describe the procedures and rules of its organisation and operation. For each of these functions, indicate the more relevant actions during the fiscal year and how it effectively carried out each of the functions conferred to it by Law or Bylaws or other corporate agreements.

A. Composition. It is made up of at least 3 members who should all be non-executive Directors -at least a third of them should be independent Directors- who will leave their position once they stop being Directors or when agreed by the Board of Directors. The Board of Directors will appoint its Chairman from among its members, always an independent Director, and its Secretary.

B. Competences. The Committee's functions are set forth in Article 32 of the Regulations of the Board of Directors.

C. Workings. The Committee will meet as frequently as necessary to carry out its functions. It should also meet when called by its Chairman, the Chairman of the Board of Directors and at least once every quarter. The Appointments and Remuneration Committee will be validly called to order when the majority of its members is present. The Committee will have access to all the information and documentation required to perform its duties. The conclusions drawn in each meeting will be registered in the minutes ledger that will be signed by the Chairman and the Secretary.

In 2019, the ARC carried out the following duties, inter alia:

• Ensured that the remuneration policy established by the Company was observed.

• Directed the process of evaluating its own performance, the performance of the board and the discharge of duties by the chairman, secretary, lead independent director and CEO, and reported to the board on the findings reached.

• Proposed the 2019 Remuneration Policy to the Board.

• Proposed the contents of the Annual Report on Directors' Remuneration to the Board.

• Proposed to the Board the re-election of Mr. José Ramón Rubio Laporta.

• Reported favourably to the Board and proposed the appointment of Mrs. Gemma Aznar Cornejo as the new independent director of the Company.

C.2.2 Fill in the following table with the information on the number of female directors sitting on the Board Committees at the end of the last four years:

Number of female board members

	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
AUDIT AND CONTROL COMMITTEE	1	33.33%	0	0.00%	0	0.00%	0	0.00%
APPOINTMENTS AND REMUNERATION COMMITTEE	2	66.67%	1	33.33%	1	33.33%	1	33.33%

C.2.3 Indicate, where applicable, the existence of regulations governing the Board Committees, where they can be accessed, and any amendments thereto during the fiscal year. Also state whether any voluntary annual reports have been produced on the activities of each committee.

APPOINTMENTS AND REMUNERATION COMMITTEE

The ARC is governed by Article 42 bis in the Company Bylaws and by Article 32 of the Board Regulations. Both corporate texts are available on the Company's website.

The Board of Directors, pursuant to its duty as per Article 28 of the Board Regulations that includes Recommendation 36 of the Code of Good Governance of Listed companies of February 2015 passed by the Board of the Spanish Securities Market Commission (CNMV), assesses once a year (i) its own performance and the quality of its work, (ii) the Board Chairman's and Company CEO's performance of their roles based on the ARC's report, (iii) the performance and composition of its Committees, based on their reports, (iv) the diversity in the composition and competences of the Board of Directors, based on the ARC's report and (v) the performance and contribution made by the Directors, with special focus on the heads of the different Board Committees, based on the reports produced by the Audit and Control Committee and the Appointments and Remuneration Committee in each case.

In this respect, each Board Committee has prepared a report on its own performance to help the Board assess their performance during the year.

AUDIT AND CONTROL COMMITTEE

The Audit and Control Committee is governed by Article 42 in the Company Bylaws and by Article 31 of the Board Regulations. Both corporate texts are available on the Company's website.

The Board of Directors, pursuant to its duty as per Article 28 of the Board Regulations that includes Recommendation 36 of the Code of Good Governance of Listed companies of February 2015 passed by the Board of the Spanish Securities Market Commission (CNMV), assesses once a year (i) its own performance and the quality of its work, (ii) the Board Chairman's and Company CEO's performance of their roles based on the ARC's report, (iii) the performance and composition of its Committees, based on their reports, (iv) the diversity in the composition and competences of the Board of Directors, based on the ARC's report and (v) the performance and contribution made by the Directors, with special focus on the heads of the different Board Committees, based on the reports produced by the Audit and Control Committee and the Appointments and Remuneration Committee in each case.

In this respect, each Board Committee has prepared a report on its own performance to help the Board assess their performance during the year. Both reports are made available, together with all the documentation relating to the General Meeting, on the Company's corporate website.

In this regard, the Committee has prepared a yearly report on its activities in compliance with the aforementioned provisions.

D. Related-party transactions and intracompany transactions

D.1. Explain, where appropriate, the procedure and competent bodies for the approval of related-party transactions and intracompany transactions.

Pursuant to Article 5 in the Board Regulations, the Board of Directors will be in charge of "adopting agreements on all kinds of matters that are not assigned to the General Meeting by Law or the Company Bylaws, and will have full powers to manage, run and represent the Company in court or otherwise. Notwithstanding this, the Board will fundamentally focus its activity on the supervision and control of the Company's running and ordinary management entrusted to the executive Directors and senior management, and will consider any matters that are especially relevant to the Company or that are necessary for the appropriate performance of the aforementioned general supervisory function."

"2. In any case, the following matters that may not be delegated will be reserved to the Board of Directors meeting: [...] t) The approval, with a prior positive report from the Audit and Control Committee, of the operations that the Company may run with Directors, under the Spanish Limited Liability Companies Law, or with Shareholders who own, individually or jointly with others, a significant stake, including shareholders represented on the Company's Board of Directors or with persons related to them. The Directors affected or representing or related to the affected shareholders should refrain form taking part in the deliberation and vote of the resolution in question. Only the operations that meet all three of the following characteristics will be excluded: i) carried out by virtue of contracts whose conditions are standardised and are applied in mass to a large number of clients; ii) carried out at prices or rates set on a general basis by the supplier of the good or service in question; and iii) when their value does not exceed one percent (1%) of the Company's yearly revenue.

[...]

3. The competences mentioned in the section above may be carried out, in an emergency, by the Executive Committee or, if appropriate, by the CEO, to the extent permitted by Law, to then be ratified at the Board meetin.

4. The Board of Directors will develop its functions with a common purpose and independent judgement, providing the same treatment to all shareholders who are in the same position, in the Company's interest, which will not prevent the consideration of all other legal, public or private interests, that converge in the course of all business operations, and especially the interests of the employees. In this context, it will be understood as a corporate interest, as the achievement of a profitable and sustainable business in the long run that will promote its continuity and maximise the Company's financial value."

D.2. State any operations which are significant in terms of their value or relevant due to their contents, carried out between the company or companies in its group, and significant shareholders of the company:

Name or company name of the significant shareholder	Name or company name of the company or company in its group	Type of relationship	Type of operation	Amount (thousands of euros)
Mutualidad General de la Abogacía	Mutualidad General de la Abogacía	Corporate	Services provided	13
Mutualidad General de la Abogacía	Mutualidad General de la Abogacía	Corporate	Services received	5
Contratas y Servicios Extremeños, S.A.	Contratas y Servicios Extremeños S.A.	Corporate	Services provided	8
Indumenta Pueri S.L.	Indumenta Pueri S.L.	Contractual	Services provided	12
Contratas y Servicios Extremeños, S.A.	Contratas y Servicios Extremeños S.A.	Corporate	Others	262
Contratas Y Servicios Extremeños, S.A.	Contratas y Servicios Extremeños S.A.	Corporate	Dividends and other distributed profits	573
Mr. José Ignacio García-Junceda Fernández	Renta 4 S.V., S.A.	Contractual	Guarantees and bonds	405
Mr. José Ignacio García-Junceda Fernández	Renta 4 S.V., S.A.	Contractual	Others	22
Mr. José Ignacio García-Junceda Fernández	Renta 4 Banco S.A.	Contractual	Others	271
Global Portfolio Investments S.L.	Indumenta Pueri S.L.	Corporate	Others	650
Global Portfolio Investments S.L.	Indumenta Pueri S.L.	Corporate	Dividends and other distributed profits	637
Mr. Santiago González Enciso	Renta 4 Banco S.A.	Contractual	Guarantees and bonds	1.567
Mr. Santiago González Enciso	Renta 4 Banco S.A.	Contractual	Others	775
Indumenta Pueri S.L.	Indumenta Pueri S.L.	Corporate	Others	5
Mutualidad General de la Abogacía	Mutualidad General de la Abogacía	Corporate	Others	191
Mutualidad General de la Abogacía	Mutualidad General de la Abogacía	Corporate	Dividends and other distributed profits	784

D.3. State any operations that are significant in terms of their value or relevant due to their contents, carried out between the company or companies in its group, and company directors or executives:

Name or company name of the directors or managers	Name or company name of the related party	Link	Type of transaction	Amount (thousands of euros)
Mr. Santiago González Enciso	Renta 4 Banco S.A.	Contractual	Services Provided	2
Mr. Juan Luis López García	Renta 4 Banco S.A.	Contractual	Services Provided	2

Name or company name of the directors or managers	Name or company name of the related party	Link	Type of transaction	Amount (thousands of euros)
Mr. Pedro Ángel Navarro Martínez	Renta 4 Banco S.A.	Contractual	Services Provided	2
Mr. José Ramón Rubio Laporta	Renta 4 Banco S.A.	Contractual	Services Provided	14
Mr. Juan Carlos Ureta Domingo	Renta 4 Banco S.A.	Contractual	Services Provided	34
Mr. Juan Carlos Ureta Domingo	Renta 4 Banco S.A.	Contractual	Interests Paid	2
Mr. José Ignacio García- Junceda Fernández	Renta 4 Banco S.A.	Contractual	Interests Paid	2
Mr. Pedro Ángel Navarro Martínez	Renta 4 Banco S.A.	Contractual	Interests Paid	10
Mr. Santiago González Enciso	Renta 4 Banco S.A.	Contractual	Interests Paid	12
Mr. Eduardo Chacón López	Renta 4 Banco S.A.	Corporate	Dividends And Other Distributed Profits	1
Mr. Pedro Ferreras Díez	Renta 4 Banco S.A.	Contractual	Others	2
Mr. José Ignacio García- Junceda Fernández	Renta 4 SV SA	Contractual	Financing Agreements: Loans	22
Mr. José Ignacio García- Junceda Fernández	Renta 4 Banco S.A.	Contractual	Others	16
Mr. Santiago González Enciso	Renta 4 Banco S.A.	Contractual	Financing Agreements: Loans	639
Mrs. Inés Juste Bellosillo	Renta 4 Banco S.A.	Corporate	Dividends And Other Distributed Profits	1
Mr. Jesús Sánchez- Quiñones González	Renta 4 Banco S.A.	Corporate	Dividends And Other Distributed Profits	84
Mr. José Ramón Rubio Laporta	Renta 4 Banco S.A.	Corporate	Dividends And Other Distributed Profits	105
Mr. José Ignacio García- Junceda Fernández	Renta 4 Banco S.A.	Corporate	Dividends And Other Distributed Profits	4
Mr. Juan Carlos Ureta Domingo	Renta 4 Banco S.A.	Corporate	Dividends And Other Distributed Profits	3,556
Mr. Juan Luis López García	Renta 4 Banco S.A.	Corporate	Dividends And Other Distributed Profits	22
Mrs. Inés Juste Bellosillo	Renta 4 Banco S.A.	Contractual	Others	3
Mr. Juan Luis López García	Renta 4 Banco S.A.	Contractual	Others	79
Mr. Pedro Ferreras Díez	Renta 4 Banco S.A.	Corporate	Dividends And Other Distributed Profits	24
Mr. Pedro Ángel Navarro Martínez	Renta 4 Banco S.A.	Corporate	Dividends And Other Distributed Profits	46
Mr. José Ramón Rubio Laporta	Renta 4 Banco S.A.	Contractual	Others	1
Mr. Jesús Sánchez-Quiñones González	Renta 4 Banco S.A.	Contractual	Others	2

Name or company name of the directors or managers	Name or company name of the related party	Link	Type of transaction	Amount (thousands of euros)
Mr. Santiago González Enciso	RENTA 4 BANCO S.A.	Corporate	Dividends And Other Distributed Profits	158
Mr. Juan Carlos Ureta Domingo	RENTA 4 BANCO S.A.	Contractual	Others	1,835
Mrs. Gemma Aznar Cornejo	RENTA 4 BANCO S.A.	Contractual	Others	5
Mr. José Ignacio García- Junceda Fernández	RENTA 4 BANCO S.A.	Contractual	Financing Agreements: Loans	271

D.4. Indicate any significant operations carried out by the Company with other companies in the same group, provided that they are not eliminated when reporting the consolidated financial statements and are not part of the Company's usual business in terms of purpose and conditions.

In any case, all intracompany operations with companies established in countries or jurisdictions considered as a safe haven must be reported:

Corporate name of the company in the group	Brief description of the transaction	Amount (thousands of euros)
No data		N.A.

D.5. Detail any significant operations carried out between the company or group companies and with other related parties that have not been reported in the previous sections:

Company name of the related party	Brief description of the transaction	Amount (thousands of euros)
Matilde Fernández de Miguel	Interests Paid	1
Matilde Fernández de Miguel	Financing Agreements: Loans	51
Matilde Fernández de Miguel	Guarantees and Bonds	388
Matilde Fernández de Miguel	Obligations Undertaken	175
Matilde Fernández de Miguel	Dividends and other Distributed Profits	101
Santiago González- Enciso Fernández	Dividends and other Distributed Profits	8
Maria González- Enciso Fernández	Dividends and other Distributed Profits	8
Cristina González- Enciso Fernández	Dividends and other Distributed Profits	8
Ignacio González- Enciso Fernández	Dividends and other Distributed Profits	8
Matilde González- Enciso Fernández	Dividends and other Distributed Profits	8
Matilde Estades Seco	Others	23
Matilde Estades Seco	Dividends and other Distributed Profits	277
Matilde Ureta Estades	Dividends and other Distributed Profits	1
Matilde Ureta Estades	Others	1
Juan Carlos Ureta Estades	Dividends and other Distributed Profits	3
Inés Asunción Ureta Estades	Dividends and other Distributed Profits	1

Company name of the related party	Brief description of the transaction	Amount (thousands of euros)
Inés Asunción Ureta Estades	Others	1
SURIKOMI S.A.	Services Provided	18
SURIKOMI S.A.	Dividends and Other Distributed Profits	592
SURIKOMI S.A.	Others	1.062
CARTERA DE DIRECTIVOS 2011 S.A.	Interests Paid	5
CARTERA DE DIRECTIVOS 2011 S.A.	Services Provided	53
CARTERA DE DIRECTIVOS 2011 S.A.	Others	414
QUALIFIED INVESTOR SICAV	Interests Paid	2
QUALIFIED INVESTOR SICAV	Services Provided	64
QUALIFIED INVESTOR SICAV	Others	469
KOBUS PARTNERS MANAGEMENT SGEIC, S.A	Others	18
INVERCYSEX, S.L.	Interests Paid	8
INVERCYSEX, S.L.	Services Provided	25
INVERCYSEX, S.L.	Others	280
I.G.E.6, S.L.	Dividends and other Distributed Profits	73
KURSAAL 2000, S.L.	Interests Paid	1
KURSAAL 2000, S.L.	Services Provided	37
KURSAAL 2000, S.L.	Others	27
KURSAAL 2000, S.L.	Dividends and other Distributed Profits	11
AVILUGAM SL	Interests Paid	18
AVILUGAM SL	Services Provided	140
AVILUGAM SL	Others	2.041
AVILUGAM SL	Financing Agreements: Loans	1.272
AVILUGAM SL	Guarantees And Bonds	2.499
AVILUGAM SL	Obligations Undertaken	1.500
SDAD. VASCO MADRILEÑA DE INVERSIONES S.L.	Services Provided	165
SDAD. VASCO MADRILEÑA DE INVERSIONES S.L.	Interests Paid	19
SDAD. VASCO MADRILEÑA DE INVERSIONES S.L.	Dividends and other Distributed Profits	666
SDAD. VASCO MADRILEÑA DE INVERSIONES S.L.	Others	1.959
Fundación GONZÁLEZ ENCISO	Dividends and other Distributed Profits	127

D.6. State the methods established to detect, determine and resolve any conflicts of interest between the company and/or the group, directors, executives or significant shareholders..

The Board Regulations establishes in Article 17 that there is a conflict of interest in situations where the Company's or its Group's interest clashes, directly or indirectly, with the Director's personal interest, when the matter affects him/her or a person related to him/her.

The following are persons related to the individual Director: a) spouse or persons with a marriage-like relationship; b) the ancestors, descendants and siblings of the director or his/her spouse (or person with a marriage-like relationship); c) Spouses of the ancestors, descendants or siblings; d) Companies in which, itself or through a third party, fall into one of the situations described in Article 42.1 of the Spanish Commercial Code.

In connection to a legal entity Director: a) partners who fall, with regard to the legal entity Director, into one of the situations described in Article 42.1 of the Spanish Commercial Code; b) companies in the same group and their partners; c) individual representative, directors, in law or in fact, liquidators and general proxies of the legal entity Director; d) persons who, in connection with the Director, are considered related persons in accordance with the aforementioned paragraphs a) and d).

Situations of conflict of interest will be governed by the following rules: a) Disclosure: the Director will inform all other Directors and, if appropriate, the Board, through the Chairman or the Secretary, of any conflict of interest pertaining the Director or his/her related persons; b) Abstention: the Director may not carry out any professional or commercial transactions, whether directly or indirectly, with the Company unless he/she has first disclosed the conflict of interest and the Board has approved the transaction. The Director will refrain from attending and taking part in the deliberation and vote for such matters. Regarding proprietary Directors, these must refrain from taking part in the vote for matters that could entail a conflict of interest between the shareholders they represent and the Company; c) Transparency: Disclose in the annual report and in the Annual Corporate Governance Report of any conflicts of interest.

The Internal Conduct Regulations (ICR) governs conflicts of interest in Articles 21, 22 and 23. In this regard, there will be a conflict of interest between the Company and one of its clients or between two of the Company's clients when, in a given situation, the Company may gain a benefit, provided that there is also a potential correlative damage to the client, or when the client could gain a profit or avoid a loss and there is the chance that another client will suffer a loss as a result.

In order to identify these situations, attention will be paid to whether the Company, a person subject to the IRC ("Subject") or another person directly or indirectly related to them through a control relationship, falls in any of the following cases: a) The Company or the person in question can obtain a financial benefit, or avoid a financial loss, at the client's expense; b) Has an interest in the result of the service provided or the operation carried out on behalf of the client, other than the interest of the client itself;

c) Has financial incentives, or of any kind, to favour the interests of third-parties before those of the client in question; d) Their professional activity is identical to that of the client; (e) Receives, or is going to receive, from a third party an incentive in relation to the service provided to the client, in cash, goods or services, other than the usual commission or fee for the service in question.

The Company may determine other conflicts of interest in which the Persons subject to ICR may be involved on account of family, financial, professional or other links. All employees and Persons subject to ICR should inform the Company, through the Body monitoring compliance with the ICR, of any personal, family, financial or other situation that may entail a conflict of interest between such person and a Company's client or the Company itself.

There will be a conflict of interest when the Person subject to ICR, or a person or entity who is a relative or is closely related to such person, falls into one of the following cases: a) Is a member of the Board of Directors or senior management of a company whose business purpose is the same as the Company's; b) Significant stake in companies whose business purpose is the same as the Company's; c) Significant stake or another type of personal interest in a client of the Company.

Persons subject to ICR will refrain from taking part in preparations and in the decision or vote, and will inform the people who will be taking the relevant decision. Furthermore, they will inform portfolio management clients of any conflicts that may arise in the course of their activity. When in doubt on the existence of a conflict of interests, Persons subject to ICR are required to inform about this to the Body in charge of ensuring compliance with the ICR, as well as the specific circumstances of the operation to allow the Body to determine the appropriate steps.

The resolution of conflicts shall always be carried out under the following principles: 1. The legitimate interests of clients shall in all cases be the priority to consider, without prejudice to the due respect for the integrity of the market. Efforts shall be made to minimise conflicts between clients and between the Company and its clients. 3. The interests of the Company shall not take precedence over those of the clients in transactions with identical characteristics. 4. No client should be privileged when there is a conflict between several clients. 5. They will not multiply transactions unnecessarily and without benefit to the client.

D.7. Is there one or more companies within the Group listed in Spain?

Yes **No** ✓

E. Risk management and control systems

E.1. Describe the Risk Management and Control System in place at the company, including tax risks:

The different risks involved in the operations conducted by the Renta 4 Group are managed under the principle of prudence to preserve its solvency level, profitability, efficiency and appropriate liquidity. Renta 4 Group has an ongoing management and control system for the risks taken in its business, expanding to all the companies in the Group, as well as all the areas or business units, with special focus on those that are more sensitive to the risks inherent in the business.

E.2. Identify the bodies responsible for preparing and implementing the Risk Management and Control System, including tax risks:

BOARD OF DIRECTORS

Description of its functions:

• Approval of the risk control and management policy, including tax risks, identifying the main risks faced by the Company and implementing, supervising and monitoring the internal information and control systems.

AUDIT AND CONTROL COMMITTEE

Description of its functions:

• Supervise the efficiency of the Company's internal control, the risk management systems, including tax risks, the management of internal audit services that ensure the good performance of the internal information and control systems, especially related to the reporting processes in terms of accuracy and filing the regulated financial information on the Company and its group, check compliance with the regulatory requirements, the appropriate limits on the scope of consolidation and the right use of the accounting criteria, reporting this to the Board of Directors. The person in charge of the internal audit is required to present before the Committee his/her guidance and work planning for their approval and make sure that the activity is fundamentally focused on the material risks faced by the Company and directly inform the Committee of any incidents that may arise in its course, as well as present the Committee with a report on its activities at the end of each fiscal year. Furthermore, the Audit and Control Committee will discuss with the Auditor any material weaknesses identified in the internal control system during the audit.

• Supervise the procedure followed to prepare and file the regulatory financial information and the internal risk management and control systems related to the Company's significant risks for them to be identified (operational, technological, financial, legal or reputational), managed and reported appropriately, setting the risk level tolerated by the Company, the measures needed to minimise the impact of the risks identified, and determine the control and information systems to be used to control and manage them, ensure the independence and efficiency of the internal auditing unit, propose the selection, appointment, re-election and removal of the head of the internal audit service, and the budget of such service, receive regular information on its activities and check that the senior management takes into account the conclusions and recommendations in the reports.

• Supervise the development of the functions assigned to the area in charge of preventing money laundering and know the reports and proposals presented in this regard.

INTERNAL AUDIT

Description of its functions:

• Revise the procedures and systems established for risk control.

RISK DEPARTMENT

Description of its functions:

• This body reports to the Board of Directors.

• The Risk department carries out its functions on all the entities included in the scope of consolidation of the Renta 4 Group and is in charge of monitoring the established risk control systems.

REGULATORY COMPLIANCE DEPARTMENT.

Description of its functions:

• This body reports to the Board of Directors.

• The regulatory compliance department regularly identifies and appraises the risks of regulatory incompliance in the different business areas and helps manage this efficiently.

E.3. Specify the main risks, including tax ones and, when significant, those derived from corruption (as described in the Spanish Royal Decree 18/2017) that may jeopardise the business targets:

The Renta 4 Group consists of a group of companies devoted to providing special services for savings and investments and is independent of any other financial or industrial group. For this reason, it is particularly exposed to the progress of the financial industry as it can have a significant impact on its results.

In accordance with the above, the basic risks that may affect the Renta 4 Group are as follows:

1. Credit risk: Credit risk is defined as the possibility of experiencing losses when a debtor violates its contractual duties, including the counterparty risk.

2. Market risk: Market risk is the possibility of experiencing losses on account of adverse fluctuations in the price of the assets that make up the trading portfolio of the Renta 4 Group.

3. Operational risk: Operational risk refers to potential loss arising from inadequate or failed procedures, employee mistakes and internal system errors or due to external events, in particular, natural catastrophes, mistakes made by price and information suppliers or hacking into technological systems that could jeopardise the infrastructure of the Renta 4 Group.

4. Liquidity risk: Liquidity risk refers to, as its name indicates, a shortage of cash, usually resulting from an imbalance in cash inflows and outflows.

5. Regulatory risk: This risk refers to the likelihood of experiencing loss as a result of failing to adjust Renta 4 Group's policies to the regulations governing its operations, of poorly documented operations or of claims and actions against the Group.

6. Reputational risk: Reputational risk arises from Renta 4 Group's actions that could lead to negative publicity regarding its business practices and connections. This could entail the loss of trust in the Group and therefore impact its solvency.

7. Tax risk: Tax risk is the threat of a negative impact on the financial statements and/or the Renta 4 Group's reputation as a result of tax-related decisions made by the entity or the legal or tax authoritie.

E.4. State whether the company has risk tolerance levels, including tax risks:

Renta 4 Group's risk management strategy is based on implementing measures that will minimise or dilute the risks defined, setting specific limits for each business line, market and product.

The purpose of this system is to protect the Group's solvency and liquidity ensuring that the exposure to the risk is within the predefined limits and has a balanced profile.

The Renta 4 Group has a Risk Appetite Framework that establishes limits for the main risks attached to its operations.

E.5. Identify any risks, including tax risks, which have occurred during the fiscal year:

No risks materialised during the fiscal year.

E.6. Explain any response and supervision plans in place for the company's main risks, including tax risks, as well the procedures followed by the company to ensure that the Board of Directors can respond to coming challenges:

The measures taken to minimise the impact of the basic risks that may affect Renta 4 Group, should they materialise, are as follows:

1. Credit risk: To minimise this risk, there are procedures and specific limits in place that try to avoid a shortage of cash and/or certificates in brokerage and the settlement of operations with clients. Nevertheless, there may be certain situations where this shortage is allowed when duly authorised. In any event, these situations are limited based on the client's collateral and are monitored by the Risk Department and the Audits Unit.

Renta 4 provides financing to clients by the execution of a credit agreement with a guaranty in the form of securities, so that, by pledging the financial instruments and continuously monitoring their performance, the risk assumed in the transactions granted to the clients is covered.

Exposure to the credit risk in balance-sheet exposure is largely focused on cash investments (current accounts, deposits and Spanish short-term sovereign debt) all this in line with the limits on portfolio concentration set forth in the current regulations.

The assessment of the counterpart risk against credit entity institutions is based on the credit ratings given by the main agencies that supply this information and choosing those with the highest solvency, experience and reputation in the markets.

2. Market risk: In order to contain this risk, limits are set to ensure that, despite market price fluctuations, losses are limited to the predefined maximum levels. The limits are set depending on the conditions of the different assets and the relevance of the risk attached to each market. Within this type of risk, the VaR (Value at Risk or maximum loss that a portfolio may experience under the current market conditions) is especially relevant and is factored into the risk detection systems. The Risk Department and Audits Unit supervise that the limits set are adequately observed.

3. Operational risk: In order to minimise this risk, the Company has implemented a series of minimum requirements in employee qualifications as well as basic checks on the different jobs to integrate control routines into each role. The improvements made to computer systems contribute to tighten the control and cut down manual processes which in turn reduces the likelihood of human error.

The Risk Department and the Audits Unit are constantly monitoring and assessing the materialisation of risks derived from possible mistakes, mainly arising from brokerage operations for clients, checking that the control system works as expected.

4. Liquidity risk: In order to control this risk and ensure compliance with all the requirements set by Law in terms of legal ratios and payments due to third parties, we check the maturity dates of the assets and liabilities.

5. The monitoring and control of the liquidity risk is undertaken by the Cash and Banks Department on a daily basis working with the Finances Department and supervised by the Risk Department in the Renta 4 Group. In any case, the policy to minimise this risk focuses on the current policy for the investment in short-term and liquid assets that may be available in the event of difficulties.

6. Regulatory risk: The Renta 4 Group has a Regulatory Compliance Unit that is in charge of adjusting the procedures to the regulations and monitoring and checking their adequate implementation.

7. Reputational risk: The Renta 4 Group has established a series of regulatory compliance policies used to carry out a direct follow-up of the most significant aspects that may cause the materialisation of this risk, including but not limited to:

Prevention of money laundering • Code of conduct in the securities market (Internal Code of Conduct) • Marketing of products and MIFID [II], MIFIR and PRIIPs regulations • Market abuse in intermediation operations in capital markets • Client complaints • Criminal risk management model • Personal data protection (RGPD)..

8. Tax risk: The impact of this risk is minimised by resorting to independent experts within the framework of financial audits, asking for tax opinions regarding relevant operations and, ultimately, by interacting with the Tax Agency.

F. Internal risk management and control systems in relation to internal control over financial reporting (ICFR)

Describe the mechanisms that comprise the risk control and management systems in relation to internal control over financial reporting (ICFR) at your company.

F.1. The company's control environment.

Provide information, stating the main features, on at least the following:

F.1.1 Which bodies and/or units are responsible for (i) the existence and maintenance of a proper ICFR system; (ii) its implementation; and (iii) its supervision.

BOARD OF DIRECTORS.

The Board of Directors of Renta 4 Banco is ultimately in charge of the implementation and maintenance of an appropriate and effective ICFR which, in line with its Regulations, it entrusts to the Audit and Control Committee.

AUDIT AND CONTROL COMMITTEE.

The Regulations of the Board of Directors of Renta 4 Banco, in their Article 31, foresee that the basic duties of the Audit and Control Committee in connection with the internal information and control systems are as follows:

1. Supervise the effectiveness and the management of the internal auditing services in the Company that will ensure the good performance of the internal information and control systems, especially related to the preparation processes in terms of accuracy and filing the regulated financial information on the Company and its group, checking compliance with regulatory requirements, the appropriate limits on the scope of consolidation and the right use of the accounting criteria, and reporting this to the Board of Directors. The person in charge of the internal audit is required to present before the Committee his/her yearly work planning and directly inform the Committee of any incidents that may arise in its course, as well as report to the Committee on its activities at the end of each fiscal year.

2. Supervise the procedure followed to prepare and file the regulatory financial information and the internal risk management and control systems related to the Company's significant risks for them to be identified (operational, technological, financial, legal or reputational), managed and reported appropriately, setting the risk level tolerated by the Company, the measures needed to minimise the impact of the risks identified, and determine the control and information systems to be used to control and manage them, ensure the independence and efficiency of the internal auditing unit, propose the selection, appointment, re-election and removal of the head of the internal audit service, and the budget of such service, receive regular information on its activities and check that the senior management takes into account the conclusions and recommendations in the reports.

3. Check the Company's accounts, ensure compliance with the legal requirements and the right use of the standard accounting principles, and inform about the proposals to change the accounting principles and criteria suggested by the management.

4. Previously review and report to the Board of Directors about: (i) financial information that, being listed, the Company is to disclose on a regular basis, making sure that the interim statements are prepared following the same accounting criteria as the yearly statements and, for such purposes, consider if it is convenient to request a limited review from the Company's external auditor; (ii) the issue or purchase of shares in entities with a special purpose or based in countries or jurisdictions that are considered tax havens, as well as any other transaction or operation of a similar nature that, due to its complexity, could hinder the transparency of the Company's group; (iii) and of linked operations.

5. Receive from employees, confidentially but not anonymously, written communications on possible irregularities with a potential relevance, especially financial or accounting ones, that they may detect in the Company or its group companies.

6. Ensure compliance with the internal codes of conduct and the rules of corporate governance as well as the regulations on markets in the industry.

7. Supervise the development of the functions assigned to the area in charge of preventing money laundering and know the reports and proposals presented in this regard. Members of the Audit and Control Committee are appointed taking into account their knowledge and experience in accountancy, auditors and risk management. All its members will be external Directors and are duly kept abreast of any regulatory changes that may take place in those areas. From among its members, the Board of Directors appoints a Chairman who will be an independent Director and will remain in office for no longer than four years without prejudice to his/her continuity or re-election as a member of the Committee.

INTERNAL AUDIT.

The Group has an Internal Audit area that is subject to the control and supervision of the Audit and Control Committee. Below are some of the functions undertaken by the Internal Audit area:

1. Supervise compliance and the effectiveness of the internal control systems and procedures, as well as supporting the organisation in improving such systems and procedures as well as the control activities.

2. Ensure that all financial and management information is sufficient, accurate and reliable.

3. Examine the established systems to ensure compliance with the internal rules and external regulations in force, assessing their suitability and effectiveness.

So as to meet its goals, this area combines in-person audits with remote audits.

MANAGEMENT COMMITTEE.

The tasks assigned to the Management Committee are the management, control and monitoring of the Bank and the Group; the monitoring, control and assessment of the business areas; the establishment of the sales strategy and follow-up of its activity; the implementation of targets and a common sales policy; the assessment of investments, operations in securities markets and the financing structure; the analysis of prices and intragroup proposals for prices and rates; the changes in the Group's technological needs and proposals to improve the system; the coordination of the Bank with the different areas in the Group; and, lastly, the implementation of policies on the management of subsidiaries and the follow-up of the results.

REGULATORY COMPLIANCE UNIT.

The Renta 4 Gropu has an independent unit in charge of the regulatory compliance that, through the right policies and procedures, detects and handles the risk of non-compliance with the organization's duties, whether internal or external, in this respect. Furthermore, the unit reports and advises the management and employees about, and monitors compliance with, the internal rules across the organisation. The risk of non-compliance with the regulations could have an impact on the financial information.

Furthermore, the Renta 4 Group provides its clients with a Customer Service to learn, study and solve any complaints and claims they may have regarding the operations, agreements and financial services and, generally, their experience with the different entities making up the Renta 4 Group. This Customer Service is an extra control tool to detect any possible errors in the financial information after analysing the claims received.

ADMINISTRATION AND ACCOUNTANCY AREA.

The Administration and Accountancy Area of Renta 4 Banco is the area in charge of preparing and directly controlling the financial information, reporting directly to the senior management and the Board of Directors.

This area is in charge of the following tasks for the financial reporting:

1. Accountancy: in charge of the Bank's accountancy and ensuring compliance with the procedures set to control the quality and reliability of the information produced by the different areas in the Group.

2. Consolidation: in charge of consolidating and following up the information on subsidiaries and affiliates.

F.1.2 If any, especially in connection with the financial reporting process, the following elements:

· Departments and/or mechanisms tasked with: (i) devising and reviewing the organisational structure; (ii) clearly defining the boundaries of responsibility and authority, with proper distribution of tasks and functions; and (iii) ensuring that sufficient procedures are in place to spread awareness of this across the company:

The devising and reviewing of the organisational structure as well as the drawing up of responsibilities and authority is undertaken by the Board of Directors by means of the CEO and the Appointments and Remuneration Committee (body made up of external members of the Board of Directors) with the support of the Management Committee.

The CEO and the Appointments and Remuneration Committee determine the assignment of tasks and functions, ensuring a suitable distribution of functions and a series of coordination systems between the different departments that will guarantee the efficiency of the operations.

· Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record-keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action:

The Renta 4 Group has an Internal Code of Conduct adopted by the Board of Directors. This applies to all employees, proxies, executives, directors and representatives of the Group and it sets forth the principles and values that should govern the Group's actions. This Internal Code of Conduct sets a framework for action in the event of breach by the people subject to the Code.

Renta 4 Banco delivers this Internal Code of Conduct to all people affected by it, who in turn acknowledge its receipt and personally accept that they know, understand and accept the ICC as well as all the commitments contained therein.

The Regulatory Compliance unit is the body in charge of ensuring the appropriate distribution of this Code and its compliance. It will report to the Audit and Control Committee any non-compliances or bad practices detected and will propose the relevant disciplinary actions that should be then ratified by the appropriate governing body.

· Whistleblowing channel to report any financial and accounting irregularities to the audit committee, in addition to any breaches of the code of conduct and irregular activities within the organisation, reporting whether this is confidential, as the case may be:

Any financial or accounting irregularities are reported to the Audit Committee through the Internal Auditor who attends all the Committee meetings and informs the Committee Chairman of such irregularities for them to be studied and remedied.

Furthermore, the Group has a whistleblowing channel where customers, employees and suppliers can inform of any alleged irregular conduct, non-compliance or illegal act committed in the course of the operations run by the companies making up the Renta 4 Group that could entail a criminal offence. This whistleblowing channel is confidential.

The Compliance Unit (made up of the Head of Internal Audit, the Head of Risks and the Head of Regulatory Compliance) is the body that reports to the Audit and Control Committee and receives and analyses all the complaints. It has independent power to investigate and solve each case. The Compliance Unit reports its activity in handling the claims to the Board's Audit and Control Committee.

· Training programmes and regular refresher courses for personnel involved in the preparation and review of financial information and the assessment of ICFR, covering at least accounting standards, auditing, internal control and risk management:

The Group develops training schemes for the entire staff, including employees who are directly involved in the financial reporting.

These schemes include permanent updates on regulatory changes in the operations conducted by the different companies in the Group, including the knowledge of the International Rules on Financial information and the applicable regulations enforced by the Bank of Spain, CNMV and the General Directorate of Insurance.

F.2. **Assessment of risks related to financial information.**

Report, at least, on:

F.2.1 The main characteristics of the process for identification of risks, including the risk of error or fraud, as follows:

· Whether the process exists and is documented:

The Management of Renta 4 Bank is in charge of keeping an adequate internal control on the financial reporting. This internal control on the financial information is overseen by the Chairman of the Board and of the Audit and Control Committee so as to provide a reasonable level of assurance regarding the reliability of the financial information and the preparation of the disclosed consolidated financial statements of the Group that are reported under the rules in force at the time.

The main risks in the financial reporting process are:

• Errors from misapplying the accounting principles.

• Fraudulent financial information.

• Deficiencies in breaking down the information.

In order to minimise these risks in the financial reporting, the Renta 4 Group has automated practically all the accounting of the operations with clients.

With regard to the processes with a manual element in financial reporting, we have identified the risks and controls or the minimising factors related to them so as to assess, supervise and conclude, for each of these and for the financial information as a whole, that they are reasonably free of material errors.

In addition to this, we run a series of conciliations to guarantee that the accounting information matches the information provided by third parties.

The Audit and Control Committee supervises the process followed to identify the risks pertaining the financial information as part of its duties to supervise and control the financial information.

· Whether the process covers all financial reporting objectives (existence and occurrence, completeness, measurement, presentation, disclosure and comparability, and rights and obligations), whether it is updated and how often:

This process covers all financial information and especially focuses on identifying risks of material error based on the complexity of the transactions, the quantitative and qualitative relevance, the complexity of the calculations and the application of judgements and estimates. This process is updated depending on the change in the level of exposure to the risks inherent in the operations run by the Renta 4 Group.

· The existence of a process to identify the scope of the consolidated group, considering aspects such as the possibility of complex corporate structures or special-purpose vehicles:

The scope of consolidation of the Renta 4 Group is determined by the Administration and Accounting Area in line with the criteria foreseen by the relevant regulations.

The scope of consolidation is also supervised by the internal audit unit and by the external auditors.

· Whether the process takes into account other types of risks (operational, technology, financial, legal, tax, reputational, environmental risk etc.), which may affect the financial statements:

The process takes into account the main risks affecting the Renta 4 Group, including operational, technological, financial, legal, reputational and other risks.

· Which of the entity's governing bodies supervises the process:

This internal control on the financial information is overseen by the Chairman of the Board and of the Audit and Control Committee so as to provide a reasonable level of assurance regarding the reliability of the financial information and the preparation of the disclosed consolidated financial statements of the Group that are reported under the rules in force at the time.

F.3. Control activities.

Specify, indicating any salient features, if it has at least:

F.3.1 Procedures to review and authorise the financial reporting and description of the ICFR to be disclosed in the securities markets, indicating the people in charge and the documents describing the work flows and controls (including those related to fraud risk) of the different types of transactions that may have a material impact on the financial statements, including the procedure for the year-end closing and the special reviewing of the relevant judgements, estimates, assessments and forecasts.

There are a series of checks in place for the transactions that could have a material impact on the financial statements:

These checks are fundamentally based on the following aspects:

Confirmation of transactions: checks to ensure the completeness and accuracy of the transactions recorded.

• Checks based on the conciliation of relevant transactions, positions and parameters.

• Assessment: running checks on the assessment methods, hypothesis and inputs used to estimate the fair value of the financial instruments.

• Taxes: internal checks to ensure that the tax calculations are appropriate and the balances are duly posted in the financial statements with the help of the Group's external tax consultancy firm.

• Adjustments based on estimates: checks to ensure that the techniques used to prepare the estimates are based on previously disclosed and authorised judgements.

• Checks on the consolidation and other processes in the year-end closing: The checks on the consolidation include, among other measures, verifying the accounting entries posted to eliminate inter and intra-group operations and the review of the adjustments made after the year-end closing.

• Filing and breaking down the financial statements: final review of the financial statements by the Group's senior management, especially by the financial area with prior checks run by the Administration and Accounting area and the Audits Unit.

F.3.2 Internal control policies and procedures for IT systems (including access security, control of changes, system operation, continuity and separation of duties) giving support to key Company processes involved in the preparation and publication of financial information.

The Renta 4 Group keeps different levels of access security on the IT systems that support the preparation and disclosure of the financial information to guarantee the right segregation of the functions within the accounting process, and to avoid intrusions in this regard.

The IT systems are exposed to the business continuity risk that arises from possible contingencies due to failed communications, power cuts, faulty hardware or software and other unexpected events or disasters.

The Renta 4 Group has a business continuity plan in accordance with the applicable regulations and it translates into different plans to tackle the aforementioned risks.

F.3.3 Internal control policies and procedures designed to supervise the management of third-party subcontracted activities, in addition to any evaluation, calculation or appraisal tasks entrusted to independent experts that may have a material impact on the financial statements.

The Renta 4 Group does not outsource any relevant activities that would have a material impact on the Group's financial statements.

F.4. Information and reporting.

Specify, indicating any salient features, if it has at least:

F.4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and resolving queries or settling disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the Company's operating units.

The Administration and Accounting Area is responsible for the appropriate application of the accounting rules in financial reporting. Along with preparing the accounting records, their functions are:

• Defining the Group's accounting policies and procedures.

• Analysing any given operations and/or transactions to be posted accordingly.

• Assessing the potential impacts of plans to change regulations.

• Solve any in-house doubts..

The Administration and Accounting Area is in contact with the external auditors for any doubts about the posting of operations and/or transactions.

F.4.2 Mechanisms to capture and prepare the financial information with consistent formats, to be implemented and used by all units in the Company or group, which support the main financial statements and the notes, in addition to any information provided on the ICFR.

The main computer systems used for the financial reporting by the Renta 4 Group are centralised and linked.

There are procedures and checks in place to ensure the adequate development and maintenance of such systems and their correct operation, continuity and security.

When consolidating and preparing the financial information the company uses the financial statements reported by the Group's subsidiaries as input with the predefined formats as well as any other financial information required for the accounting reconciliation and to meet the information requirements.

F.5. Supervision of system operation.

Provide information, stating the main features, on at least:

F.5.1 CFR supervisory activities conducted by the audit committee and whether the entity has an internal audit department whose competences include supporting the committee in its oversight of the internal control system, including ICFR. Likewise, specify the scope of the ICFR assessment conducted during the year and the procedure followed by the person in charge of the assessment to report the findings, whether the entity has an action plan detailing the corrective measures, and whether their impact on the financial information has been taken into account.

The Audit and Control Committee oversees that the financial reporting runs smoothly by directly supervising the internal audit unit and the work performed by the external auditors.

In parallel, the Audit and Control Committee may ask for help from the employees in the different areas in the Group to gather information on the existence of weaknesses that may have a significant impact on the financial information.

The Group's senior management, based on the information received from the audit areas, both internal and external, and the information on inspection procedures followed by regulatory bodies, will assess the effectiveness of the ICFR.

F.5.2 Whether the company has a discussion procedure whereby the accounts auditor (in accordance with what is set forth in the NTAs), the internal audit staff and other experts are able to inform senior management and the audit committee or company directors of any significant weaknesses in internal control identified during the processes of review of annual financial statements or any others entrusted to them. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The Internal Audit unit informs the senior management and the Audit and Control Committee of any relevant weaknesses in the internal control identified during the year's reviews.

Furthermore, the Group's accounts auditor is in direct contact with the Group's senior management and holds regular meetings with them to obtain the information needed for his/her work and to report any weaknesses in the control detected in the course of his/her duties. Regarding the weaknesses, the external auditors provide the senior management with yearly and half-yearly reports detailing the weaknesses in the internal control found in the course of his/her duties.

The accounts auditor will also inform the Audit and Control Committee of the findings of his/her review of the Group's financial statements including any aspects that he/she may deem relevant.

The Internal Audit area regularly follows up the action plans resulting from the external auditor's recommendations and informs the Audit and Control Committee of their progress at least once a year depending on the relevance of the situation.

F.6. Other significant information.

No additional issues to be disclosed have been identified.

F.7. External auditor's report.

Report:

F.7.1 If the ICFR information supplied to the market has been reviewed by the external auditor, the corresponding report should be attached. If this is not the case, it should explain why.

The Renta 4 Group deemed that a report from the external auditor on the ICFR would be redundant, mainly because the external auditors conduct, on a half-yearly basis, an audit on the consolidated financial statements or a limited review of the summarised interim consolidated financial statements within the framework of the auditing regulations, and discusses with the Audit and Control Committee any relevant aspects or incidents.

G. Extent to which the corporate governance recommendations are followed

Please indicate the extent to which the company has followed the recommendations of the Code of Good Governance of Listed Companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. **The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by acquiring shares on the market.**

   Compliant ✓ Explain

2. **When a dominant and a subsidiary company are listed on the stock market, the two should provide detailed disclosures on:**

   a) Their respective areas of activity and possible business relations between them, as well as those of the subsidiary listed company with other companies belonging to the same group.

   b) The mechanisms in place to resolve any conflicts of interest that may arise.

   Compliant Partially compliant Explain **Not applicable** ✓

3. **During the ordinary general meeting, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report, and in particular:**

   a) Of the changes that have occurred since the last ordinary general meeting.

   b) Of the specific reasons why the company is not following certain recommendations of the Code of Corporate Governance and, if any, the alternative rules applied to this matter.

   Compliant ✓ Partially compliant Explain

4. **The company will define and promote a policy of communication and contact with shareholders, institutional investors and proxy advisors, respecting the rules on market abuse and treating shareholders who are in the same position equally.**

And the company should make this policy public via its website, including information on the way it has been put into practice and identifying the interlocutors or persons responsible for carrying this out.

Compliant ✓ Partially compliant Explain

5. **That the Board of Directors does not submit to the general meeting a proposal of delegation of powers to issue shares or convertible securities excluding the right to preferential purchase, for an amount above 20% of the share capital at the time of delegation.**

And that when the Board of Directors approves any issue of shares or convertible securities excluding the right to preferential purchase, the Company should immediately publish on its website the reports on this exclusion as laid down in the companies' laws.

Compliant ✓ Partially compliant Explain

6. **The listed companies which produce the reports listed below, either in mandatory or voluntary form, publish them on their website with sufficient notice before the ordinary general meeting is held, although their dissemination is not mandatory:**

a) Report on the external auditor's independence.

b) Reports of proceedings of the audit committees and the appointments and remuneration committee.

c) Audit committee report on related-party transactions.

d) Report on the corporate social responsibility policy.

Compliant ✓ Partially compliant Explain

7. **The Company broadcasts live, via its website, the holding of general meetings of shareholders.**

Compliant ✓ Explain

8. **The Audit Committee ensures that the Board of Directors should seek to present the accounts to the General Meeting of Shareholders without limitations or qualifications in the audit report and, in exceptional cases where there are qualifications, both the chairman of the Audit Committee and the auditors should clearly explain to shareholders the contents and scope of such limitations or qualifications.**

Compliant ✓ Partially compliant Explique

9. **The Company should make public on its website, permanently, the requirements and procedures it will accept to prove ownership of shares, the right to attend the general meeting of shareholders and the exercise or delegation of voting rights.**

And such requirements and procedures facilitate the shareholders' attendance and the exercise of their rights and are applied in a non-discriminatory manner.

Compliant ✓ Partially compliant Explain

10. Where any legitimate shareholder has exercised, prior to the holding of the general meeting of shareholders, the right to complete the agenda or to submit new resolution proposals, the Company:

a) Immediately disseminates such additional items and new resolution proposals.

b) Makes public the attendance card model or form of proxy or remote voting with the changes required so that the new items on the agenda and alternative resolution proposals can be voted on, in the terms proposed by the board of directors.

c) Submits all these items or alternative proposals to vote and the same voting rules are applied to them as those made by the board of directors, including, in particular, presumptions or inferences about the direction of the vote.

d) Announces, after the general meeting of shareholders, the breakdown of the vote on such additional points or alternative proposals.

Compliant ✓ Partially compliant Explain Not applicable

11. In the event that the Company plans to pay premiums to attend the general meeting of shareholders, it will previously establish a general policy on such premiums and this policy is stable.

Compliant Partially compliant Explain **Not applicable** ✓

12. The Board of Directors will perform its duties with unity of purpose and independent judgment, and it will treat all shareholders who are in the same position equally and guide itself by the Company's interests which are understood as achieving a profitable and sustainable long-term business, to promote the Company's continuity and maximise its economic value.

In pursuing the Company's interests, in addition to complying with laws and regulations and acting in good faith, ethically and respecting the commonly accepted uses and good practices, the Board of Directors will endeavour to reconcile the Company's interests with, where applicable, the legitimate interests of its employees, its suppliers, its customers and those of other stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole and in the environment.

Compliant ✓ Partially compliant Explain

13. The board of directors has enough members in order to implement efficient and participative proceedings, which makes it advisable that the board should have between five and fifteen members.

Compliant ✓ Explain

14. The Board of Directors approves a policy of selection of directors that:

a) Is specific and verifiable.

b) Ensures that proposals for appointment or reappointment are based on a preliminary analysis of the needs of the board of directors.

c) Promotes the diversity of knowledge, experience and gender.

The result of the previous analysis of the needs of the board of directors is collected in the committee's report justifying the appointments to be published when the general meeting of shareholders is called, in which the ratification, appointment or re-election of each director is submitted.

And the selection policy promotes the goal that by 2020 the number of female directors will represent no less than 30% of the total members of the Board of Directors.

The appointments committee will annually verify compliance with the policy of selection of directors and inform thereof in the annual corporate governance report..

Compliant ✓ Partially compliant Explain

15. The proprietary directors and independent directors constitute a significant majority of the Board of Directors and the number of executive directors is kept to the minimum necessary, having regard to the complexity of the corporate group and the percentage shareholding of the executive directors in the Company's share capital.

Compliant **Partially compliant** ✓ Explain

At the end of the fiscal year this report refers to, the number of proprietary (2) and independent (4) directors represented half the number of members of the Board of Directors (12). Notwithstanding the foregoing, it should be borne in mind that during the 2019 fiscal year, the category of 2 directors was changed from independent to other external directors simply because they had exceeded the maximum term of 12 years since their appointment, so that during the 2019 financial year, non-executive directors represented an ample majority over executive directors.

16. The percentage of proprietary directors over the total of non-executive directors is not higher than the proportion between the capital represented by such directors and the remainder of the Company's share capital.

This criterion may be reduced:

a) In large-cap companies where the shareholdings legally considered significant are low.

b) In companies where there is a diversity of shareholders represented on the board of directors and there are no links between them.

Compliant ✓ Explain

17. The number of independent directors represents at least half of all directors.

However, where the Company is not highly capitalised or where, being highly capitalised, it has a shareholder or several shareholders acting together, who control more than 30% of the share capital, the number of independent Directors should represent at least one third of the total members.

Compliant ✓ Explain

18. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional and biographical profile.

b) Other boards of directors on which they sit, whether or not these belong to listed companies, as well as other remunerated activities in which they may be involved.

c) The category to which the director belongs, where applicable, stating, in the case of proprietary directors, the shareholder they represent or to whom they have links.

d) Date when they were first appointed as a director of the company, as well as the dates of any subsequent reappointments.

e) Their holdings of company shares and their stock options.

Cumple **Partially compliant** ✓ Explain

19. The Annual Corporate Governance Report, with prior verification by the Appointments Committee, explains the reasons for the appointment of proprietary directors at the request of shareholders whose shareholding is less than 3% of the share capital; and reasons are given why formal requests for a seat on the board from shareholders with a stake equal to or greater than that of others, at whose request proprietary directors were appointed, have not been respected.

Compliant ✓ Partially compliant Explain Not applicable

20. Proprietary directors tender their resignation when the shareholders they represent sell their entire shareholding. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Compliant ✓ Partially compliant Explain Not applicable

21. The Board of Directors shall not propose the removal of any independent Director before the statutory period for which they were appointed, except where just cause is found by the Board of Directors following a report from the Appointments Committee. It shall be understood that there is just cause when the director takes up a new post or takes on new duties that prevent him/her from devoting the necessary time to the performance of the duties associated with the directorship, when the director fails to carry out the duties inherent to his/her post or when the director is involved in circumstances which cause him/her to lose his/her independent status in accordance with the provisions of the legislation applicable.

The removal of independent directors from office may also be proposed as a result of public buy-outs, mergers or other similar enterprise-level transactions implying a change in the structure of the Company's capital, where such changes in the Board are due to the proportionality criterion in Recommendation 16.

Compliant ✓ Explain

22. Companies establish rules obliging directors to provide information and, where appropriate, tender their resignation in cases where it is alleged they could prejudice the good name and reputation of the Company and, in particular, oblige them to inform the Board of Directors of any criminal lawsuits they may be involved in, as well as any subsequent legal proceedings.

In any event, if a Director were prosecuted or had a court order issued against him or her initiating trial proceedings for any of the offences defined in corporate law, the Board of Directors shall examine the case as soon as practicable and, in view of the particular circumstances, decide whether or not he/she should remain in office. And the Board of Directors gives a reasoned account of such circumstances in the Annual Corporate Governance Report. The board of directors should also give a reasoned account of these circumstances in the annual corporate governance report.

Compliant ✓ Partially compliant Explain

23. All directors clearly express their opposition when they consider that a proposal submitted to the Board for Directors for decision could be contrary to the Company's interests. Moreover, independent directors and other directors in particular, who are not affected by potential conflict of interest, should do the same in the case of decisions that could be detrimental to shareholders not directly represented on the Board of Directors.

And when the Board of Directors adopts significant or repeated decisions on matters with regard to which the director has expressed serious reservations and subsequently opts to resign, the ensuing conclusions drawn and reasons for the resignation must be explained in the letter referred to in the following recommendation.

This recommendation also extends to the secretary to the board of directors, even if the secretary is not a director.

Compliant ✓ Partially compliant Explain Not applicable

24. **When, whether due to resignation or any other reason, a director leaves his or her position before the end of the term, the reasons are explained in a letter sent to all the members of the Board of Directors. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.**

Compliant ✓ Partially compliant Explain Not applicable

25. **In addition, the Appointments Committee will ensure that non-executive directors have sufficient time to properly perform their duties.**

And that the Board regulations sets the maximum number of boards of which the directors may form part.

Compliant **Partially compliant** ✓ Explain

The Company's Board Regulations do not specify a maximum number of boards on which the Company's directors may sit but such limit is set forth in the regulations applied to the Company as a credit entity. For this reason, the principle given by the recommendation is met. In other words, the directors should devote sufficient time to efficiently perform their duties and to know the Company's business and the governance rules that govern it and they meet its purpose despite not fully observing the recommendation and all the directors are aware of the limits set in the regulations in this regard.

26. **The Board of Directors holds meetings as frequently as required in order to carry out its role effectively, at least eight times a year, following the programme and agenda established at the start of the year, with each director able to propose for inclusion alternative items not originally on the agenda.**

Compliant ✓ Partially compliant Explain

27. **Directors' absences should be limited to the bare minimum and quantified in the Annual Corporate Governance Report. And, when they must occur, instructions are given to proxies.**

Compliant ✓ Partially compliant Explain

28. **When the directors or the secretary express concerns about a particular proposal or, in the case of the directors, about the Company's progress and such concerns are not resolved within the Board of Directors, this is recorded in the minutes at the request of whoever expressed such concerns.**

Compliant ✓ Partially compliant Explain Not applicable

29. **The Company will establish suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the Company's expensea.**

Compliant ✓ Partially compliant Explain

30. **In addition, regardless of the knowledge required of the Directors to perform their duties, the Company will also offer Directors refresher programmes when circumstances so warrant.**

Compliant ✓ Partially compliant Explain

31. The agenda of the sessions clearly indicates the points on which the Board of Directors will adopt a decision or agreement so that directors can study or seek, in advance, the information required for its adoptionn.

When exceptionally, for reasons of urgency, the Chairman wishes to submit for the approval of the Board of Directors any decisions or agreements not included in the agenda, this will require the express prior consent of the majority of the directors present, which will be duly recorded in the minutes.

Compliant ✓ Partially compliant Explain

32. Directors should be regularly informed of the movements in shareholdings and of the opinions that significant shareholders, investors and rating agencies have of the Company and its group.

Compliant ✓ Partially compliant Explain

33. The chairman, as the person responsible for the proper functioning of the board of directors, in addition to exercising the functions assigned to him by law and the bylaws, should prepare and submit to the board a schedule of dates and items to be discussed; organise and coordinate regular assessment of the board and, where applicable, assessment of the company's chief executive; take responsibility for management of the board and of the effectiveness of its functioning; ensure that sufficient time is allocated to discuss strategic issues, and agree and review programmes to update knowledge for each director, when circumstances so advise.

Compliant ✓ Partially compliant Explain

34. When there is an independent lead director, the Bylaws or regulations of the Board of Directors, in addition to the powers legally entitled, attribute him/her the following: chairing the Board of Directors in the absence of the Chairman and Vice-Chairmen, if any; echoing the concerns of non-executive directors; maintaining contacts with investors and shareholders to ascertain their views in order to form an opinion about their concerns, particularly in relation to the corporate governance of the Company; and coordinate the Chair´s plan of succession.

Compliant ✓ Partially compliant Explain Not applicable

35. The Secretary to the Board of Directors shall also ensure that the Board of Directors is aware of recommendations on good governance that apply to the Company and that are part of the Code of Good Governance for listed companie.

Compliant ✓ Explain

36. The complete Board of Directors should evaluate, once a year, and adopt, where applicable, an action plan to correct deficiencies identified with respect to:

a) The quality and efficiency of operation of the board of directors.

b) The operations and the composition of its committees.

c) The diversity of Board membership and competences.

d) The performance of the Chairman of the Board of Directors and the Chief Executive Officer of the Company.

e) The performance and contribution of each Director, paying particular attention to those who are in charge of the various board committees.

The evaluation of the various committees will be based on the reports they submit to the Board of Directors, and for the latter, evaluation will be based on the one submitted by the

Appointments Committee.

Every three years, the Board of Directors will be assisted to carry out the evaluation by an external consultant, whose independence will be verified by the Appointments Committee.

Business relationships that the consultant or any Company in its group have with the Company or any Company of its group should be detailed in the annual corporate governance report.

The process and the evaluated areas will be further described in the annual corporate governance report.

Compliant ✓ Partially compliant Explain

37. When an Executive Committee exists, the framework for the participation of the different categories of directors will be similar to that of the Board of Directors itself, and its Secretary will be the secretary to the board.

Compliant Partially compliant Explain **Not applicable** ✓

38. The Board of Directors is always aware of matters dealt with and decisions adopted by the Executive Committee and all the members of the board receive a copy of the minutes of the meetings of the Executive Committee.

Compliant Partially compliant Explain **Not applicable** ✓

39. The members of the Audit Committee, and especially its chairman, are appointed taking into account their knowledge and expertise in the field of accounting, audit or risk management, and the majority of such members are independent directors.

Compliant ✓ Partially compliant Explain

40. Under the supervision of the audit committee, there should be a unit that assumes the internal audit function to ensure the proper functioning of the information and internal control systems, which are functionally dependent on the non-executive Chairman of the Board or the Audit Committee.

Compliant ✓ Partially compliant Explain

41. The head of the division that fulfils the internal audit duties will present its annual work plan to the Audit Committee in which it directly reports any incidents that may have arisen during its implementation, submitting this information at the end of each year in an activity report.

Compliant ✓ Partially compliant Explain Not applicable

42. In addition to those as legally established, the Audit Committee is responsible for the following:

1. With regard to information systems and internal control:

   a) Supervise the process of preparing and the integrity of the financial information on the Company and, where applicable, to the Group, reviewing compliance with the regulatory requirements, the proper delimitation of its scope of consolidation and the correct application of accounting principles.

   b) Ensure the independence and effectiveness of the internal audit processes, proposing the election, appointment, re-election and removal of the head of the internal audit division in addition to proposing the budget for this service, approving both orientation and its operating plans, ensuring that their activity is focused mainly on the risks that are relevant to the Company, receiving regular information on their activities and verifying that senior management is taking into account the conclusions and recommendations of the Committee's reports.

c) Establish and supervise a method that allows employees to make confidential and, if possible and appropriate, anonymous statements on any irregularities, especially financial and accounting irregularities, that may potentially be important to the Company.

2. With regard to the external auditor:

a) Examine the circumstances behind the resignation of the external auditor, should this occur.

b) Ensure that the remuneration for the external auditor for his or her work does not compromise his or her integrity or independence.

c) Ensure that the Company notifies the change of auditor as a regulatory announcement to the CNMV and that this notification is accompanied by a statement citing any disagreements the Company may have had with the outgoing auditor and, if there were such disagreements, to discuss them.

d) Ensure that the external auditor annually holds a meeting with the full Board of Directors to report on the work done and the evolution of the Company´s accounting and risk situation.

e) Ensure that the Company and the external auditor adhere to current regulations regarding the provision of non-audit services as well as the limits on the auditor's business concentration and, in general, the other rules on auditor independence.

Compliant ✓ Partially compliant Explain

43. The Audit Committee may summon any employee or executive of the Company; this includes appearances without the presence of any other executive.

Compliant ✓ Partially compliant Explain

44. The Audit Committee should be informed of the operations of structural and corporate changes that the Company plans to carry out, for analysis and preliminary report to the Board of Directors on their economic conditions and their accounting impact, and especially, if any, on the proposed swap equation.

Compliant ✓ Partially compliant Explain Not applicable

45. The control and risk management policy should specify at least:

a) The different types of financial and non-financial risks (including operational, technological, legal, business, environmental, political and reputational) that the Company faces, including financial and economic risks, contingent liabilities and other off-balance sheet risks.

b) Setting the level of risk that the Company considers acceptable.

c) The measures planned to mitigate the impact of identified risks, should they materialise.

d) The information and internal control systems to be used to control and manage the abovementioned risks, including contingent liabilities or off-balance sheet risks.

Compliant ✓ Partially compliant Explain

46. Under the direct supervision of the Audit Committee or, if any, of a specialised committee of the Board of Directors, there is an internal function of risk control and management exercised by a unit or internal department of the Company that has expressly attributed the following functions:

a) Ensure the proper functioning of the control and risk management systems and, in particular, that all the important risks affecting the Company are adequately identified, managed and quantified.

b) Actively participate in the development of a risk strategy and take part in the important decisions concerning risk management.

c) Ensure that the control and risk management systems in place adequately mitigate the risks within the framework of the policy defined by the Board of Directors.

Compliant ✓ Partially compliant Explain

47. Members of the Appointments and Remuneration Committee – or both Committees if they were separate – are designated by ensuring that they have the knowledge, skills and experience appropriate to the duties that they are to perform and that most of these members are independent directors.

Compliant ✓ Partially compliant Explain

48. Highly-capitalized companies have an Appointments Committee and a separate Remuneration Committee.

Compliant Explain **Not applicable** ✓

49. The Appointments Committee should consult with the company's Chairman of the Board of Directors and chief executive, especially on matters relating to executive directors.

Any Director may request that the Appointments Committee take into consideration potential candidates to fill director vacancies if he/she feels that they are suitable.

Compliant ✓ Partially compliant Explain

50. The duties of the remuneration committee must be exercised with independence and include, in addition to those indicated by law, the followin:

a) Propose to the Board of Directors the standard conditions for senior officers' employment contracts.

b) Check compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy applied to directors and senior officers, as well as the remuneration systems that include shares and how they are implemented, in addition to guaranteeing that their individual remuneration is proportional to that which is paid to other directors and senior officers of the Company.

d) Ensure that any conflicts of interest do not interfere with the independence of the external advice given to the committee.

e) Verify the information on directors' and senior officers' remuneration found in various corporate documents, including the annual report on directors' remuneration.

Compliant ✓ Partially compliant Explain

51. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant ✓ Partially compliant Explain

52. The rules regarding the composition and proceedings of the supervisory and control committees should be listed in the Board Regulations and be consistent with those applicable to the legally mandatory committees under the foregoing recommendations, including the following:

a) They should be composed exclusively of non-executive directors, with a majority of independent directors.

b) The chairmen should be independent directors.

c) The board of directors should appoint the members of these committees, taking into account the knowledge, skills and experience of the directors and the responsibilities of each committee; deliberate on its proposals and reports; and, at the first plenary session of the board after their meetings, receive an account of their activity and a report on the work carried out.

d) The committees should seek external advice when they deem it necessary to perform their duties.

e) Minutes of meetings should be taken, and copies sent to all directors.

Compliant ✓ Partially compliant Explain Not applicable

53. The supervision of compliance with the rules of corporate social responsibility policy, the internal codes of conduct and the corporate governance policy is attributed to one or more committees within the Board of Directors; these committees may be the Audit Committee, the Appointments Committee, or the corporate social responsibility committee, if any, or a specialised committee created specifically for such duties by the Board of Directors; and these committees will have the following minimum duties:

a) Overseeing compliance with the Company's internal codes of conduct and its rules of corporate governance.

b) Supervising the Company's communication strategy and its relations with shareholders and investors, including small and medium shareholders.

c) Regular assessment of the adequacy of the Company's corporate governance system so that it may fulfil its mission of promoting its business activity and keep the legitimate interests of other stakeholders in mind.

d) Reviewing the Company's corporate responsibility policy, ensuring that it is aimed at creating value.

e) Monitoring the Company's social responsibility strategy and practices and assessing its degree of compliance.

f) Supervising and evaluating relations with different stakeholders.

g) Evaluating all matters that relate to the Company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinating the process of reporting non-financial information and information on diversity, in accordance with applicable regulations and international reference standards.

Compliant ✓ Partially compliant Explain

54. The corporate social responsibility policy should include the principles or commitments, which the Company voluntarily undertakes in its relationship with the different stakeholders and identify at least:

a) The objectives of the corporate social responsibility policy and the development of support tools.

b) The corporate strategy related to sustainability, the environment and social issues.

c) Specific practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, tax responsibility, respect for human rights and the prevention of illegal conduct.

d) Methods or systems monitoring the results of the implementation of the specific practices identified in the previous point, the associated risks and their management.

e) The mechanisms for monitoring non-financial risk, ethics and business conduct.

f) The channels of communication, participation and dialogue with stakeholders.

g) Responsible communication practices that prevent manipulation of information and protect integrity and honour.

Compliant ✓ Partially compliant Explain

55. The company should report in a separate document or in the management report on matters related to corporate social responsibility, using any of the internationally accepted methodologies.

Compliant ✓ Partially compliant Explain

56. Directors' remuneration is what is necessary to attract and retain directors with a desirable profile, to compensate them for the dedication, qualifications and responsibility that the position entails, and to ensure that the amount does not interfere with the independence of non-executive directors' decisions.

Compliant ✓ Explain

57. Executive directors are restricted to variable remuneration linked to the performance of the Company and to their personal performance, as is the remuneration in the form of shares, stock options or rights to shares or instruments that are referenced to the value of the stock and long-term savings systems such as pension plans, retirement schemes or other social security systems.

Delivery of shares as remuneration can be contemplated for non-executive directors on condition that they hold them until they cease to be directors. The foregoing will not apply to shares that the director needs to dispose of, if appropriate, to meet the costs related to acquisition.

Compliant ✓ Partially compliant Explain

58. In the case of variable remuneration, remuneration policies should include precise limits and technical safeguards to ensure they reflect the professional performance of the recipients and not only the general progress of the markets or the company's activity sector or circumstances of this kind.

And in particular, the variable components of remunerations:

a) Should be linked to performance criteria that are predetermined and measurable, and these criteria should consider the risk taken to obtain a result.

b) Should promote the sustainability of the Company and include non-financial criteria that are suitable for creating long-term value, such as compliance with internal rules and procedures of the Company and its policies for control and risk management.

c) Should be configured on the basis of a balance between compliance with short-term, medium-term and long-term objectives, to remunerate output for continuous performance over a period of time that is sufficient to appreciate the contribution to the sustainable creation of value, in such a way that the items measuring this performance do not focus only on sporadic, occasional or extraordinary facts.

Compliant ✓ Partially compliant Explain Not applicable

59. The payment of a significant part of the variable components of remuneration should be deferred for a period sufficient to ensure that the previously established minimum performance conditions have been met.

Compliant ✓ Partially compliant Explain Not applicable

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant ✓ Partially compliant Explain Not applicable

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments referenced to their value.

Compliant ✓ Partially compliant Explain Not applicable

62. Once the shares or options or rights over shares corresponding to the remuneration systems are allocated, directors will not be able to transfer ownership of a number of shares equivalent to twice their fixed annual remuneration, or to exercise the options or rights until at least three years have elapsed since they were allocated.

The foregoing will not apply to shares that the director needs to dispose of, if appropriate, to meet the costs related to acquisition.

Compliant ✓ Partially compliant Explain Not applicable

63. Contractual agreements include a clause that allows the Company to claim reimbursement of variable components of remuneration when payment has not been adjusted to the return conditions or when they have been paid based on data that are subsequently credited with inaccuracy.

Compliant Partially compliant **Explain** ✓ Not applicable

No more methods are planned other than those foreseen in the applicable commercial regulations.

64. Payments for contract termination do not exceed the established amount equivalent to two years of total annual remuneration and they are not paid until the Company has been able to verify that the director has met the performance criteria previously established.

Compliant **Partially compliant** ✓ Explain Not applicable

Severance payments for contract termination will be an amount equal to the accrued and vested part of the annual variable remuneration, as appropriate, and regarding the deferred part, the total amount of the deferred payment, and in the event of a resignation, the accrued and vested part of the annual variable remuneration, as appropriate, in accordance with the regulations, until the date of contract termination.

H. Other information of interest

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. Any other information, clarification or observation related to the above sections of this report may be included in this section insofar as they are relevant and not repetitive. Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable identify the code and date of adoption. In particular, it will be specified whether the Company has adhered to the Code of Good Tax Practice of 20 June 2010.

A.2. On 12/29/2017 the company GLOBAL PORTFOLIO INVESTMENTS SL agreed to carry out a capital increase in the form of a contribution in kind that was subscribed by INDUMENTA PUERI SL by contributing the 2,131,232 shares it owned in Renta 4 Banco. Upon this capital increase, the (direct) shareholder of Renta 4 Banco became GLOBAL PORTFOLIO INVESTMENTS SL.

C.1.1. At the General Shareholders' Meeting held on 29 April 2019, it was agreed, under item 4.1 of the agenda, to set the number of members of the Board of Directors at 15. Notwithstanding the above, during the months of October and November 2019, three directors resigned, in accordance with the provisions of section C above, giving rise to a Board of Directors with 12 members, with three vacancies on the Board at 31 December 2019.

C.1.3. In relation to the changes that have occurred in the category of each director during the 2019 fiscal year, it is reported that Mr. Eduardo Trueba was moved to the category of "Other external director", at the Board of Directors meeting of 29 October 2019, as he had exceeded the maximum period of 12 years since his appointment to maintain his status as an independent director. However, as indicated in this report, this director resigned from his position on 19 December 2019.

C.1.12. The Company's Board Regulations do not specify a maximum number of boards on which the Company's directors may sit but such limit is set forth in the regulations applied to the Company as a credit entity. For this reason, the principle given by the recommendation is met. In other words, the directors should devote sufficient time to efficiently perform their duties and to know the Company's business and the governance rules that govern it and they meet its purpose despite not fully observing the recommendation and all the directors are aware of the limits set in the regulations in this regard.

This annual corporate governance report was approved by the Company's Board of Directors at its meeting held:

03/17/2020

List whether any directors voted against or abstained from voting on the approval of this Report..

Yes **No** ✓

5 Non-Financial Information Renta 4 Group 2019

5.1

Guidelines for the preparation of the Non-Financial Information Statement

In accordance with Law 11/2018, dated December 28, on non-financial information and diversity, the Board of Directors of Renta 4 Banco, S.A. (the Parent Company) and its group subsidiary companies, hereinafter Renta 4, issues this Non-Financial Information Statement (NFIS) for the 2019 financial year as an annex to the Consolidated Management Report presented with the consolidated financial statements.

This report is public and can be consulted on the corporate website https://www.renta4banco.com/es/gobierno-corporativo/informacion-financiera

Renta 4 has analysed the requirements of Law 11/2018, taking into account the opinion of its main stakeholders. For this purpose, the Group has identified the following stakeholders: clients, professionals, shareholders, the environment, and suppliers.

The Renta 4 Group's business model, based on proximity and relationship with society, allows for continuous access to these stakeholders by all operating lines, control areas (risks, regulatory compliance, and internal audit), and, especially, senior management and members of the Board of Directors, who are fully aware of the most relevant aspects in the economic, social, and environmental fields.

This continuous interrelationship leads to knowing each stakeholder's needs to establish lines of action and respond to them in a timely manner.

The Board of Directors of Renta 4 Banco, S.A. is ultimately responsible for all aspects arising from the management and control of the risks inherent to the activity carried out by the Renta 4 Group. Thus, at the request of the Board of Directors, a Risk Appetite Framework, different risk management policies, and risk control structures have been set up to ensure their correct application.

The Risk Appetite Framework is a statement of the aggregate level of risk types that the Renta 4 Group is willing to accept or avoid to achieve its business purposes. The Risk Appetite Framework is also a tool that monitors all risks by means of metrics, establishing different policies for adequate management.

Therefore, the Risk Appetite Framework includes a commitment to economic and social sustainability, especially emphasising on compliance with policies for the prevention of money laundering and terrorism financing, regulations, the code of conduct in the securities markets (Internal Code of Conduct), and the handling of clients' complaints.

As shown in Annex I, "Index of contents required by Law 11/2018 dated December 28," the NFIS was elaborated in accordance with the Global Reporting Initiative (GRI) selected standards for those requirements considered essential to the business.

The scope of the information reported includes Renta 4 Banco, S.A. (the Parent Company) and its Group subsidiary companies for the 2019 financial year, both in Spain and abroad.

5.2

General Information

Renta 4 is composed of a number of companies dedicated to the provision of investment and asset management services, and Renta 4 Banco S.A. is the parent company. The most representative companies in terms of income and services offered within the Group are the following ones:

- Renta 4 Banco S.A.
- Renta 4 Gestora SGIIC S.A.
- Renta 4 Pensiones SGFP S.A.
- Renta 4 S.V S.A.
- Renta 4 Corporate S.A.

Renta 4 operates mainly in the national territory, although a non-significant part of its activity is carried out in Chile, Colombia, Peru, and Luxembourg with similar clients and products offered in all the countries.

The Group's main business lines are the following ones:

- Financial intermediation
- Portfolio management
- Management and marketing of investment funds and other collective investment institutions
- Management of pension funds
- Advisory and Corporate Finance

Group Structure

The activity of Renta 4 Banco, S.A. focuses mainly on the provision of investment and asset management services. The entity has a network of 66 offices located in the main Spanish provincial capitals and one office in each of the countries mentioned above with an average staff of 515 employees.

The distribution network is complemented by sales agents and partners.

In addition, the Group has a website, www.r4.comand an APP, which offers clients the possibility of operating in national and international markets.

In addition, it offers several support services for clients, such as permanent access to market news, access to databases of analysts on companies from all the major stock exchanges, alert services, access to technical comments, and graphic tools.

The Group has also established offices in Peru and Chile, although clients in these two regions have the possibility of acquiring Renta 4 products through the website. Complementarily, a representative office and an entity dedicated to the trust business are established in Colombia. The international business of Renta 4 is completed by the management company of CIIs in Luxembourg.

History of the entity

Renta 4 started in 1986 as an investment services company. In the beginning, it was dedicated to the purchase/sale of Public Debts. In 1989, it became a Securities and Exchange Company registered before the Spanish National Securities Market Commission (CNMV) under number 1, extending the range of investments beyond public debt and financial intermediation. In 1987, Renta 4 Gestora SGIIC, S.A. was incorporated, but it was not until 1991 that it began to manage collective investment schemes, establishing the first investment fund. Renta 4 Pensiones S.G.F.P. was established in 1997.

In the nineties, new offices were opened throughout the country until the current distribution network was formed. Between 1990 and 1995, 11 new offices were opened, starting with only three in 1990.

In 1999, the strategy of territorial expansion and the multi-channel philosophy led to the development of the online platform www.renta4.com, which allowed the outsourcing of products and services through the network.

In 1999, a holding company was set up under the name of Renta 4 Servicios Financieros, S.L., which aligned the businesses of CII management and pension funds. In 2000, the intermediation business was integrated into the holding company.

From 2002 to 2004, Renta 4 began a process to rationalise the network through the acquisition and subsequent merger of several companies in which agents of the Renta 4 Group participated, giving rise to a fully integrated commercial structure.

In 2004, as part of the company's growth policy, Renta 4 Corporate was established while Gesdinco and Padinco were acquired in 2006.

On September 29, 2007, it became the first investment services company to float on the stock exchange.

In 2012, Renta 4 began to function as a bank by acquiring bank records from Banco Alicantino de Comercio, S.A. and establishing the company Renta 4 Banco, S.A. As a result, Renta 4 Sociedad de Valores, S.A. was partially spun off in favour of Renta 4 Banco, S.A.

On June 25, 2015, the Spanish National Securities Market Commission appointed Renta 4 Gestora, SGIIC, S.A. as the provisional management company for the CIIs that had hitherto been managed by Banco Madrid Gestión de Activos, SGIIC, S.A.

In addition, a CII management company was established in Luxembourg in 2015.

Purpose, mission, and vision of the company

The purpose of Renta 4 Banco is to democratise investment so that every person, family, company, or institution can benefit equally from a high-quality service to operate in financial markets and manage savings and investments. In other words, to offer an exclusive service with an inclusive approach to help clients protect and make the most of their savings and investments while managing risk.

This mission leads to a slogan that is communicated and transmitted internally (employees) and externally (society): "A BANK WHERE EVERY INVESTOR IS A GREAT CLIENT."

To successfully accomplish this mission, Renta 4 has established a consistent business model that coordinates strategies, structures, developments, and activities. This model can be summarised in the following three points:

a) A specialised bank (in savings, investment, equity, and corporate services): because it is necessary to fully focus on an activity to offer good quality and excellent services in a scalable way. To be the best at an activity and create scalable structures around it.

b) A client-centric bank: to establish a long-term relationship of trust based on an expert, efficient, and customised service.

c) A different bank: this approach offers the opportunity for the Renta 4 brand to be distinguishable among bank entities and private banking. The model must reinforce this differentiation as a key to its consistency and competitiveness.

The values that reinforce the differential positioning and support the Renta 4 model have been determined. A model that is based on trust when it comes to savings and investments.

Renta 4 is recognised not as an investment manager, but as an investor manager. An investor needs to trust that there will always be someone to help when problems arise, to trust that the investment is the most appropriate, to trust that the advisor is knowledgable, to trust the reputation of Renta 4, to trust that the amounts charged are right for the client and not for the Entity (we are not product placement agents), and this trust is transmitted through:

- Proximity: the best way to earn trust is proximity, personal treatment, to know your advisor and to be able to tell they know you.
- Experience: experience gained by being a specialist committed exclusively to this business every day for more than 30 years.
- Good service quality: because when it comes to money, the client wants to be sure that things are done right, with love and care. You have to be and look like one.

And, finally, these values must be surrounded by other aspects that are complementary in the current context, but fundamental for adapting to today's society: habits and expectations.

- Technology: a high-quality service requires a high level of efficiency, which can only be achieved through technology to obtain a profitable and viable model. Besides, technology is necessary to offer users the comfortable, agile and ubiquitous experiences they demand. Growth can only happen if integration between physical and digital channels is achieved.
- Proactivity: Renta 4 believes in anticipating clients' needs. The greatest satisfaction is felt when you notice that we provide solutions and ideas and that we talk to clients to better understand their needs, making investment decisions easier.
- Pedagogy: the financial education and training of our clients are social responsibilities and we transfer this to every point of contact in the relational flow. From the first communications to answer inquiries and provide information to in-person commercial processes at the offices.

Foreseeable evolution of the company

The Renta 4 Group still considers that its activity environment is very demanding, not only because of the ongoing digital transformation but, above all, because of the fundamental changes that are altering the needs of clients and the way in which they are met in a very substantial way.

The context of low interest rates and the consequent disappearance of the "asset without risk" increase the need for savers/investors to look for investment alternatives to make their wealth profitable. The need for specialised, high-quality, and close guidance and management represents a clear opportunity for Renta 4 Banco's business model to stand out as a bank specialised in investments. However, this requires constant adaptation and improvement in the provision of services and in the relationship with the client to make it completely satisfactory.

The increase, once again, in Renta 4's client base, in the clients' assets of its own network, and in the assets under management allows Renta 4 to maintain a positive vision of the business. This is also due to the expansion of the offering, the incorporation of alternative assets, the good performance of corporate operations, and the positive evolution of Renta 4's subsidiaries in Luxembourg, Chile, Peru, and Colombia.

The purpose of Renta 4 for year 2020 is to continue transforming the Bank towards the future, maintaining high levels of return on equity (ROE) and strengthening its high solvency and profitability ratios to keep a policy of satisfactory shareholders' returns.

5.3 Enviromental management

Reduction of energy consumption

Renta 4 Banco does not carry out activities that are intrinsically polluting, so its environmental impact is limited to energy consumption for work centres.

The scope of the information only covers Renta 4 Spain as it represents the most significant unit of the group.

Renta 4's commitment to the environment has led it to develop a comprehensive strategy covering the following areas of action:

1. Reduction of energy consumption.
2. Water use efficiency.
3. Digital Office - Reducing Paper, Toner and, Storage Space Use
4. Environmental management of waste by seeking alternatives to those generated within the context of the circular economy.
5. Promotion of respect for the environment and a transition to a low-carbon economy.

The total energy consumption of offices nationwide during 2019 was 1,322,307 kWh[1]. This resulted in total emissions of 355.7 tCO2 and 497.1g of radioactive waste[2].

Renta 4 considers that smart management of the energy used in each of its centres is fundamental. Therefore, a series of strategies have been established to focus on significantly reducing energy consumption in the coming years without affecting comfort at the offices.

Throughout 2018, Renta 4 has replaced the existing lighting system in the building located at Paseo de la Habana, 74 in Madrid with more efficient LED lighting.

Besides, improvements in the design of the building, such as placing offices and work areas where there is adequate natural lighting, automating the switching on and off system in the exterior lighting and façade signs, improving the envelope's solar control (like the replacement in 2019 of the existing windows on the ground floor with low-emission glass or the incorporation of blinds in all the windows) have achieved energy savings of approximately 16.03%. Energy consumption in 2018 was around 276.71 Kwh/m2, while in 2019, it rose 232.33 Kwh/m2.

The headquarter has a diesel generator that works in the event of a power shortage, but it has not been activated in recent years. Besides, the company does not own vehicles. Thus, diesel consumption in 2019 has been zero.

In order to reduce consumption, in 2018 and 2019, the conventional air conditioning system was replaced by a Variable Refrigerant Flow system (VRF systems) in the following offices of the Network:

[1] Data obtained from all work centres with 4 or more employees in the Spanish office network.
[2] Alcance 2 emissions are accounted for as there is only energy consumption involved. These have been calculated based on the emission factors provided by the ministry (Source: CNMC (National Commission for Markets and Competition), http://gdo.cnmc.es/CNE/resumenGdo.do?)

- Office R4 Huelva (Avenida de la Ría 4, Huelva)
- Office R4 Santander (Calle Isabel II, 20, Santander)
- Office R4 Teruel (Avenida de Sagunto 42, Bajo, Teruel)
- Office R4 Paseo de Recoletos (Paseo de Recoletos 21, Madrid)
- Office R4 Girona (Gran vía de Jaume I, 31, Girona)
- Office R4 Cáceres (Avenida Virgen de Guadalupe 5, Cáceres)
- Office R4 Badajoz (Ronda del Pilar 1, bajo izquierda, Badajoz)
- Office R4 Toledo (Avenida de la Reconquista 3, Toledo)
- Office R4 Cádiz (Calle Juan Ramón Jiménez 1, Cádiz)
- Office R4 Cuenca (Calle Diego de Jiménez 2, Cuenca)

In this way, the performance of the systems has been significantly optimised with consequent energy savings that are believed to be between 25% and 30% less than the previous centralised ON/OFF systems.

Water use efficiency

As part of its commitment to sustainability and the environment, Renta 4 keeps developing a strategy on water management.

In 2019, the total water consumption of Renta 4 at a national level was 3065 m3[3].

At its headquarter, toilets have been equipped during 2018 and 2019 with more efficient, double-flushing toilets, showers with thermostatic fittings, and timed fittings and urinals. As regards the watering of the building, plants with high water consumption have been replaced by others whose maintenance and water needs are much lower, hoping for significant savings.

Thanks to this series of measures, the water consumption of the building on Paseo de la Habana, 74 has been reduced by 14%, from 413 l/m2 in 2018 to 359 l/m2 in 2019.

Despite the fact that the needs of the branches in terms of water are small, these strategies are being progressively incorporated into them, expecting significant savings.

[3]. The employees of Renta4 Banco consumed 80% of the total water consumption of the offices' network nationwide.

Digital Office - Reducing Paper, Toner, and Storage Space Use

In recent years, Renta 4 has detected that the traditional office poses a series of problems related to the consumption of paper, toner, and the storage space that this implies.

In this sense, a path has been marked out for the transition of this type of office to the so-called "Digital Office", seeking to achieve zero consumption of paper and ink.

Thus, the following strategies have been established:

- Control of the paper and ink used monthly by means of a personal card. This strategy aims to identify the main sources of paper consumption to find more sustainable alternatives.

- Digitalisation of invoices, telematic processing, and electronic signature, also avoiding unnecessary travel.

- Use of software for backups, reducing the space needed for storage in the building.

Paper consumption in all Renta 4 offices nationwide was 2,492,281 A4 sheets, a total of 12,461 kg. The main purpose of Renta 4 is to reduce these numbers as much as possible with the idea of achieving the aforementioned paperless office, which is completely digital.

Genvironmental management of waste by seeking alternatives to those generated within the context of the circular economy.

As part of its environmental policies, Renta 4 has been applying the so-called "Three Rs Rule" in recent years, seeking to "reduce" the amount of waste generated, "reuse" as far as possible existing products and "recycle" those that have ceased to be useful.

In this sense, Renta 4 reuses most of the existing furniture, while the furniture that is no longer useful for the required purposes is donated to non-profit charities.

In addition, as part of the corporate image change that the brand has undergone, certified materials have been selected to guarantee that their acquisition, manufacturing, and recycling are subject to a series of environmental requirements, seeking to reduce the carbon footprint generated by them and valuing the environmental and social respect in the manufacturing of the products and services outsourced.

Detail on some of these materials:

- The existing carpet has been replaced by a vinyl floor with Bream A+ and Eurofins Gold certifications.
- Mats containing 20% of recycled aluminium have been placed in headquarters and the offices' network.
- The wood used in the auditorium of the headquarter in Paseo de la Habana 74 is PEFC/14-1-1 certified.

Promotion of respect for the environment and a transition to a low-carbon economy.

Since June 2019, Renta 4 guarantees in an agreement with one of its main power suppliers that 16.93% of the energy consumed by the headquarter located at 74 Paseo de la Habana (88,359.13 Kwh) comes from 100% renewable energies. In these 8 months, the emission into the atmosphere of 22.97 tons of CO2 and 45.06 grams of high-level radioactive waste has been stopped. In this matter, the main purpose of Renta 4 is to increase this percentage substantially every year until reaching 100% reduction of emissions.

Circular economy and waste prevention and management

The management of computer waste of the IT Department has been carried out until 2019, taking the equipment (screens, computers, servers, or other hardware devices) after removing their hard drives to a section available on floor -1.

As of the last quarter of 2019, an agreement with the company called INTELSYNET, which is dedicated to the recycling of these materials, was entered into. A list of obsolete equipment, servers, hard disks, and racks was provided for removal, starting first and up to now, with the certification for the destruction of 593 hard disks, which have been removed over the years. The removal of the hard disks took place in mid-February 2020. They will continue to remove obsolete equipment later.

5.4

Social and personnel management

Introduction on HR principles and values

Renta 4, an entity specialised in providing high-quality investment services, management and advice on assets, intermediation in capital markets, and corporate advice to companies, has among its values, specialisation, client focus, and proximity in a technological environment.

For this reason, Renta 4's HR policies are aimed at retaining and attracting talent, in order to have highly qualified professionals with extensive experience in the industry, considering human capital as a guarantee of good quality services and business excellent.

Employment - Recruitment and Talent Management

The recruitment procedures of Renta 4 are based on the selection of professionals with a high level of training and enough experience to fit each position. Thus, candidates are assessed by training and professional merits to ensure their qualification to provide specialised and high-quality investment services.

As a result, Renta 4 has managed to maintain stability in employment, in which 99.6% of the workforce had a full-time permanent position as of December 31, 2019, broken down by type of contract, gender, age, and professional classification above:

Nº Contract 12/31/2019

Type of contract by gender

	Men	Women	Total	% Total
Indefinite Contract FT	338	171	509	97.5%
Indefinite Contract PT	1	10	11	2.1%
Temporary Contract FT		2	2	0.4%
Total	**339**	**183**	**522**	**100%**

Type of contract by category

	Categories			
	Management	Technical	Administrative	Total
Indefinite Contract FT	13	421	75	509
Indefinite Contract PT		3	8	11
Temporary Contract FT			2	2
Total	**13**	**424**	**85**	**522**

Type of contract by age range

	Age Range				
	<30	30-40	40-50	>50	Total
Indefinite Contract FT	76	174	177	82	509
Indefinite Contract PT	3	3	3	2	11
Temporary Contract FT	1	1			2
Total	**80**	**178**	**180**	**84**	**522**

Avg. Contracts 12/31/2019

Avg. Type of contract by gender

	Gender			
	Men	Women	Total	% Total
Indefinite Contract FT	326.00	172.50	498.50	96.9%
Indefinite Contract PT	0.33	12.42	12.75	2.5%
Temporary Contract FT	0.92	1.08	2.00	0.4%
Temporary Contract PT	0.42	0.67	1.08	0.2%
Total	**322.67**	**186.67**	**514.33**	**100%**

Avg. Type of contract by category

	Categories			
	Management	Technical	Administrative	Total
Indefinite Contract FT	13.00	411.92	73.58	498.50
Indefinite Contract PT		3.00	9.75	12.75
Temporary Contract FT		1.33	0.67	2.00
Temporary Contract PT		0.42	0.67	1.08
Total	**13.00**	**416.67**	**84.67**	**514.33**

Avg. Type of contract by age range

	Age Range				
	<30	30-40	40-50	>50	Total
Indefinite Contract FT	65.83	173.17	175.67	83.33	498.50
Indefinite Contract PT	3.08	4.67	3.00	2.00	12.75
Temporary Contract FT	1.67	0.33	-	-	2.00
Temporary Contract PT	-	-	-	1.08	1.08
Total	**70.58**	**178.17**	**178.67**	**85.83**	**514.33**

*The annual average number of contracts has been calculated as an average of the number of contracts at the end of each month..

Another sign of stability is the average seniority of employees at Renta 4, which currently stands at 9.7 years, as shown in the following table:

Avg. Seniority 2019 (years)

	Men	Women	Total
Headquarters	9.7	8.5	9.2
Network	11.2	14.4	12.2
International	3.2	2.4	3.0
General Avg. Seniority (years)	**9.5**	**10.2**	**9.7**

A total of 40 people left the company in 2019, 24 of them, voluntarily and 16, non-voluntarily, representing 2.5% of the total workforce, a not very significant figure that is broken down by age and gender in the following table:

Dismissals 2019

	Men	Women	Total
Management	3		3
Technical	5	3	8
Administrative	1	1	2
Total	9	4	13

Dismissals 2019

	<30		30-40		40-50		>50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Management					1		2		3	0
Technical	1		1	3	2		1		5	3
Administrative			1	1					1	1
Total	**1**	**0**	**2**	**4**	**3**	**0**	**3**	**0**	**9**	**4**

It should also be highlighted that, in recent years, the net annual increase in the workforce has been between 4% and 7% and the level of staff turnover in 2019 was less than 3%.

Equality and Non-Discrimination

The Entity has an Equality Plan, according to the applicable Spanish law, to achieve equal treatment and opportunities for women and men, adopting and implementing different policies aimed at this purpose, such as the promotion and guarantee of equal opportunities for selection and professional development at all levels of the company, policies adapted to different social changes, and equity in the remuneration policy.

Similarly, Renta 4 has implemented a Protocol for the Prevention, Treatment, and Elimination of Sexual Harassment on the Grounds of Gender and Discrimination.

In addition, as of December 31, 2019, Renta 4 has incorporated 4 persons with proven disabilities into the staff

Remuneration

The aim of Renta 4's remuneration policy is to attract and retain talent, establishing remunerations according to the kind of job, level of responsibility, performance, professional category, and seniority, always based on equality and non-discrimination.

In this sense, Renta 4 establishes remuneration guidelines that combine internal and external equality, to be competitive and attractive in terms of salary within the market and it also has an annual performance evaluation system, everything that is necessary to have the best professionals in the industry.

Besides, Renta 4 complies with the legal regulations in force in each country and with the different national collective agreements, highlighting that, in general terms, the employees' salaries are higher than those established in such applicable agreements or regulations.

The following tables show the employees' average remuneration and its evolution according to age, gender, and job classification:

Avg. Remunerarion - By Range-Location

	National		Delta % Period	International		Delta % Period
	2018	2019		2018	2019	
<30	27,026	27,278	1%	17,552	17,128	-2%
30-40	40,552	39,941	-2%	25,032	37,921	51%
40-50	56,954	57,310	1%	51,516	41,121	-20%
>50	98,122	86,000	-12%	64,436	24,397	-62%
Total Avg. Remuneration	**53,901**	**52,075**	**-3%**	**36,174**	**32,127**	**-11%**

Avg. Remuneration - Category-Area

	2018	2019	Delta % Period
International	36,174	32,127	-11%
Management	143,478	81,923	-43%
Technical	30,852	30,710	0%
Administrative	18,,001	16,703	-7%
National	53,901	52,075	-3%
Management	330,177	239,591	-27%
Technical	52,613	51,822	-2%
Administrative	28,424	29,815	5%
General Total	**52,181**	**49,820**	**-5%**

Avg. Remuneration - Category-Area

	2018		2019		Delta % Period	
	Men	Women	Men	Women	Men	Women
International	41,544	26,066	35,131	22,471	-15%	-14%
Management	143,478		81,923		-43%	
Technical	32,705	27,764	33,180	23,489	1%	-15%
Administrative	20,337	13,329	18,572	*	-9%	-31%
National	61,749	40,319	58,060	41,663	-6%	3%
Management	327,555	167,500	258,145	165,375	-21%	-1%
Technical	55,658	43,761	54,530	45,431	-2%	4%
Administrative	28,189	28,533	29,905	29,777	6%	4%
General Total	**59,735**	**39,002**	**55,017**	**40,195**	**-8%**	**3%**

* The average remuneration for a single employee is not provided, in accordance with data protection.

On the other hand, the average remuneration of the members of the Board of Directors in 2019 is shown below in thousands of euros and classified by gender:

Avg. Remuneration

Thousands of Euros	Men	Women	Legal Entity	Total
Directors	271	-	-	271
Boards Members	60	45	71	176
Total	**331**	**45**	**71**	**447**

*There was a difference in the average remuneration of non-executive directors due to the incorporation of a non-executive (female) director in May 2019.

It should be noted that non-executive directors receive remunerations as members of the Board, while executive directors receive remunerations according to their executive duties and not as directors.

Renta 4 has calculated the salary gap (the difference in % between the average salary of men and that of women) according to the average remuneration for different professional categories, differentiating between national and international levels, the results of which are shown in the following tables.

Gender Pay Gap 2019

	International			National		
	Men	Women	Gender Pay Gap	Men	Women	Gender Pay Gap
Management	73,819	-	*	270,704	165,375	**38.91%**
Technical	24,715	22,951	**7.14%**	43,000	40,500	**5.81%**
Administrative	12,685	9,227	**27.26%**	29,000	28,500	**1.72%**

* The salary gap in the category of Director is not calculated at an international level since there are only men in this category.

Social relations

Currently, Renta 4 does not have employees' legal representation. However, the entity keeps all its employees duly informed about the different policies and measures that the company applies in the different areas, using the available communication channels, including the notice board of the Employees' Portal, intranet, and emails.

As stated above, the Renta 4 group is formed by the following companies:

- RENTA 4 BANCO, S.A. (Group parent company)
- RENTA 4 GESTORA SGIIC, S.A.
- RENTA 4 PENSIONES SGFP, S.A.
- RENTA 4 CORPORATE, S.A.
- RENTA 4 S.A. S.V.

Renta 4 has established companies in Chile, Peru, Colombia, and Luxembourg. The distribution of employees in each of these companies is the following one:

Company	N° Employees 12/31/2019
RENTA 4 BANCO, S.A.	378
RENTA 4 S.A. S.V.	3
RENTA 4 GESTORA SGIIC,S.A.	63
RENTA 4 PENSIONES SGFP, S.A.	10
RENTA 4 CORPORATE, S.A.	11
Chile	26

Company	Nº Employees 12/31/2019
Perú	12
Colombia	16
Luxembourg	3
Total	**522**

Although Renta 4 does not have a collective bargaining agreement at a company level, the entity applies to each of the companies and workers, at a national level, the corresponding collective agreement according to the activity's sector. The following agreements are applicable:

Company	Collective Agreement
RENTA 4 BANCO, S.A.	Banking Agreement
RENTA 4 GESTORA SGIIC,S.A.	Madrid Offices Agreement
RENTA 4 PENSIONES SGFP, S.A.	Madrid Offices Agreement
RENTA 4 CORPORATE, S.A.	Madrid Offices Agreement
RENTA 4 S.A. S.V.	Stock Market Agreement

As of December 31, 2019, 89.1% of the total workforce of Renta 4 (465 employees) is covered by some of these national agreements, while 10.9% of the employees (57 workers) are not covered by them because they provide their services in Renta 4 companies established in Chile, Peru, Colombia, and Luxembourg. In this case, Renta 4 complies with the regulations in force in each of these countries.

Despite the heterogeneous nature of the applicable collective agreements, an attempt is made to apply homogeneous criteria and measures regarding work organisation, always seeking the benefit of the Group's employees based on internal and external equity in the country and abroad.

Training

Renta 4 considers training as a fundamental and strategic value necessary for the provision of specialised and high-quality investment services, as well as a differentiating factor in the financial sector.

In this regard, at the end of 2019, 87% of Renta 4's employees that provide information and advisory services to clients in Spain had an EFA (European Financial Advisor) certification or another type of qualification considered valid by the CNMV (National Securities Market Commission) according to MiFID II regulations. Therefore, Renta 4 complies with applicable regulations.

Besides, Renta 4 has a Permanent Training Plan, which includes different training actions designed to provide employees with knowledge, skills, and competences across every area and department of the company, depending on the training needs of a particular moment.

The following training actions and number of hours have been carried out during the 2019 financial year:

Trainings	Total Hours
Approaches and Sales Techniques	24.00
Approaches and Techniques in Telephone Sales "Comercial Drive"	105.00
Excel 2013 Advanced	42.00
Excel 2013 Intermediate	200.00
Excel 2013 Professional	50.00
Taxation of Financial Products	180.00
The Company From the Economic and Financial Point of view	8.00
Master in Design and Art Direction	742.00
Prevention of Money Laundering	1.310.00
Continuous Training Program - PHASE 1 - G4	976.00
Continuous Training Program 2019 - PHASE 1 - G1	560.00
Continuous Training Program 2019 - PHASE 1 - G2	560.00
Continuous Training Program 2019 - PHASE 1 - G3	520.00
Salesforce Financial Services Cloud Implementation	580.00
Salesforce.com Platform Essentials	12.00
Salesforce.com Platform Essentials	60.00
Total	**5,929.00**

Category	Total Training Hours
Administrative	503.00
Management	19.00
Techical	5,407.00
Total	**5,929.00**

In addition, Renta 4 regularly holds a large number of conferences, in person and through an online platform, on matters related to markets, taxation, financial products, and any other content that the entity considers necessary to keep its employees informed and trained.

Work planning

The working time organisation in Renta 4 aims at improving balance with personal, family, and working life of all its employees, improving the work environment and increasing productivity. Therefore, it has implemented different measures, including the following ones:

- Working hours (annual calculation) that does not exceed the amount established in applicable collective agreements.
- Flexibility measures in clocking in/out and in break or food times, whenever the characteristics of the position and work centre allow it.
- Adaptation of the working day duration and distribution, including teleworking duly justified and reasoned.

- All workers shall have the right to suspend their employment contract in case of birth, adoption, and fostering within the terms and means established by the Law, allowing the worker to enjoy such permits on a part-time basis, subject to agreement with the Company.
- Employees may take one hour of breastfeeding leave per day until their child reaches 9 months of age, which may be split into two periods, one at the beginning and one at the end of the working day. Similarly, they may replace the breastfeeding leave for a period of 15 working days. This permission may be extended until the child reaches 12 months of age, provided that it is enjoyed simultaneously, with a proportional reduction in salary.
- Workers shall have the right to reduce working hours to a maximum of half of the working day and a minimum of one-eighth of the working day for legal guardianship and/or direct care of a family member, and a proportional reduction in salary shall be considered following the specifications established in applicable collective agreements and regulations.
- Employees will be entitled to request leaves of absence for several reasons, including the care of children and direct family members, preserving their job or the same professional group, and the exercise of a public position that is incompatible with their job, following the regulations established in applicable collective agreements and regulations.
- Employees may request unpaid leaves in case of, for example, duly accredited family needs, care of relatives up to the first degree of consanguinity or affinity, and the completion of higher education or PhDs.
- Renta 4 has a Digital Disconnection Policy.

Data on the number of absence hours related to leaves for birth and care of the child (maternity and paternity leaves) and occupational accidents are indicated below.

Absence hours due to parental leaves

Type of leave	Total Absense Hours*
Paternity	2,666.48
Maternity	7,827.50
Total	**10,493.98**

*Absence hours have been calculated considering effective working hours per day (7.75 hours per day, full time, or its equivalent on a part-time basis) by the number of working days of absence.

Therefore, during the 2019 financial year, 4 occupational accidents occurred two (2) of them happened in-itinere. The following tables show the number of occupational accidents by type, severity, and frequency, as well as the number of hours distributed by gender.

Total Hours -Type of occupational accident*	Men	Women
In itinere	465.00	-
Other	186.00	178.25
Total	**651.00**	**178.25**

*Absence hours have been calculated considering effective working hours per day (7.75 hours per day, full time, or its equivalent on a part-time basis) by the number of working days of absence.

Type of occupational accident/gender	Ocuppational accidents (q)	Frequency Index	Seriousness index
In itinere	**2**	**2,284**	**0,069**
Men	2	2,284	0,069
Women			
Other	**2**	**2,284**	**0,054**
Men	1	1,142	0,027
Women	1	1,142	0,026
Total	**4**	**4,569**	**0,122**

Severity rate= (Days off*1000)/(N° of hours worked in period*average workers)
Frequency rate= (N° of occupational accidents with leave*1,000,000)/(N° of hours worked in the period*1,000,000).

In 2019, no occupational disease has occurred in Renta 4.

Health and security

For Health and Safety at work, Renta 4 has hired an External Occupational Risk Prevention Service from the entity VALORA PREVENCIÓN that includes the provision of services for preventive activities in health and occupational Risks.

Thus, Renta 4 complies with the regulations on prevention, carrying out the risk assessment in the facilities of the 62 offices it has nationwide, as well as the risk assessment of the different job positions that exist in the company. Regarding health control, Renta 4 offers all its employees the possibility of having a complete medical examination on an annual basis.

It complies with the corresponding Risk Prevention Plan, Annual Report of activities, and Emergency Plan, and it carries out training courses for employees on risks and first aid, among other activities.

As regards occupational accidents and diseases, Renta 4 has hired the work Accident Mutual Insurance Company Fraternidad - Muprespa (0275) for Renta 4 Banco, S.A. and Renta 4 Gestora SGIIC, S.A. and the mutual Umivale (0015) for Renta 4 Corporate, S.A., Renta 4 Pensiones, S.A, and Renta 4 S.V., S.A.

Both mutual insurance companies are responsible, for example, for the management of contingencies arising from occupational accidents and diseases, the execution of benefits derived from them, coverage and health care, management of occupational accident reports and preventive activities, as well as the management, control, and monitoring of economic benefits and temporary disability arising from common contingencies.

5.5

Human rights

The corporate culture of the Renta 4 Group is based on the creation of business and social value. This principle is included as the group's mission in the Code of Conduct, which is the main rule that gives rise to the entire internal legal framework and which is applicable to all directors, managers, employees, trainees, subcontracted personnel, and agents.

In accordance with this principle, the Renta 4 Group has based its business vision on (i) a commitment to specialisation, transparency, and security; (ii) economic and social development; (iii) ongoing training, and (iv) ethics.

Due to the type of activity it carries out (provision of investment services), in the analysis prepared internally for the identification of criminal risks that the Group may face ("Model of organisation and criminal risk management"), all crimes related to the violation of rights have been qualified as not relevant.

However, to contribute to economic and social improvement, the Renta 4 Group considers that it is vitally important to focus its proceeding with the different stakeholders (employees, clients, suppliers, government agencies, or official bodies) on patterns of behaviour that reinforce and extend human, social, and labour rights.

In fact, domestic regulations are consistent with international treaties, conventions, and agreements, such as the United Nations Global Compact, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

Among the reinforcement measures that the Renta 4 Group has incorporated to expand economic and social development, the following ones are mentioned:

- Supplier relationships: Human Rights are one of the pillars in both, the request for proposal ("RFP") procedures and the cross-cutting analysis carried out by the Technology, Business and Compliance areas. On the date of preparation of this document, a new version of the purchasing policy that is expected to include a control over the possible impact that outsourcing a supplier may have on Human Rights is being executed.
- Client relationships: this year, the Renta 4 Group has modified the suitability assessment. This assessment is made to clients to provide them with portfolio management or investment advisory services and contains questions on individual investment purposes and financial status, among others. Thus, in order to comply with current stock market regulations and promote a model of socially responsible behaviour, the Renta 4 Group has incorporated questions to ascertain its clients' preferences regarding environmental, social, and good governance factors.
- Employee/Renta 4 Group - clients; Renta 4 Group - employee and Renta 4 Group/employee - official bodies and Government Agencies relationships: The Renta 4 Group has an Internal Code of Conduct (ICC) that provides the basis for the behaviour of employees in the exercise of their duties. This document ceased to be mandatory in

2018. However, it was decided internally to maintain it as it enables (i) actions to be taken in the best interest of investors and (ii) the protection of market integrity. Both purposes are considered essential for economic and social growth.

The ICC allows for greater transparency by regulating the prevention of conflicts of interest and market abuse or by regulating the regime for personal transactions of employees and related transactions.

The Compliance Unit, the body responsible for directing and supervising effective compliance with the provisions of these regulations, has not detected any cases of violation of the law by employees.

Finally, regarding the Confidential Complaint Channel defined above, the following should be stated:

- The procedure emphasises the rights of the complainant and the respondent and indicates the procedure for receiving and processing complaints.
- The information recorded in the Confidential Complaint Channel will be analysed and assessed by the Compliance Unit to improve the measures aimed at preventing and discovering crimes and infringement that may be committed by the media or under the cover of the Renta 4 Group.

As of the current date, no complaints have been received, although the Group continues to believe in the importance of this corporate tool.

5.6

Corruption and bribery

The Renta 4 Group has internal procedures, in line with best practices, which enable it to (i) identify activities that should be prevented; (ii) implement the necessary protocols to avoid behaviour that could lead to criminal offences and (iii) ensure compliance with current and internal regulations.

Over the years, it has also demonstrated intolerance towards crime by taking all necessary measures to transfer this commitment and the obligation to prevent, detect, and prosecute any form of crime to its ultimate consequences to the entire structure of the entity.

In accordance with this principle, the Renta 4 Group considers that compliance with current regulations at all levels is essential to protect the Entity from inappropriate actions by directors, staff, or any related third party. Respect for the law is the starting point for building a far-reaching ethical project.

In line with the above statement, the Renta 4 Group has implemented the following policies and procedures:

- The Code of Conduct defines the corporate culture and aspires to become the essential rule that guides the behaviour of all those who are part of the Group. Therefore, the Code aims to guide the internal relations and the relations of the Entity with its stakeholders: employees, clients, suppliers, government offices, and official bodies.
- The internal standards of behaviour set out in the Code of Conduct are the following ones:
- Ethical commitment: impeccable behaviour, impartial, and honest conduct in accordance with the Group's principles and values.
- Equality and non-discrimination: (i) development of work in the best possible conditions of remuneration; (ii) prohibition of harassment, discrimination, intimidation, or offence; (iii) promotion of equality, and (iv) selection and promotion of employees in an objective manner and on the basis of professional merit.
- Balance between professional and family life: promoting the collaboration of employees with their dependents as well as personal and family responsibilities.
- Use of information technology in accordance with security measures.
- Confidentiality of Group and third parties information.
- Regarding the intellectual property of the Group and third parties.
- Prevention of occupational risks: ensure health and safety conditions at work.
- Environmental care: contribute to the improvement of sustainability purposes.
- Responsibility: (i) to act with prudence; (ii) to promote training efforts for individual and collective growth; (iii) to respect the rules of unfair competition and accounting; and (iv) to comply with the regulations on the prevention of money laundering and terrorism financing.

- Responsible use of resources: the use of technical and material resources with due diligence.
- Best practices in public bidding: practices that are contrary to regulations are not allowed.

These general guidelines are complemented by specific principles for dealing with clients, suppliers, and official bodies.

- An Organisation and Criminal Risk Management Model that reflects the internal system of organisation, supervision, and control required by criminal legislation, which includes a criminal risk map, controls associated with Renta 4 Group and with the Compliance Unit in charge of monitoring and controlling this procedure. This model is also made up of the following elements:
- A protocol for action in the event of non-compliance with the Organisation and Criminal Risks Management Model with the aim of ensuring the effectiveness of the Code of Conduct together with other internal rules and procedures for supervision, monitoring, and controls designed to prevent the risk of criminal offences and breaches of the Model, in accordance with the provisions of the Spanish Criminal Code and other applicable laws and regulations.

This protocol, together with the implementation of a disciplinary system that complements the system of legal regulation of misdemeanours and sanctions established in the applicable legal and/or conventional regulations, is integrated into the above-mentioned Organisation and Criminal Risk Management Model.

- Regulatory Complaint Channel Procedure: Renta 4 Group has a confidential and anonymous Complaint Channel that complements the Code of Ethics and Conduct as well as the policies and procedures detailed in the previous points, facilitating the internal flow of information and the internal detection of poor practices through its own digital platform by means of a questionnaire, e-mail, or letter. Available to interest groups on the Renta 4 corporate web.aplicables.

  The channel has regulations approved by the Board of Directors and establishes the mechanisms for receiving, filtering, classifying, and solving complaints received in accordance with the criteria of the Spanish Data Protection Agency. The management of the channel is the responsibility of the Compliance Unit, which ensures that all complaints received are analysed independently and that the information is passed on only to those persons strictly necessary in the investigation and resolution process.

  The communication procedure is totally confidential and guarantees the anonymity of the complainant, except for those persons directly involved in the response or acting in the verification of the facts. Similarly, no retaliation is allowed against bona fide complainants.

- The Conflict of Interest Policy defines those situations that may give rise to a potential conflict of interest, in which it is not only necessary to produce a benefit for the affected person but also possible internal damage or damage to any of the interest groups. In this regard, when impartiality may be compromised in the opinion of a neutral observer, resulting in undermined interests of a client, the institution, or any interest group, due diligence measures shall be taken to avoid any situation that may lead to the commission of a criminal offence.
- Updated Prevention of Money Laundering Procedure containing complete information on the internal control measures taken by the Group, as well as details of the

policies on due diligence, information, documents retention, money laundering risk management and evaluation, communication, and clients' admission. Measures that transpose the obligations established for the Group in compliance with national and international regulations in this matter.

- Prevention of market abuse, which involves the creation of market manipulation indicators, abusive practices notification, suspicious orders or transactions, accepted market practices, market prospecting, managers transactions, insider lists, buyback and stabilisation programmes, investment recommendations, special interests, and conflicts of interest.

Therefore, advanced technologies for the prevention of market abuse have been implemented to have a global and unified vision that allows for behaviour analysis and an increase in the culture of compliance around the detection and prevention of suspicious market abuse activities, favouring transparency and the regular performance of markets.

In the 2019 financial year, the company collaborated actively with the supervisor by reporting transactions with suspicious signs, performing mandatory reports, and responding to any requests received by the several entities of the Renta 4 Group.

All these policies and procedures are applicable to directors, senior executives, employees of the Bank, and, in general terms, to every person that provides services to the Bank. Likewise, they are applicable to trainees during their stay at the Renta 4 Group if necessary.

Therefore, the Renta 4 Group is constantly working on the development of complementary improvement measures, seeking to be at the forefront of the development of national and international practices and recommendations aimed at strengthening the fight against corruption and bribery and considering its commitment in the financial field of action.

Measures to prevent money laundering

Measures to prevent money laundering and terrorism financing are based on three basic pillars: the highest international standards, their adaptation and compliance through global policies, and the technological systems that allow for such compliance.

Renta 4 applies due diligence measures in order to have a greater knowledge of anyone that seeks to establish business relations with the Entity. Therefore, in the account registration process and in accordance with applicable regulations, the client is classified depending on the risk of money laundering on three levels (high, medium and low). Similarly, procedures and policies have been defined to identify the real owner and the origin of the funds prior to the establishment of business relations. Thus, the appropriate documentation and information for the specific case are obtained on the basis of the risk involved. In addition, appropriate measures have been set to continuously monitor the purpose of the business relationship, including the scrutiny of the operations carried out.

It also provides SEPBLAC and its employees with updated procedures, policies, and manuals for the prevention of money laundering and terrorism financing. These manuals contain complete information on the internal control measures taken by the Group, as well as details of the policies on due diligence, information, document conservation, evaluation and management of money laundering risks, communication, and admission of clients.

These policies are reviewed annually by internal and external auditors, who assess the operational effectiveness of the procedures implemented by the Entity and propose, if applicable, any amendment or improvement.

In accordance with the applicable regulations, Renta 4 has appointed, before the

Commission's Executive Service, a single representative with an administration position who is the maximum compliance officer regarding the information obligations established in Law 10/2010 dated April 28.

To support the representative's work, Renta 4 has appointed an Internal Control Body (ICB) with the representation of the Entity's different business areas and a Technical Unit with specialised personnel, exclusive dedication, and adequate training in analysis.

For the Renta 4 Group, compliance with regulations on the prevention of money laundering and terrorism financing is a strategic purpose and an ethical commitment to society and to the compliance with control standards in this area.

Therefore, in 2019, the Group has worked actively to strengthen the IT tools that allow it to detect any event or operation that may be related to money laundering or terrorism financing and this system is capable of dealing with new techniques of criminal organisations. In addition, Renta 4 has the necessary mechanisms to communicate the operations detected, without delay and on its own initiative, to the Executive Service of the Money Laundering Prevention Commission.

Given that these standards that the Group has set up are mandatory, care must be taken to ensure that they are properly implemented and applied. Therefore, the Bank has taken the necessary measures to ensure that both, senior management and its employees are aware of this situation through specific training on the prevention of money laundering and terrorism financing, which is included in annual plans. This training is provided not only to the units established in Spain but also to the subsidiaries abroad.

The main indicators of this activity in 2019 are detailed below:

Training	% of people trained
Board of Directors	85%
Employees in Spain	52%
Employees at subsidiary companies	93%
ICB	100%

Contributions to industry associations

Renta 4 establishes alliances with associations from different sectors in the communities where it operates, relying on them to identify and try to respond to the needs of the local environment. The total contribution of the Renta 4 Group to non-profit sector associations amounted to € 83,334

In addition, like most Spanish and foreign banks operating in the country, Renta 4 Banco is a member of the Spanish Banking Association (AEB). Since its creation in 1977, it has been committed to the development of the Spanish banking system and its contribution to the country's economic growth. The ordinary fee paid in 2019 was € 22,096.

Renta 4 Gestora SGIIC SA and Renta 4 Planes de Pensiones are common members of INVERCO, the Association of Collective Investment Institutions and Pension Funds, the Spanish employers' association that groups together collective investment institutions. Its members are Spanish entities that manage investment funds and pension plans, and foreign entities that are duly registered and controlled by the Spanish Securities Market Commission (CNMV). The fees paid in 2019 were € 13,300 euros and € 23,200 euros, respectively. Additionally, € 2,500 were paid to ASEAFI and ASCRI.

Human rights

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In accordance with this principle, the Renta 4 Group has based its business vision on (i) a commitment to specialisation, transparency, and security; (ii) economic and social development; (iii) ongoing training, and (iv) ethics.

Due to the type of activity it carries out (provision of investment services), in the analysis prepared internally for the identification of criminal risks that the Group may face ("Model of organisation and criminal risk management"), all crimes related to the violation of rights have been qualified as not relevant.

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In fact, domestic regulations are consistent with international treaties, conventions, and agreements, such as the United Nations Global Compact, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

Among the reinforcement measures that the Renta 4 Group has incorporated to expand economic and social development, the following ones are mentioned:

- Relationship with suppliers: Human rights are part of the main pillars of the procurement policy. They are taken into account in the request for proposal ("RFP") procedures and in the cross-sectional analysis carried out by the Technology, Business and Compliance areas.
- Client relations: this year, the Renta 4 Group has modified the suitability assessment. This assessment is made to clients to provide them with portfolio management or investment advisory services and contains questions on individual investment purposes and financial status, among others. Thus, in order to comply with current stock market regulations and promote a model of socially responsible behaviour, the Renta 4 Group has incorporated questions to ascertain its clients' preferences regarding environmental, social, and good governance factors.
- Employee/Renta 4 Group - client relations: Renta 4 Group - employee and Renta 4 Group/employee - official bodies and government agencies: Renta 4 Group has

an Internal Code of Conduct (ICC) that establishes the basis for the behaviour of employees in the exercise of their duties. This document ceased to be mandatory in 2018. However, it was decided internally to maintain it as it enables (i) actions to be taken in the best interest of investors and (ii) the protection of market integrity. Both purposes are considered essential for economic and social growth. The ICC allows for greater transparency by regulating the prevention of conflicts of interest and market abuse or by regulating the regime for personal transactions of employees and related transactions.

The Compliance Unit, the body responsible for directing and supervising effective compliance with the provisions of these regulations, has not detected any cases of violation of the law by employees.

Finally, regarding the Confidential Complaint Channel defined above, it should be noted that:

- The procedure emphasises the rights of the complainant and the respondent and indicates the procedure for receiving and processing complaints.
- The information recorded in the Confidential Complaint Channel will be analysed and assessed by the Compliance Unit to improve the measures aimed at preventing and discovering crimes and infringement that may be committed by the media or under the cover of the Renta 4 Group.
- As of the current date, no complaints have been received, although the Group continues to believe in the importance of this corporate tool.

5.7

Company

The correct development of Renta 4 activities through its processes depends to a large extent on suppliers, so their correct management has a direct effect on operations, projects, and, ultimately, on the non-financial and financial impact on society. A significant percentage of Renta 4's activities are carried out with third party suppliers, as reflected in the percentage of expenditure and investment that these represent.

The main risks affecting the organisation in terms of commitment to subcontractors and suppliers are the following ones:

Quality and compliance risks: they occur when the supplier does not comply with the quality levels required by Renta 4.

Reputational risks: they occur if the supplier is involved in poor practices or illegal activities in the public domain, affecting the brand image of Renta 4.

Financial risks: they occur if the relationship with the supplier generates a financial impact on the group that is not aligned with the service or product outsourced, either due to incorrect compliance or an inadequate definition of the contractual relationship in other elements (contract term, cancellation clauses, etc.).

Company's commitment to sustainable development

Due to Renta 4's activity as a bank specialised in capital markets, an activity of a global nature and with a wide technological scope, the impact on suppliers and employment is usually broad.

However, the establishment of Renta 4 in the country through its wide network of offices (62 offices spread in all provincial capitals) generates an economic impact on employment and the outsourcing of suppliers for maintenance and several other service activities to sustain the branches that function locally.

In addition to the effects described above, the activity of Renta 4 consists in democratising intermediation and asset management, which has a positive effect on the financial situation, providing a value-added service with impact on the citizens' finances and savings.

The Corporate activity of Renta 4 includes the analysis and access to financing for small companies to support their growth and eventual IPO. This activity is combined with local offices to offer SMEs these possibilities, so we consider that it has a very positive impact on local territories.

In addition, a multitude of training activities are carried out in financial matters in order to bring these aspects of financial culture closer to the society.

Description of the relationships maintained with local communities

Renta 4's activities and events are advertised through the web, social networks, and local media (radio, newspapers, etc.). Special emphasis is placed on offering specialised information in collaborative formats through local newspapers.

In addition, Renta 4 Banco has an ongoing project to provide society with the necessary tools to carry out investment activities considering sustainability factors. The purpose is to enter data and elements to filter and select the assets and agents that fit your SRI criteria.

Information on partnership or sponsorship activities

In the solidarity field, the entity's activities are mainly canalised through the actions carried out by Fundación Renta 4 (Renta 4 Foundation).

Fundación Renta 4 contributes annually to projects that promote education in the most vulnerable populations of Spain, Africa, and Latin America in order to ensure that high quality education reaches the greatest number of young people following transparency values.

Fundación Renta 4 involves the entity's employees in the project proposals and makes associations participate in the selection process. The foundation's board of trustees analyses every aspiring project/association and checks if they meet the established requirements. Then, some projects and associations are validated and all employees vote for the best of them.

Currently, the foundation makes annual contributions of €8,075 euros to 7 projects. These allocations must be revalidated on an annual basis.

Renta 4 also participates directly in specific actions that are always within the set solidarity scope: education and culture as a means for social inclusion and the development of vulnerable groups. These actions include the sponsorship of the first team of physically disabled people in the Copa del Rey sailing competition (€5000) and the sponsorship of the Teatro Real (€66,777).

Outsourcing and suppliers

Renta 4 has a firm commitment to carry out supplier selection, outsourcing, and contractor selection following the principles of contributing to society and its sustainability. Although Renta 4 has no formal Procurement Policy at the moment, it has been working on a series of elements to guarantee the above-mentioned principles. The three pillars of this policy are the following ones:

- **Commitment to prepare RFPs**

The supplier selection is carried out using established procedures to mitigate the above-mentioned risks and to take control measures. These procedures are dynamic and can evolve over time.

The procedures are included in the RFP document, which contains the requirements for products and services, in order to have an objective reference to determine the most suitable supplier.

- **Transversal impact analysis**

The supplier selection is always carried out considering transversal analyses of the different Renta 4 areas represented in three functional verticals:

- Technology (IT area)
- Business (Marketing, Digital Development, others)
- Compliance (Legal, Internal Control, others)

These analyses are carried out by people responsible for each project or area, depending on how the activity is performed at any given time and through the corresponding meetings and reports. Besides, they are supervised individually by the Management.

- **IT Committee**

It is the main body that evaluates new development projects or maintenance of activities (Operations) in relation to their execution and the participation of suppliers. It is one of the elements that guarantee compliance with the above-mentioned principles and the application of defined procedures.

Description of supplier monitoring and audit systems

Suppliers are supervised and audited periodically by the different areas, at their own discretion, and according to Renta 4's transversal supervision systems.

The main identified systems are the projects' or activities' committees, which involve several areas and are ultimately supervised by the higher Management and other formally established committees. The most important of them is the IT Committee, which meets bi-monthly and supervises all lines of action, including suppliers.

These systems create periodic recommendations for supplier turnovers or requirements for keeping them, in case of detecting risks in line with those previously indicated.

Cybersecurity

Cybersecurity is one of the most relevant concerns of the Renta 4 Group due to the fact that, currently, there is constant interconnection through telecommunications, which results in more vulnerabilities within the information systems of the Entity.

Renta 4 is working on raising awareness, improving its practices on a daily basis. In 2018 and 2019, it carried out a project based on ISO 27001 to develop policies and procedures applicable to the Entity's Cybersecurity.

Within these Policies and Procedures, the most relevant are the following ones:

- Security Standard of Information Assets, the following procedures are related to this:
  a) Media supports to transfer information
  b) Use of removable devices
  c) Use of mobile devices and laptops

- Cryptographic Control Standard, the following procedure is related to this:
  a) Use of cryptographic controls and password management
- Operational Security Standard, the following procedures are related to it:
  a) Protection against malicious code
  b) Backup
  c) Operational change management
  d) Monitoring
- Communications Security Standard, the following procedures are related to it:
  a) Exchange of information
  b) Security in network services
- Procurement, development, and maintenance of systems Standard, the following procedures are related to it:
  a) System testing
  b) System files change control
- Information Security Incident Management Standard

In addition, the Renta 4 Group has security systems in place, based on protection mechanisms against Denial of Service attacks, provided directly from the telecommunications supplier at different levels of Firewall, both, Fortigate 300D and Check Point 4600. In the latter case, every day, one of their security partners (Oesia) reports a security bulletin with information necessary to prevent, protect, and respond to security incidents, and they also have direct contact with the antivirus partner (Trend Micro). In this way, the Renta 4 Group works daily to optimally maintain the security of their systems.

Consumers

The Renta 4 Group is an entity specialised in the provision of investment services and high-quality asset management, whose principles are based on proximity to clients and specialisation, offering a wide range of products and high-quality advice for client satisfaction, one of the main purposes of Renta 4.

In accordance with Order ECO/734/2004, dated March 11, on the client departments and services of financial institutions, the Client Service Department of Renta 4, (hereinafter, CSD) has the main function of processing and solving the complaints and claims submitted by clients. Thus, the Renta 4 Group makes different channels available for the effective submission of complaints and/or claims:

- Email address defensor@renta4.es
- Website of Renta 4 https://www.r4.com/through the client's account when they are logged in (with digital certificate)
- Postal address: Paseo de la Habana nº 74, 28036, Madrid
- In person at any of Renta 4's offices

Clients or users can also make complaints to the Consumer Affairs offices of their Town Council or Autonomous Community.

Complaints received through any of the channels mentioned are sent to the CSD to first determine whether or not they are to be processed. Then, once they have been accepted, we proceed to the study and detailed analysis of each of the issues raised, reviewing the procedures established by Renta 4 and finally issuing the corresponding resolution, or urging the parties to reach an agreement on the disputes raised.

The evolution in the number of claims submitted to and processed by the CSD is shown below, classified by the type of resolution issued.

Evolution Complaints submitted to CSD	2019		2018		2017		2016		2015	
Classification by Type of Resolution	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%
Unfavourable for the client	16	64%	24	69%	21	70%	24	89%	18	51%
Favourable for the client	1	4%	1	3%	-	-	-	-	-	0%
Settlement Proporsal (Agreement)	8	32%	9	26%	8	27%	3	11%	14	40%
Withdrawal by Client	-	-	-	-	-	-	-	-	1	3%
Not accepted for processing	-	-	1	3%	1	3%	-	-	2	6%
Total	**25**		**35**		**30**		**27**		**35**	

Tax information

As regards tax information, Renta 4 Banco SA operates in Spain, Chile, Peru, Colombia, and Luxembourg. Renta 4 Banco pays direct input taxes (own taxes) and collects others from third parties generated by economic activity and based on its role as a collaborating entity with the tax authorities (third party taxes). In relation to these countries, the profits obtained in each of them and the taxes on profits paid are specified in the following figures (in thousands of euros):

	Spain	Luxembourg	Colombia	Chile	Peru	Total
Profit before taxes	26,388	150	-751	-612	-395	**24,780**
Taxes on profit*	-7,117	-51	-10	-	-	**-7,178**
Profit after Taxes	19,271	99	-761	-612	-395	**17,602**
Fee to be paid for the 2019 financial year	7,065	51	10	0	0	**7,126**

The Bank and the rest of Group companies are subject to other taxes besides the corporate income tax, the most important of which is the tax on deposits from credit institutions that amounts to 443 thousand euros.

In 2019, Renta 4 Banco S.A. did not receive any subsidies related to taxes, neither public financial aid.

0.1

Annex

Renta 4 Banco, S.A.

Index of law requirements 11/2018

Information required by Law 11/2018	Materiality	Report page with answer	Selected GRI content
General Information			
A brief description of the business model including context, organisation, and structure	Yes	5-6	GRI 102-2 GRI 102-7
Markets in which it operates	Yes	5-6	GRI 102-3 GRI 102-4 GRI 102-6
Organisational purposes and strategies	Yes	7-8	GRI 102-14
Main factors and trends that may affect its future development	Yes	9	GRI 102-14 GRI 102-15
Reporting framework used	Yes	3-4	GRI 102-54
Materiality principle	Yes	3-4	GRI 102-46 GRI 102-47
Environmental Issues			
General detailed information			
Detailed information on current and foreseeable effects of the company's activities on the environment and, when relevant, on health and safety	Yes	10-13	GRI 102-15
Environmental assessment or certification procedures	Yes	10-13	GRI 103-2
Resources for environmental risk prevention	Yes	10-13	GRI 103-2
Application of the precautionary principle	Yes	10-13	GRI 102-11
Number of provisions and guarantees for environmental risk coverage	Yes	10-13	GRI 103-2
Pollution			
Measures to prevent, reduce, or remedy emissions that seriously affect the environment, taking into account any activity-specific form of air pollution, including noise and light pollution	Yes	10-13	GRI 103-2 GRI 305-7
Circular economy and waste prevention and management			
Measures for prevention, recycling, reuse, other forms of recovery and disposal	Yes	13	GRI 103-2 GRI 306-1 GRI 306-2
Actions to prevent food waste	No	-	GRI 103-2 GRI 306-2

Information required by Law 11/2018	Materiality	Report page with answer	Selected GRI content
Sustainable use of resources			
Water consumption and water supply according to local constraints	Yes	10-13	GRI 303-5 (GRI 2018 version)
Consumption of raw materials and measures taken to improve the efficiency of their use	Yes	10-13	GRI 301-1 GRI 301-2 GRI 301-3
Direct and indirect energy consumption	Yes	10-13	GRI 302-1 GRI 302-3
Measures taken to improve energy efficiency	Yes	10-13	GRI 103-2 GRI 302-4
Use of renewable energies	Yes	10-13	GRI 302-1
Climate change			
Emissions of greenhouse gases generated as a result of the company's activities, including the use of goods and services it produces	Yes	10-13	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures taken to adapt to the consequences of climate change	Yes	10-13	GRI 103-2 GRI 201-2
Voluntary medium and long-term reduction targets set to reduce greenhouse gas emissions and means implemented to achieve them	Yes	10-13	GRI 305-5
Protection of biodiversity			
Measures taken to preserve or restore biodiversity	No	-	GRI 304-3
Impacts caused by activities or operations in protected areas	No	-	GRI 304-1 GRI 304-2
Social and personnel issues			
Employment			
Total number and distribution of employees by gender, age, country, and job classification	Yes	19	GRI 102-8 GRI 405-1
Total number and distribution of types of employment contracts and the annual average of permanent, temporary, and part-time contracts classified by gender, age, and job classification	Yes	14-15	GRI 102-8
Number of dismissals by gender, age, and job classification	Yes	16	GRI 103-2
Average remuneration and their evolution broken down by gender, age, and job classification or equal value	Yes	17-18	GRI 103-2 GRI 405-2
Salary gap, remuneration for equal or average jobs in society	Yes	18	GRI 103-2 GRI 405-2
Average remuneration of directors and managers, including variable remuneration, allowances, compensations, payment to long-term savings schemes, and any other payment broken down by gender	Yes	18	GRI 103-2 GRI 405-2
Implementation of right to disconnect policies	Yes	22	GRI 103-2
Number of employees with disabilities	Yes	16	GRI 405-1
Work organisation			

Information required by Law 11/2018	Materiality	Report page with answer	Selected GRI content
Working time organisation	Yes	21	GRI 103-2
Number of absence hours	Yes	22	GRI 403-9 (GRI 2018 version)
Measures to facilitate the enjoyment of work and life balance and to promote the shared responsibility of both parents	Yes	21-22	GRI 401-3
Health and Safety			
Health and safety conditions at work	Yes	22-23	GRI 403-1 to 403-3 GRI 403-7 (GRI 2018 version)
Occupational accidents, particularly their frequency and severity, as well as occupational diseases; broken down by gender	Yes	22-23	GRI 403-9 GRI 403-10 (GRI 2018 version)
Social relations			
Organisation of social dialogue including procedures for information provision, consulting, and negotiation	Yes	19	GRI 103-2
Percentage of employees covered by collective bargaining agreements in the country	Yes	20	GRI 102-41
Balance of collective agreements, particularly in the field of health and safety at work	Yes	19	GRI 403-4 (GRI 2018 version)
Training			
Policies implemented in the field of training	Yes	20	GRI 103-2 GRI 404-2
Total number of training hours by professional category	Yes	21	GRI 404-1
Integration and universal accessibility for people with disabilities			GRI 103-2
Equality			
Measures taken to promote equal treatment and opportunities between women and men	Yes	16	GRI 103-2
Equality plans, measures taken to promote employment, protocols against sexual harassment on the grounds of gender and discrimination	Yes	16	GRI 103-2
Policy against all forms of discrimination and, where appropriate, diversity management	Yes	16	GRI 103-2
Respect for human rights			
Application of due diligence procedures			
Application of human rights due diligence procedures, prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage, and redress possible abuses	Yes	24-25	GRI 102-16 GRI 102-17 GRI 410-1 GRI 412-1 GRI 412-2 GRI 412-3
Allegations of human rights violations	Yes	24-25	GRI 103-2 GRI 406-1

Information required by Law 11/2018	Materiality	Report page with answer	Selected GRI content
Measures implemented for the promotion and fulfilment of the provisions of the fundamental ILO conventions concerning respect for freedom of association and the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of forced or compulsory labour; the effective abolition of child labour	Yes	24-25	GRI 103-2 GRI 407-1 GRI 408-1 GRI 409-1
Prevention of corruption and bribery			
Measures taken to prevent corruption and bribery	Yes	26-30	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3
Measures to prevent money laundering	Yes	26-30	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3
Contributions to foundations and non-profit organisations	Yes	26-30	GRI 102-13 GRI 201-1 GRI 415-1
Information about the company			
Company's commitment to sustainable development			
The impact of the company's activities on employment and local development	Yes	34-39	GRI 103-2 GRI 203-2 GRI 204-1
The impact of the company's activities on local populations and the whole territory	Yes	34-39	GRI 413-1 GRI 413-2 GRI 411-1
Relationships maintained with local community people and dialogue approaches	Yes	34-39	GRI 102-43 GRI 413-1
Partnership or sponsorship actions	Yes	34-39	GRI 103-2 GRI 201-1
Outsourcing and suppliers			
Inclusion of social, gender equality, and environmental issues in the procurement policy	Yes	35-36	GRI 103-2
Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility	Yes	35-36	GRI 102-9 GRI 308-1 GRI 414-1
Monitoring and audit systems and results	Yes	35-36	GRI 102-9 GRI 308-2 GRI 414-2
Consumers			
Measures for the health and safety of consumers	Yes	38-39	GRI 103-2 GRI 416-1
Systems to manage complaints received and their resolution	Yes	38-39	GRI 103-2 GRI 418-1
Tax information			
Benefits obtained by country	Yes	39	GRI 207-4 (Version 2019)
Taxes on profits paid	Yes	39	GRI 207-4 (Version 2019)
Public subsidies received	Yes	39	GRI 201-4

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