

Corretaje e Información Monetaria y de Divisas
Sociedad de Valores S.A.

Annual Accounts as at 31 December, 2019

Auditor's Report

Directors' Report



**Corretaje e Información Monetaria
y de Divisas, Sociedad de Valores, S.A.**

Auditor's Report,
Annual accounts as at 31 December, 2019
and Director's Report 2019

INITIALLED FOR PURPOSES
OF IDENTIFICATION
PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (Notes 2 and 27. In the event of a discrepancy, the Spanish-language version prevails.



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the annual accounts

To the shareholders of Corretaje e Información Monetaria y de Divisas, Sociedad de Valores, S.A.:

Opinion

We have audited the annual accounts of Corretaje e Información Monetaria y de Divisas, Sociedad de Valores, S.A. (the Company), which comprise the balance sheet as at December 31, 2019, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at December 31, 2019, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.



Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
<p data-bbox="292 533 750 593"><i>Recognition of income from brokerage commissions^o</i></p> <p data-bbox="292 633 837 728">The recording of brokerage commissions for the purchase and sale of financial instruments is the Company's main source of income.</p> <p data-bbox="292 768 837 862">The processing of orders in foreign markets where European public debt operations stand out is especially relevant.</p> <p data-bbox="292 902 837 996">The Company's business is focused on the brokerage of the following products: deposits, repos, public debt, derivatives, and OTCs.</p> <p data-bbox="292 1037 837 1164">The intermediation process carried out by the Company is highly automated, involving different computer applications and different departments.</p> <p data-bbox="292 1205 853 1366">The Company's clients are institutional clients, so the applied rates are agreed between the parties. These commissions vary depending on the type of product, as well as the volume of intermediated operations.</p> <p data-bbox="292 1406 805 1556">We consider the recognition of income from brokerage commissions to be the most relevant aspect of the audit due to the representativeness of the balance of the heading on the profit and loss account.</p> <p data-bbox="292 1597 790 1657">See Note 18 of the Annual Accounts as of December 31, 2019.</p>	<p data-bbox="877 627 1468 716">Our work has focused on the analysis, evaluation and verification of internal control, as well as on detailed tests.</p> <p data-bbox="877 750 1460 862">Regarding the internal control system, we have proceeded to understand the intermediation process of the main types of financial operations with which the Company works.</p> <p data-bbox="877 902 1436 963">Additionally, we have carried out detailed tests consisting of:</p> <ul data-bbox="869 996 1460 1556" style="list-style-type: none"><li data-bbox="869 996 1460 1064">• Confirmation of the balances held in cash accounts in financial entities.<li data-bbox="869 1086 1460 1176">• Testing bank reconciliations prepared by Management for cash accounts related to own and customer activity.<li data-bbox="869 1209 1460 1332">• Testing the correct accounting record of income for a sample of transactions, verifying the accuracy, existence and accrual of these.<li data-bbox="869 1366 1460 1422">• Verification of settlement for a sample of invoices issued.<li data-bbox="869 1456 1460 1556">• Re-execution of the calculation of provisions for insolvency of those clients that present defaults. <p data-bbox="877 1585 1452 1668">Our work also included checking the absence of unusual entries on the accounting accounts in which this income is recorded.</p> <p data-bbox="877 1709 1460 1825">No differences, above a reasonable range, have been identified in the tests described above, regarding the recognition of brokerage income in the Company.</p>



Other information: Management report

Other information comprises only the management report for the 2019 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, and does not include information different to that obtained as evidence during our audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the management report is consistent with that contained in the annual accounts for the 2019 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors for the annual accounts

The Company's directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of ABC, S.A., in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Company's directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

:



Corretaje e Información Monetaria y de Divisas, Sociedad de Valores, S.A.

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Company's directors, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are, therefore, considered to be the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

PricewaterhouseCoopers Auditores, S.L. (S0242)

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PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Javier Pato Blázquez (22313)

April 16, 2020

CORRETAJE E INFORMACION MONETARIA DE DIVISAS, SOCIEDAD DE VALORES, S.A.

BALANCE SHEET AT 31 DECEMBER 2019

(Expressed in Euros)

Assets	2019	2018(*)
Treasury (Note 5)	28 743.80	21 049.95
Trading portfolio	<u>3 661 991.57</u>	<u>4 205 680.07</u>
Debt securities	-	-
Equity Instruments (Note 6)	3 661 991.57	4 205 680.07
Derivatives	-	-
Other financial assets	-	-
<i>Pro notes to accounts: Lent or under guarantee</i>	-	-
Other financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>
Debt securities	-	-
Other equity instruments	-	-
Other financial assets	-	-
<i>Pro notes to accounts: Lent or under guarantee</i>	-	-
Available-for-sale financial assets	<u>1 000.00</u>	<u>1 000.00</u>
Debt securities	-	-
Equity instruments (Note 6)	1 000.00	1 000.00
<i>Pro notes to accounts: Lent or under guarantee</i>	-	-
Loans and receivables	<u>8 950 955.17</u>	<u>7 347 481.73</u>
Loans and advances to financial intermediaries (Note 7)	4 310 395.47	2 727 689.61
Loans and advances to customers (Note 8)	4 640 559.70	4 619 792.12
Other financial assets	-	-
Held-to-maturity investments	-	-
<i>Pro notes to accounts: Lent or under guarantee</i>	-	-
Hedging derivatives	-	-
Non-current assets held for sale	<u>305.00</u>	<u>305.00</u>
Debt securities	-	-
Equity instruments	305.00	305.00
Tangible assets	-	-
Other	-	-
Investments	<u>316.60</u>	<u>316.60</u>
Group entities (Note 16)	316.60	316.60
Jointly-controlled entities	-	-
Associates	-	-
Insurance contracts linked to pensions	-	-
Tangible assets (Note 9)	<u>151 516.58</u>	<u>180 029.46</u>
For own use	151 516.58	180 029.46
Investment properties	-	-
Intangible assets (Note 10)	<u>2 033.29</u>	<u>4 566.94</u>
Goodwill	-	-
Other intangible assets	2 033.29	4 566.94
	-	-
Tax assets	<u>-</u>	<u>-</u>
Current	-	-
Deferred	-	-
Other assets (Note 12)	<u>177 868.37</u>	<u>200 661.40</u>
Total assets	<u><u>12 974 730.38</u></u>	<u><u>11 961 091.15</u></u>

(*)They are presented, only and exclusive;y, for comparative purposes

CORRETAJE E INFORMACION MONETARIA DE DIVISAS, SOCIEDAD DE VALORES, S.A.

BALANCE SHEET AT 31 DECEMBER 2019

(Expressed in Euros)

Liabilities and equity	2019	2018(*)
Financial liabilities held for trading	-	-
Other financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	<u>1 395 145.53</u>	<u>697 815.02</u>
Financial intermediaries debts (Note 11)	134 494.90	108 585.43
Customer debts (Note 11)	1 260 650.63	589 229.59
Loans and subordinated liabilities	-	-
Other financial liabilities	-	-
Hedging derivatives	-	-
Liabilities associated with non-current assets held for sale	-	-
Provisions	-	-
Provisions for pensions and similar obligations	-	-
Provisions for taxes and other legal contingent	-	-
Other provisions	-	-
Tax liabilities	-	-
Current	-	-
Deferred	-	-
Other liabilities (Note 12)	<u>3 668 699.13</u>	<u>3 693 692.89</u>
Total liabilities	<u>5 063 844.66</u>	<u>4 391 507.91</u>
Shareholders' equity (Note 13)		
Capital	<u>3 005 000.00</u>	<u>3 005 000.00</u>
Registered	3 005 000.00	3 005 000.00
<i>Less: Capital non-demanded</i>	-	-
Share Premium	-	-
Reserves	4 564 583.24	4 526 575.39
Other equity instruments	-	-
<i>Less: Treasury shares</i>	-	-
Profit or loss for the period (Notes 13 and 14)	3 241 302.48	3 298 007.85
<i>Less: Dividends and remuneration (Notes 13 and 14)</i>	(2 900 000.00)	(3 260 000.00)
Valuation adjustments	-	-
Available-for-sale financial assets	-	-
Cash-flow Hedges	-	-
Hedges of net investments in foreign operations	-	-
Exchange differences	-	-
Other valuation adjustments	-	-
Grants, donations and legacy	-	-
Total equity	<u>7 910 885.72</u>	<u>7 569 583.24</u>
Total liabilities and equity	<u>12 974 730.38</u>	<u>11 961 091.15</u>

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CORRETAJE E INFORMACION MONETARIA DE DIVISAS, SOCIEDAD DE VALORES, S.A.

BALANCE SHEET AT 31 DECEMBER 2019

(Expressed in Euros)

Off-balance sheet	2019	2018(*)
Bank and granted guarantees	-	-
Other contingent liabilities	-	-
Financial asset forward purchase commitments	-	-
Own values assigned as lendings	-	-
Payouts engaged by issues ensured	-	-
Financial derivatives	-	-
Other risks accounts	-	-
Total risk and commitment accounts	-	-
Security deposits	-	-
Managed portfolios	-	-
Other off-balance sheet items (Note 20)	1 786 276.47	2 269 268.29
Total other off-balance sheet accounts	1 786 276.47	2 269 268.29

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CORRETAJE E INFORMACION MONETARIA DE DIVISAS, SOCIEDAD DE VALORES, S.A.

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Euros)**

	<u>2019</u>	<u>2018(*)</u>
Interest and similar income	55 601.30	55 932.86
Interest expense and similar charges	(290.53)	(746.47)
Interest margin (Note 17)	<u>55 310.77</u>	<u>55 186.39</u>
Return on equity instruments (Note 16)	-	3.60
Commissions received (Note 18)	17 897 715.60	17 656 649.45
Fees and commissions expense (Note 19)	(671 230.53)	(685 807.40)
Gains and losses on financial assets and liabilities (net) (Note 20)	<u>(31 633.62)</u>	<u>(284 705.78)</u>
Held for trading	(31 633.62)	(284 705.78)
Other financial instruments at fair value through profit or loss	-	-
Financial instruments not valued at fair value through profit and loss	-	-
Others	-	-
Foreign currencies differences (net)	(16 237.50)	(2 725.73)
Other operating income	-	-
Other operating charges (Note 22)	<u>(23 176.86)</u>	<u>(20 773.82)</u>
Gross margin	<u>17 210 747.86</u>	<u>16 717 826.71</u>
Personnel expenses (Note 21)	(9 169 922.45)	(8 742 012.09)
General expenses (Note 22)	(3 658 761.48)	(3 433 027.69)
Depreciation (Notes 9 and 10)	(54 710.48)	(150 889.77)
Provisioning expenses (net)	-	-
Impairment losses (net)	311.37	2 847.24
Loans and receivables (Note 7)	311.37	2 847.24
Other financial instruments not valued at fair value through profit and loss	-	-
Operating profits (net)	<u>4 327 664.82</u>	<u>4 394 744.40</u>
Impairment losses from other assets (net)	-	-
Tangible assets	-	-
Intangible assets	-	-
Other	-	-
Gains / (Losses) on assets dropped not classified as not current on sales	-	-
Loss difference on combinations of businesses	-	-
Profits / (Losses) from non-current asset held for sales not classified as interrupted operations	-	-
Profit or loss before income tax	<u>4 327 664.82</u>	<u>4 394 744.40</u>
Income tax (Note 15)	<u>(1 086 362.34)</u>	<u>(1 096 736.55)</u>
Profit for the year from continuing operations	<u>3 241 302.48</u>	<u>3 298 007.85</u>
Profit from discounted operations (net)	-	-
Profit or loss for the period (Note 14)	<u>3 241 302.48</u>	<u>3 298 007.85</u>
Earnings per share		
Basic	64.826050	65.960157
Diluted	64.826050	65.960157

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CORRETAJE E INFORMACION MONETARIA DE DIVISAS, SOCIEDAD DE VALORES, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Euros)

a) Statement of recognised income and expense

	2019	2018(*)
Profit or loss for the year	3 241 302.48	3 298 007.85
Other recognised income and expense	-	-
Available-for-sale financial assets	-	-
Revaluation gains / (losses)	-	-
Amounts transferred to profit and loss account	-	-
Other reclassifications	-	-
Cash flow hedge	-	-
Revaluation gains / (losses)	-	-
Amounts transferred to profit and loss account	-	-
Amounts transferred to the initial carrying amount of hedged items	-	-
Other reclassifications	-	-
Hedges of net investments in foreign operations	-	-
Revaluation gains/(losses)	-	-
Amounts transferred to profit and loss account	-	-
Other reclassifications	-	-
Exchange differences	-	-
Revaluation gains/(losses)	-	-
Amounts transferred to profit and loss account	-	-
Other reclassifications	-	-
Non-current assets held for sale	-	-
Revaluation gains/(losses)	-	-
Amounts transferred to profit and loss account	-	-
Other reclassifications	-	-
Actuarial gains/(losses) on pension plans	-	-
Other recognised income and expense	-	-
Income tax	-	-
Total recognised incomes and expenses	3 241 302.48	3 298 007.85

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CORRETAJE E INFORMACION MONETARIA DE DIVISAS, SOCIEDAD DE VALORES, S.A.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED AT 31 DECEMBER 2019
(Expressed in Euros)**

b) Total statement of changes in equity

	<u>Capital</u>	<u>Reserves</u>	<u>Interim dividend</u>	<u>Profit or loss for the year</u>	<u>Total Equity</u>	<u>Valuation adjustments</u>	<u>Total Net Equity</u>
Balance at 2017(*) year end	<u>3 005 000.00</u>	<u>4 470 065.29</u>	<u>(2 700 000.00)</u>	<u>2 756 510.10</u>	<u>7 531 575.39</u>	<u>-</u>	<u>7 531 575.39</u>
Adjustments due to criteria changes 2017	-	-	-	-	-	-	-
Adjusted balance, beginning 2018(*)	<u>3 005 000.00</u>	<u>4 470 065.29</u>	<u>(2 700 000.00)</u>	<u>2 756 510.10</u>	<u>7 531 575.39</u>	<u>-</u>	<u>7 531 575.39</u>
Total recognised income and expense	-	-	-	3 298 007.85	3 298 007.85	-	3 298 007.85
Other movements in equity							
Increase of the equity	-	-	-	-	-	-	-
Reduction of the equity	-	-	-	-	-	-	-
Dividend payment / shareholders' remuneration	-	-	2 700 000.00	(2 700 000.00)	-	-	-
Transfer between equity amounts	-	56 510.10	(3 260 000.00)	(56 510.10)	(3 260 000.00)	-	(3 260 000.00)
Other increase / (decrease) in equity	-	-	-	-	-	-	-
Other variations	-	-	-	-	-	-	-
Balance at 2018 year end (*)	<u>3 005 000.00</u>	<u>4 526 575.39</u>	<u>(3 260 000.00)</u>	<u>3 298 007.85</u>	<u>7 569 583.24</u>	<u>-</u>	<u>7 569 583.24</u>
Adjustments due to criteria changes 2018	-	-	-	-	-	-	-
Adjusted balance, beginning 2019	<u>3 005 000.00</u>	<u>4 526 575.39</u>	<u>(3 260 000.00)</u>	<u>3 298 007.85</u>	<u>7 569 583.24</u>	<u>-</u>	<u>7 569 583.24</u>
Total recognised income and expense	-	-	-	3 241 302.48	3 241 302.48	-	3 241 302.48
Other movements in equity							
Increase of the equity	-	-	-	-	-	-	-
Reduction of the equity	-	-	-	-	-	-	-
Dividend payment / shareholders' remuneration	-	-	3 260 000.00	(3 260 000.00)	-	-	-
Transfer between equity amounts	-	38 007.85	(2 900 000.00)	(38 007.85)	(2 900 000.00)	-	(2 900 000.00)
Other increase / (decrease) in equity	-	-	-	-	-	-	-
Other variations	-	-	-	-	-	-	-
Balance at 2019 year end	<u>3 005 000.00</u>	<u>4 564 583.24</u>	<u>(2 900 000.00)</u>	<u>3 241 302.48</u>	<u>7 910 885.72</u>	<u>-</u>	<u>7 910 885.72</u>

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CORRETAJE E INFORMACION MONETARIA DE DIVISAS, SOCIEDAD DE VALORES, S.A.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Euros)

	<u>2019</u>	<u>2018(*)</u>
Cash flows from operating activities (+/-)	4 944 804.39	3 227 242.15
Profit or loss for the year (+/-)	3 241 302.48	3 298 007.85
Adjustment to achieve cash flow from operating activities (+/-)	94 113.56	133 226.77
Depreciation (Notes 9 and 10)	54 710.48	150 889.77
Losses (net) by assets impairment (+/-)(Note 7)	(311.37)	(2 847.24)
Other items (+/-)	39 714.45	(14 815.76)
Adjusted profit or loss for the year (+/-)	<u>3 335 416.04</u>	<u>3 431 234.62</u>
Net increase (decrease) operating assets (+/-)	<u>1 216 356.42</u>	<u>(556 955.30)</u>
Loans and receivables (+/-) (Notes 7 and 8)	216 210.65	(218 253.40)
Held for Trading (+/-) (Note 6)	543 688.50	(315 294.22)
Other financial assets at fair value through profit or loss	433 664.24	-
Available-for-sale financial assets (+/-)	-	-
Other operating assets (+/-)(Note 12)	22 793.03	(23 407.68)
Net increase (decrease) operating liabilities (+/-)	<u>393 031.93</u>	<u>352 962.83</u>
Amortised cost financial liabilities (+/-) (Note 11)	697 330.51	44 934.19
Held for trading (+/-)	-	-
Other financial liabilities at fair value through profit or loss(+/-)	-	-
Other operating liabilities (+/-)(Note 12)	(24 993.76)	308 028.64
Collections / payments for income tax (+/-)	(279 304.82)	-
Cash flows from financing activities (+/-)	(23 663.95)	(15 919.43)
Payments (-)	<u>(23 663.95)</u>	<u>(15 919.43)</u>
Held-to-maturity investments (-)	-	-
Shares (-)	-	(65.00)
Tangible assets (-) (Note 9)	(23 663.95)	(15 176.83)
Intangible assets (-) (Note 10)	-	(677.60)
Other business' units (-)	-	-
Non-current assets and sales' liabilities (-)	-	-
Other payments related to investment activities (-)	-	-

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CORRETAJE E INFORMACION MONETARIA DE DIVISAS, SOCIEDAD DE VALORES, S.A.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Euros)

	<u>2019</u>	<u>2018(*)</u>
Collections (+)	-	-
Held-to-maturity investments (+)	-	-
Shares (+)	-	-
Tangible assets (+)	-	-
Intangible assets (+)	-	-
Other business units (+)	-	-
Non-current assets and sales liabilities (+)	-	-
Other collections related to investment activities (+)	-	-
Cash flows from financing activities (+/-)	<u>(3 110 000.00)</u>	<u>(3 050 000.00)</u>
Payments (-)	-	-
Equity instruments amortizations (-)	-	-
Own equity instruments purchased (-)	-	-
Return and amortizations of bonds and others marketable securities (-)	-	-
Return and amortization of subordinated liabilities, loans and other finances received (-)	-	-
Collections (+)	-	-
Equity instruments issues (+)	-	-
Issue and disposal own equity instruments (+)	-	-
Bonds and other marketable securities issue (+)	-	-
Issue of subordinated liabilities, loans and other finances (+)	-	-
Dividends paid and other equity instruments remuneration (-) (Notes 13 and 14)	(3 110 000.00)	(3 050 000.00)
Effect of exchange rate fluctuations (+/-)	<u>16 237.50</u>	<u>2 725.73</u>
Net increase/decrease in cash or cash equivalents	<u>1 827 377.94</u>	<u>164 048.45</u>
Cash or cash equivalents at the beginning of the year (+/-) (Note 5)	852 251.19	688 202.74
Cash or cash equivalents at the end of the year (+/-) (Note 5)	2 679 629.13	852 251.19

(*)They are presented, only and exclusively, for comparative purposes

CORRETAJE E INFORMACIÓN MONETARIA Y DE DIVISAS, SOCIEDAD DE VALORES, S.A.1

ANNUAL REPORT OF INVESTMENT SERVICES COMPANIES FOR THE YEAR ENDED DECEMBER 31, 2019

1. Activity and information of a general nature

Corretaje e Información Monetaria y de Divisas, Sociedad de Valores, S.A. (hereinafter, the Company) was established on January 29, 1988 with the name Corretaje e Información Monetaria y de Divisas, Mediador de Deuda, S.A. In January 1991, the Company was transformed into a Securities Agency. On January 2, 1991, the Company entered in the Investment Services Firms Register of the National Securities Market Commission (hereinafter, "CNMV") with number 125. On February 23, 2010, the Ministry of Finance authorised the Company to take the form of a Securities Company, maintaining the registry number 125 in the CNMV registry.

The Company is currently located at Calle Príncipe de Vergara, nº 131, floor 3ª, Madrid.

The company is authorized by CNMV to provide services in terms of his activities programs:

Investment Services:

- Receiving and transmitting orders on behalf of third parties.
- Execution of these others on behalf of third parties.
- Dealing on own account limited to the scope of the purchase / sale of the instruments listed in section a) item 2 and section b) of the Annex to Royal Legislative Decree 4/2015, of October 23, which approves the revised text of the Securities Market Law, issued by States of the European Union, the US and Japan, as well as those issued by Private Entities and guaranteed by the corresponding State.
- Management of organized trading facilities.

Secondary activities:

- Receiving and transmission of orders by third and execution of that orders over bank deposits and commodities (Electricity, natural gas, fuel oil and other energy).
- Management of organized trading facilities on wholesale energy products that must be physically settled not admitted to trading on regulated markets or Multilateral Negotiation Systems and that, therefore, do not have the consideration of financial instruments.

The fundamental aspects of investment services companies' legal regime are defined in the following legislation:

- Royal Legislative Decree 4/2015, of October 23, approving the revised text of the Securities Market Law by the Royal Legislative Decree 14/2018 of September 28.

- Royal Decree 217/2008, of 15 February, on the legal regime of investment services companies and other entities that provide investment services, which modifies the Regulation of the Law 35/2003 of 4 November, on Collective Investment, approved by Royal Decree 1309/2005, of November 4.

Additionally, these companies are affected by various provisions that, among others, regulate the following aspects:

- They must take the form of public limited companies and operate exclusively in the types of activities inherent to investment services companies.
- They must have a minimum share capital of 2,000 thousand euros.
- They should comply with the minimum capital, liquidity and solvency requirements, in accordance with current legislation. On 28 June 2014 was published Circular 2/2014, 23 June 2014 of the CNMV on the exercising of sundry regulatory solvency options for investment service companies and their consolidable groups in accordance with Regulation (EU) 575/2013 of the European Parliament on the prudential requirements applicable to credit institutions and investment companies, and repealing previous legislation.

Regulation (EU) No 575/2013 includes reserved prudential information, which investment firms should send ad hoc to the CNMV. This information is the same information required under the framework of the single market since it is the result of the process of convergence between the member states of the European Union.

As at 31 December 2019, the solvency ratio amounts to 14.51% (13.69% at 31 December 2018), representing an excess of 3,396 thousand euros (3,128 thousand euros at 31 December 2018). This ratio corresponds entirely to "Tier 1 equity ordinary".

- They must join an Investment Guarantee Fund (called Sociedad Gestora del Fondo General de Garantía de Inversiones, S.A.) under the terms established by Royal Decree 948/2001, a fund which, in general terms, guarantees that all investors are able to recover the monetary value of their creditor position against the Company, up to a quantitative limit of 100,000 euros.
- They may only obtain financing from the financial institutions registered for this purpose with the CNMV, the Bank of Spain or the General Directorate for Insurance or in similar registers kept within other European Union countries, or from other sources only in the case of:
 - Issues of shares.
 - Subordinated financing.
 - Issue of listed securities on an official secondary market.
 - Instrumental and transitional accounts opened for customers with respect to the execution of transactions carried out on their behalf.

The Company belongs to CIMD Group. The parent company, Corretaje e Información Monetaria y de Divisas, S.A. (hereinafter, CIMD, SA) is set up in Madrid and holds 99.99% of the Company' shares.

a) Relevant events taking place during the year

There have been no relevant events during 2019.

b) The date of preparation of these consolidated financial statements

On March 12, 2020 the Company's Board of Directors prepared the annual accounts and Directors' report for the year ended December 31, 2019.

At the date of preparation of these annual accounts, the members of the Board of Directors are:

Mr. Rafael Bunzl Csonka	Chairman
Mr. Iñigo Trincado	Member of the Board
Mrs. Beatriz Senís Gilmartín	Member of the Board

c) Staff:

By categories, the average number of staff employed by the Group during the years 2019 and 2018 is as follows:

	2019			2018		
	Males	Females	Total	Males	Females	Total
Management	1	-	1	1	-	1
Staff	50	17	67	48	18	66
	51	17	68	49	18	67

During the 2019 and 2018 fiscal years, there were no persons employed in the Company with a disability equal to or greater than 33%.

d) Branches and Representatives:

As at 31 December 2019 and 2018 the Company has no branches or representatives.

2. Basis of presentation of the financial statements

a) Fair image of the company

The accompanying annual accounts, prepared by the Administrators of the Company, were elaborated based on the accounting records and all current mercantile legislation and rules established in the Circular 7/2008, of November 26, on accounting rules, financial statements and reserved information statements of Investment Services Companies, Collective Investment Institutions Management Companies and Venture Capital Firms Management Entities, issued by the CNMV, which was published in the B.O.E. (Official Gazette) on December 29, 2008, with the aim of showing a true image of its equity, of the financial situation as at 31 December 2019, and the results of its operations, the changes in equity and its cash flows statements corresponding for the year then ended.

These annual accounts were prepared in euros.

b) Non-mandatory accounting principles

The Company has not applied any non-mandatory accounting principles through the years ending as at 31 December 2019 and 2018.

There is no accounting principle or standard or mandatory valuation rule that has a significant effect that has not been applied when preparing these accounts. Set out in Note 3 is a summary of the most significant accounting principles and standards and the valuation rules applied in these annual accounts. The information contained in these annual accounts is the responsibility of the Board Members of the Company.

c) Judgements and estimates

Judgements or estimates that may have a significant effect on the annual accounts have not been included in their preparation.

d) Critical measurement issues and estimates of uncertainty

As at 31 December 2019 and 2018, there are no uncertainties deriving from significant risks that may entail a material change in the value of assets or liabilities in the following year.

e) Changes in accounting estimates

As at 31 December 2019 and 2018, there are no changes in accounting estimates which are significant and which affect the present year or which are expected to affect future years are reported.

f) Consolidation

The Company forms part of the Group, whose parent company is Corretaje e Información Monetaria y de Divisas, S.A. (hereinafter CIMD, S.A.), set up in Madrid and which owns at 31 December 2019 and 2018 99.99% of the shares of the Company in both years, which will prepare its consolidated financial statements at 24 March 2020. Said consolidated financial statements will be filed with the Madrid Mercantile Registry once they have been approved.

From 2008, the parent company prepares its financial statements in accordance with the Circular 7/2008, of November 26, on accounting rules, by the CNMV, about accounting standards, financial statements and reserved information statements of Investment Services Companies, Collective Investment Institutions Management Companies and Venture Capital Firms Management Entities, and was published in the B.O.E. (Official Gazette) of 29 December 2008.

g) Comparativeness of information

The Directors of the Company, present, for comparative purposes, each items of the balance sheet, the profit and loss account, the statement of changes in equity and the statement of changes in equity and the statement of cash flows, furthermore the financial statements of fiscal year 2019 with prior year financial statements.

3. Accounting criteria

The most significant accounting principles and valuation rules applied when preparing the financial statements are those set out below:

a) Financial assets

Financial assets are classified in the balance sheet as follows:

i) **Trading Portfolio**

This heading includes financial assets that have been acquired for short-term sale and are part of a portfolio of financial instruments identified and managed jointly, with respect to which recent actions have been carried out in order to obtain short-term gains. Alternatively, they are derivative instruments not designated as accounting hedges.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than 12 months from the date of the balance sheet. These are classified as non-current assets.

Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost. Accrued interest is recognised at the effective interest rate, which is the discount rate that brings the instrument's carrying amount into line with all estimated cash flows to maturity.

ii) Other financial assets at fair value through profit or loss

This heading includes financial assets that, while not forming part of the trading portfolio, are considered hybrid financial assets and are measured in their entirety at fair value, also records assets which are managed jointly with liabilities under insurance contracts measured at fair value or through financial derivatives that aim to ensure and result in a significant decrease in exposure to variations in fair value or which are managed jointly with financial liabilities and derivatives in order to significantly reduce overall exposure to the interest rate risk.

As at 31 December 2019 and 2018 the Company has no financial instruments on this category.

iii) Available-for-sale financial assets

Corresponds to debt securities not classified as held-to-maturity investments, such as other financial assets at fair value profit or loss, loans and receivables, financial assets held for trading equity instruments in companies that are not dependent or jointly-controlled companies or associates and have not been included in the categories of financial assets held for trading, other non-current assets held for sale and other assets at fair value through profit or loss.

iv) Loans and receivables

Loans and receivables are financial assets not derivatives, with cash flows of a fixed or determinable amounts, in which all the disbursement made by the Company will be substantially recovered, excluding reasons imputable to debtor's insolvency, which will not be valued at fair value, and the Company will necessarily have the intention of holding until maturity.

A financial asset which is negotiated on an active market, such as a debt instrument on a quoted debt, does not comply with the requisites to be classified in this category. Nor does a participation acquired in a group of assets that are not credit or accounts receivable, such as a participation in an investment fund.

Nonetheless, trade receivables maturing in less than one year are carried at the amount receivable less any necessary value adjustments, 25% being appropriated for invoices 6 months past due, 50% for invoices 12 months past due, 75% for invoices 18 months past due and 100% for invoices over 24 months past due.

At least at the year end, in cases where collection is evidently impossible or in the event of the suspension of payment, the necessary value adjustments are made for impairment and provision is made for 100% of the receivable irrespective of the time that has elapsed.

v) Non current assets-held for sale

Held-to-maturity financial assets are debt securities with fixed maturities and determinable cash flows in relation to which the Company has the intention and ability to hold to maturity, by having, basically, the financial ability to do so, or because they have access to related financing.

vi) Investments

Shares in subsidiaries, jointly-controlled entities and associates are stated at cost and are adjusted for any impairment losses if there is evidence. For the calculation of impairment losses the Entity compares the recoverable value (this being the higher of fair value less necessary costs to sell and value in use) with its carrying value.

Impairment losses, as well as value recoveries which arise through this valuation, are recognised immediately in the Entity's income statement.

Accounting and measurement of financial assets

These financial assets are initially stated at fair value, which is normally the transaction price, unless there is evidence to the contrary. At the end of each reporting period they are measured on the basis of the following criteria:

- Financial assets will be valued at their fair value except for loans and receivables, investments held to maturity, equity instruments when their fair value cannot be determined in sufficiently objective manner, subsidiaries companies, multi-group and associated companies and financial derivatives that have as a subjacent asset these equity instruments and are settled through the surrender of the same.
- The fair value of a financial asset is understood to be the amount at which it may be delivered between duly informed interested parties in an arm's length transaction. The best evidence of fair value is the quote on an active market that is an organised, transparent and deep market.
- Where there is no market price for a specific financial asset, fair value is estimated on the basis of the value of recent transactions involving analogous instruments and, alternatively, using sufficiently verified valuation models. Similarly, the specific characteristics of the asset to be measured are taken into account and in particular, the different types of risks associated with the financial asset. Nonetheless, the own limitations of the measurement models developed and the possible inaccuracies in the assumptions required by these models may mean that the fair value thus estimated of a financial asset does not exactly agree with the price at which it could be bought or sold at the measurement date.

- The fair value of the financial derivatives listed on an active market is the daily quoted price. If for exceptional reasons, it is not possible to establish the price on a given date, methods similar to those employed to value OTC financial derivatives are used. The fair value of OTC financial derivatives is the sum of the future cash flows originating in the instrument and discounted at the valuation date using methods recognised by financial markets.
- Loans and receivables and held-to-maturity investments are carried at amortised cost, determined using the effective interest rate method. Amortised cost is understood to refer to the acquisition cost of a financial asset, adjusted by repayments of the principal and the part allocated to the income statement, using the effective interest rate method, of the difference between the initial cost and the relevant repayment value at maturity, less any decline in value owing to impairment recognised directly as a decrease in the amount of the asset or through a value adjustment account. In the event that such items are hedged through fair value hedges, changes in fair value related to the risk or risks hedged through such hedges are reflected.
- The effective interest rate is the discount rate that brings the value of a financial instrument exactly into line with the estimated cash flows over the instrument's expected life, on the basis of the relevant contractual conditions, such as early repayment options, not taking into account future losses on credit exposure.
- For fixed rate financial instruments, the effective interest rate agrees with the contractual interest rate set at the time of their acquisition, increased, where appropriate, by the commissions that, because of their nature, may be likened to an interest rate. For variable interest financial instruments, the effective interest rate agrees with the current rate of return on all items through to the first review of the reference interest rate set to take place.

Variations in the carrying value of financial assets are generally reflected with a balancing entry in the income statement and a distinction is made between those resulting from the accrual of interest and similar, that are carried under interest and similar income, and those due to other reasons, that are carried at the net amount involved, under Gains/losses on financial transactions in the income statement.

Nonetheless, changes in the carrying value of the instruments included in Available-for-sale financial assets are provisionally carried under Equity Measurement Adjustments unless they result from exchange differences. The amounts included in Valuation adjustments continue to form part of Equity until the related asset is written off the balance sheet, at which time they are written off against the income statement.

Similarly, changes in the carrying value of the assets included in Non-current assets held for sale are reflected against Adjustments for the valuation of equity.

The valuation differences in financial assets designated as hedged items and accounting hedging items are recorded having regard to the following criteria:

- In fair value hedges the differences arising both in the hedging elements and in the hedged elements, as regards the type of risk hedged, are recognized directly in the income statement under the Gains or losses on financial assets and liabilities (net) caption.
- The valuation differences relating to the ineffective portion of cash flow and net investment hedges in foreign operations are taken directly to the income statement under the Gains or losses on financial assets and liabilities (net) caption.
- In cash flow hedges, the valuation differences arising in the effective hedge portion of the hedged elements are recorded temporarily in the equity valuation adjustments caption, net of the tax effect.
- In hedges of net investments in foreign operations, the valuation differences arising in the effective portion of the hedge elements are recorded temporarily in the equity valuation adjustments caption, net of the tax effect.

In these two latter cases, the valuation differences are not recognized in income until the gains or losses on the hedged element are recorded in the income statement or until the maturity of the element hedged.

- For fair value hedges of the interest rate risk on a portfolio of financial instruments, the gains or losses arising on measuring the hedge are recognised directly in equity while the gains or losses resulting from variations in the fair value of the amount hedged, with respect to the hedged risk, are recognised in the income statement using the heading changes in fair value of the hedged item in portfolio hedges of interest rate risk as a balancing entry.
- In cash flow interest rate hedges in a portfolio of financial instruments, the effective portion of the variation in the value of the hedging instrument is recorded temporarily in the equity valuation adjustments caption, until the forecast transactions take place and then are recorded in the consolidated income statement. The variation in the value of the hedging derivatives for the ineffective portion of the hedge is recorded directly in the consolidated income statement.
- Monetary items held for sale are recognised at cash value.

Impairment losses

The carrying value of financial assets is generally adjusted against the profit and loss accounts when there is objective evidence that there are impairment losses. This is the case where:

- For debt instruments, understood as loans and debt securities, when, following their initial recognition, there is an event or combined effect of various events which have a negative impact on the relevant future cash flows.
- For equity instruments, when following their initial recognition, there is an event or the combined effect of various events, making it impossible to recover their carrying value.

As a general rule, the carrying value of financial instruments due to impairment is adjusted against the income statement for the period in which such impairment arises and the recovery of previously recorded impairment losses, if any, is recognised in the income statement for the period in which such impairment is eliminated or reduced. When the recovery of any amount is considered remote due to the impairment registered, this will be eliminated from the balance sheet, although the Company may take the actions needed to try to achieve collection until its rights have disappeared due to expiry of the right, write-off or other causes.

For debt instruments measured at amortised cost, the amount of impairment losses incurred is equal to the negative difference between their carrying value and the present value of estimated future cash flows. In the case of quoted debt instruments the market value may be used, in substitution of the current value of future cash flows, when this is sufficiently reliable to be considered as the representative of the value that the Company could recover.

Future cash flows estimated for a debt instrument are all those amounts, principal and interests, the Company estimates to obtain during the life of the instrument. This estimate takes into account all significant information available at the date of preparation of the financial statements concerning the possible future collection of contractual cash flows. Similarly, the estimate of future cash flows from instruments secured by real guaranteed, takes into account the flows that would be obtained on realisation, less the amount of the necessary costs for their obtainment and subsequent sale, irrespective of the probable enforcement of the guarantee.

When calculating the present value of estimated future cash flow, the original effective interest rate of the instrument is used as the discount rate, if the contractual rate is a fixed rate. Alternatively, the effective interest rate at the date to which the financial statements refer, determined in accordance with the contract terms, is used when a variable rate is involved.

Debt instrument portfolios, contingency risks and contingent commitments, no matter who is the holder, instrumentation or guarantee, will be analysed to determine the credit risk to which the Company is exposed and to estimate the need for coverage due to impairment of its value. In preparing the financial statements, the Company classifies its operations in function of their credit risk analysing, separately, the insolvency risk chargeable to the client and the country risk to which, if applicable, they are exposed.

Objective evidence of impairment is individually determined for all significant debt instruments and individually or collectively for groups of debt instruments which are not individually significant. If a specific instrument cannot be included in any group of assets with similar risk characteristics, it is analyzed exclusively on an individual basis in order to determine whether it is impaired and, if appropriate, to estimate the loss for impairment.

The collective assessment of a group of financial assets to estimate impairment losses is as follows:

- Debt instruments are included in groups with similar credit risk characteristics, indicative of debtor capacity to pay all amounts, principal and interest, in accordance with contractual terms. The characteristics of credit risk which are taken into account in order to group together assets are, inter alia, the type of instrument, the debtor's sector of activity, geographical area of activity, type of guarantee, age of amounts overdue and any other factor that may be relevant when estimating future cash flows.
- The future cash flows of each group of debt instruments is estimated on the basis of experience of historic losses by the Company for instruments with similar credit risk characteristics to those of the respective group, once the necessary adjustments have been made to adapt the historic data to the current market conditions.
- Impairment losses in each group are the difference between the carrying value of all the group's debt instruments and the present value of its estimated future cash flows.

Debt instruments not valued at fair value with changes in the profit and loss account, contingent risks and the contingent commitments are classified, in function of the insolvency risk imputable to the client or to the operation, in the following categories: normal risk, substandard risk, doubtful risk for other reasons than due to the arrears by the client and bad debt risk. For debt instruments not classified as normal risk the specific coverage for impairment needed is estimated on the basis of the Company's experience and that of the sector, specific coverage necessary for impairment, bearing in mind the aging of the unpaid amounts, the guarantees given and the economic situation of the client and, if applicable, of guarantors. This estimate is made, in general, based upon the arrears calendar prepared on the basis of the Company's experience and on the information available in the sector.

Similarly, debt instruments not measured at fair value through the income statement and contingent risks, irrespective of the customer, are analysed to determine the credit risk by reason of country risk. Country risk is understood as the risk attached to a customers' residency in a specific country due to circumstances other than the habitual business risk.

The recognition in the income statement of the accrual of interest on the basis of the contractual terms is interrupted for all debt instruments classified individually as impaired and for those for which impairment losses have been calculated collectively because the amounts involved are more than three months past due.

The amount of impairment losses incurred in debt securities and equity instruments included under Available-for-sale financial assets is equal to the positive difference between their acquisition costs, net of any repayment of the principal, and their fair value less any impairment loss previously recognised in the profit and loss accounts.

When there is objective evidence that the decline in fair value is attributable to impairment, the latent losses recognised directly under Equity Measurement adjustments are recorded immediately in the income statement. If subsequently all or part of the impairment losses are recovered, the amount involved is recognised, in the case of debt securities, in the income statement for the recovery period, and, in the case of equity instruments, under Equity Measurement Adjustments.

For debt and equity instruments classified under non-current assets held for sale, the losses recorded previously under equity are considered to be realised and are recognised in the income statement at the date of their classification.

Losses due to impairment of capital instruments valued at their acquisition cost correspond to the differences between the carrying value and the current value of the future cash flows expected, updated to the profitability rate on the market for other similar securities. Such impairment losses are recorded in the income statement for the period in which they arise by directly reducing the cost of the financial asset. The amount involved may not be recorded except in the event of a sale.

Removal of financial assets from the balance sheet

The Company only removes financial assets from its balance sheet under one of the following circumstances:

a) When the contractual rights to the cash flows generated by the financial asset have expired.

b) When the Company transfers financial assets according to the terms established below and does not retain a substantial portion of the inherent risks or benefits and does not transfer the control over the transferred assets. A financial asset is only transferred when the transferring Company:

- transfers all of the contractual rights to the cash flows generated by the asset, or:
- conserves the contractual rights to the cash flows from the financial asset but assumes the contractual obligation to reimburse the assignee in full without delay, including the interest on the reinvestment of such cash flows in highly liquid financial instruments. In addition, the transfer agreement prohibits the company from selling or pledging the original financial asset except to guarantee the payment of cash flows to the assignees and does not obligate the Company to pay any sum whatsoever not previously received from the transferred asset.

Financial asset transfers are evaluated to determine the extent to which the risks and benefits inherent to the ownership of the financial asset are transferred to third parties. The evaluation consists of comparing the exposure of the assignor company, before and after the transfer, to the variation in the amounts and maturities of the net cash flows generated by the transferred asset:

c) The assignor is understood to have transferred the material risks and benefits inherent to the ownership of the transferred asset if the exposure to the variation in the current value of future net cash flows – i.e., future profit and loss – decreases considerably as a result of the assignment.

The risks and benefits related to the financial assets are materially transferred to third parties in the following cases, among others:

- (i) Unconditional sale of a financial asset.
 - (ii) Sale of a financial asset with a buyback clause or a call or put option for fair value on the buyback date.
 - (iii) Sale of a financial asset with an out-of-the-money call or put option that is not likely to be in-the-money before the expiration of the contract.
 - iv) Transfer of a financial asset along with an interest rate swap (IRS) in which the Company is the counterparty, providing that they swap payments are not contingent upon the credit risk or anticipated return of the financial asset.
- d) The assignor is understood to have retained the material risks and benefits inherent to the ownership of the transferred asset if the exposure to the variation in the current value of future net cash flows does not change in any significant way as a result of the assignment.

The material risks and benefits associated with the ownership of the financial asset are retained in the following cases, among others:

- (i) Sale of financial assets with a buyback clause for an equivalent or substantially similar asset with the same fair value for a fixed price plus interest. Companies are prohibited from making temporary assignments for amounts higher than the market or fair value of the assigned financial asset, since the difference could be considered unauthorised direct financing of the assignee.
- (ii) A loan agreement in which the borrower is obligated to return the same securities or substantially similar ones with the same fair value.
- (iii) The sale of accounts receivable for their fair value or discounted commercial paper when the assigning company guarantees that the assignee will be compensated for any credit loss.
- iv) The sale of a financial asset at fair value along with a financial swap when the assigning Company assumes the market risk of the transferred asset.
- v) Sale of a financial asset with an in-the-money call or put option that is not likely to be out-of-the-money before the expiration of the contract.

b) Tangible assets

The tangible assets are registered at their acquisition costs. The provision for amortisation is calculated applying the straight-line method for component of this heading, based on the estimated useful life of these assets.

The amortisation rates applied in calculating the depreciation of the items included into the tangible assets are as follows:

Technical installations	11%
Data processing equipment	25%
Furniture and fittings	10%-13%
Telephone equipment	10%-25%

Repairs and maintenance expenses that do not imply improvements or prolongement of the useful life are charged to the consolidated profit and loss account of the year in which they were incurred.

c) Intangible assets

Computer programs are recorded at their acquisition cost, amortising them on a straight-line basis over four years.

Licences for IT programs acquired from third parties are capitalised on the basis of the costs incurred to acquire them and prepare them for use in a specific application.

Intangible assets prepared employing the Company's own resources are valued at production cost, including, in particular, direct personnel costs for the project developed.

In accordance with the current accounting norm, the development costs are recorded as an asset if they comply with all of the following conditions:

- A specific and individualised project exists for each research and development activity;
- The assignation, charge and time distribution of each project's costs should be clearly established;
- Justified motives must always exist to expect the technical success of the R & D project;
- The economic-commercial profitability of the project should be reasonably assured;
- The financing of the various R & D projects should be reasonably assured to be able to complete these.

d) Financial liabilities

The standards for classifying financial liabilities on the balance sheet are as follows:

i) Financial liabilities at amortised cost

These financial liabilities are valued, both initially and in subsequent valuations, at their fair value, by imputing the changes that occur in said value in the profit and loss account for the year. Transaction costs directly attributable to the issue are recognized in the profit and loss account for the year in which they arise.

ii) Trading portfolio

This heading includes financial liabilities that have been acquired for short term sale and are part of a portfolio of financial instruments, identified and managed jointly, with respect to which recent actions have been carried out in order to obtain short-term gains. They may be derivative instruments not designated as accounting hedges or arising from the firm sale of financial assets acquired under repos or loans.

At 31 December 2019 and 2018 the Company held no financial instruments of this kind.

iii) Other financial liabilities at fair value through profit or loss

These are financial liabilities which are hybrid financial instruments in respect of which it is not possible to reliably determine the fair value of the embedded derivative which they contain.

At 31 December 2019 and 2018 the Company held no financial instruments of this kind.

iv) Other financial liabilities at fair value with changes in equity

This includes the liabilities associated with financial assets classified as available for sale that have been transferred but do not fulfill the requirements to be written off the balance sheet. The financial liabilities associated with such assets are measured, like the assets themselves, at fair value with changes in equity.

At 31 December 2019 and 2018 the Company held no financial instruments of this kind.

Registration and valuation of financial liabilities

Financial liabilities are registered at amortised cost except in the following cases:

- Financial liabilities included under the heading "Business Portfolio", as "Other financial liabilities" at fair value with changes in the profit and loss account and "Other financial liabilities" with changes in net equity that are valued at fair value. Financial liabilities hedged through fair value hedges are adjusted by recording those variations in fair value in relation to the risk hedged in the hedging transaction.
- Financial derivatives that have as an underlying capital instrument the fair value which cannot be determined in a sufficiently objective manner and that are settled through the liquidity of their exchange are valued at their cost.

Variations in the carrying value of financial liabilities are generally recorded with the balancing entry in the consolidated income statement, differentiating between those arising on the accrual of interest and similar charges, which are recorded under interest and similar charges, and those which relate to other causes, which are carried at net value under Gains/ losses on financial transactions in the profit and loss account.

Nonetheless, variations in the carrying value of the instruments included under financial liabilities at fair value with changes in equity are temporarily recorded under Equity Measurement Adjustments. The amounts included under Measurement Adjustments continue to form part of equity until the relevant liability is written off the balance sheet at which time they are written off against the profit and loss account.

Removal of financial liabilities from the balance sheet

A financial liability, or part of it, should be removed from the balance sheet when the specific obligation in the contract has extinguished, because it has been paid, cancelled or has expired.

The difference between the carrying amount of an extinguished financial liability, or part of this, and the consideration paid, including any asset transferred other than cash, less any liability assumed, will be recognised immediately in the profit and loss account.

A financial liability liquidated by the Company to a third party, in order make this third party assume the amount of the transferred debt, shall not be extinguished, despite the fact that this circumstance has been communicated to the creditor, unless the Company becomes legally released from its obligation, by contractual agreement with the creditor or by judicial or arbitral decision.

When the Company is liberated by a creditor of its obligation to settle a debt, because it has been assumed by a third party, but guarantees its payment in the new supposition of non-compliance by the new creditor, the Company should:

- Remove the amount of the original debt from its balance sheet and recognise a new financial liability for the fair value of the obligation assumed by the guarantee.
- Record immediately, in the profit and loss account, the difference between: the carrying amount in books of the original financial liability less the fair value of the new liability recognised; and any consideration delivered.

A swap of a financial liability between the Company and its creditors, or a modification in its conditions, will be treated in the accounts applying the following criteria:

- A significant modification in the conditions of a swap agreement, meaning a substantial change in the conditions of the debt instrument, the entity should remove it from the balance sheet and recognise a new financial liability. The expenses or commissions incurred by the entity in the transaction will be registered immediately in the profit and loss account.

- When the swap or modification does not mean a substantial change in the conditions of the debt instrument, the entity will not remove it from the balance sheet and will recognise the amount of the expenses and commissions as an adjustment to the value in the accounts of the financial liability, determining these on the basis of the new conditions.

For these purposes, the contract conditions will be considered as substantially different when the current value of the cash flows of the new financial liability, including the net commissions collected or paid, differs in at least 10% from the current value of the cash flows remaining from the original liability, discounting both at the effective interest rate of the latter.

e) Current and deferred taxes

The Company forms part of the Group whose main shareholder is the parent company. Similarly, the Company files consolidated tax returns with other Group companies and its main shareholder is responsible for the application of the consolidation tax regime.

Corporate income tax is recognised as an expense in each year, calculated on the basis of the profits before taxes detailed in the annual accounts, corrected for tax criteria differences of a permanent nature and taking into account the applicable bonifications and deductions. The deferred or advanced taxes that arise as a consequence of the temporal differences derived from the application of tax criteria in the recognition of income and expenses are reflected on the balance sheet until they are reversed.

The deferred taxes are calculated, based upon the liability method, on the temporal differences that arise between the tax bases and the assets and liabilities and their value in the accounts. However, if the deferred taxes arise from the initial recognition of an asset or a liability in a transaction different to a business combination that at the time of the transaction does not affect either the accounting results or the taxable base it will not be recognised. The deferred tax is determined applying the norms and the approved tax rates or on the point of being approved on the balance sheet date and that are expected to be applicable when the corresponding asset from deferred taxes is settled or the liability for deferred taxes is paid.

Assets from deferred taxes are recognised to the extent that it is probable that future tax earnings will arise against which to compensate the temporal differences.

Deferred taxes arising from the temporal differences that arise from investments in dependent, associated or joint venture companies, except in those cases in which the Company can control the moment when the reversal of the temporal differences will occur and moreover it is probable that these will not revert in the foreseeable future.

f) Leases

Finance leases

Leases are presented on the basis of the economic substance of the transaction irrespective of its legal form and are classified at inception as finance or operating leases.

A lease is considered a finance lease when a substantial portion of the risks and rewards inherent in ownership of the leased asset is transferred.

When the Company acts as lessor, the sum of the current values the payments it will receive from the lessee plus the guaranteed residual value, normally the price of exercising the purchase option at the end of the contract, will be recorded as third party financing and therefore included under the heading of "credit investments" on the balance sheet, in accordance with the nature of the lessee.

When the Company acts as lessee, the cost of the leased asset is recorded on the balance sheet, depending on the type of asset involved, and a liability for the same amount is recorded, which is either the fair value of the leased asset or the sum of the current value of all amounts payable to the lessor plus the price of exercising the purchase option, whichever is lower. These assets are depreciated using similar criteria to those applied to property, plant and equipment for own use as a whole.

Financial income and expenses resulting from these contracts are credited and charged, respectively, to the profit and loss account in such a way that the return remains consistent over the term of the lease.

As at 31 December 2019 and 2018 the Company held no leases of this kind.

Operating lease

The rental contracts which are not considered financial lease are classified as operating lease.

Whenever the Company acts as a lessor, the cost of acquisition of the assets is recorded under leasing on the epigraph "Tangible assets". Those assets will be depreciated according to policies adopted by the tangible asset for own use and the incomes originated by the leasing contracts will be recognized on the profit and loss account under linear basis.

Whenever the Company act as a lessee, the expenses of the leasing, including incentives granted, will be registered under linear basis on the profit and loss account.

g) Recognition of income and expenses

Income is registered at the fair value of the considerations to be received and represents the amounts to be collected in the ordinary course of business of the Company, less returns, reductions, discounts and value added tax.

The Company recognises income when the amount of this can be valued reliably, and it is probable that future economic benefits will flow to the Company and the specific conditions for each one of the activities is met as is detailed below. It is believed that the amount of income cannot be reliably valued until all the contingencies related to the sale have been solved. The Company bases its estimates on historic results, bearing in mind the type of client, the type of transaction and the concrete terms of each agreement.

Income derived from contracts at a fixed price for the supply of advisory services, studies, analysis and divulgation in the monetary markets area are generally recognised in the period in which the services are rendered on a lineal base during the length of the contract.

If circumstances arise that modify the initial ordinary income estimates, costs or degrees of compliance, the estimates are revised. The revisions may cause increases or decreases in the estimated income and costs and will be reflected in the profit statement for the period in which the circumstances that motivated these revisions are known by management.

Incomes from dividends are recognised as income in the profit and loss account when the right to receive the collection is established. Notwithstanding this, if the dividends distributed arise from profits generated prior to the date of acquisition they are not recognised as income, reducing the carrying cost in books of the investment.

Non-financial income and expenses are registered in the accounts applying the accrual principle. Collections and payments deferred in time are registered in the accounts at the amount resulting from updating financially the cash flows foreseen at the market rate.

g.1) Commissions paid and income

Commissions paid or received for financial services, irrespective of how they are referred to contractually, are classified in the following categories which in turn determine the manner in which they are allocated in the profit and loss account:

- Financial commissions

Are those that are an integral part of the yield or effective cost of a financial operation and are charged to the profit and loss account over the expected life of the operation as an adjustment to the effective cost or yield of this.

- Non-financial commissions

Are those derived from the rendering of services and may arise in the execution of a service that is performed during a period of time and in the rendering of a service that is executed as a single act.

income and expense in respect of fees and similar items are recorded in the income statement generally in accordance with the following:

- Those linked to financial assets and liabilities valued at fair value with changes in the profit and loss account and are recorded at time of collection.
- Those that relate to transactions or services which are carried out over a period of time are recorded in the period in which such transactions or services take place.
- Those that relate to a transaction or service which is carried out in a single act are recorded when the relevant act takes place.

g.2) Recognition of financial expenses and trading ordinary losses

The financial expenses are the interests and other costs incurred by an entity in relation to financing received.

Financial expenses are registered in the profit and loss account as expenses in the period in which they accrue. However, entities will capitalise financial expenses that were accrued before the assets were put into operational condition, that are directly attributable to the acquisition, construction or production of qualified assets, and are part of the carrying amount in books, when it is probable that they will generate future profits and can be valued with sufficient reliability.

Extraordinary trading losses that have to be assumed as a result of incidents in the negotiation derived from differences between the conditions in the orders received from the financial intermediates and those of the negotiation and liquidation of the operation performed, such as errors in the contracting process or in the terms of this, or other similar causes, when the result of the liquidation implies an economic prejudice imputable to the mediator of the operation, and not to those issuing the orders, and will be recognised in the consolidated profit and loss account at the time they occur or are known, independently of the time they are liquidated.

h) Personnel Expenses

Short-term retribution

They are the remunerations whose payment must be attended within the twelve months following the end of the year in which the employees have rendered their services.

They will be valued at the amount that has to be paid for the services received, registering then in the annual accounts as: a liability for the expense incurred, after deducting any amount already settled and as an expense for the period in which the employees had supplied their services.

Remuneration based on equity instruments

When an entity delivers equity instruments on its own capital to its employees, as the consideration for the services received, it should apply the following accounting treatment:

- If the delivery of equity instruments is done immediately without demanding from them a specific period of services to acquire the title on these, the entity will recognise, on the concession date, an expense for the full services received, crediting the amount to net equity.
- If the employees obtain the right to receive the equity instruments once a specific period of service has expired, the expense will be recognised for the services received and the corresponding increase in net equity, in the measure that these supply services during that said period.

Retirement benefit commitments

The collective agreement applicable to the employees of securities firms and the Madrid Stock Market establishes certain social welfare obligations. The Company records these benefits as an expense in the fiscal year in which they are paid. Adhering to this criterion rather than an accrual criterion does not have a significant effect on the annual accounts as a whole.

At 31 December 2019 and 2018 the Company had no significant obligations of this kind towards its employees.

Termination benefits

These are recognised as a liabilities and expenses only when the Company has made a firm commitment to terminate the contract of an employee or group of employees before the retirement date or when the Company pays termination benefits to employees after reaching agreements on the voluntary resignation of those employees.

i) Balances offsetting

The debtor and creditor balances originating in transactions that, contractually or because of a legal norm, contemplate the possibility of compensation and it is the intention to settle them by the net amount or to dispose of an asset or to pay a liability simultaneously, will be shown on the balance sheet at their net amount.

j) Functional currency

The functional currency of the Company is the euro. Therefore, all balances and transactions denominated in currencies other than the euro are considered denominated in foreign currency.

k) Measurement of foreign currency accounts

The exchange value in euros of the total assets and liabilities in foreign currencies held by the Company as at 31 December 2019 and 2018 is as follows:

	<u>Euros</u>	
	<u>2019</u>	<u>2018</u>
US Dollars	(104 817.92)	(50 325.88)
Sterling Pounds	(35 383.05)	(31 712.66)
	<u>(140 200.97)</u>	<u>(82 038.54)</u>

	Euros	
	2019	2018
Current accounts in foreign currency (Notes 5 and 7)	45 558,79	77 588,93
Clients in foreign currency	15 692,13	18 782,52
Cash in foreign currency (Note 5)	9 029,29	11 483,91
Miscellaneous suppliers (Note 12)	(210 481,18)	(189 893,90)
	<u>(140 200,97)</u>	<u>(82 038,54)</u>

When initially recognised, debtor and creditor balances denominated in foreign currency are translated to the functional currency using the spot exchange rate at the date of recognition, understood as the exchange rate for immediate delivery. After initial recognition, the following rules are applied to translate balances denominated in foreign currency to the functional currency:

- Monetary assets and liabilities are translated at the yearend exchange rate, understood as the average spot exchange rate at the date to which the financial statements refer.
- Non-monetary items measured at cost are translated at the exchange rate on the date of acquisition.
- Non-monetary items measured at fair value are translated at the exchange rate ruling on the date on which fair value is determined.
- Incomes and expenses are translated by applying the exchange rate on the transaction date.

Nonetheless, the average exchange rate for the period is used for all transactions carried out in that period, unless there have been significant fluctuations. Depreciation/ amortisation are translated at the exchange rate applied to the relevant asset.

Exchange differences arising on translation of debtor and creditor balances denominated in foreign currency are generally recorded in the consolidated profit and loss account. Nonetheless, in the case of exchange differences that arise on non-monetary items measured at fair value, for which the fair value adjustment is recorded under Equity Measurement Adjustments, the component of the exchange rate relating to the revaluation of the non-monetary element is broken down.

I) Discontinued activities

A discontinued activity is a component of the Company, the operations and cash flows of which are clearly distinguishable from the rest, which had been sold or it had been disposed of by other means or it had been classified as a non-current asset held for sale, and moreover, it complies with some of the following conditions:

- It represents a business line or geographic operations areas, which are important and independent.
- It is part of an individual and coordinated plan to sell or dispose by other means of a business line or a geographic operations area, which are important and independent.
- It is dependent entity acquired for the sole purpose of reselling it.

The after tax results that arise through the valuation at fair value less the costs of the sale, or through the disposal by other means, of a component of the entity that has been classified as interrupted activities are presented in the consolidated profit and loss account as a single amount, within a separate heading from the rest of the income and expenses originated by the uninterrupted activities.

m) Provisions and contingent liabilities

The current obligations of the Company arising as a result of past events, will be considered as provisions, when these are clearly specified in terms of the nature on the date of the financial statements, but are indeterminate in terms of their amount or the moment of cancellation, on the maturity of these and to cancel them, the Company expects to liberate resources that incorporate economic benefits. Such obligations may arise due to the following:

- A legal or contractual provision.
- An implicit or tacit obligation, the origin of which is located in a valid expectation created by the Company towards third parties related to the assumption of certain types of responsibilities. These expectations are created when the Company publically accepts responsibilities; these are derived from past behaviour or from company policies in public domain.
- The practically sure evolution of the regulation in certain aspects, in particular, norm projects of which the Company will not be able avoid.

Contingent liabilities are possible obligations resulting from past events, the existence of which is contingent upon the occurrence of one or more future events independent of the Company's intentions. Contingent liabilities include the Company's current obligations, the settlement of which is unlikely to result in a decrease in resources including economic benefits or the amount of which, in extremely rare cases, may not be quantified with sufficient reliability.

Provisions and contingent liabilities are classified as probable when the likelihood of occurrence is greater than that of not occurrence, possible when the likelihood of occurrence is less than that of not occurrence, and remote when their occurrence is extremely rare.

The Company includes in the consolidated annual accounts all the significant provisions where the probability that it will have to meet the obligation is greater than the contrary. Contingent liabilities are not recognised in the annual accounts but rather are reported unless the possibility of an outflow of funds including economic benefits is considered remote.

Provisions are quantified taking into account the best available information concerning the consequences of the event that originated them and are estimated at each accounting close. They are used to address the specific obligations for which they were recognised and may be reversed in full or in part when such obligations no longer exist or decrease.

n) Corporate Income Tax

Corporate income tax is considered an expense and is registered under the heading of corporate income tax on the profit and loss statement except when the tax arises as a consequence of a transaction carried directly to equity, in which case the tax is recorded directly in equity, or when the tax arises from a business combination in which case the deferred tax is recorded as just another equity item.

The expense recorded as corporate income tax is determined by the amount of tax payable on the taxable base for the year, after considering any variations arising during the year as a result of temporary difference and after deducting any tax credits, deductions, bonuses and tax loss carryforwards. The taxable base for the year may be different than the net profit (loss) for the year shown on the profit and loss statements since it excludes the taxable or deductible income and expenses from other fiscal years and the items which are never tax deductible.

4. Risks management

The Company, due to the activity it carries out, and its consolidable group are bound by current legislation - Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Law; Law 10/2014, of June 26, on the management, supervision and solvency of credit institutions; Royal Decree 217/2008 of 15 February; And Circular 2/2014, of June 23, of CNMV- to have adequate policies and procedures for risk management.

Consequently, the Board of Directors of CIMD, S.A. (the Group parent company) approved a *Risk Management Policy* (RMP) which applies to all Group companies.

This policy lays down that risk management, understood as risk management, control and monitoring, is the responsibility of three bodies, each of which has independent functions: Board of Directors of CIMD, S.A., the Company's Board of Directors and the Risk Management Unit.

Risk management is based on the following:

- 1st. appropriate planning of equity;
- 2nd. identifying, assessing and measuring risks;
- 3rd. establishing risk tolerance limits;
- 4th. establishing a system of risk control and follow-up; and
- 5th. analyze the result on the balance between equity and risks before stress situations.

In accordance with Circular 2/2014 and Capital Requirements Regulation (EU) 575/2013, concerning the level of exposure and the quality of each kind of risk, the risks identified as significant for the company are the credit, concentration, market, operational and liquidity risks.

In order to value exposure, for each of these risks and in order to quantify the requirements, the guidance contained in both the *Guide on Capital Self-Assessment for Investment Services Companies (hereinafter, GCA)*, published by the CNMV, has been applied. The *Risk Management Policy* lays down the following calculation methods:

- Credit risk: Standard method
- Concentration risk: Simplified option of GCA.
- Market risk: Option 1 of GCA.
- Operational risk: Basic Indicator Method.
- Liquidity risk: Simplified option of GCA.
- Other risks: Simplified option of GCA.

The tolerance level relates to the limits established by the competent bodies for each risk at individual level or for all risks as a whole.

On the basis of the nature and characteristics of each risk and the activity affected, the respective limits are determined in either absolute terms or as percentages. Where appropriate, the weightings to which such limits are subject are determined.

The following tables show an analysis of the Company's financial liabilities as at 31 December 2019 and 2018 that are settled by the net amount grouped by maturity in line with the pending time on the date of the balance sheet until the due date stipulated in the contract. The amounts that are shown in the table correspond to the cash flows in the contract without discounting. The balances payable within 12 months are equivalent to the carrying cost in books of these, since the effect of discounting is not significant.

The detail of the financial liabilities as at 31 December 2019 is as follows:

	Euros			
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>No set maturity</u>
As at December 31, 2019				
Accrued personnel costs (Note 12)	2 870 816.50	-	-	-
Group companies creditors (Notes 11 and 16)	1 277 437.87	-	-	-
Payable to miscellaneous suppliers (Note 12)	282 464.43	-	-	-
Creditors, invoices pending to be received (Note 12)	261 558.63	-	-	-
Public Administration creditor (Note 12)	253 859.57	-	-	-
Items pending to be allocated (Note 11)	117 707.66	-	-	-

The detail of the financial liabilities as at 31 December 2018 is as follows:

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Euros No set maturity</u>
As at December 31, 2018				
Accrued personnel costs (Note 12)	2 876 463.25	-	-	-
Group companies creditors (Notes 11 and 16)	589 229.59	-	-	-
Payable to miscellaneous suppliers (Note 12)	315 223.71	-	-	-
Creditors, invoices pending to be received (Note 12)	216 478.79	-	-	-
Public Administration creditor (Note 12)	285 527.14	-	-	-
Items pending to be allocated (Note 11)	108 585.43	-	-	-

Estimation of fair value

The fair value of the financial instruments that are commercialised on active markets (such as the securities maintained to negotiate and those available for sale) are based upon market prices at the balance sheet date. The quoted market price used for the financial assets is the current buyer price.

It is assumed that the carrying cost in the accounts of the credits and debits from commercial operations approximates to their fair value.

5. Treasury

The details of the caption titled "Treasury" as at 31 December 2019 and 2018 is as follows:

	<u>2019</u>	<u>Euros 2018</u>
Cash in euros	19 714.51	9 566.04
Cash in foreign currency (Note 3.k)	9 029.29	11 483.91
	<u>28 743.80</u>	<u>21 049.95</u>

On cash flow statement effects, the heading "Cash or cash equivalents at the end of the year" as at 31 December 2019 and 2018 includes:

	<u>2019</u>	<u>Euros 2018</u>
Banks, current accounts in euros (Note 7)	2 605 326.54	753 612.31
Banks, current accounts in foreign currency (Notes 3.k and 7)	45 558.79	77 588.93
Treasury	<u>28 743.80</u>	<u>21 049.95</u>
	<u>2 679 629.13</u>	<u>852 251.19</u>

As of December 31, 2019 and 2018, the balance of the headings "Banks, euro current accounts" and "Banks, foreign current accounts" are as follows:

	Euros	
	2019	2018
Banco Santander, S.A.	1 583 772.98	151 632.20
Caixabank, S.A.	382 785.16	13 986.28
BBVA, S.A.	269 172.43	344 547.89
Banco Sabadell, S.A.	176 893.60	118 135.17
Bankinter, S.A.	107 886.40	126 639.36
Rest	130 374.76	76 260.34
	2 650 885.33	831 201.24

During 2019 those current accounts bore an average interest rate of between -0.65% and 0.50% (2018: between -0.40% and 0.10%).

6. Trading portfolio and Available-for-sale financial assets

The amounts included under the heading "Trading portfolio" as at 31 December 2019 and 2018 is as follows:

	Euros	
	2019	2018
Investment Funds managed by the Group:		
IMDI FUNDS, F.I. - VERDE	1 076 398.65	982 610.11
IMDI FUNDS, F.I. - AZUL	1 019 192.81	981 492.28
IMDI FUNDS, F.I. - OCRE	786 662.92	686 476.42
Intermoney Variable Euro, F.I.	665 077.29	1 459 521.23
IMDI FUNDS, F.I. - ROJO	114 659.90	95 580.03
	3 661 991.57	4 205 680.07

The movements in Investment funds during the years ended as at 31 December 2019 and 2018 is as follows:

	Euros					
	31.12.18	Increase	Decrease	Gains/ (Losses)	Gains/ (Losses) (Note 20)	31.12.19
Investment Funds:						
IMDI FUNDS, F.I. - VERDE	982 610.11	-	-	-	93 788.54	1 076 398.65
IMDI FUNDS, F.I. - AZUL	981 492.28	-	-	-	37 700.53	1 019 192.81
IMDI FUNDS, F.I. - OCRE	686 476.42	-	-	-	100 186.50	786 662.92
Intermoney Variable Euro, F.I.	1 459 521.23	-	(931 286.56)	(14 432.56)	151 275.18	665 077.29
IMDI FUNDS, F.I. - ROJO	95 580.03	-	-	-	19 079.87	114 659.90
	4 205 680.07	-	(931 286.56)	(14 432.56)	402 030.62	3 661 991.57

	Euros					
	31.12.17	Increase	Decrease	Gains/ (Losses)	Gains/ (Losses) (Note 20)	31.12.18
Investment Funds:						
IMDI FUNDS, F.I. - VERDE	1 021 418.75	-	-	-	(38 808.64)	982 610.11
IMDI FUNDS, F.I. - AZUL	1 006 492.55	-	-	-	(25 000.27)	981 492.28
IMDI FUNDS, F.I. - OCRE	722 669.46	-	-	-	(36 193.04)	686 476.42
Intermoney Variable Euro, F.I.	1 232 444.26	600 000.00	-	-	(372 923.03)	1 459 521.23
IMDI FUNDS, F.I. - ROJO	102 423.56	-	-	-	(6 843.53)	95 580.03
	<u>4 085 448.58</u>	<u>600 000.00</u>	<u>-</u>	<u>-</u>	<u>(479 768.51)</u>	<u>4 205 680.07</u>

The details of the value of current short-term financial investments as at 31 December 2019 and 2018 are as follows:

	Euros			
	Number of securities	Cost value	Market Value at 31 December 2019	Gains/ (Losses)
Investment Funds:				
IMDI FUNDS, F.I. - VERDE	101 468.14	1 000 000.00	1 076 398.65	76 398.65
IMDI FUNDS, F.I. - AZUL	101 449.41	1 000 000.00	1 019 192.81	19 192.81
IMDI FUNDS, F.I. - OCRE	71 298.94	700 000.00	786 662.92	86 662.92
Intermoney Variable Euro, F.I.	4 479.56	741 504.96	665 077.29	(76 427.67)
IMDI FUNDS, F.I. - ROJO	10 009.82	100 000.00	114 659.90	14 659.90
		<u>3 541 504.96</u>	<u>3 661 991.57</u>	<u>120 486.61</u>

	Euros			
	Number of securities	Cost value	Market Value at 31 December 2018	Gains/ (Losses)
Investment Funds:				
IMDI FUNDS, F.I. - VERDE	101 468.14	1 000 000.00	982 610.11	(17 389.89)
IMDI FUNDS, F.I. - AZUL	101 449.41	1 000 000.00	981 492.28	(18 507.72)
IMDI FUNDS, F.I. - OCRE	71 298.94	700 000.00	686 476.42	(13 523.58)
Intermoney Variable Euro, F.I.	11 059.56	1 687 224.08	1 459 521.23	(227 702.85)
IMDI FUNDS, F.I. - ROJO	10 009.82	100 000.00	95 580.03	(4 419.97)
		<u>4 487 224.08</u>	<u>4 205 680.07</u>	<u>(281 544.01)</u>

The fair value of the items included under the heading of "Trading portfolio" has been calculated based on the liquid value of the investment funds in which the Company had invested as at 31 December 2019.

The benefits obtained during the year ended December 31, 2019 have amounted to an amount of 402,030.62 euros. Likewise, the losses obtained during the fiscal year ended on December 31, 2018 from the valuation transactions of the Trading Portfolio amounted to an amount of 479,768.51 euros. Both amounts are recorded under "Results of financial operations (net) - Trading portfolio", in the profit and loss account (Note 20).

The breakdown of the heading “Available-for-sale financial assets” as at 31 December 2019 is as follows:

Equity Instruments	<u>Number of securities</u>	<u>Percentage Securities</u>	<u>Euros</u>
As at December 31, 2019			
Sociedad Gestora del Fondo General de Garantía de Inversiones, S.A.	5	0.43%	1 000.00
			<u>1 000.00</u>

The breakdown of the heading “Available-for-sale financial assets” as at 31 December 2018 is as follows:

Equity Instruments	<u>Number of securities</u>	<u>Percentage Securities</u>	<u>Euros</u>
As at December 31, 2018			
Sociedad Gestora del Fondo General de Garantía de Inversiones, S.A.	5	0.43%	1 000.00
			<u>1 000.00</u>

7. Loans and advances to financial intermediaries

The amounts included under the heading “Loans and advances to financial intermediaries” as at 31 December 2019 and 2018, is as follows:

	<u>Euros</u>	
	<u>2019</u>	<u>2018</u>
Banks, current accounts in euros (Nota 5)	2 605 326.54	753 612.31
Customers financial intermediaries	1 476 195.42	1 475 895.68
Intercompany guarantees (Note 16)	183 134.61	268 330.01
Banks, current accounts in foreign currency (Notes 3.k and 5)	45 558.79	77 588.93
Loans to Group companies (Note 16)	180.11	152 262.68
	<u>4 310 395.47</u>	<u>2 727 689.61</u>

The breakdown of the heading “Customers financial intermediaries” as at 31 December 2019 and 2018 is a follows:

	<u>Euros</u>	
	<u>2019</u>	<u>2018</u>
Customers	1 308 842.45	1 431 036.41
Doubtful receivables	232 247.06	109 624.46
Sundry debtors	-	445.24
Impairment of trade receivables	(64 894.09)	(65 210.43)
	<u>1 476 195.42</u>	<u>1 475 895.68</u>

The movement under the heading "Impairment of trade receivables" as at 31 December 2019 is a follow:

	<u>31.12.18</u>	<u>Increase</u>	<u>Decrease</u>	<u>Write-off</u>	<u>Euros</u> <u>31.12.19</u>
Impairment of trade receivables	(65 210.43)	(14 590.09)	14 901.46	4.97	(64 894.09)
	<u>(65 210.43)</u>	<u>(14 590.09)</u>	<u>14 901.46</u>	<u>4.97</u>	<u>(64 894.09)</u>

The movement under the heading "Impairment of trade receivables" as at 31 December 2018 is a follow:

	<u>31.12.17</u>	<u>Increase</u>	<u>Decrease</u>	<u>Write-off</u>	<u>Euros</u> <u>31.12.18</u>
Impairment of trade receivables	(68 053.14)	(12 880.89)	15 728.13	(4.53)	(65 210.43)
	<u>(68 053.14)</u>	<u>(12 880.89)</u>	<u>15 728.13</u>	<u>(4.53)</u>	<u>(65 210.43)</u>

At December 31, 2018, the heading "Loans to Group companies" mainly includes an amount of 152,212.68 euros, corresponding to debit balances held with Intermoney Valores, S.V., S.A. for different concepts related to the intermediation operations.

At December 31, 2019 and 2018, the heading "Intercompany guarantees" mainly includes an amount of 183,134.61 euros and an amount of 268,330.01 euros, respectively, corresponding to a bond set up with Intermoney Valores, SV , SA for operations in the derivatives market (Note 16).

8. Loans and advances to customers

The breakdown of the heading "Loans and advances to customers" as at 31 December 2019 and 2018 is as follows:

	<u>2019</u>	<u>Euros</u> <u>2018</u>
Group companies (Note 16)	4 010 804.91	4 005 481.58
Debtors, services rendered	629 754.79	614 310.54
	<u>4 640 559.70</u>	<u>4 619 792.12</u>

On April 28, 2015 the extraordinary Company's Board of Directors unanimously agreed to grant a loan to its parent company (CIMD, S.A.) for 4,000,000 euros for this company's payment of the purchase of BCP Millennium Gestão de Activos, S.G.F.I., S.A. The main terms and conditions of this loan were as follows:

- Duration/period of amortisation: The loan's amortisation period is six (6) years.

- Arm's length interest rate: At the one-year annual Euribor reference rate published by the Bank of Spain plus 1.5%. At the end of the year 2019 and 2018 the reference rate was 1.39% annual in both exercises.

The interest rate will be reviewed annually, applying the one-year Euribor reference rate published by the Bank of Spain every 18 May.

- Interest payment period: The loan will be amortised and its interest paid on an annual basis. The lender may repay the loan early without incurring any penalty charges.
- Late payment interest applicable: Six percent (6%).

During 2019 and 2018, the loans have accrued interest totalling 55,599.98 euros in both exercises for the Company. This interest is recorded in "Interest receivable and similar income – Group Companies" (Notes 16 and 17), of which a total of 9,292.05 euros and 4,722.19 euros is outstanding at 31 December 2019 and at 31 December 2018, respectively. Both amounts were registered correctly in the current heading in the balance sheet.

9. Tangible assets

The breakdown of the heading "Tangible assets" as at 31 December 2019 and 2018 is as follows:

	Euros	
	2019	2018
Own use:		
Technical Installations	102 271.63	127 909.39
Data processing equipments	33 516.12	35 484.94
Furniture and fittings	14 144.77	14 968.96
Tangible assets in progress	1 584.06	1 584.06
Telephone equipments	-	82.11
	151 516.58	180 029.46

The movement under this heading during the years 2019 and 2018 is as follows:

	Euros			
	31.12.18	Increase	Decrease	31.12.19
Acquisition cost				
Technical Installations	231 722.42		-	231 722.42
Data processing equipments	998 944.91	22 410.00	-	1 021 354.91
Furniture and fittings	170 029.40	1 253.95	-	171 283.35
Tangible assets in progress	1 584.06	-	-	1 584.06
Telephone equipments	2 012 571.33	-	-	2 012 571.33
	3 414 852.12	23 663.95	-	3 438 516.07
Accumulated depreciation				
Technical Installations	(103 813.03)	(25 637.76)	-	(129 450.79)
Data processing equipments	(963 459.97)	(24 378.82)	-	(987 838.79)
Furniture and fittings	(155 060.44)	(2 078.14)	-	(157 138.58)
Telephone equipments	(2 012 489.22)	(82.11)	-	(2 012 571.33)
	(3 234 822.66)	(52 176.83)	-	(3 286 999.49)
Net tangible assets	180 029.46	(28 512.88)	-	151 516.58
				Euros
	31.12.17	Increase	Decrease	31.12.18
Acquisition cost				
Technical Installations	229 759.27	1 963.15	-	231 722.42
Data processing equipments	999 622.97	7 204.64	(7 882.70)	998 944.91
Furniture and fittings	165 604.42	4 424.98	-	170 029.40
Tangible assets in progress	-	1 584.06	-	1 584.06
Telephone equipments	2 012 571.33	-	-	2 012 571.33
	3 407 557.99	15 176.83	(7 882.70)	3 414 852.12
Accumulated depreciation				
Technical Installations	(78 236.05)	(25 576.98)	-	(103 813.03)
Data processing equipments	(853 153.22)	(118 189.45)	7 882.70	(963 459.97)
Furniture and fittings	(153 009.24)	(2 051.20)	-	(155 060.44)
Telephone equipments	(2 012 154.55)	(334.67)	-	(2 012 489.22)
	(3 096 553.06)	(146 152.30)	7 882.70	(3 234 822.66)
Net tangible assets	311 004.93	(130 975.47)	-	180 029.46

At 31 December 2019 and 2018 fully depreciated items of property, plant and equipment amount to 3,128,589.62 euros and 3,003,920.18 euros, respectively.

The Company has taken out an insurance policy to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

The Group's Parent Company has lease contracts for the offices in which it operates, together with the other Group companies. It charges the Group entities for the expense relating to the lease of such offices (Notes 16 and 22).

On December 31, 2019 the forecast of the amounts payable under the concept of lease to the the parent company of the Group, in accordance with the existing contracts, without regard the future increases in the Consumer Price Index (CPI), or future updates of contractually agreed revenues are the following:

Costs	Euros
	31.12.2019
In one year	210 444.29
Between 1 and 5 years	736 555.02
Total	946 999.31

10. Intangible assets

The movement under the heading “Intangible assets” as at 31 December 2019 and 2018 is as follows:

	31.12.18	Increase	Decrease	Reclassification	Euros 31.12.19
System applications					
Acquisition cost	156 172.97	-	-	-	156 172.97
Accumulated depreciation	(151 606.03)	(2 533.65)	-	-	(154 139.68)
	<u>4 566.94</u>	<u>(2 533.65)</u>	<u>-</u>	<u>-</u>	<u>2 033.29</u>

	31.12.17	Increase	Decrease	Reclassification	Euros 31.12.18
System applications					
Acquisition cost	155 495.37	677.60	-	-	156 172.97
Accumulated depreciation	(146 868.56)	(4 737.47)	-	-	(151 606.03)
	<u>8 626.81</u>	<u>(4 059.87)</u>	<u>-</u>	<u>-</u>	<u>4 566.94</u>

The amount of the fully amortized intangible asset as of December 31, 2019 and 2018 amounts to 151,090.78 euros and 141,138.66 euros, respectively.

11. Financial intermediaries debts and Customers debts

The heading “Financial intermediaries debts” as at 31 December 2019 and 2018 is as follows:

	2019	Euros 2018
Items pending to be allocated	117 707.66	108 585.43
Payable to Group companies (Note 16)	16 787.24	-
	<u>134 494.90</u>	<u>108 585.43</u>

The breakdown of the heading "Customer debts" as at 31 December 2019 and 2018 is as follows:

	Euros	
	2019	2018
Tax credit – CIMD, S.A. (Note 16)	1 159 483.16	352 425.64
Payables to Group companies (Note 16)	101 167.47	236 803.95
	<u>1 260 650.63</u>	<u>589 229.59</u>

12. Other assets and Other liabilities

The breakdown of the headings "Other assets" and "Other liabilities" as at 31 December 2019 and 2018 are as follows:

	Euros			
	Assets		Liabilities	
	2019	2018	2019	2018
Accrual and prepayment accounts	168 793.97	189 965.16	3 132 375.13	3 092 942.04
Credit and advances for employees	8 710.25	10 693.24	-	-
Payable to miscellaneous suppliers	364.15	3.00	71 983.25	125 329.81
Payable to miscellaneous suppliers in foreign currency			210 481.18	189 893.90
Taxes payable	-	-	253 859.57	285 527.14
	<u>177 868.37</u>	<u>200 661.40</u>	<u>3 668 699.13</u>	<u>3 693 692.89</u>

The heading "Accrual and prepayment accounts" referred to assets includes the expenses accrued and unpaid expenses incurred in the course of the company's operations. The heading "Accrual and prepayment accounts" referred to liabilities as at 31 December 2019 and 2018 refers primarily to the accrued personnel costs amounting to 2,870,816.50 euros and amounting to 2,876,463.25 euros, respectively, and the balances of invoices pending to be received as at 31 December 2019 and 2018 amounting to 261,558.63 euros and amounting to 216,478.79 euros, respectively.

As at 31 December 2019 and 2018, heading "Payables to miscellaneous suppliers" includes several amounts payable for services and supplies received. The most significant balances recorded under this heading include the following items:

	Euros	
	2019	2018
Bloomberg LP	161 128.96	135 973.11
Trayport. Ltd.	45 169.68	40 164.89
Colt Technology services. S.A.U.	7 054.30	7 054.30
Distribuidora de primeras marcas. S.A.	5 392.49	5 139.31
The Derivatives Service Boureau (DSB). Ltd	-	39 200.00
IPC Network Services. Ltd.	-	18 173.19
Societe Generale Americas Securities. LLC	-	6 534.12
Others	63 719.00	62 984.79
	<u>282 464.43</u>	<u>315 223.71</u>

The details of the caption titled "Taxes payable" as at 31 December 2019 and 31 December 2018 are as follows:

	Euros	
	2019	2018
Personal Income Tax (I.R.P.F.)	133 717.43	116 241.02
Social Security	91 949.60	84 492.21
V.A.T	28 015.40	84 793.91
Others	177.14	-
	<u>253 859.57</u>	<u>285 527.14</u>

13. Equity

The breakdown of the Shareholder's equity as at 31 December 2019 and movements during the year are as follows:

	Euros				
	31.12.18	Distribution of Profit/Loss 2018	Other movements	Profit of the year	31.12.19
Share capital	3 005 000.00	-	-	-	3 005 000.00
	<u>3 005 000.00</u>	-	-	-	<u>3 005 000.00</u>
Legal Reserve	601 012.10	-	-	-	601 012.10
Voluntary Reserves	3 925 563.29	38 007.85	-	-	3 963 571.14
	<u>4 526 575.39</u>	<u>38 007.85</u>	-	-	<u>4 564 583.24</u>
Profit of the year (Note 14)	3 298 007.85	(3 298 007.85)	-	3 241 302.48	3 241 302.48
Interim dividend (Note 14)	(3 260 000.00)	3 260 000.00	(2 900 000.00)	-	(2 900 000.00)
	<u>7 569 583.24</u>	<u>-</u>	<u>(2 900 000.00)</u>	<u>3 241 302.48</u>	<u>7 910 885.72</u>

The breakdown of the Shareholder's equity as at 31 December 2018 and movements during the year are as follows:

	Euros				
	31.12.17	Distribution of Profit/Loss 2017	Other movements	Profit of the year	31.12.18
Share capital	3 005 000.00	-	-	-	3 005 000.00
	<u>3 005 000.00</u>	-	-	-	<u>3 005 000.00</u>
Legal Reserve	601 012.10	-	-	-	601 012.10
Voluntary Reserves	3 869 053.19	56 510.10	-	-	3 925 563.29
	<u>4 470 065.29</u>	<u>56 510.10</u>	-	-	<u>4 526 575.39</u>
Profit of the year (Note 14)	2 756 510.10	(2 756 510.10)	-	3 298 007.85	3 298 007.85
Interim dividend (Note 14)	(2 700 000.00)	2 700 000.00	(3 260 000.00)	-	(3 260 000.00)
	<u>7 531 575.39</u>	<u>-</u>	<u>(3 260 000.00)</u>	<u>3 298 007.85</u>	<u>7 569 583.24</u>

As at 31 December 2019 and 2018 the share capital is represented by 50,000 shares of 60.10 euros each, fully subscribed and paid up is as follows:

	<u>Shares number</u>	<u>Percentage of shares</u>
CIMD, S.A.	49 999	99.998%
Intermoney, S.A.	<u>1</u>	<u>0.002%</u>
	<u>50 000</u>	<u>100.000%</u>

The legal reserve will be registered in accordance to the article 274 of the Law on Capital Companies, which establishes that, in any case, an equal number to the 10% of the benefit of the exercise will be destined to this one, until it reaches, at least, the 20% of the share capital. This reserve cannot be distributed and if it is used to compensate losses, in case other sufficient reserves available for such aim do not exist, it must be answered with future benefits.

14. Results distribution proposed

The distribution of results for the year ended 31 December 2019, which is subject to the approval of the General Shareholders' Meeting and the distribution of results for year ended 31 December 2018 which was approved by the General Shareholders' Meeting on April 16, 2019, are as follows:

	<u>2019</u>	<u>Euros</u> <u>2018</u>
Profit / Loss of the year	<u>3 241 302.48</u>	<u>3 298 007.85</u>
Distribution		
To voluntary reserves	341 302.48	38 007.85
Interim dividends	<u>2 900 000.00</u>	<u>3 260 000.00</u>
	<u>3 241 302.48</u>	<u>3 298 007.85</u>

During 2019 period, under the resolutions adopted by the relevant Boards of Directors on December 3, 2019 an interim dividend was distributed to the Company's shareholders on account of profits for that year amounting to 2,900,000.00 euros.

These amounts did not exceed profits obtained at 30 November 2019 less estimated corporate income tax payable on such profits, in accordance with Article 277 of the Law on Capital Companies.

The provisional financial statements prepared in accordance with legal requirements and that reveal the existence of sufficient liquidity for the distribution of such dividends are set out below:

	<u>Euros</u>
	<u>30.11.19</u>
Profit or Loss	<u>3 153 072.00</u>
Interim dividends proposed previously	<u>-</u>
Distributable results	<u>3 153 072.00</u>
Proposed interim dividends	<u>2.900.000.00</u>
Liquidity Statements	
Banks and Cash, current accounts	2 310 899.00
Temporary Financial Investment	<u>3 626 969.00</u>
	<u>5 937 868.00</u>

During 2018 period, under the resolutions adopted by the relevant Boards of Directors on December 20, 2018 an interim dividend was distributed to the Company's shareholders on account of profits for that year amounting to 3,260,000 euros.

These amounts did not exceed profits obtained at 20 December 2018 less estimated corporate income tax payable on such profits, in accordance with Article 277 of the Law on Capital Companies.

The provisional financial statements prepared in accordance with legal requirements and that reveal the existence of sufficient liquidity for the distribution of such dividends are set out below:

	<u>Euros</u>
	<u>28.12.18</u>
Profit or Loss before income tax	<u>3 278 000.00</u>
Interim dividends proposed previously	<u>-</u>
Distributable results	<u>3 278 000.00</u>
Proposed interim dividends	<u>3 260 000.00</u>
Liquidity Statements	
Banks and Cash, current accounts	2 721 395.00
Temporary Financial Investment	<u>4 171 749.00</u>
	<u>6 893 144.00</u>

15. Tax situation

The Company presents a consolidated tax return with CIMD, S.A., Intermoney Valores, S.V., S.A., Intermoney, S.A., Intermoney Gestión, S.G.I.I.C., S.A., Wind to Market, S.A. and Intermoney Valora Consulting, S.A.

The reconciliation of the differences between the consolidated profit for the years 2019 and 2018 and the books and the taxable income is as follows:

	<u>2019</u>	<u>Euros</u> <u>2018</u>
Profits before taxes	4 327 664.82	4 394 744.40
Permanent differences	<u>227 291.08</u>	<u>187 051.48</u>
Taxable income	<u>4 554 955.90</u>	<u>4 581 795.88</u>
Tax quote	<u>1 138 738.98</u>	<u>1 145 448.97</u>
Deductions and rebates	<u>(52 376.64)</u>	<u>(48 712.42)</u>
Tax quote	<u>1 086 362.34</u>	<u>1 096 736.55</u>
Withholdings and payments on account	<u>(279 304.82)</u>	<u>(744 310.91)</u>
Income tax (Note 16)	<u>807 057.52</u>	<u>352 425.64</u>

The total tax applicable, by the tax authorities, applicables to the entity of the legal years, are still open to inspection.

Due to the different interpretations of which tax legislation is applicable to certain transactions, there could be contingent tax liabilities. However, in the opinion of the Parent Company's tax advisors, the likelihood of these liabilities arising is remote and in any event, the tax debt that could arise from them would not have a significant effect on the accompanying annual accounts.

16. Balances and transactions with Group companies

The breakdown of creditor intercompany balances as at 31 December 2019 and 2018 is as follows:

	Euros	
	2019	2018
Loans and advances to financial intermediaries (Note 7)	183 314.72	420 592.69
Intermoney Valores, S.V, S.A.	183 134.61	420 542.69
Intermoney Gestión, S.G.I.I.C., S.A.	174.25	-
Intermoney Titulización, S.G.F.T.,S.A.	5.86	50.00
Loans and advances to customers (Note 8)	4 010 804.91	4 005 481.58
Corretaje e Información Monetaria y de Divisas, S.A.	4 009 292.05	4 004 722.19
Wind to Market, S.A.	1 509.15	88.50
Intermoney Valora Consulting, S.A.	3.71	670.89
Investments	316.60	316.60
Intermoney Valores, S.V, S.A.	200.80	200.80
Intermoney S.A.	67.07	67.07
Intermoney Valora Consulting, S.A.	48.73	48.73

The breakdown of debtor intercompany balances as at 31 December 2019 and 2018 is as follows:

	Euros	
	2019	2018
Customer debts (Note 11)	1 260 650,63	589 229,59
CIMD, S.A., - Corporate Tax 2019 (Note 15)	807 057,52	-
CIMD, S.A., - Corporate Tax 2018 (Note 15)	352 425,64	352 425,64
CIMD, S.A.	101 167,47	26 803,95
CIMD, S.A., - Payable dividend	-	210 000,00
Debts with financial intermediaries (Note 11)	16 787,24	-
Intermoney Valores, S.V., S.A.	16 787,24	-

The breakdown of income and expenses with Group companies as at 31 December 2019 and 2018 is as follows:

	Euros	
	2019	2018
Interest and similar income (Notes 8 y 17)	55 599.98	55 599.98
Corretaje e información Monetaria y de Divisas, S.A.	55 599.98	55 599.98
Return on equity instruments	-	3.60
Intermoney Valora Consulting, S.A.	-	3.60
Commissions received	5 764.00	8 943.04
CIMD (Dubai), Ltd.	3 608.76	5 553.47
Wind to Market, S.A.	2 123.04	2 681.88
Intermoney Valores, S.V., S.A.	32.20	707.69
Commission expense (Note 19)	36 000.00	38 935.38
Intermoney Valores, S.V., S.A.	36 000.00	38 935.38
Personal expenses	1 800.00	-
Intermoney Valora Consulting, S.A.	1 800.00	-
General expenses (Note 22)	466 433.04	332 500.20
Rentals - CIMD, S.A.	299 284.65	271 789.21
Services of independent professionals - CIMD, S.A.	108 120.00	-
Communications - CIMD, S.A.	17 395.98	22 697.89
Supplies - CIMD, S.A.	23 935.51	21 663.80
Insurances - CIMD, S.A.	16 296.62	14 899.93
Other services - CIMD, S.A.	1 400.28	1 449.37

During the 2019 financial year the Company has not carried out transactions with other related parties.

17. Interest margin

The breakdown of the heading “Interest margin” as at 31 December 2019 and 2018 is as follow:

	Euros	
	2019	2018
Interest and similar income	55 601.30	55 932.86
Income Corretaje e Información Monetaria y de Divisas, S.A. (Notes 8 and 16)	55 599.98	55 599.98
Other financial income	1.32	332.88
Interest expense and similar charges	(290.53)	(746.47)
Banking services	(290.53)	(746.47)
	55 310.77	55 186.39

18. Commissions received

The detail of the caption titled "Commissions received" as at 31 December 2019 and 2018 is as follows:

Commissions received	Euros	
	2019	2018
Transactions processed or executed	16 858 428.02	16 374 370.48
Other commissions	1 039 287.58	1 282 278.97
	<u>17 897 715.60</u>	<u>17 656 649.45</u>

The details of the income earned on transactions with securities as at 31 December 2019 and 2018 is as follows:

	Euros	
	2019	2018
On foreign markets	15 400 734,46	13 616 155.51
On other domestic markets	2 367 250,18	2 746 925.67
On official secondary markets	129 730,96	11 289.30
	<u>16 858 428,02</u>	<u>16 374 370.48</u>

19. Fees and commissions expense

The breakdown of the heading "Fees and commissions expense" as at 31 December 2019 and 2018 is as follow:

	Euros	
	2019	2018
Commissions paid to representatives and other entities	387 656.02	344 838.27
Transactions with securities	239 632.59	213 340.60
Commissions paid to Group companies (Note 16)	36 000.00	38 935.38
Trading losses	7 941.92	88 693.15
	<u>671 230.53</u>	<u>685 807.40</u>

The breakdown of the heading "Trading losses" incurred by the Company during the period 2019 and 2018 is as follows:

Market	2019		2018	
	Number of cases	Euros	Number of cases	Euros
Derivatives	9	3 541.76	14	24 320.81
Fixed Income	2	2 596.57	17	64 372.34
Deposits	1	1 803.59	-	-
	<u>12</u>	<u>7 941.92</u>	<u>31</u>	<u>88 693.15</u>

20. Gains and losses on financial assets and liabilities (net)

The breakdown of the heading "Gains and losses on financial assets and liabilities (net)" as at 31 December 2019 and 2018 is as follow:

	<u>2019</u>	<u>Euros</u> <u>2018</u>
Change in value of Investment Funds (Note 6)	402 030.62	(479 768.51)
Valuation for operations with futures (net)	<u>(433 664.24)</u>	<u>195 062.73</u>
	<u>(31 633.62)</u>	<u>(284 705.78)</u>

The nominal value of the futures arranged by the Company at 31 December 2019 and 2018, amounting to 1,786,276.47 euros and 2,269,268.29 euros, respectively, are recognised in "Other off-balance sheet items" under the Company's off-balance sheet.

21. Personnel expenses

The breakdown of the heading "Personnel expenses" as at 31 December 2019 and 2018 is as follows:

	<u>2019</u>	<u>Euros</u> <u>2018</u>
Salaries and wages	7 689 021.57	7 519 954.10
Social Security	923 826.79	871 708.18
Severance pay by dismissals	281 116.24	102 549.55
Other personnel costs	<u>275 957.85</u>	<u>247 800.26</u>
	<u>9 169 922.45</u>	<u>8 742 012.09</u>

22. General expenses and Other operating charges

The breakdown of the heading "General expenses" as at 31 December 2019 and 2018 is as follows:

	<u>2019</u>	<u>Euros</u> <u>2018</u>
Communication	2 293 222.93	2 168 210.57
Representation and displacements	465 548.77	470 783.13
Rental (Note 16)	299 993.80	271 789.21
Other services of independent professionals	189 831.23	51 893.53
Conservation and repair	153 758.29	158 846.11
Donations	149 396.11	138 448.00
Other expenses	80 433.49	79 729.04
Tax and contributions	2 698.99	71 664.30
Supplies (Note 16)	<u>23 877.87</u>	<u>21 663.80</u>
	<u>3 658 761.48</u>	<u>3 433 027.69</u>

The caption "Other operating expenses" includes at 31 December 2019 and 2018, an amount of 23,176.86 euros and 20,773.82 euros, respectively, corresponding to fees with CNMV

23. Other information

The members of the Company's Board of Directors have received no amounts for their status as such. Nonetheless, the members of the Company's governing body and senior management personnel have accrued salaries and remuneration during 2019 and 2018 amounting to 428 thousand euros and amounting to 303 thousand euros, respectively.

As at 31 December 2019 and 2018, there are no payments in advance or credits made to the members of the Board of Directors.

As at 31 December 2019 the Board of Directors of the Group consists of two men and one woman.

During fiscal years 2019 and 2018, the Company paid a total amount of 3 thousand euros and 2 thousand euros, respectively, for civil liability insurance premiums. These premiums correspond to the civil liability insurance policy that covers the Administrators and Managers before several classes of potential claims.

The external auditors' fee corresponding to the audit of the Company for the year ended 31 December 2019 and 2018, amounting to 32 thousand euros and 31 thousand euros, respectively. There are not other fees for services provided by PricewaterhouseCoopers during the years 2019 and 2018.

The Company's overall operations are subject to laws related to environmental protection ("environment laws") and the health and safety of the workers ("safety at work laws"). The Company considers that the requirements of these laws are substantially met and that they have procedures designed to promote and guarantee compliance therewith.

The Company has adopted the appropriate measures in relation to the protection and improvement of the environment and to minimize, if applicable, any environmental impact, thus complying with current legislation in this respect. During 2019 and 2018, the Company made no major environmental investments and nor did it consider it necessary to record any provision for environmental risks and charge.

There are no significant contingencies related to the protection or improvement of the environment.

At 31 December 2019 the Company's directors and persons related to them, as described in Article 231 of the Spanish Companies Act 2010 declare that they are not involved in any situations of conflicts of interest which should have been reported in accordance with Article 229 of said Act.

24. Client attention department

Further to order ECO 734/2004, of 11 March 2004, the Head of the Customer Services department has received no complaints or claims from the company's customers during the years ended At 31 December 2019 and 2018.

25. Subsequent events

Since December 2019, COVID-19, a new strain of Coronavirus, has spread to many countries, including Spain. This event significantly affects economic activity worldwide and, as a result, may affect the Entity's operations and financial results. The extent to which the Coronavirus will impact our results will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economies of the affected countries, among others.

26. Information on the average payment period for trade payables. Third additional provisions "Duty of information" of Law 15/2010, of 5 July 2010.

Under the second final provisions of Law 31/2014, of 3 December 2014, which amends the third additional provisions of Law 15/2010, of 5 July 2014, amending Law 3/2004, of 29 December 2004, on combating late payment in commercial transactions, and in relation to the information to be stated in notes to annual accounts regarding deferrals of trade payables in commercial transactions calculated on the basis of the Decision of the Spanish Accounting and Auditing Institute ("ICAC") dated 29 January 2016, the average payment period for trade payables made by the Company in 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
	<u>Days</u>	<u>Days</u>
Average payment period for trade payables	19.83	8.71
Ratio paid operations	20.66	9.18
Ratio of pending payment transactions	9.672	2.78
	<u>Euros</u>	<u>Euros</u>
Total payments	3 175 930.89	3 129 634.24
Total pending payments	257 821.25	245 275.59

27. Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries. In the event of a discrepancy, the Spanish-language version prevails.

CORRETAJE E INFORMACIÓN MONETARIA Y DE DIVISAS, SOCIEDAD DE VALORES, S.A.

DIRECTOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

The year 2019 has been for the broker of the CIMD Group once again a great year to the extent that the budgetary objectives have been met, although for the sector it has not been an easy year.

In spite of the fact that the European Central Bank (ECB) has maintained the Quantitative Easing (QE) for another year, which affects some areas of intermediation (repos), we think that a very good work has been done in the areas of Brokerage and Monetary Information and of Divisas, Sociedad de Valores, SA (hereinafter, CIMD, S.V.), work with which we have reaffirmed our leadership in practically all the services we offer.

We should also highlight the maintenance of our OTF, maintaining us as one of the few trading centers whose headquarters are not in London, and which places us as a benchmark in institutional trading in continental Europe. In the debit, we still have pending from the European authorities to be considered our OTF equivalent to the North American centers.

The financial crisis and a very strict regulation continue to limit the activity of European banks. In addition, the interest rates at historical lows have reduced the activity of taking positions in banks. And this is confirmed by the income and results of the whole of our competition, to the extent we acknowledge these data.

We continue with very high presence and billing quotas, which has allowed us to achieve our goals in 2019.

The evolution of interest rates close to zero set by the ECB (and negative in the repo market), as well as a limited interbank business activity, makes growth in short-term areas impossible, even though we maintain a market share significant market and we continue to improve in the markets in which we were worse off.

We also continue betting on a greater presence in the OTC derivatives market, where the incorporation of experienced personnel to try to compete at a European level is proving satisfactory.

Our growth in volume and revenue in the public debt market is due to our commitment to incorporate talented personnel to try to intermediate European bonds, where part of our growth has taken place. And this, despite the QE, since the intervention of the ECB has led to greater illiquidity in the market. Our policy of transparency of counterparties and commissions charged believe that it remains one of the keys that has led us to a good relative situation with respect to our competition, reaching maximum historical quotas.

As for the area of energy derivatives, it has had a somewhat greater operation than in recent years, opening new markets and new products.

Lastly, the area of interest rate derivatives has maintained its level of activity, highlighting the capacity of our futures terminal in terms of speed of execution and flexibility, seeking presence with new clients and with differential services.

CORRETAJE E INFORMACIÓN MONETARIA Y DE DIVISAS, SOCIEDAD DE VALORES, S.A.

DIRECTOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

In these situations we do not expect any of them to be reversed in the short term, so our growth will continue to come from possible increases in new European clients. Beyond the traditionally domestic product, towards the most European product, we have to be able to attract European talent to Madrid, although it is not easy given that we are comparatively a small financial market.

In addition, in 2019, we have created an area that encompasses new business lines, called Business Innovation, with which we intend to be closer to our clients in terms of technological developments and support in the needs they may have.

The Profit after Tax for the year 2019 was 3,241 thousand euros. During fiscal year 2019, an interim dividend of 2,900 thousand euros was payed, with the difference of 341 thousand euros that were distributed to Voluntary Reserves.

For the year 2020, our expectations for a changing environment are difficult to predict, but our inertia has led us to budget for growth compared to 2019, based on growth in international clients and a quota improvement, although it is very difficult to increase these figures are already very high. The main uncertainties stem from the impact of the adaptable interest politic of ECB.

Note 4 of these annual accounts contains a detailed description of the policy, procedures and other important definitions regarding the evaluation and control of the different risks incurred by the company in the year 2019.

No amount has been activated in the Balance Sheet of the Company in the research and development work.

We are not a company that has a significant environmental impact, but at Group level we have wanted to contribute voluntarily to the reduction of greenhouse gas emissions through the compensation of indirect emissions produced by the activity of companies and employees of the Group in the exercise of its functions, coming from the electrical consumption and of paper in the offices, use of transport to and from the company and business trips.

During fiscal year 2019, the Company has not made payments that accrue deferrals higher than those legally established other than those described in Note 26 to the annual accounts.

During the year 2019, no transactions were carried out with own shares.

Regarding subsequent events, as detailed in Note 25, since December 2019, COVID-19, a new strain of Coronavirus has spread to many countries, including Spain. This event significantly affects economic activity worldwide and, as a result, may affect the Entity's operations and financial results. The extent to which the Coronavirus will impact our results will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economies of the affected countries, among others.

CORRETAJE E INFORMACION MONETARIA Y DE DIVISAS, SOCIEDAD DE VALORES, S.A.

**PRESENTATION OF THE ANNUAL ACCOUNTS AND DIRECTOR'S REPORT FOR THE YEAR ENDED
DECEMBER 31, 2019**

In compliance with the provisions of Article 192 "Annual Report of Investment Services Companies", of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Act, this document presents the information required at December 31, 2019.

Description: CORRETAJE E INFORMACIÓN MONETARIA Y DE DIVISAS, SOCIEDAD DE VALORES, S.A.

Nature: Investment services Company

Location: Madrid (Spain)

Turnover: 17,898 thousand euros

Number of full time employees¹: 67

Gross profit before tax: 4,328 thousand euros

Tax on profit: 1,086 thousand euros

Subsidies or public aid received: None

Return on assets: 24,98%

¹ It does not include interns.

INTERMONEY VALORES, SOCIEDAD DE VALORES, S.A.

ANNUAL REPORT OF INVESTMENTS SERVICES COMPANIES FOR THE YEAR ENDED DECEMBER 31, 2019

The Company's Board of Directors of Corretaje e Información Monetaria y de Divisas, Sociedad de Valores, S.A., presented the annual accounts and Director's report for the year ended December 31, 2019 in its meeting held on March 12, 2020, in which Board Members signed.

Mr. Rafael Bunzl Csonka

Mr. Iñigo Trincado Boville

Mrs. Beatriz Senís Gilmartín