Auriga Global Investors, Sociedad de Valores, S.A., Sociedad Unipersonal

Annual Accounts
31 December 2017

Directors' Report
2017

(With Auditor's Report Thereon)

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Balance Sheets

31 December 2017 and 2016

(Expressed in Euros to two decimal places)

Assets	Note	31/12/2017	31/12/2016
Cash		1,304.88	4,542.26
Financial assets held for trading	5		
Debt securities		1,157,929.57	1,298,661.17
Equity instruments		667,946.00	1,616,546.48
		1,825,875.57	2,915,207.65
Available-for-sale financial assets	6		
Equity instruments		1,608,572.96	2,668,251.80
Memorandum item: Loaned or pledged		-	*1,274,735.24*
		1,608,572.96	2,668,251.80
Loans and receivables	7		
Due from financial intermediaries		17,149,914.32	23,500,399.88
Due from customers		15,358,649.80	23,855,130.76
		32,508,564.12	47,355,530.64
Equity investments	8		
Group companies		4,061,499.10	5,065,243.45
Associates		251,000.00	251,000.00
		4,312,499.10	5,316,243.45
Property, plant and equipment	9		
For own use		110,501.11	157,607.21
Intangible Assets	10		
Other intangible assets		30,842.61	75,553.56
Tax assets			
Deferred	12	143,226.93	34,610.79
Other assets	13	9,066,153.25	5,454,117.65
Total assets		49,607,540.53	63,981,665.01

The accompanying notes form an integral part of the annual accounts for 2017.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Balance Sheets

31 December 2017 and 2016

(Expressed in Euros to two decimal places)

Liabilities and Equity	Note	31/12/2017	31/12/2016
Financial liabilities at amortised cost	14		
Due to financial intermediaries		2,268,008.17	15,514,336.49
Due to customers		12,054,931.98	15,723,112.01
		14,322,940.15	31,237,448.50
Provisions			
Other provisions	22	-	650,000.00
Tax liabilities	12		
Deferred		22,352.87	112,763.29
Other liabilities	13	8,030,479.95	4,321,721.69
Total liabilities		22,375,772.97	36,321,933.48
Equity	15		
Capital			
Registered capital		3,000,000.00	3,000,000.00
Reserves		21,356,761.13	23,598,563.76
Profit for the year		2,835,638.80	758,197.37
		27,192,399.93	27,356,761.13
Valuation Adjustments			
Available-for-sale financial assets	16	39,367.63	302,970.40
Total equity		27,231,767.56	27,659,731.53
Total liabilities and equity		49,607,540.53	63,981,665.01
MEMORANDUM ITEM			
Risk and commitment accounts	17		
Bank and other guarantees extended		1,010,351.81	2,285,087.05
Forward securities sale-purchase commitments		635,777.15	3,129,465.38
Financial derivatives		792,204.00	1,545,034.00
		2,438,332.96	6,959,586.43
Other off-balance sheet items	17		
Securities held on deposit		-	-
Portfolios managed		48,448,455.75	89,673,718.40
Other off-balance sheet items		357,556,422.34	357,581,743.92
		406,004,878.09	447,255,462.32

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AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Income Statements
for the years ended
31 December 2017 and 2016

(Expressed in Euros to two decimal places)

	Note	2017	2016
Interest and similar income	19	719,042.29	1,253,789.87
Interest expense and similar charges	20	(1,093,502.43)	(1,154,366.32)
Interest margin		(374,460.14)	99,423.55
Dividend income	5 and 19	4,663,885.75	951,762.68
Fee and commission income	21	6,544,626.51	11,919,725.25
Fee and commission expense	21	(2,852,486.75)	(5,198,315.91)
Gains/(losses) on financial assets and liabilities			
Financial Assets and Liabilities Held for Trading	5	3,150,913.87	6,797,014.42
Other	6	245,376.21	(519,369.13)
Exchange gains		689,638.07	1,213,032.98
Other operating income		579,711.62	1,755,737.07
Other Operating Expenses	22	(446,125.87)	(1,495,901.46)
Gross margin		12,201,079.27	15,523,109.45
Personnel Expenses	23	(6,361,835.28)	(8,598,187.05)
Overheads	24	(3,228,406.55)	(4,976,726.38)
Depreciation and amortisation	9 and 10	(168,679.81)	(282,763.91)
Impairment losses on financial assets (net)			
Loans and receivables	25	-	(278,565.81)
Results from operating activities		2,442,157.63	1,386,866.30
Loss on the derecognition of assets not classified as non-current and held for sale		(2,349.23)	-
Profit before income tax		2,439,808.40	1,386,866.30
Income tax	26	395,830.40	(628,668.93)
Profit from continuing operations		2,835,638.80	758,197.37
Profit for the year		2,835,638.80	758,197.37
Earnings per share (Euros)			
Basic		9.45	2.53

The accompanying notes form an integral part of the annual accounts for 2017.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Statements of Changes in Equity for the years
ended 31 December 2017 and 2016

a) Statements of recognised income and expense
for the years ended
31 December 2017 and 2016

(Expressed in Euros to two decimal places)

	2017	2016
Profit for the year	2,835,638.80	758,197.37
Other recognised income/(expense)		
Available-for-sale financial assets		
Valuation gains/(losses)	(596,846.57)	(720,044.20)
Amounts transferred to the income statement	245,376.21	564,709.10
Income tax	87,867.59	38,833.78
	(263,602.77)	(116,501.32)
Total Recognised income and expense	2,572,036.03	641,696.05

The accompanying notes form an integral part of the annual accounts for 2017.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Statements of changes in equity for the years ended
31 December 2017 and 2016

B) Statements of changes in equity for the years ended
31 December 2017

(Expressed in Euros to two decimal places)

	Registered capital	Reserves	Profit for the year	Total capital and reserves	Valuation adjustments	Total equity
Balance at 31 December 2016	3,000,000.00	23,598,563.76	758,197.37	27,356,761.13	302,970.40	27,659,731.53
Other movements	-	-	-	-	-	-
Adjusted balance at 01 January 2017	3,000,000.00	23,598,563.76	758,197.37	27,356,761.13	302,970.40	27,659,731.53
Total recognised income and expense	-	-	2,835,638.80	2,835,638.80	(263,602.77)	2,572,036.03
Other changes in equity						
Distribution of dividends	-	(3,000,000.00)	-	(3,000,000.00)	-	(3,000,000.00)
Transfers between equity line items	-	758,197.37	(758,197.37)	-	-	-
Balance at 31 December 2017	3,000,000.00	21,356,761.13	2,835,638.80	27,192,399.93	39,367.63	27,231,767.56

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AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Consolidated Statements of Changes in Equity for the years

ended 31 December 2017 and 2016
31 December 2017 and 2016

B) Statements of changes in equity for the years ended
31 December 2016

(Expressed in Euros to two decimal places)

	Registered capital	Reserves	Profit for the year	Total capital and reserves	Valuation adjustments	Total Equity
Balance at 31 December 2015	3,000,000.00	23,878,641.24	3,719,922.52	30,598,563.76	419,471.72	31,018,035.48
Other movements	-	-	-	-	-	-
Adjusted balance at 1 January 2016	3,000,000.00	23,878,641.24	3,719,922.52	30,598,563.76	419,471.72	31,018,035.48
Total recognised income and expense	-	-	758,197.37	758,197.37	(116,501.32)	641,696.05
Other changes in equity						
Distribution of dividends	-	(3,000,000.00)	-	(3,000,000.00)	-	(3,000,000.00)
Increase (reduction) due to business combinations (note 1)	-	(1,000,000.00)	-	(1,000,000.00)	-	(1,000,000.00)
Transfers between equity line items	-	3,719,922.52	(3,719,922.52)	-	-	-
Balance at 31 December 2016	3,000,000.00	23,598,563.76	758,197.37	27,356,761.13	302,970.40	27,659,731.53

The accompanying notes form an integral part of the annual accounts for 2017.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Statements of cash flows for the years ended
31 December 2017 and 2016

(Expressed in Euros to two decimal places)

		31/12/2017	31/12/2016
1.	Cash flows from (used in) operating activities	(6,506,218.96)	(63,208,276.18)
	Profit for the year	2,439,808.40	1,386,866.30
	Adjustments to obtain cash flows from operating activities		
	Depreciation and amortisation (+)	114,084.10	282,763.91
	Other items (+/-)	(9,866,972.14)	1,262,008.21
		(9,752,888.04)	1,544,772.12
	Adjusted profit (+/-)	(7,313,079.64)	2,931,638.42
	Net increase/(decrease) in operating assets		
	Loans and receivables (+/-)	14,846,966.52	(4,035,641.13)
	Financial assets held for trading (+/-)	1,089,332.08	5,793,299.26
	Available-for-sale financial assets (+/-)	1,059,678.84	2,396,602.63
	Other operating assets (+/-)	(3,612,035.60)	(3,171,227.33)
		13,383,941.84	983,033.43
	Net increase/(decrease) in operating liabilities		
	Financial liabilities at amortised cost (+/-)	(16,914,508.35)	(58,023,933.41)
	Financial Assets and Liabilities Held for Trading	-	(62,232.02)
	Other operating liabilities	3,708,758.26	(8,989,598.79)
		(13,205,750.09)	(67,075,764.22)
	Income tax payments (+/-)	628,668.93	(47,183.81)
2.	Cash flows used in investing activities	925,881.59	(1,897,312.55)
	Payments (-)		
	Equity investments	-	(1,844,664.91)
	Property, plant and equipment	(622.25)	(45,937.92)
	Intangible Assets	(76,240.51)	(6,709.72)
		(76,862.76)	(1,897,312.55)
	Receipts (+)		
	Equity investments	1,002,744.35	-
3.	Cash flows used in financing activities	-	(3,000,000.00)
	Dividends and interest on other equity instruments paid (-)	-	(3,000,000.00)
4.	Effect of exchange rate fluctuations on cash and cash equivalents	-	-
5.	Net increase/(decrease) in cash and cash equivalents (1+2+3+4)	(5,580,337.37)	(68,105,588.73)
	Cash and cash equivalents at beginning of year	20,237,402.21	88,342,990.94
	Cash and cash equivalents at year end	14,657,064.84	20,237,402.21

The accompanying notes form an integral part of the annual accounts for 2017.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Notes to the Annual Accounts

31 December 2017

(1) Nature and principal activities

Auriga Global Investors, Sociedad de Valores, S.A. Sociedad Unipersonal (hereinafter, the Company) was incorporated on 23 March 2007 as Auriga Securities, Sociedad de Valores, S.A. through a public deed before the Madrid notary Mr Fernando de Roda Lamsfus. The Company's registered office is at Cuesta del Sagrado Corazón, 6-8 in Madrid. The Company adopted its current name on 27 February 2012.

The Company engages in the activities that stock exchange broker companies, as investment firms, are permitted to carry out in accordance with articles 140 and 141 of the Revised Securities Market Law. The Company can therefore render the following investment services:

- Receipt and transmission of orders on behalf of third parties.

- Execution of such orders on behalf of third parties.

- Trading on its own behalf.

- Personalised and discretionary management of investment portfolios, as authorised by the investors. This portfolio management activity also entails the authorised management of stocks and financial assets comprising hedge fund portfolios.

- Placement of financial instruments without a firm commitment basis.

- Underwriting of financial instruments or placement on a firm commitment basis.

- Investment advisory services.

The Company can also render the following ancillary services:

Custody and administration, on behalf of customers, of the instruments listed in article 2 of Royal Legislative Decree 4/2015 of 23 October 2015 approving the Revised Securities Market Law.

- Granting of credit facilities or loans to investors to carry out operations involving one or more of the instruments listed in the aforementioned article 2, provided that the company granting these credit facilities or loans intervenes in these operations.

- Services associated with the underwriting or placement of financial instruments.

Stock exchange broker companies are regulated by Royal Decree 4/2015 of 23 October 2015, which approves the Revised Securities Market Law, Law 44/2002 of 22 November 2002 and Royal Decree 217/2008 of 15 February 2008, governing the legal framework for investment firms, as amended through Royal Decree 1820/2009 of 27 November 2009 and Royal Decree 358/2015 of 8 May 2015, as well as by the Spanish National Securities Market Commission (CNMV) Circulars. These regulations stipulate, inter alia, the following minimum requirements for authorisation to operate as a stock exchange broker company:

(a) The Company should have a minimum share capital of Euros 730 thousand.

(b) 2017The Company should comply with the solvency ratio stipulated in the CNMV Circulars.

(c) The Company should meet a specific liquidity ratio. To this end, it should maintain a certain volume of investments in low-risk, high-liquidity assets amounting to 10% of the liabilities that could require settlement within one year, excluding instrumental or transitory creditor accounts available to customers.

(d) Financing may only be obtained from financial institutions entered into the pertinent registers of the CNMV, Banco de España or the Spanish insurance authorities, or equivalent European Union registers. However, public funds may also be received for the following:

- Share issues.

- Subordinated financing.

- Issues of securities traded on official secondary markets.

The Company is part of the Auriga Capital Investments, S.L. Group and its direct Parent is Auriga Capital Investments, S.L., the holding company of the consolidated group in Spain. The registered office of Auriga Capital Investments, S.L. is located at Cuesta del Sagrado Corazón, 6, in Madrid.

<u>Partial spin-off of the Company (spun-off company) to Ibroker Global Markets S.V., S.A. (beneficiary company)</u>

On 31 May 2016 the board of directors of the Company (spun-off company) and Ibroker Global Markets S.V., S.A. (beneficiary company) (hereinafter, the “participating companies”) signed the draft terms for a partial spin-off, which envisages the partial spin-off and conveyance of the branch of activity that entails online brokerage of variable income securities and derivatives for retail customers (“retail brokerage activity”).

On 31 May 2016, both Auriga Capital Investments, S.L., as sole shareholder of the Company, and the shareholders of the beneficiary company, at their extraordinary general meeting, approved the aforementioned draft terms of the partial spin-off.

The partial spin-off was executed in a public deed on 29 November 2016 and filed at the Mercantile Registry on 16 December 2016.

- Significant aspects of the partial spin-off

  - In compliance with article 43 of Law 3/2009 of 3 April 2009 on structural changes to trading companies (hereinafter, "LME" as per the Spanish acronym) and related provisions, on 26 October 2016 a notification was published stating that on 31 May 2016 Auriga Global Investors, S.V., S.A. and the shareholders of Ibroker Global Markets, S.V., S.A. decided to spin-off part of the former through the transfer *en bloc* of the online business activity (variable income and derivatives, as well as the discretionary and personalised management of investment portfolios for retail customers using automatic trading systems) to the latter, which would acquire, by universal succession, the rights and obligations of the assets and liabilities spun-off from Auriga Global Investors, S.V., S.A., which will not be wound-up.

    This operation took place as established in the common draft terms for the spin-off, which were drawn up and approved by the respective boards of directors on 31 May 2016 in compliance with article 30, having regard to article 73 and 74 of the LME. The spin-off balance sheets closed at 31 December 2015 (for the spun-off company) and at 30 April 2016 (for the beneficiary company) were used as a reference.

  - The partial spin-off agreement was adopted under the provisions of article 42 of the LME, read in conjunction with article 73.1 of the LME, which regulates spin-offs by unanimous agreement of the shareholders. The employees of the spun-off company were notified of the spin-off.

  - Given that the spin-off agreement was adopted by way of unanimous decision of the shareholders of the participating companies, as established in article 42 of the LME, read in conjunction with article 73 of the LME, it was not necessary to publish or file the common draft terms of partial spin-off at the Madrid Mercantile Registry. Also in accordance with these provisions, the directors of the participating companies were not required to draw up a report on the draft terms of partial spin-off. In addition, because the agreement was adopted by way of unanimous decision, in accordance with article 78.3 of the LME the spin-off did not require an independent expert report.

  - The partial spin-off was conditional upon receiving the necessary administrative authorisation from the Spanish National Securities Market Commission (CNMV), which was granted on 24 November 2016.

  - The exchange ratio of the shares of the beneficiary company received by the sole shareholder of the spun-off company, Auriga Capital Investments, S.L., was determined on the basis of the carrying amount of the beneficiary company, which is the same as its actual value, and on the basis of the actual value of the retail brokerage activity spun off.

    The share exchange ratio under the spin-off was led to a capital increase at the beneficiary company with a par value of Euros 1,000,000 through the issue of 1,000,000 new shares of Euros 1 par value each, with Auriga Capital Investments, S.L., as sole shareholder of the spun-off company, receiving all of these shares in exchange for the retail brokerage activity contributed. No payment in cash was made to supplement the shares of the beneficiary company exchanged.

As a result of the partial spin-off, the Company reduced its equity, specifically voluntary reserves, by Euros 1,000,000.00.

- Assets and liabilities spun-off to the beneficiary company

The following items were part of the brokerage activity and were therefore transferred: i) the human resources required to perform the activities of this line of business, i.e. the employees that perform the activities transferred to the beneficiary company of the partial spin-off; and ii) the contractual positions held by the spun-off company in relation to these activities.

In accordance with the draft terms for the spin-off prepared by the Company's directors, the carrying amount of the net assets spun-off to the beneficiary company was as follows:

	Euros
Total assets	*48,602,453.33*
Due from financial intermediaries	*46,944,832.44*
Due from customers	*1,545,684.28*
Property, plant and equipment and intangible assets	*99,017.80*
Prepayments	*12,918.81*
Total liabilities	*48,490,774.04*
Due to customers	*40,935,091.29*
Cash guarantees	*4,555,682.75*
Other payables unrelated to securities transactions	*3,000,000.00*
Carrying amount of net assets spun-off	*111,679.29*
Fair value of spun-off business	*1,000,000.00*
Income from spin-off	*888,320.71*

As a result of the spin-off, the Company recognised Euros 888,320.71 under “Other operating income” in the income statement for 2016.

- Date of spin-off for accounting purposes (article 31.7 of the LME)

As the participating companies do not belong to the same group, for accounting purposes the operations of the spun-off company were considered to be performed by the beneficiary company from the date the public deed recording the partial spin-off is filed at the Mercantile Registry of Madrid.

(2) Basis of presentation of the annual accounts

(a) True and fair view

The annual accounts for 2017 have been prepared on the basis of the accounting records of Auriga Global Investors, Sociedad de Valores, S.A. Sociedad Unipersonal, in accordance with prevailing legislation and CNMV Circular 7/2008 of 26 November 2008, partially amended by Circular 5/2011 of 12 December 2015, to give a true and fair view of the equity and financial position at 31 December 2017 and results of operations, changes in equity and cash flows for the year then ended.

The annual accounts were authorised for issue by the Company's board of directors on 28 March 2018.

The board of directors considers that the annual accounts for 2017 will be approved with no significant changes.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2017 include comparative figures for 2016, which formed part of the annual accounts approved at the annual general meeting held on 28 April 2017.

(c) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in Euros, the Company's functional and presentation currency, rounded off to two decimal places.

(d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

There have been no changes in the judgements and accounting estimates used by the Company in 2017 compared to the prior year.

Relevant accounting estimates and judgements, and other estimates and assumptions have to be made when applying the Company’s accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts, is as follows:

The most significant estimates used in the preparation of these annual accounts are as follows:

- Estimates to calculate the fair value of the financial instruments held by the Company (see notes 5 and 6).

- Estimates to calculate the bonus payable to Company employees (see note 13).

- Estimates for calculating Corporate Income Tax (see note 26).

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2017, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

(3) Distribution of profit

The board of directors will propose to the sole shareholder at the annual general meeting that the profit for the year ended 31 December 2017 be transferred to voluntary reserves.

On 28 April 2017, the sole shareholder resolved to take profit for the year ended 31 December 2016 to voluntary reserves.

Details of non-distributable reserves at 31 December 2017 and 2016 are as follows:

	Thousands of euros	
	31/12/2017	31/12/2016
Non-distributable reserves:		
Legal reserve	600,000.00	600,000.00
Capitalisation reserve	50,107.39	50,107.39
	650,107.39	650,107.39

Distributable reserves and profit for the year are not subject to any distribution limitations.

(4) Significant accounting policies

(a) Foreign currency transactions, balances and cash flows

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

In the statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as effect of exchange rate fluctuations on cash and cash equivalents.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange gains or losses arising on monetary items forming part of a net investment in a foreign operation are recognised as translation differences in equity.

The Company uses the exchange rates published by the European Central Bank when translating foreign currency balances into Euros.

Exchange gains or losses on monetary financial assets or liabilities denominated in foreign currencies are also recognised in profit or loss.

Foreign exchange gains or losses relating to non-monetary assets and liabilities are recognised in conjunction with the change in fair value. Nevertheless, the currency risk component of non-monetary financial assets denominated in foreign currencies classified as available-for-sale and as hedged items in fair value hedges of the component is recognised in the income statement.

(b) Recognition, classification and measurement of financial instruments

Financial assets and liabilities are recognised when the Company becomes party to a contract, in accordance with the terms of that contract.

Debt instruments are recognised from the date on which a legal right to receive or a legal obligation to pay cash arises and derivative financial instruments are recognised from the trade date. In general, the Company derecognises financial instruments on the date from which the rewards, risks, rights and obligations or the control thereof are transferred to the purchaser.

The Company classifies financial instruments into different categories based on the nature of the instruments and management's intentions on initial recognition.

Financial instruments are presented and measured based on their classification, using the following criteria:

- Financial assets at fair value through profit or loss:

  ○ Financial assets held for trading: assets held for the purpose of selling in the market in the near term and derivatives not designated as hedging instruments. These are measured at fair value and net differences with the acquisition price are recognised in the income statement.

  Financial assets that are not derivatives can be reclassified out of the trading portfolio when they cease to be held for the purpose of being sold or repurchased in the near term, provided that the following circumstances arise:

  * In the event of exceptional circumstances arising from a particular, isolated event not associated with the Company, in which case the assets are reclassified to available-for-sale financial assets.

  * The Company has the intention and financial ability to hold the assets until maturity and the assets met the definition of loans and receivables on initial recognition, in which case they are classified as loans and receivables.

  - Other financial assets at fair value through profit or loss: hybrid financial assets, jointly-managed assets and hedging derivatives. These are measured at fair value and net differences with the acquisition price are recognised in the income statement.

- Held-to-maturity investments: debt securities with fixed maturity and fixed or determinable cash flows that the Company has decided to hold until maturity. Government debt, bonds and other fixed income securities in the held-to-maturity portfolio are initially recognised at the fair value of the consideration given and are subsequently carried at amortised cost using the effective interest rate.

- Loans and receivables: financial assets that are not derivatives, with fixed or determinable cash flows, on which the Company will recover all expenditure incurred. These assets are initially recognised at the fair value of the consideration given and are subsequently carried at amortised cost using the effective interest rate. Assets purchased at a discount are recognised at the amount disbursed. The difference between the maturity amount and the cash disbursed is recognised as finance income in the income statement over the residual period until maturity.

- Available-for-sale financial assets: those securities not classified in any of the preceding portfolios. These assets are carried at fair value and net differences with the acquisition price are recognised in equity until the asset is derecognised, whereupon the gain or loss on disposal is taken to the income statement.

- Financial liabilities at fair value through profit or loss:

  - Financial liabilities held for trading: securities issued with an intention to repurchase them in the near term, short positions, or which form part of a portfolio of identified financial instruments that are jointly managed, for which there is evidence of a recent pattern of short-term profit-taking, and derivatives other than hedging instruments. These are measured at fair value and net differences with the acquisition price are recognised in the income statement.

  - Other financial liabilities at fair value through profit or loss: hybrid financial instruments that do not form part of the trading portfolio and must therefore be measured at fair value, when the associated financial assets are also measured at fair value through profit or loss. This category also includes jointly managed liabilities and liabilities that may be cancelled by the holder at fair value. These are measured at fair value and net differences with the acquisition price are recognised in the income statement.

- Financial liabilities at fair value through equity: all financial liabilities associated with available-for-sale financial assets that have been transferred but do not meet the conditions for derecognition. These liabilities are measured in the same way as assets at fair value through equity.

- Financial liabilities at amortised cost: those securities not classified in any of the preceding portfolios. These assets are initially recognised at the fair value of the consideration received. Subsequently, these are measured at fair value and net differences with the acquisition price are recognised in the income statement.

The carrying amounts of financial instruments are adjusted with a charge to the income statement when there is objective evidence that an impairment loss has occurred.

(c) Criteria for calculating the fair value of financial instruments

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Company applies the following systematic criteria to determine the fair value of financial assets and financial liabilities:

- The Company first applies the quoted market price in the most advantageous active market to which it has immediate access, adjusted to reflect any difference in the credit risk between instruments traded in that market and the one being valued. The bid price is used for assets purchased or liabilities to be issued and the asking price is used for assets to be purchased or liabilities issued. If the Company has assets and liabilities with offsetting market risks, it uses mid-market prices for the offsetting risk positions and applies the bid or asking price to the net position, as appropriate.

- Where market prices are not available, the Company uses recent transaction prices adjusted to market conditions.

- Otherwise, for most derivatives the Company applies generally accepted valuation techniques that make maximum use of market inputs and rely as little as possible on entity-specific inputs.

(d) Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

- Impairment of financial assets carried at amortised cost or cost

  Impairment losses on assets carried at cost reflect the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the present market yield for similar financial assets. These losses are not reversible and are therefore recognised directly against the value of the asset rather than as a valuation allowance.

- Impairment of available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been accounted for directly in recognised income and expense, the cumulative loss is reclassified to profit and loss when there is objective evidence that the asset is impaired, even though the financial asset has not been derecognised. The impairment loss recognised in profit or loss is calculated as the difference between the acquisition cost, net of any reimbursements or repayment of the principal, and the present fair value, less any impairment loss previously recognised in profit or loss for the year.

Impairment losses on investments in equity instruments cannot be reversed and are therefore recognised directly against the value of the asset and not as an allowance account.

If the fair value of debt instruments increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the increase is recognised in profit and loss up to the amount of the previously recognised impairment loss and any excess is accounted for in recognised income and expense.

(e) Transfers of financial assets

Financial asset transfers are measured as follows:

- When substantially all risks and rewards are transferred, the financial asset is derecognised and any right or obligation retained or created in the transfer is recognised.

- When substantially all risks and rewards are retained, the financial asset is not derecognised and a financial liability is recognised for an amount equal to the consideration received, which is subsequently measured at amortised cost.

- When substantially all risks and rewards are neither transferred nor retained and the Company does not retain control, the financial asset is derecognised and any right or obligation retained or created through the transfer is recognised. Where the Company retains control, the financial asset is not derecognised but remains on the balance sheet.

(f) Equity investments

This item reflects equity instruments in subsidiaries, which are recognised at cost of acquisition, adjusted to take into account any impairment losses when there is objective evidence that the carrying amount of an investment is not recoverable.

The impairment loss reflects the difference between the carrying amount and the recoverable amount, which is the higher of the fair value less costs to sell and the present value of the future cash flows from the investment. Unless better evidence of the recoverable amount of the investment is available, when estimating the impairment of these types of assets, the investee’s equity is taken into consideration, corrected for any unrealised gains existing at the measurement date.

Impairment and reversals of impairment are recognised as an expense or income, respectively, in the income statement. Impairment losses can only be reversed up to the limit of the carrying amount of the investment that would have been disclosed at the reversal date had the impairment not been recognised.

Subsidiaries are investees that constitute a decision-making unit with the Parent. A decision-making unit is presumed to exist when an entity is a shareholder of another entity and is related to the latter in one of the following situations:

a) It holds the majority of voting rights.

b) It has the power to appoint or remove a majority of the members of the governing body.

c) It can avail of the majority of voting rights by virtue of agreements with other shareholders.

d) It has, with its votes alone, appointed most of the members of the governing body in office at the date the consolidated annual accounts must be prepared and during the two immediately prior years.

A decision-making unit is also presumed to exist when one or more companies are, in any other way, under the same management. In particular, this occurs when most members of the governing body of the controlled entity are members of the governing body or senior management of the parent or of another company controlled by the latter.

(g) Fees and commissions, interest and dividend income

- Fees and commissions

Fees and commissions from activities and services rendered during a specific period of time are recognised in the income statement over the duration of the activities or services.

Fees and commissions from activities and services rendered during a period of time that is not specific are recognised in the income statement in line with the stage of completion.

Fees and commissions from a service rendered in a single act are recognised in the income statement when the single act is carried out.

Variable management fees and commissions are recognised based on the best estimate at any given time. The Company adjusts these fees and commissions, retrospectively if appropriate, when it has access to information on trends in the calculation bases.

- Interest and dividend income

Interest is recognised using the effective interest method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

(h) Coverage of credit risk

Valuation allowances are calculated individually for overdue or doubtful debt instruments not measured at fair value through profit or loss, based on ageing, guarantees extended and recovery expectations for these balances.

(i) Financial futures and forward sale and purchase transactions

Financial futures and forward sale and purchase transactions are recognised in the relevant commitment account when arranged and until the position closes or the contract expires, at the effective amount arranged or the nominal amount committed, distinguishing between hedging and non-hedging transactions. Funds deposited in respect of the initial margin and additional guarantees are accounted for under assets in “Due from financial intermediaries”.

(j) Options and warrants

Options and warrants over securities are recognised in commitment accounts when arranged and until the position closes or the contract expires, at the committed nominal amount of the underlying items in the sale and purchase agreements, distinguishing between hedging and non-hedging transactions. Funds deposited in respect of the initial margin and additional guarantees are accounted for under assets in “Due from financial intermediaries”. Premiums for options and warrants purchased, and premiums deriving from options issued or warrants sold, are recognised in derivatives under assets or liabilities, respectively, at the date the transaction is arranged.

(k) Swaps

Swap transactions are recognised in the relevant commitment account when arranged and until the position closes or the contract expires, at the nominal amount committed, distinguishing between hedging and non-hedging transactions.

(l) Hedging transactions to reduce risks: Hedge accounting

The Company presents and measures individual hedges (distinguishing between hedged instruments and hedging instruments) based on their classification, using the following criteria:

- Fair value hedges: hedges of the exposure to changes in fair value. The gains or losses attributable to both the hedging instrument and the hedged risk are recognised immediately in the income statement.

- Cash flow hedges: hedges of the exposure to variations in cash flows that is attributable to a particular risk associated with an asset or liability or a forecast transaction. The gain or loss attributable to the portion of the hedging instrument that qualifies as an effective hedge is recognised temporarily under valuation adjustments in equity at the lower of the cumulative gain or loss on the hedging instrument from the inception of the hedge and the cumulative change in the present value of expected future cash flows of the hedged item from the inception of the hedge.

- Hedges of a net investment in a foreign operation: hedges of currency risk of a subsidiary, associate or branch that operates in a different country or currency to that of the Company. The gain or loss attributable to the hedging instruments that qualify as effective hedges is recognised temporarily in equity, until the disposal or derecognition of the instruments, whereupon it is recognised in the income statement. The remaining gain or loss is immediately recognised in profit or loss.

The cumulative gains or losses on each hedge are taken to the income statement in the periods in which the designated hedged items affect the income statement, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or liability, in which case the gains or losses are included in the cost of that asset or liability.

(m) Property, plant and equipment

Property, plant and equipment for own use are measured at cost, less any accumulated depreciation and impairment.

Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

	Years of useful life
Fixtures	5
IT equipment	3
Furniture	5
Motor vehicles	3
Other property, plant and equipment	5

Depreciation methods and useful lives of each item of property, plant and equipment are reviewed at least at each year end.

Repair and maintenance costs that do not improve the related assets or extend their useful lives are recognised in profit and loss when incurred. Only those costs likely to generate future profits are capitalised, provided that the amount of such costs can be estimated reliably.

(n) Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and impairment.

Repair and maintenance costs that do not improve the related assets or extend their useful life are recognised in profit and loss when incurred.

The Company assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Intangible assets with indefinite useful lives are not amortised, but are instead tested for impairment on an annual basis or whenever there is an indication that the intangible asset may be impaired.

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, applying the following criteria:

	Amortisation method	Estimated years of useful life
Computer software	Straight-line	3
Other intangible assets	Straight-line	3

The depreciable amount of intangible assets is measured as the cost of the asset, less any residual value.

The Company reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(o) Leases

The Company has rights to use certain assets through lease contracts.

Leases in which the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

- Finance leases

At the commencement of the lease term, the Company recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method. Contingent rents are recognised as an expense when it is probable that they will be incurred.

The accounting policies applied to the assets used by the Company under finance lease contracts are the same as those set out in section l) of this note. However, if there is no reasonable certainty at the commencement of the lease that the Company will obtain ownership by the end of the lease term, the assets are fully depreciated over the shorter of the lease term and their useful lives.

- Operating leases

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

(p) Security deposits

Security deposits paid in relation to lease contracts are measured using the same criteria as for financial assets. The difference between the amount extended and the fair value is classified as a prepayment and recognised in profit and loss over the lease term.

(q) Termination benefits

Termination benefits are recognised as a liability when the Company has a detailed formal plan for the termination and there is a valid expectation among the affected employees that termination will arise either because the plan has already started to be implemented or because its main characteristics have been published.

When termination benefits fall due more than 12 months after the reporting date, they are discounted based on the market yield on high quality corporate bonds.

Termination benefits for voluntary redundancy are recognised when the Company has made an offer it cannot realistically withdraw, and are measured based on the number of employees expected to accept the offer.

(r) Provisions

Provisions are recognised when the Company has a present obligation (legal or implicit) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted.

(s) Income tax

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences, while deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, tax loss carryforwards and unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

On 20 December 2011 the Auriga Capital Investments Group submitted an application to the Spanish Ministry of Economy and Finance, notifying the taxation authorities of its decision to avail of the special consolidated tax regime. On 17 February 2012 the taxation authorities notified the Group that it had been assigned tax group number 298/12. The Company forms part of this consolidated tax group created in 2012.

The amount of the debt (credit) vis-à-vis the Parent is recognised with a credit (debit) to payables (receivables) to/from Group companies and associates.

(t) Contributions to the Investment Guarantee Fund

The Company forms part of the Investment Guarantee Fund and makes annual contributions to this fund in compliance with Royal Decree 948/2001 of 3 August 2001 governing investor indemnity systems, amended by Law 53/2002 of 30 December 2002 governing tax, administrative and social measures.

In 2017 and 2016, the Company accrued contributions to the fund of Euros 71,080.92 and Euros 147,782.77, respectively, recognised as other operating expenses in the income statement (see note 22).

(u) Off-balance sheet customer funds

The Company recognises off-balance sheet customer funds, notably the following, in off-balance sheet items:

- Securities and other financial instruments held on deposit: own or third-party securities and other financial instruments, measured at market value at the reporting date or relevant statement date, for which the Company assumes the custody risk, except for the amount of assets entrusted to other entities for the purposes of custody, management or administration.

- Own or third-party securities and other instruments held by other entities: securities and financial instruments held by the Company or received on deposit from third parties, measured at market value at the reporting date or relevant statement date, for which the Company retains responsibility as custodian and which are entrusted to other entities for the purposes of custody, management or administration.

- Managed portfolios: third-party securities and financial instruments managed by the Company under the terms of the contract signed with each customer, measured at market value at the reporting date or relevant statement date.

(v) Related party transactions

Transactions with Group companies and related parties are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

(w) Statement of cash flows

The Company reports its cash flows using the indirect method, using the following expressions and classification criteria:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to a low risk of changes in value.

- Operating activities: typical activities of investment firms and other activities that cannot be classified as investing or financing.

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

- Financing activities: activities that result in changes in the size and composition of equity and of liabilities that do not form part of operating activities.

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

In the statement of cash flows, bank overdrafts that are repayable on demand and do not form an integral part of the Company’s cash management are not included as a component of cash and cash equivalents. Bank overdrafts are recognised in the balance sheet as financial liabilities arising from loans and borrowings.

(x) Statement of total changes in equity

This statement therefore shows a reconciliation of the opening and closing carrying amounts of all items that make up equity, grouping movements according to their nature, as follows:

- Reclassifications, reflecting changes in equity due to the adjustment of balances in the financial statements as a result of changes in accounting principles or corrections of errors.

- Income and expenses recognised during the year, comprising the aggregate amount of the items recognised in the statement of recognised income and expense.

- Other changes in equity, comprising the remaining items recognised in equity, such as distribution of profit or application of losses, transactions with own equity instruments, equity-settled payments, transfers between equity line items and any other increases or decreases in equity.

(5) Financial assets and liabilities held for trading

Details of financial assets held for trading at 31 December 2017 and 2016 are as follows:

	Euros	
	31/12/2017	31/12/2016
Debt securities		
Internal portfolio		
Deposit institutions	292,494.10	342,140.90
Non-financial companies	654,217.49	729,245.57
Regional governments	-	909.67
Other financial intermediaries	73,808.59	-
External portfolio	128,069.31	211,694.73
Valuation Adjustments		
Accrued interest receivable	9,340.08	14,670.30
	1,157,929.57	1,298,661.17
Shares and equity investments		
Internal portfolio		
Deposit institutions	57,993.65	572,083.10
Non-financial companies	77,438.07	61,991.45
External portfolio	532,514.28	982,471.93
	667,946.00	1,616,546.48
	1,825,875.57	2,915,207.65
In Euros	1,234,607.10	2,042,355.35
In foreign currency	591,268.47	872,852.30
	1,825,875.57	2,915,207.65

At 31 December 2017 and 2016 details of debt securities (excluding valuation adjustments) and equity instruments included in the Company's trading portfolio, classified as listed and unlisted financial instruments, are as follows:

	Euros	
	31/12/2017	31/12/2016
Debt securities		
Internal portfolio		
Unlisted	-	343,377.49
Listed	1,020,520.18	728,918.65
External portfolio		
Listed	128,069.31	211,694.73
	1,148,589.49	1,283,990.87
Shares and equity investments		
Internal portfolio		
Unlisted	43,656.60	14,252.55
Listed	91,775.12	619,822.00
External portfolio		
Listed	532,514.28	982,471.93
	667,946.00	1,616,546.48

The Company did not transfer any financial instruments between portfolios in 2017 or 2016.

Details of the effect on the 2017 and 2016 consolidated income statements of changes in the fair value of financial assets held for trading, depending on the valuation method used, are as follows:

	Euros	
Valuation method	31/12/2017	31/12/2016
Listed prices in active markets	354,251.92	(643,984.25)

Effective interest rates by type of financial asset held for trading at 31 December 2017 and 2016 are as follows:

	Percentage	
	2017	2016
Debt securities	2.30%	1.143%

Details of interest, yield and net gains or losses on financial assets by type of instrument held for trading recognised in the income statements for 2017 and 2016 are as follows:

	Euros					
	2017			2016		
	Interest	Yield	Gains or losses on financial assets (net)	Interest	Yield	Gains or losses on financial assets (net)
Debt securities	59,313.10	-	4,791,032.76	124,886.70	-	3,729,101.21
Shares and equity investments	-	401,324.24	(2,019,998.31)	-	19,821.40	1,714,658.39
Trading derivatives	-	-	209,814.00	-	-	809,993.95
Other assets at fair value	-	-	170,065.42	-	-	543,260.87
	59,313.10	401,324.24	3,150,913.87	124,886.70	19,821.40	6,797,014.42
	(note 19)	(note 19)		(note 19)	(note 19)	

(6) Available-for-sale financial assets

Details at 31 December 2017 and 2016 are as follows:

	Euros	
	31/12/2017	31/12/2016
Shares and equity investments		
Internal portfolio		
Unlisted	16,498.00	42,205.73
External portfolio		
Unlisted	1,592,074.96	2,626,046.07
	1,608,572.96	2,668,251.80
In Euros	1,051,498.00	759,705.73
In foreign currency	557,074.96	1,908,546.07
	1,608,572.96	2,668,251.80

Details of shares and equity investments at 31 December 2017 and 2016 and movement in the years then ended are as follows:

- At 31 December 2017:

	Euros				
	31/12/2016	Additions	Disposals	Valuation adjustments	31/12/2017
Collective investment undertakings	2,426,046.07	317,500.00	(754,624.54)	(596,846.57)	1,392,074.96
Equity instruments	237,805.73	-	(23,707.73)	-	214,098.00
Gestora del Fondo General de Garantía de Inversiones, S.A.	4,400.00	-	(2,000.00)	-	2,400.00
	2,668,251.80	317,500.00	(780,332.27)	(596,846.57)	1,608,572.96

- At 31 December 2016:

	Euros				
	31/12/2015	Additions	Disposals	Valuation adjustments	31/12/2016
Collective investment undertakings	4,792,930.50	173,004.00	(1,819,844.23)	(720,044.20)	2,426,046.07
Equity instruments	267,723.93	-	(29,918.20)	-	237,805.73
Gestora del Fondo General de Garantía de Inversiones, S.A.	4,200.00	200.00	-	-	4,400.00
	5,064,854.43	173,204.00	(1,849,762.43)	(720,044.20)	2,668,251.80

Collective investment undertakings and equity instruments are measured and recognised at fair value. The fair value of investment funds is calculated based on the net asset value of the fund provided by the management company at each month end. Equity instruments are measured at acquisition cost. The investment in Gestora del Fondo General de Garantía de Inversiones, S.A. is recognised at cost.

At 31 December 2017 and 2016, as a stock exchange broker, the Company holds 12 and 22 shares, respectively, in Gestora del Fondo General de Garantía de Inversiones, S.A.

The net change over the course of 2017 in the fair value of collective investments undertakings held by the Company at 31 December 2017 was a negative Euros 447,634.93 (net of tax effect) (a negative Euros 540,033.15 at 31 December 2016).

At 31 December 2017 and 2016 the Company recognised accumulated net changes in this fair value since designation of the financial assets at fair value through equity of Euros 39,367.63 and Euros 302,970.40 (positive), respectively (net of tax effect) (see note 16). This amount is recognised under “Equity-Valuation adjustments” at 31 December 2017 and 2016. The relevant tax effect is recognised under “Deferred tax liabilities” (see note 12).

During 2017 and 2016, there was no net variation in the fair value of the equity instruments held by the Company at 31 December 2017 and 2016. At 31 December 2017 and 2016 the Company has not recognised accumulated net changes in this fair value since designation of the financial assets at fair value through equity.

In 2017 and 2016, the amount transferred to the income statement on the sale of these assets was a loss of Euros 245,376.21 and a gain of Euros 564,709.10, entailing a transfer from equity of Euros 184,032.16 of gains and Euros 423,531.83 of losses (net of the tax effect), respectively (see note 16). Furthermore, at 31 December 2016, as a result of the divestment of these assets, a profit of Euros 45,339.97 was booked directly in the income statement.

All sales of financial assets classified under this category have been settled at the 2017 and 2016 reporting dates.

At 31 December 2017 and 2016 the Company has not recognised impairment for any of the assets recorded under this balance sheet item.

At 31 December 2017, the Company had no pledged assets classified under this item to secure a credit facility. At 31 December 2016 the Group had pledged assets classified under this item to secure a credit facility (a Euros 1,274,735.24 credit facility).

At 31 December 2017 and 2016 the Company has no lent or borrowed assets in this line item.

In 2017 the Company did not receive dividends from available-for-sale financial assets (Euros 365,000.00 in 2016) (see note 19).

(7) Loans and receivables

Details at 31 December 2017 and 2016 are as follows:

	Euros	
	31/12/2017	31/12/2016
Due from financial intermediaries		
Demand deposits	14,541,248.67	20,228,950.51
Receivables from transactions performed by the Company for its own account pending settlement		
With the System Company	114,511.29	3,909.44
With other financial intermediaries	11,463.36	62,299.21
Reverse repurchase agreements	-	-
Other receivables	2,482,691.00	3,205,240.72
	17,149,914.32	23,500,399.88
Due from customers		
Loans and advances for securities transactions	815,772.41	1,019,815.67
Other loans and advances	14,079,546.91	22,308,161.83
Doubtful assets	-	-
Valuation Adjustments		
Accrued interest	463,330.48	527,153.26
	15,358,649.80	23,855,130.76
	32,508,564.12	47,355,530.64
In Euros	20,684,856.07	31,803,665.08
In foreign currency	11,823,708.05	15,551,865.56
	32,508,564.12	47,355,530.64

(a) Demand deposits

At 31 December 2017 and 2016 this line item comprises current account balances held with credit institutions at year end, which yield interest at rates of between 0.00% and 1.90%.

At 31 December 2017 and 2016 this item includes balances that the Company has deposited with financial intermediaries on behalf of customers, totalling Euros 12,617,099.54 and Euros 16,873,591.69, respectively.

Income obtained on demand deposits during 2017 amounts to Euros 65,483.76 (Euros 204,408.29 at 31 December 2016) (see note 19).

Customer deposits with the Company for these transactions are recognised in “Financial liabilities at amortised cost – Due to customers” (see note 14).

(b) Receivables from transactions performed by the Company for its own account pending settlement

Balances in respect of transactions performed by the Company for its own account pending settlement were settled in early January of the subsequent year.

(c) Reverse repurchase agreements

At 31 December 2017 and 2016 the Company does not hold any assets under reverse repurchase agreements. At 31 December 2016 and 2016 details of reverse repurchase agreements and movement are as follows:

	Euros
	2016
Opening balance	32,500,000.00
Additions	2,507,882,658.89
Disposals	(2,540,382,658.89)
Closing balance	-

(d) Other receivables

At 31 December 2017 and 2016, “Other” includes Euros 2,108,617.67 and Euros 2,311,885.56, respectively, reflecting balances receivable from Group companies for financial intermediation (see note 27 (a)).

(e) Other loans and advances

Details at 31 December 2017 and 2016 are as follows:

	Euros	
	31/12/2017	31/12/2016
Other receivables		
Receivable from Group companies	10,343,348.97	11,069,751.17
Other	2,527,466.99	2,097,863.92
Advances		
Advances to Group companies	1,208,730.95	9,140,546.74
	14,079,546.91	22,308,161.83

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Details of loans to Group companies at 31 December 2017 and 2016 are as follows:

At 31 December 2017:

Company	Currency	Interest rate	Maturity	Euros Loans	Euros Interest	Euros Total
Auriga Holdings, LLC (*)	US Dollars	7% (**)	Unspecified	8,798,277.29	463,330.48	9,261,607.77
Auriga Capital Investments, S.L.	Euros	-	Less than one year	1,545,071.68	-	1,545,071.68
				10,343,348.97	463,330.48	10,806,679.45
						(note 27 (a))

At 31 December 2016:

Company	Currency	Interest rate	Maturity	Euros Loans	Euros Interest	Euros Total
Auriga Holdings, LLC (*)	US Dollars	7% (**)	Unspecified	10,010,220.99	527,153.26	10,537,374.25
Auriga Capital Investments, S.L.	US Dollars	-	Less than one year	1,059,530.18	-	1,059,530.18
				11,069,751.17	527,153.26	11,596,904.43
						(note 27 (a))

(*) *This loan takes precedence over any distribution of dividends by Auriga Holdings, LLC.*
(**) *Annual interest payable on 1 March and 1 September each year. Any unpaid interest is added to the principal.*

In 2017, no revenues were obtained on loans and credits with Group companies. Income obtained on loans and advances to Group companies in 2016 amounts to Euros 289,645.51 (see notes 19 and 27 (a)).

In 2017 and 2016, the Company did not make any further contributions to the loan extended to Auriga Holdings, LLC; the change in value was the result of fluctuations in the Euro-US Dollar exchange rate.

At 31 December 2017 and 2016 “Other” includes Euros 1,505,000.00 reflecting the acquisition of a loan from third parties in 2015.

“Advances to Group companies” at 31 December 2017 reflect cash remittances extended by the Company to third parties on behalf of Auriga Capital Investments, S.L., in an amount of Euros 1,208,730.95 (Euros 7,840,546.74 at 31 December 2016) (note 27 (a)).

(8) Equity Investments

Details of this item at 31 December 2017 and 2016 are as follows:

	Euros	
	31/12/2017	31/12/2016
Cost		
Group companies		
Xzerta Mesa Spain, LLC	47,402.80	454,752.16
Auriga Sherpa I, S.L	609,660.00	609,660.00
General Universal Business, S.L.	600,000.00	600,000.00
Auriga Grapheno, S.L.	2,768,600.00	2,768,600.00
Xzerta Solar I Spain, LLC	3,836.30	600,231.29
CA Metropolitan ATM 10, S.A.	32,000.00	32,000.00
Associates		
Meet With Success, S.L.	251,000.00	251,000.00
	4,312,499.10	5,316,243.45
	(note 27 (a))	(note 27 (a))

Details of investments in Group companies at 31 December 2017 and 2016, the Company's percentage ownership and the registered office and activities of these Group companies are provided in Appendix I, which forms an integral part of this note.

Details of the cost of investments at 31 December 2017 and 2016, their recoverable amount, the Company's percentage ownership at that date, and equity are provided in Appendix II, which forms an integral part of this note.

On 10 February and 29 December 2017, a repayment of the capital of Group company Xzerta Solar I Spain, LLC amounting to Euros 596,686.44 was made. At year end this company was in liquidation.

On 31 August 2017, a repayment of the capital of Group company Xzerta Mesa Spain, LLC amounting to Euros 384,712.75 was made.

On 29 December 2017, General Universal Business, S.L. approved the payment of an interim dividend for 2017 amounting to Euros 4,262,561.51, which the Company booked under "Dividend income" in the income statement for 2017 (see note 19). On 22 January 2018, the Company received payment of said interim dividend. In 2016, the Company received dividends of Euros 566,941.28 (see note 19).

(9) Property, plant and equipment

Details at 31 December 2017 and 2016 and movement in the years then ended are as follows:

	Euros			
2017	31/12/2016	Additions	Disposals	31/12/2017
Fixtures	238,619.35	-	(136,931.92)	101,687.43
IT equipment	202,438.13	76,240.51	(60,194.14)	218,484.50
Furniture	3,454.23	-	-	3,454.23
Motor vehicles	84,586.00	-	(84,586.00)	-
Other property, plant and equipment	10,396.63	-	(2,622.38)	7,774.25
Total property, plant and equipment	539,494.34	76,240.51	(284,334.44)	331,400.41
Fixtures	(189,523.23)	(22,322.22)	136,931.92	(74,913.53)
IT equipment	(129,281.34)	(71,447.70)	60,194.14	(140,534.90)
Furniture	(1,139.84)	(303.35)	-	(1,443.19)
Motor vehicles	(57,217.49)	(27,368.51)	84,586.00	-
Other property, plant and equipment	(4,725.23)	(1,904.83)	2,622.38	(4,007.68)
Total accumulated depreciation	(381,887.13)	(123,346.61)	284,334.44	(220,899.30)
Net property, plant and equipment	157,607.21	(47,106.10)	-	110,501.11

	Euros			
2016	31/12/2015	Additions	Disposals	31/12/2016
Fixtures	267,455.37	-	(28,836.02)	238,619.35
IT equipment	203,270.18	32,186.94	(33,018.99)	202,438.13
Furniture	9,650.41	-	(6,196.18)	3,454.23
Motor vehicles	84,586.00	-	-	84,586.00
Other property, plant and equipment	17,163.37	-	(6,766.74)	10,396.63
Total property, plant and equipment	582,125.33	32,186.94	(74,817.93)	539,494.34
Fixtures	(168,201.60)	(49,377.83)	28,056.20	(189,523.23)
IT equipment	(67,455.21)	(72,071.01)	10,244.88	(129,281.34)
Furniture	(6,464.65)	(871.19)	6,196.00	(1,139.84)
Motor vehicles	(28,970.68)	(28,246.81)	-	(57,217.49)
Other property, plant and equipment	(8,966.51)	(2,525.46)	6,766.74	(4,725.23)
Total accumulated depreciation	(280,058.65)	(153,092.30)	51,263.82	(381,887.13)
Net property, plant and equipment	302,066.68	(120,905.36)	(23,554.11)	157,607.21

All of the Company’s property, plant and equipment for own use are denominated in Euros at 31 December 2017 and 2016.

At 31 December 2017 and 2016 disposals of property, plant and equipment mainly include fully depreciated items derecognised during the year.

The Company did not recognise any gains or losses on disposals of property, plant and equipment in 2017 or 2016.

The Company has no fully depreciated items at 31 December 2017 and 2016.

At 31 December 2017 and 2016, the Company has no property, plant or equipment with ownership restrictions or which have been pledged as collateral.

At 31 December 2017 and 2016, the Company has no commitments to purchase property, plant and equipment from third parties.

In 2017 and 2016 no compensation or indemnities were received or are expected to be received from third parties for the impairment or decline in value of property, plant and equipment for own use.

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The cover provided by these policies is considered sufficient.

(10) Intangible Assets

Details at 31 December 2017 and 2016 and movement in the years then ended are as follows:

	Euros			
2017	31/12/2016	Additions	Disposals	31/12/2017
Computer software	257,320.98	622.25	(76,451.24)	181,491.99
Other intangible assets	257,320.98	622.25	(76,451.24)	181,491.99
Computer software	(181,767.42)	(45,333.20)	76,451.24	(150,649.38)
Total accumulated depreciation	(181,767.42)	(45,333.20)	76,451.24	(150,649.38)
Net intangible assets	75,553.56	(44,710.95)	-	30,842.61

	Euros			
2016	31/12/2015	Additions	Disposals	31/12/2016
Computer software	450,233.43	45,948.12	(238,860.57)	257,320.98
Other intangible assets	450,233.43	45,948.12	(238,860.57)	257,320.98
Computer software	(221,480.50)	(129,671.61)	169,384.69	(181,767.42)
Total accumulated depreciation	(221,480.50)	(129,671.61)	169,384.69	(181,767.42)
Net intangible assets	228,752.93	(83,723.49)	(69,475.88)	75,553.56

All of the Company’s intangible assets are stated in Euros at 31 December 2017 and 2016.

In 2017 and 2016 the Company incurred no computer software or program development costs that did not qualify for recognition and therefore could not be capitalised.

In 2017 and 2016 disposals of intangible assets include fully amortised items derecognised during the year, as well as the derecognition of software used in the spun-off business (see note 1) amounting to Euros 103,753.00.

The Company has no fully depreciated items at 31 December 2017 and 2016.

At 31 December 2017 and 2016 the Company has no intangible assets with ownership restrictions or which have been pledged as collateral.

At 31 December 2017 and 2016, the Company has no commitments to purchase intangible assets from third parties.

(11) Operating leases - Lessee

At 31 December 2017, the Company had leased (under an operating lease agreement) the two properties which it uses to conduct its business, an apartment and garage space (the two properties which it uses to conduct its business, an apartment and eight garage spaces, at 31 December 2016).

Details of the most relevant lease contracts at 31 December 2017 and 2016 are as follows:

Leases	Expiry/Renewal	Penalties
C/ Cuesta del Sagrado Corazón, 6-8 Madrid	31/12/2022	Payment of full amount due under the contract until maturity date (*)
C/ Gobelas, 19, La Florida, Madrid	01/11/2018	No penalty with notice of one month

(*) In the event of early termination of the contract subsequent to 1 December 2015, no penalties will be charged if 6 months' prior notice is given and all the contract terms are met.

Operating lease instalments recognised as expenses amount to Euros 302,851.57 in 2017 (Euros 337,952.19 in 2016) (see note 24).

Future minimum payments under non-cancellable operating leases are as follows:

	Euros	
	2017	2016
Minimum lease payments	126,503.25	139,454.66

At 31 December 2017 the Company has recognised Euros 50,590.37, reflecting lease security deposits, under “Other assets” (Euros 50,538.11 at 31 December 2016) (see note 13).

(12) Tax assets and liabilities

Details at 31 December 2017 and 2016 are as follows:

	Euros			
	31/12/2017		31/12/2016	
Tax assets	Current	Deferred	Current	Deferred
Public entities				
Temporary differences (note 26)	-	143,226.93	-	34,610.79
Tax liabilities				
Public entities				
Income tax				
Temporary differences (note 26)	-	-	-	2,542.73
Revaluation of financial instruments (note 6)	-	22,352.87	-	110,220.56
	-	22,352.87	-	112,763.29

These assets and liabilities are denominated in Euros at 31 December 2017 and 2016.

Movement in deferred tax assets and liabilities arising from the revaluation of financial instruments in 2017 and 2016 is as follows:

	Euros	
	Assets	Liabilities
Balance at 31/12/2015	-	149,054.34
Additions	-	-
Disposals	-	(38,833.78)
Balance at 31/12/2016	-	110,220.56
Additions	-	-
Disposals	-	(87,867.69)
Balance at 31/12/2017	-	22,352.87

Deferred tax assets and liabilities arising from the revaluation of financial instruments reflect the effect on the Company's equity of the measurement of available-for-sale financial assets.

At 31 December 2017 and 2016, the Company belongs to the consolidated tax group described in note 4 (s). Consequently, at 31 December 2017, current corporate income tax assets are recognised with the Group's parent company. At 31 December 2016, current corporate income tax liabilities are recognised as a payable to the parent of the consolidated tax Group (note 26).

(13) Other assets and liabilities

Details at 31 December 2017 and 2016 are as follows:

Other assets	Euros 31/12/2017	Euros 31/12/2016
Fees and commissions and prepaid expenses	645,240.43	548,156.90
Other items		
Security deposits (note 11)	50,590.37	50,538.11
Shareholders and senior management personnel (note 27 (a))	325,371.19	301,978.95
Other	8,044,951.26	4,553,443.69
	9,066,153.25	5,454,117.65
In Euros	9,066,153.25	5,454,117.65

Other liabilities	Euros 31/12/2017	Euros 31/12/2016
Accrued expenses	1,299,339.14	922,244.02
Public entities		
Taxation authorities, tax withholdings on salaries	24,274.01	438,861.91
Social Security contributions payable	57,881.75	97,138.79
Balances payable on subscribed securities (note 27 (a))	6,000.00	6,000.00
Other payables unrelated to securities transactions	6,642,985.05	2,857,476.97
	8,030,479.95	4,321,721.69
In Euros	6,789,821.50	3,033,695.63
In foreign currency	1,240,658.45	1,288,026.06
	8,030,479.95	4,321,721.69

These assets and liabilities are on demand at 31 December 2017 and 2016.

(a) Shareholders and senior management personnel

At 31 December 2017 and 2016, this item primarily comprises balances receivable from two shareholders of Auriga Capital Investments, S.L. (see note 27 (b)).

(b) Other assets

At 31 December 2016 this item primarily comprises a balance of Euros 5,497,847.73 receivable from Group companies (see note 27 (a)), which was settled in the first quarter of 2017. At 31 December 2017, this amount includes Euros 4,262,561.51 in dividends pending payment from investees, which were paid in January 2018 (note 8).

This item also comprises advances of Euros 71,551.73 extended to employees (Euros 166,354.89 at 31 December 2016).

(c) Accrued expenses

At 31 December 2017, the Company had no related party balances under this item. At 31 December 2016, a balance of Euros 101,250.00 is payable to a member of the Company's board of directors for services rendered in 2016 (Euros 100,625.00 at 31 December 2015) (see notes 27 (a) and 27 (b)).

(d) Other payables unrelated to securities transactions

Details of these balances at 31 December 2017 and 2016 are as follows:

	Euros	
Description	31/12/2017	31/12/2016
Payables to group companies (Note 27 (a))		
Fees for portfolio management and advisory services	1,091,853.88	1,242,254.40
Payables to group companies for corporate income tax (note 26)	-	632,526.02
Payables to group companies for corporate income tax from prior years	-	-
Other liabilities	5,132,640.52	235,169.06
	6,224,494.40	2,109,949.48
Other	418,490.65	747,527.49
Total other payables unrelated to securities transactions	6,642,985.05	2,857,476.97

At 31 December 2017, other liabilities include mainly the balance of a dividend pending payment to the parent company, totalling Euros 3,000,000.00 (see note 15 (b)), which was paid on 23 January 2018.

(14) Financial liabilities at amortised cost

Details at 31 December 2017 and 2016 are as follows:

	Euros	
	31/12/2017	31/12/2016
Due to financial intermediaries		
Loans and credits	2,125,509.12	15,354,490.32
Due to financial intermediaries	131,276.81	-
Other intermediaries	11,222.24	159,846.17
Due to customers		
Temporary balances arising from securities transactions	11,867,431.98	14,766,751.29
Other payables to group companies (Note 27 (a))	187,500.00	956,360.72
	14,322,940.15	31,237,448.50

All balances in this item are denominated in Euros.

(a) Loans and credits

Loans and credits mainly reflect drawdowns on credit facilities arranged in 2017 and 2016 and bank loans obtained in 2017 and 2016 with the following terms:

- Credit facilities

At 31 December 2017:

			Euros	
Company	Maturity date	Interest rate	Limit	Amount drawn down
Banca March	16/12/2018	12-month Euribor + 1.90%	1,500,000.00	-
Banco Popular	20/07/2018	2.25%	1,000,000.00	949,234.78
Cecabank (*)	Indefinite	Eonia + 2,5%	7,000,000.00	867,807.38
				1,817,042.16

(*) This policy is not freely available.

At 31 December 2016:

Company	Maturity date	Interest rate	Euros: Limit	Euros: Amount drawn down
Banca March	16/12/2017	12-month Euribor + 1.90%	1,500,000.00	1,499,998.01
Bankia	29/04/2017	12-month Euribor + 1.90%	2,000,000.00	2,000,000.00
Bankia	16/11/2017	12-month Euribor + 1.90%	5,500,000.00	5,219,009.04
Banco Sabadell	12/09/2017	13-month Euribor + +2.75%	500,000.00	492,525.19
Banco Popular	10/06/2017	12-month Euribor + +1.85%	3,500,000.00	2,478,970.59
Banco Mare Nostrum	27/07/2017	1.75%	1,000,000.00	628,660.91
Abanca	31/03/2017	13-month Euribor + +1.75%	1,000,000.00	997,563.35
Banco Cooperativo Español	16/12/2017	12-month Euribor + +2.50%	1,000,000.00	993,554.15
Bankinter (*)	31/05/2017	12-month Euribor + +2.75%	2,000,000.00	798,184.92
				15,108,466.16

(*) Facility automatically renewed annually.

- Loans

At 31 December 2017:

Company	Maturity	Interest rate	Balance at 31/12/2017	Maturity: 2018	Maturity: 2019	Maturity: 2020	Maturity: 2021
Banco Popular	10/05/2021	2.95%	308,466.96	84,919.79	87,452.78	90,061.32	46,033.07

At 31 December 2016:

Company	Maturity	Interest rate	Balance at 31/12/2016	Maturity: 2017
Sabadell	30/09/2017	2.75%	225,770.77	225,770.77
Banco Popular	10/03/2017	6.35%	20,253.39	20,253.39
			246,024.16	246,024.16

At 31 December 2017 and 2016 the interest expense and similar charges amount to Euros 575,610.53 and Euros 668,942.05, respectively (see note 20).

(b) Temporary balances arising from securities transactions

The majority of temporary balances arising from securities transactions at 31 December 2017 and 2016 were settled in the following year. Moreover, in 2016 the corresponding portion of temporary balances were spun-off to Ibroker Global Markets S.V., S.A. (see note 1).

(15) Equity

Details of equity and movement during the year are shown in the statement of changes in equity.

(a) Registered capital

At 31 December 2017 and 2016 the capital of the Company is represented by 300,000 registered shares of Euros 10 par value each, numbered consecutively from 1 to 300,000 inclusive, subscribed and fully paid. These shares have the same voting and profit-sharing rights.

At 31 December 2017 and 2016 the capital of the Company is held as follows:

Sole shareholder	Number of shares	Percentage ownership
Auriga Capital Investments, S.L.	300,000	100.00%

At 31 December 2017 and 2016 neither the Company nor any third party operating on its behalf holds any own shares.

The Company’s shares are not listed on the stock exchange.

(b) Reserves

(i) Legal reserve

In accordance with article 274 of the Spanish Companies Act, companies are obliged to transfer 10% of the profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available.

At 31 December 2017 and 2016 the Company has appropriated to the legal reserve the minimum amount required by law.

(ii) Capitalisation reserve

The capitalisation reserve has been appropriated in accordance with articles 25 and 62 of the Spanish Income Tax Law, which require that an amount equal to the reduction in the tax group’s taxable income for the year be appropriated to the reserve. The amount by which the tax group is entitled to reduce taxable income is equal to 10% of the increase in its equity, as defined in the aforementioned article. In no case may this reduction exceed 10% of the tax group’s taxable income for the tax period prior to the reduction, before the integration referred to in article 11.12 of the Law and before offsetting tax loss carryforwards.

However, if the reduction cannot be applied because the tax group does not generate sufficient taxable income, the outstanding amounts may be applied in the tax periods ending in the two years immediately after the end of the tax period in which the tax group became entitled to the reduction, together with any reduction applicable in that period, subject to the limit indicated. The reserve is restricted and the increase in the tax group’s equity must be maintained for a five-year period from the end of the tax period in which the group became entitled to the reduction, unless accounting losses are incurred.

(iii) Voluntary reserves

These reserves are freely distributable.

(iv) Dividends

On 28 December 2017, the Company's sole shareholder approved the distribution of a dividend of Euros 3,000,000.00 with a charge to voluntary reserves. This dividend, which was pending payment at 31 December 2017, was paid on 23 January 2018.

On 26 October 2016, the Company's sole shareholder approved the distribution of a cash dividend of Euros 2,000,000.00 with a charge to voluntary reserves. Moreover, on 29 December 2016, the Company's sole shareholder approved the distribution of a dividend of Euros 1,000,000.00 with a charge to voluntary reserves. Both dividends were paid out in 2016.

(c) Capital adequacy: Capital management

Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and Spanish National Securities Market Commission (CNMV) Circular 2/2014 of 23 June 2014, on the solvency of investment firms and their consolidable groups, regulate the capital requirements of these companies and their consolidable groups, how capital should be determined, the different capital self-assessment processes to be implemented by entities and the public information these entities should submit to the market.

Company management has drawn up the following strategic objectives in relation to its capital management:

- Consistently comply with applicable legislation on minimum capital requirements, at both individual and consolidated level.

- Seek maximum capital management efficiency in order for capital consumption to be considered, alongside other return and risk variables, as a fundamental variable in analyses associated with the Company's decision-making.

- Reinforce the proportion of Tier I capital with respect to the Company's capital as a whole.

The Company has implemented a number of capital management policies and processes to meet these objectives. The main guidelines of these policies are as follows:

- The Company carries out monitoring and controls that continuously analyse levels of compliance with capital regulations and are equipped with alerts to guarantee, at any given time, compliance with applicable legislation and the consistency of decisions made by the different areas and units of the Company with the objectives set, to ensure that minimum capital requirements are met. Contingency plans are also in place to ensure that limits stipulated in applicable legislation are respected. Details of these contingency plans are provided in the Capital Consumption Procedures Manual.

- The impact of the Company' decisions on its capital base and the consumption-return-risk ratio are considered a key decision-making factor in strategic and commercial planning and in the analysis and monitoring of Company transactions. The Company has parameters to serve as guidelines for its decision-making on minimum capital requirements or decisions affecting such requirements.

The Company therefore considers capital and the capital requirements established by the aforementioned legislation as a fundamental management aspect.

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and CNMV Circular 2/2014 of 23 June 2014 stipulate which items should be considered as own funds and the requirements that should be met at all times with respect to own funds. The Company must meet the following requirements with respect to own funds:

a) a Common Equity Tier 1 capital ratio of 4.5%.

b) a Tier 1 capital ratio of 6%.

c) a total capital ratio of 8%.

The Company must calculate its capital ratios as follows:

a) the Common Equity Tier 1 capital ratio must be equal to the entity’ Common Equity Tier 1 capital expressed as a percentage of the total risk exposure;

b) the Tier 1 capital ratio must be equal to the entity’ Tier 1 capital expressed as a percentage of the total risk exposure;

c) the total capital ratio must be equal to the entity's own funds expressed as a percentage of the total risk exposure.

The Company’ capital management follows the conceptual definitions provided in Regulation (EU) No.575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and CNMV Circular 2/2014 of 23 June 2014. The minimum capital requirements stipulated in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and CNMV Circular 2/2014 of 23 June 2014 are calculated on the basis of the Company's exposure to credit, counterparty and dilution risks, free deliveries, settlement and delivery risks, position, currency, commodities and operational risks, and risks associated with large exposures in the trading book. The Company is also required to comply with the risk concentration limits set out in the aforementioned Regulation and the capital self-assessment and interest rate risk measurement obligations, as well as obligations regarding public information to be issued to the market, also specified in this Regulation. To guarantee that these objectives are met, the Company has implemented an integrated risk management process based on the above-mentioned policies.

Details of the Company's capital at 31 December 2017 classified as Tier I capital and Tier II capital, calculated in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and Circular 2/2014 of 23 June 2014, which as mentioned previously reflects consolidated “capital for management purposes”, are as follows:

	Thousands of euros	
	31/12/2017	31/12/2016
Common equity tier I capital		
Registered capital	3,000	3,000
Reserves	21,357	23,599
Other cumulative comprehensive income	39	303
Deductions	(174)	(111)
Total common equity tier I capital	24,222	26,791
Total tier I capital	24,222	26,791
Total capital	24,222	26,791
Total exposure to risk		
Credit, counterparty, dilution and delivery risk	31,587	40,744
Position, foreign exchange and commodities risk	17,326	28,300
Operating risk	28,475	34,275
Total exposure to risk	77,388	103,319
Common equity tier 1 capital ratio	31.30%	25.93%
Common equity tier 1 capital surplus	20,739	22,142
Tier 1 capital ratio	31.30%	25.93%
Tier 1 capital surplus	19,579	20,592
Total capital ratio	31.30%	25.93%
Total capital surplus	18,031	18,525

At 31 December 2017 and 2016 the Company’s eligible capital exceeded the requirements of the aforementioned legislation.

(16) Valuation Adjustments

Valuation adjustments comprise the net amount of changes in the fair value of assets classified as available-for-sale, which should be included in the Company's equity, in accordance with note 4 (b). These changes are taken to the income statement when the related assets are sold.

Movement in 2017 and 2016 is as follows:

	Euros	
	31/12/2017	31/12/2016
Opening balance	302,970.40	419,471.72
Changes in the fair value of collective investments undertakings (note 6)	(447,634.93)	(540,033.15)
Transfers to the income statement due to disposals (note 6)	184,032.16	423,531.83
Closing balance	39,367.63	302,970.40

(17) Risk and commitment accounts and other off-balance sheet items

Details at 31 December 2017 and 2016 are as follows:

	Euros	
	31/12/2017	31/12/2016
Risk and commitment accounts		
Bank and other guarantees extended	1,010,351.81	2,285,087.05
Forward securities purchase commitments	260,632.93	1,562,777.97
Forward securities sale commitments	375,144.22	1,566,687.41
Financial derivatives		
Interest rate and securities futures		
Purchased	300,624.00	1,024,474.00
Sold	491,580.00	520,560.00
Total risk and commitment accounts	2,438,332.96	6,959,586.43
Other off-balance sheet items		
Credit facilities available for drawdown (note 14 (a))	1,550,765.22	9,892,563.41
Customer purchase orders pending settlement	555,702.74	514,953.17
Customer sale orders pending settlement	506,531.56	1,359,834.87
Own and third-party financial instruments held by other entities		
Own	3,425,108.45	5,568,789.15
Third-party	345,386,121.75	340,245,603.32
	348,811,230.20	345,814,392.47
Managed portfolios (note 18 (a))		
Investments in listed domestic shares and equity holdings	1,334,761.42	4,909,792.55
Investments in listed domestic fixed income securities	2,999,392.22	4,295,367.36
Investments in listed foreign securities	30,615,462.42	67,633,731.67
Cash with financial intermediaries	8,243,083.16	6,848,260.36
Investments in unlisted foreign securities	5,255,756.53	5,986,566.46
	48,448,455.75	89,673,718.40
Other off-balance sheet items	6,132,192.62	-
Total other off-balance sheet items	406,004,878.09	447,255,462.32
TOTAL	408,443,211.05	454,215,048.75

Details of the nominal amount of financial instruments included in trading derivatives at 31 December 2017 and 2016, by maturity, fair value and type of instrument, are as follows:

	Euros		
31 December 2017	1 year	Total	Fair value
Share/index derivatives			
Organised markets			
Futures purchased	302,826.60	302,826.60	300,624.00
Futures sold	500,896.67	500,896.67	491,580.00
	803,723.27	803,723.27	792,204.00

	Euros		
31 December 2016	1 year	Total	Fair value
Share/index derivatives			
Organised markets			
Futures purchased	1,020,274.20	1,020,274.20	1,024,474.00
Futures sold	526,336.67	526,336.67	520,560.00
	1,546,610.87	1,546,610.87	1,545,034.00

Financial instruments held on deposit and own and third-party financial instruments held by other entities reflect the Company's own securities and customer securities deposited in the Company or with other custodians at 31 December 2017 and 2016, which were recognised at market value at those dates. All the securities deposited with the Company during 2016 transferred to accounts with other financial institutions.

Details of own and third-party securities held by other entities are as follows:

	Euros	
	31/12/2017	31/12/2016
Variable income securities	308,969,527.78	296,131,299.97
Fixed income securities	39,841,702.42	49,683,092.50
	348,811,230.20	345,814,392.47

(18) Off-balance sheet customer funds

(a) Portfolios managed

At 31 December 2017 and 2016 details of managed portfolios, by tranche, are as follows:

	Euros					
	31/12/2017			31/12/2016		
Tranche in thousands of Euros	Number of contracts	Equity	Fees and commissions December 2017	Number of contracts	Equity	Fees and commissions December 2016
60	86	47,742.02	-	63	73,201.27	-
61-300	-	-	-	1	66,746.66	-
301-600	-	-	-	-	-	-
601-1,500	-	-	-	-	-	-
1,501-6,000	-	-	-	3	11,843,008.47	8,089.78
More than 6,000	3	48,400,713.73	76,564.80	4	77,690,762.00	6,702.00
	89	48,448,455.75	76,564.80	71	89,673,718.40	14,791.78
		(note 17)			(note 17)	

At 31 December 2017 and 2016, the Company performs discretionary portfolio management. Likewise, at 31 December 2016, the Company managed the portfolio of four non-resident collective investment schemes.

(19) Interest and similar income

Details at 31 December 2017 and 2016, based on the nature of operations, are as follows:

Interest and similar income	Euros	
	2017	2016
Financial intermediaries		
Demand deposits (note 7 (a))	65,483.76	204,408.29
Resident individuals. Other	30,619.76	4,826.95
Non-resident individuals. Other (note 7 (e))	-	289,645.51
Monetary assets and government debt (note 27(a))	563,625.67	629,176.12
Other fixed income securities (note 5)	59,313.10	124,886.70
Other interest and similar income	-	846.30
	719,042.29	1,253,789.87

Details of dividend income by type of portfolio are as follows:

	Euros	
	2017	2016
Dividend income		
Held for trading (note 5)	401,324.24	19,821.40
Available-for-sale financial assets (note 6)	-	365,000.00
Equity investments (notes 8 and 27 (a))	4,262,561.51	566,941.28
	4,663,885.75	951,762.68

(20) Interest expense and similar charges

Details at 31 December 2017 and 2016, based on the nature of operations, are as follows:

Interest expense and similar charges	Euros	
	2017	2016
Financial intermediaries		
Interest on loans and credit facilities (note 14 (a))	575,610.53	668,942.05
Other	517,878.07	463,659.38
Other interest	13.83	21,764.89
	1,093,502.43	1,154,366.32

(21) Fee and commission income and expense

Details of fee and commission income and expense in 2017 and 2016, by nature, are as follows:

Fee and commission income	Euros	
	2017	2016
Processing and execution of customer orders for securities sales and purchases		
Variable income transactions	2,131,083.54	2,304,240.57
Fixed income transactions	1,959,503.94	1,087,829.01
Derivatives transactions	-	2,760,049.71
Derivatives intermediation	-	1,177,537.35
Underwriting and placement	-	150,829.00
Marketing of collective investment undertakings	2,028,113.36	779,864.89
Securities held on deposit and book entries	49,542.28	42,022.53
Portfolio management	280,092.13	3,431,132.78
Other fees and commissions	96,291.26	186,219.41
	6,544,626.51	11,919,725.25

Fee and commission expense	Euros	
	2017	2016
Securities transactions	(190,688.26)	(181,012.01)
Derivatives transactions	(34,769.46)	(1,278,949.58)
Fees and commissions paid to markets and clearing and settlement systems	(532,090.30)	(648,172.88)
Guarantees for collective market guarantee fund	(3,399.73)	(57,422.07)
Fees and commissions paid to representatives and other entities	(573,308.09)	(848,285.67)
Other fees and commissions	(1,518,230.91)	(2,184,473.70)
	(2,852,486.75)	(5,198,315.91)

At 31 December 2017 and 2016, “Fee and commission income - Marketing of collective investment undertakings” included Euros 630,414.63 and Euros 527,194.77 of fees and commissions received from Group companies (see note 27 (a)).

(22) Other operating expenses

At 31 December 2017, this item of the income statement includes other expenses linked to the operation of the business, as well as the Euros 71,080.92 contribution to the Investment Guarantee Fund (Euros 147,782.77 at 31 December 2016). Moreover, at 31 December 2016, this item included an amount of Euros 800,000.00 in connection with regulatory fines, of which Euros 650,000.00 were recognised under “Provisions” in the balance sheet at 31 December 2016 and were paid by the Company in 2017.

(23) Personnel expenses

Details of personnel expenses for 2017 and 2016 are as follows:

	Euros	
	2017	2016
Salaries and wages	5,354,019.41	6,926,328.24
Employee benefits expense		
Social Security payable by the Company	708,685.95	1,006,762.18
Termination benefits	106,182.84	384,021.69
Training expenses	26,608.74	6,589.84
Other personnel expenses	166,338.34	274,485.10
	6,361,835.28	8,598,187.05

Distribution of Company employees, by category and gender, is as follows:

	Annual average 2017	31/12/2017 Male	31/12/2017 Female	31/12/2017 Total	Annual average 2016	31/12/2016 Male	31/12/2016 Female	31/12/2016 Total
Management	1	-	1	1	1	-	1	1
Qualified personnel	55	32	17	49	87	60	-	60
	56	32	18	50	88	60	1	61

The average number of Company employees with a disability rating of 33% or higher (or equivalent local rating) in 2017 and 2016, distributed by category, is as follows:

	Number	
	31/12/2017	31/12/2016
Management	-	-
Qualified personnel	2	2
	2	2

(24) Overheads

Details at 31 December 2017 and 2016 are as follows:

	Euros	
	2017	2016
Rental of buildings and facilities (note 11)	302,851.57	337,952.19
Communications	1,152,700.42	1,439,923.18
IT Systems	67,923.05	102,533.88
Utilities	71,927.79	61,750.53
Repairs and maintenance	323,454.06	282,338.28
Advertising and publicity	78,952.23	289,714.61
Entertainment and travel expenses	99,846.80	139,002.93
Governing bodies (note 27 (a))	-	600,000.00
Outsourced administrative services	59,924.84	51,671.42
Other independent professional services	409,739.82	1,018,644.43
Contributions and taxes	576,132.77	558,844.27
Other expenses	84,953.20	94,350.66
	3,228,406.55	4,976,726.38

At 31 December 2017 and 2016 this item does not include any balances payable to Group companies.

(25) Impairment Losses on Financial Assets

At 31 December 2017, the Company had no amount recognised under this item. Details of this item at 31 December 2016 were as follows:

	31/12/2016
Loans and receivables	
Due from financial intermediaries (note 7 (e))	99,500.00
Due from customers	152,382.60
Other	26,683.21
	278,565.81

(26) Taxation

Earnings are subject to corporate income tax at a rate of 25 percent of the taxable income. Certain deductions may be applicable to the resulting amount.

A reconciliation of the accounting profit for 2017 and 2016 and the taxable income that the Company expects to declare following approval of the annual accounts is as follows:

	Euros	
	2017	2016
Profit before tax	2,439,808.40	1,386,866.30
Permanent differences	(4,020,513.17)	1,059,387.03
Taxable accounting income	(1,580,704.77)	2,446,253.33
Temporary differences		
Originating in current period	-	-
Reversal of prior periods	-	98,348.90
Taxable income	(1,580,704.77)	2,544,602.23
Tax at 25%	-	636,150.56
Deductions	-	(109.78)
Net tax payable	-	636,040.78
Withholdings and payments on account	-	(3,514.76)
Corporate Income Tax payable	-	632,526.02
	(note 13)	(note 13)

The calculation of corporate income tax expense is as follows:

	Euros	
	2017	2016
Taxable accounting income at 25%	(395,176.19)	611,563.34
Deductions	(654.21)	(109.78)
Adjustments from prior years	-	17,215.37
	(395,830.40)	628,668.93

Temporary differences reflect the difference between amortisation and depreciation for accounting purposes and tax-deductible amortisation and depreciation. Movement in deferred tax assets and liabilities arising from temporary differences in 2017 and 2016 is as follows:

	Euros						
	31/12/2015	Additions	Disposals	31/12/2016	Additions	Disposals	31/12/2017
Assets							
Monetisation of depreciation limit	35,588.98	16,237.18	(17,215.37)	34,610.79	111,110.17	(3,271.05)	142,449.91
	35,588.98	16,237.18	(17,215.37)	34,610.79	111,110.17	(3,271.05)	142,449.91
	(note 12)			(note 12)			(note 12)
Liabilities							
Accelerated amortisation/depreciation	10,892.76	-	(8,350.03)	2,542.73	-	(2,542.73)	-
				(note 12)			(note 12)

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or before the inspection period of four years has elapsed. At 31 December 2017 the Company has open to inspection by the taxation authorities all the main applicable taxes since 1 January 2014. The directors do not expect that any significant additional liabilities would arise in the event of an inspection.

(27) Related parties

(a) Balances and transactions with Group companies

At 31 December 2017 and 2016, in addition to the amounts indicated in note 15 on equity, the Company has the following balances payable to and receivable from Group companies:

	Euros			
	31/12/2017			
	Parent company	Group companies	Other related parties	Total
Assets				
Loans and receivables				
Other loans (nota 7 (d) and 7 (e))	1,545,071.68	11,370,225.44	-	12,915,297.12
Advances (note 7 (e))	1,208,730.95	-	-	1,208,730.95
Equity investments (note 8)	-	4,312,499.10	-	4,312,499.10
Other assets (notes 13 and 13 (b))	403,369.54	5,497,847.73	325,371.19	5,823,218.92
	3,157,172.17	20,777,202.73	325,371.19	24,259,746.09
Liabilities				
Other liabilities (note 13)	3,000,000.00	3,230,494.40	-	6,224,494.40
Payables to individuals - other payables (note 14)	-	187,500.00	-	187,500.00
	3,000,000.00	3,411,994.40	-	6,411,994.40

	Euros			
	31/12/2016			
	Parent company	Group companies	Other related parties s	Total
Assets				
Loans and receivables				
Other loans (note 7 (d) and 7 (e))	1,059,530.18	12,849,259.81	-	13,908,789.99
Advances (note 7 (e))	7,840,546.74	1,300,000.00	-	9,140,546.74
Equity investments (note 8)	-	5,316,243.45	-	5,316,243.45
Other Assets (notes 13 and 13 (b))	-	1,858,671.28	301,978.95	2,160,650.23
	8,900,076.92	21,324,174.54	301,978.95	30,526,230.41
Liabilities				
Other liabilities (note 13 (c) and (d))	632,526.02	1,477,423.46	101,250.00	2,211,199.48
Payables to individuals - other payables (note 14)	-	956,360.72	-	956,360.72

Euros			
31/12/2016			
Parent company	Group companies	Other related parties s	Total
632,526.02	2,433,784.18	101,250.00	3,167,560.20

Income and expenses deriving from the Company's transactions with related parties are as follows:

	Euros					
	2017			2016		
	Parent company	Group companies	Total	Parent company	Group companies	Total
Income						
Interest and similar income (notes 7 (e) and 19)	-	563,575.12	563,575.12	-	918,542.32	918,542.32
Dividends (note 19)	-	4,262,561.51	4,262,561.51	-	566,941.28	566,941.28
Fee and commission income (note 21)	-	630,414.63	630,414.63	-	527,194.77	527,194.77
Other operating income	-	-	-	600,000.00	104,096.00	704,096.00
	-	5,456,551.26	5,456,551.26	600,000.00	2,116,774.37	2,716,774.37

(b) Information on the Company's directors and senior management personnel

In 2017, no payment obligations were accrued in connection with remuneration to the board of directors. In 2016 the board of directors accrued remuneration of Euros 753,336.77, of which Euros 600,000.00 were accrued for duties performed as members of the board of directors (see note 24), and the remainder for duties performed as senior management personnel.

The Company's senior management personnel is comprised solely of members of the board of directors.

At 31 December 2017 there were no balances pending payment to members of the board of directors. At 31 December 2016, a balance of Euros 101,250.00 was payable to a member of the Company's board of directors for services rendered in 2016 (see note 13 (c)).

At 31 December 2017, Euros 325,371.19 are receivable from shareholders and members of senior management (Euros 301,978.95 at 31 December 2016) (see note 13 (a)). These debts accrue interest at market rates.

At 31 December 2017 and 2016 the Company has no pension obligations with former or current board members.

In 2017 and 2016 the Company did not extend any guarantees on their behalf or pay any civil liability insurance premiums for damage or loss caused by actions or omissions during their tenure in office.

In 2017 and 2016 the Company's directors did not perform any transactions other than ordinary business with the Company or Group companies applying terms that differed from market conditions.

At 31 December 2017 and 2016 distribution of the board members by gender is as follows:

Male	Female	Total
4	1	5

(c) Conflicts of interest

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

(28) Environmental Information

The directors consider that the environmental risks deriving from the Company's activity are minimal and adequately covered and that no additional liabilities will arise therefrom. The Company has not incurred any expense or received subsidies in connection with such risks during the years ended 31 December 2017 and 2016.

(29) Audit Fees

KPMG Auditores S.L., the auditor of the Company's annual accounts, invoiced the following net fees for professional services during the years ended 31 December 2017 and 2016:

	Euros	
	2017	2016
Audit services	53,500.00	52,500.00
Other services	22,500.00	22,500.00
	76,000.00	75,000.00

The above amount includes all fees relating to services provided in 2017 and 2016, regardless of when they were invoiced.

(30) Customer Service Department

In 2007 the Company implemented the appropriate measures to comply with the requirements and obligations set out in Ministry of Economy Order ECO/734/2004 of 11 March 2004 on customer service departments and the financial institution Ombudsman.

In 2017 three complaints were filed, two of which were rejected and one resolved in the customer's favour. In 2016 five complaints were received, two of which were rejected, two were resolved in favour of the customer and one was resolved by the CNMV in February 2017.

(31) Representatives

At 31 December 2017 and 2016, Auriga Global Investors, Sociedad de Valores, S.A. operates with nine representatives authorised to deal directly with customers in the name and on behalf of the Company, to carry out transactions pertaining to securities dealers. A list of these representatives has been deposited with the CNMV.

Details at 31 December 2017 and 2016 are as follows:

31/12/2017	31/12/2016
Arganzón, S.L.	Arganzón, S.L.
Gestión Fondo Educativo, S.L.	Gestión Fondo Educativo, S.L.
Ana María González- Elipe Rosales	Ana María González- Elipe Rosales
Mega Cuadro, S.A.	Mega Cuadro, S.A.
Breda Boys, S.L.	Breda Boys, S.L.
Pedro Urbina García-Car	Pedro Urbina García-Caro
Bolaños 2004, S.L.	Bolaños 2004, S.L. (*)
Valor Absoluto Family Office, S.L.	Valor Absoluto Family Office, S.L. (*)
Esteban Gridilla Ferrer	Esteban Gridilla Ferrer (*)

(*) Authorised representative since 2016.

(32) Risk management policy

In 2017 risk exposure of the Company's capital has performed as follows in comparison with the prior year:

- Sustained volume of fixed income with fewer transactions and similar risk exposure to that seen in 2015.

- Decrease in variable income operations on the Company's own behalf, with the associated drop in exposure to credit and counterparty risk, and exposure to position risk with respect to variable income instruments.

The measures adopted in 2016 to control the level of risks inherent in fixed income intermediation activity were maintained in 2017:

- Avoid accumulation of transactions pending settlement with a single counterparty.

- Avoid accumulation of transactions pending settlement, depending on the issuer.

- Avoid transactions in which the issuer and purchaser are the same institution.

Most transactions are settled by Euroclear on the third day after their arrangement and the counterparties at which this business is aimed are institutional, mainly financial institutions such as Spanish and international credit institutions (primarily banks and savings banks), management companies of collective investment undertakings, pension funds, social welfare mutual companies and insurance firms.

The fixed income trading desk receives orders directly from counterparties and has a telephone recording system in place. This system is managed by a software application which compiles and classifies calls received by or made from each trading desk workstation. From their workstation each operator can, at any time, listen again to calls received or made during the day. In the event of doubt or discrepancy, these calls are made available to the counterparty. Otherwise, for Bloomberg trading, an electronic file of these calls is kept for a full trading year.

Identification of the counterparty placing the order is the responsibility of the fixed income trading desk operator who receives or makes the call. As there is ongoing contact, and each trading desk operator has their own assigned customers, identification is usually carried out orally by telephone and with caller line identification. Transactions are confirmed by the middle office department.

Each operator keeps a record of all sale and purchase transactions, including the following data:

- Transaction date
- Time
- Issuer
- Nominal amount
- Cash
- Substance
- Price
- Customer name (counterparty)

The transaction log book is filed in the middle office.

The transaction forms completed by the trading desk have a pre-defined format. The form should also include the identification code of the customer requesting the transaction and the operator performing the transaction.

The Company lists reference prices for the sale and purchase of different fixed income assets on the Bloomberg screen, providing market operators with a source of information in markets that, on occasions, lack liquidity.

The Company seeks out entities in the market that are interested in selling or purchasing the same type of fixed income security.

The trading desk operator contacts the counterparty to negotiate the transaction over the telephone. If a price agreement is reached, the transaction is confirmed.

Once the transaction has been agreed, the trading desk operator introduces the details of the transaction into the electronic record book of transactions. There is a single book for the entire trading desk, which constitutes a daily record of all transactions carried out by the fixed income trading desk.

The operator also includes details of the transaction on the form:

- Counterparty
- Code and name of the security
- Date of arrangement and value date
- Nominal, cash and rate
- Transaction number (provided by the seller)
- Transaction code

Specific settlement instructions

The form is sent to the middle office for the transaction to be confirmed with the counterparty.

The middle office department is located alongside the fixed income trading desk, enabling instantaneous transaction verification.

Whenever a transaction is carried out, the middle office operator verifies the accuracy of the data included in the transaction record book and transaction form with the counterparty.

In the event of incomplete, confusing or erroneous data, the middle office completes the forms so that these reach the back office with all data confirmed and complete.

Once the transaction has been confirmed the form is sent to the settlement entity.

The settlement entity continuously monitors the transaction matching and in the event of any differences whereby the order introduced by the counterparty does not reconcile with the order introduced by the settlement entity, the latter contacts the middle office to clarify these differences with the counterparty.

The financial gain on these transactions reflects the margin between the purchase and sale of the assets. There are no additional fees or commissions, except those paid to the settlement entity.

The technical equipment the Company uses to carry out its operations basically comprises telephones connected to the central recording device, Bloomberg and microcomputing systems with in-house calculation and valuation tools (using spreadsheets).

(33) Late Payments to Suppliers. “Reporting Requirement” under Law 15/2010 of 5 July 2010

Pursuant to final provision two of Law 31/2014 of 3 December 2014, and in accordance with the Spanish Accounting and Auditing Institute (ICAC) Resolution of 29 January 2017, details of the average supplier payment period in 2017 and 2016 are as follows:

	Days	
	2017	**2016**
Average supplier payment period	34.70	32.60
Transactions paid ratio	34.69	33.07
Transactions payable ratio	37.86	13.49
	Amount (Euros)	
	2017	**2016**
Total payments made	4,906,471.27	6,765,962.48
Total payments outstanding	5,303.09	69,469.25

(34) Events after the reporting period

Besides the matters mentioned in these notes to the annual accounts, no other significant events occurred between 31 December 2017 and 28 March 2018, the date on which the board of directors authorised the annual accounts for issue, that require disclosure in the accompanying annual accounts.

AURIGA GLOBAL INVESTORS, SOCIEDAD DE VALORES, S.A.,
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Details of Investments in Group Companies and Associates

31 December 2017

	Registered office	Percentage ownership	Main business	Listed
Xzerta Mesa Spain, LLC	546 Fifth avenue, 9th Floor, New York	24.95%	Holding of units in a fund that has an indirect investment in a building in Arizona	No
Meet With Success, S.L	Cuesta del Sagrado Corazón, 6, Madrid	33.33%	The subscription, derivative acquisition, holding, use, administration and disposal of securities and shares.	No
Auriga Sherpa I, S.L.	Cuesta del Sagrado Corazón, 6, Madrid	21.70%	The purchase, subscription, swap and sale of Spanish and foreign real estate and other securities, on its own behalf and without intermediation, for the purpose of administering and managing these investments.	No
General Universal Business, S.L.	Cuesta del Sagrado Corazón, 6, Madrid	33.28%	The purchase, subscription, swap and sale of Spanish and foreign real estate and other securities, on its own behalf and without intermediation, for the purpose of administering and managing these investments.	No
CA Metropolitan ATM1, S.A.	Luxembourg, 1-3 rue de la Sapinière, L-8832 Rombach-Martelange	100.00%	Acquisition of the rights to receivables deriving from lease agreements executed by the entity. The entity is generally authorised to take any steps necessary to carry out this statutory activity.	No
Auriga Grapheno, S.L.	Cuesta del Sagrado Corazón, 6, Madrid	37.96%	The purchase, subscription, swap and sale of Spanish and foreign real estate and other securities, on its own behalf and without intermediation, for the purpose of administering and managing these investments.	No
Xzerta Solar I Spain LLC, USD	546 5th Avenue, 9th Floor, New York	(*)	Investing in projects and transactions relating to the solar energy sector, including loans specifically for construction and equipment.	No

AURIGA GLOBAL INVESTORS, SOCIEDAD DE VALORES, S.A.,
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Details of Investments in Group Companies and Associates

31 December 2016

	Registered office	Percentage ownership	Main business	Listed
Xzerta Mesa Spain, LLC	546 Fifth avenue, 9th Floor, New York	24.95%	Holding of units in a fund that has an indirect investment in a building in Arizona	No
Meet With Success, S.L.	Cuesta del Sagrado Corazón, 6, Madrid	33.33%	The subscription, derivative acquisition, holding, use, administration and disposal of securities and shares.	No
Auriga Sherpa I, S.L.	Cuesta del Sagrado Corazón, 6, Madrid	21.70%	The purchase, subscription, swap and sale of Spanish and foreign real estate and other securities, on its own behalf and without intermediation, for the purpose of administering and managing these investments.	No
General Universal Business, S.L.	Cuesta del Sagrado Corazón, 6, Madrid	33.28%	The purchase, subscription, swap and sale of Spanish and foreign real estate and other securities, on its own behalf and without intermediation, for the purpose of administering and managing these investments.	No
CA Metropolitan ATM1, S.A.	Luxembourg, 1-3 rue de la Sapinière, L-8832 Rombach-Martelange	100.00%	Acquisition of the rights to receivables deriving from lease agreements executed by the entity. The entity is generally authorised to take any steps necessary to carry out this statutory activity.	No
Auriga Grapheno, S.L.	Cuesta del Sagrado Corazón, 6, Madrid	37.96%	The purchase, subscription, swap and sale of Spanish and foreign real estate and other securities, on its own behalf and without intermediation, for the purpose of administering and managing these investments.	No
Xzerta Solar I Spain LLC, USD	546 5th Avenue, 9th Floor, New York	14.70%	Investing in projects and transactions relating to the solar energy sector, including loans specifically for construction and equipment.	No

Appendix II

(*) Company in liquidation

This Appendix forms an integral part of note 8 to the annual accounts for 31 December 2017, in conjunction with which it should be read.

AURIGA GLOBAL INVESTORS, SOCIEDAD DE VALORES, S.A.,
SOCIEDAD UNIPERSONAL

Valuation of Investments in Group Companies and Associates

31 December 2017

	Percentage ownership	Currency	Share capital	Reserves and other	Net profit/(loss) for the year	Capital and reserves	Recoverable amount of the investment (Euros)	Cost of the investment (Euros)	Impairment (Euros)
Xzerta Mesa Spain, LLC (*)	24.95%	US Dollars	472,664.29	(396,314.22)	227,726.26	304,076.33	75,867.04	47,402.80	-
Meet With Success, S.L. (*)	33.33%	Euros	753,000.00	(261,125.62)	(7,422.52)	484,451.86	161,467.80	251,000.00	-
Auriga Sherpa I, S.L. (*)	21.70%	Euros	2,803,000.00	341,493.69	147,943.07	3,292,436.76	714,458.78	609,660.00	-
General Universal Business, S.L. (*)	33.28%	Euros	1,803,000.00	(12,816,738.13)	12,818,761.50	1,805,023.37	600,711.78	600,000.00	-
CA Metropolitan ATM 10, S.A. (*)	100.00%	Euros	32,000.00	(550,266.28)	(52,211.73)	(570,478.01)	-	32,000.00	-
Auriga Grapheno S.L. (*)	37.96%	Euros	7,294,138.00	(57,741.29)	1,352,213.49	8,588,610.20	3,260,236.43	2,768,600.00	-
Xzerta Solar I Spain LLC, USD (*)	(**)	US Dollars	(25,245.78)	(63,098.28)	41,076.14	(47,267.92)	-	3,836.30	-

31 December 2016

	Percentage ownership	Currency	Share capital	Reserves and other	Net profit/(loss) for the year	Capital and reserves	Recoverable amount of the investment (Euros)	Cost of the investment (Euros)	Impairment (Euros)
Xzerta Mesa Spain, LLC (*)	24.95%	US Dollars	2,405,000.00	122,469.00	(597,769.00)	1,929,700.00	481,460.15	454,752.16	-
Meet With Success, S.L. (*)	33.33%	Euros	753,000.00	(261,125.62)	(7,422.52)	484,451.86	161,467.80	251,000.00	-
Auriga Sherpa I, S.L. (*)	21.70%	Euros	2,803,000.00	12,239.68	(1,945.99)	2,813,293.69	610,484.73	609,660.00	-
General Universal Business, S.L. (*)	33.28%	Euros	1,803,000.00	(5,806.00)	(1,946.25)	1,795,247.75	597,458.45	600,000.00	-
CA Metropolitan ATM 10, S.A.(*)	100.00%	Euros	32,000.00	(30,504.00)	(8,186.00)	(6,690.00)	(6,690.00)	32,000.00	-
Auriga Grapheno S.L.(*)	37.96%	Euros	7,294,138.00	(53,849.25)	(3,892.04)	7,236,396.71	2,746,936.19	2,768,600.00	-
Xzerta Solar I Spain LLC, USD(*)	14.70%	US Dollars	4,708,478.00	1,340,864.00	(1,416,538.00)	4,632,804.00	646,069.81	600,231.29	-

(*) Figures not audited at 31 December 2017 and 2016.

(**) Company in liquidation.

This Appendix forms an integral part of note 8 to the annual accounts for 31 December 2017, in conjunction with which it should be read.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A., SOCIEDAD UNIPERSONAL

Directors' Report

In global terms, 2017 was the year in which the first signs of recovery began to emerge after a decade dominated by the crisis. Said optimism translated into a sharp rally in variable income and derivatives and a surprising consistency of high prices in fixed income. International bodies have buoyed both markets by raising their growth forecasts: in December the IMF estimated global growth in output of 3.6% in 2017 and 3.7% in 2018.

In this scenario, central banks have continued to play a pivotal role and to factor their positive estimates into their monetary policy decisions. The Federal Reserve raised interest rates three times (April, June and December) by 0.25 percentage points each to 1.50%. The European Central Bank has been somewhat less active, leaving the benchmark rate at 0%, although in the final quarter it did announce the tapering of its bond purchase programme from 2018.

In fixed income, the ECB's continuous intervention via its government and corporate debt purchase programmes kept yields on Spanish 10-year bonds and corporate paper very low. Convertible bonds gained traction as the most appealing assets in the year, appreciating by 10% in 2017, while high-yield debt securities were not far behind, with returns of 7% in the year.

Despite the improvement in bank lending conditions to small enterprises, we are still seeing a strong consolidation of the Spanish alternative fixed income market (MARF) which small caps have tapped as an alternative and/or complementary source of financing. Clear evidence of this strength is that the volume of issuance in MARF between January and November 2017 amounted to Euros 3,754 million, exceeding the Euros 2,300 million in 2016.

2017 was a highly positive year for equities worldwide. After a very positive start for equity markets in the first quarter of 2017, the arrival of the summer dampened performance by the main indices, starting a logical corrective process after 16 consecutive bullish months in the wake of the Brexit vote. This movement was not to ease off until near the end of the year, when, in the fourth quarter, there was another rally to end what in general terms was a good year for equities.

The Ibex 35 closed the year 7.4% higher. Considering dividends, the return was 11.25%. In terms of the main indicator of Spain's market, the year has had two diametrically opposed parts, the first, until May, logging a 19% upswing, before losing 10% due, among other factors, to the political uncertainty generated in Catalonia.

In 2017 global equity markets logged sharp gains of between 17.4% and 20.5% and set various records in the year.

European bourses generally saw positive returns, but performance was uneven. The EuroSTOXX 50 Eurozone index gained 6.5%, and was outperformed by the equity markets of Austria (+30.6%), Greece (+24.6%), Portugal (+17.8%), Switzerland (+14.1%), Italy (+13.6%), France (+9.26%), Germany (+9.5%) or Spain's IBEX 35 (+7.40%).

After a tumultuous 2016 shaped by the slowdown in China, slumping oil prices, and political events like Brexit and the election of Donald Trump in the United States, we moved into a period in which global macroeconomic growth triggered an acceleration in corporate earnings and, accordingly, an improved tone on both the macro- and microeconomic sphere. This momentum squeezed volatility in equity markets to record lows in almost all regions, and certain indices logged record gains, such as Germany’s DAX, or the S&P500 and Nasdaq in the US.

In China, GDP growth stabilised in 2017 at around 6.5% and this, coupled with the government’s reforms and oil prices that continued to climb from a low of 25 US dollars in early 2016 to around 45-50 US dollars, were crucial to explain the easing of pressure on emerging economies and commodity-producing countries, to that the global climate was stable for all risk assets in those regions.

Inflation, a central concern throughout 2016, gained traction not only due to the comparable base effect resulting from the energy component, but also due to the rest of components that, as macroeconomic performance strengthened, scaled positions, moving away from much-feared deflation. At the end of the year this led to something of a rotation in equity markets, as bond yields tightened somewhat, it being harder to justify the valuations of the more “growth-oriented” sectors, and with more “value-oriented” sectors outperforming in the second half of the year. This movement was decisive throughout 2017, especially in the second half, and is a completely different trend to the one seen in the last decade. Moreover, small and mid caps in the US, Europe and Japan logged an exceptional performance in 2017, amply outperforming large caps and, consequently, indices. Note that the Stoxx Europe Large Caps index is barely 5.9% higher.

Japan's Nikkei index logged an excellent annual improvement of 19.1%.

In Europe, the effects of QE were felt, just as they had been years previously in the US, and the economic acceleration in Europe was especially notable after years of considerable weakness. Note the robust performance by economies such as Portugal, Italy and Spain, which continued to post surprisingly high growth rates, but core Eurozone countries also benefited from the expansive monetary policy and cheap financing.

2017 closed with a phenomenon not seen in the previous decade, namely the confluence of aggregate economic growth in almost all OECD countries, and even a healthy tone in emerging economies.

As for corporate earnings, in general the mood was positive, with expectations very high at the start of the year, and somewhat tempered as the year progressed. Earnings performance was robust in the US and more uneven in Europe throughout the year, but generally positive. The main US indices logged above-average return: the Dow Jones gained 25.1%, the S&P 500 19.4% and the Nasdaq 100—heavily tech-biased—notched up an impressive 31.5% increase.

The Company has upheld its policy implemented in prior years of actively participating in forums organised by different market institutions to discuss the legislative changes being introduced in Europe, and which will without doubt be applicable to the Spanish domestic market.

The Company liaised continuously with the CNMV throughout the year.

The Company did not carry out any research or development activities during the year, nor did it acquire any own shares.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A., SOCIEDAD UNIPERSONAL

Investment Firms Annual Report for 2017

In compliance with article 192 of Royal Legislative Decree 4/2015 of 23 October, which approves the Revised Securities Market Law, the following information at 31 December 2017 is published as an appendix to the audited financial statements:

Details of the entity

Auriga Global Investors, Sociedad de Valores, S.A. Sociedad Unipersonal (the Company) was incorporated by public deed under Spanish Law on 23 March 2007, as authorised by the Ministry of Economy and Finance Order dated 22 March 2007.

The Company has been entered into the Register of Stock Exchange Member Brokers of the Spanish National Securities Market Commission (CNMV) with number 224, and carries out its activities from its office in Madrid. The Company is a member of the Madrid, Barcelona and Valencia Stock Exchanges.

The Company's registered office is located at Calle Cuesta del Sagrado Corazón, no. 6, in Madrid.

Statutory activity

Auriga Global Investors, Sociedad de Valores, S.A. engages in the activities that stock exchange broker companies, as investment firms, are permitted to carry out in accordance with articles 140 and 141 of the Revised Securities Market Law. The Company can therefore render the following investment services:

- Receipt and transmission of orders on behalf of third parties.

- Execution of such orders on behalf of third parties.

- Trading on its own behalf.

- Personalised and discretionary management of investment portfolios, as authorised by the investors. This portfolio management activity also entails the authorised management of stocks and financial assets comprising hedge fund portfolios.

- Placement of financial instruments without a firm commitment basis.

- Underwriting of financial instruments or placement on a firm commitment basis.

- Investment advisory services.

The Company can also render the following ancillary services:

Custody and administration, on behalf of customers, of the instruments listed in article 2 of Royal Legislative Decree 4/2015 of 23 October 2015 approving the Revised Securities Market Law.

- Granting of credit facilities or loans to investors to carry out operations involving one or more of the instruments listed in the aforementioned article 2, provided that the company granting these credit facilities or loans intervenes in these operations.

- Services associated with the underwriting or placement of financial instruments.

Geographical location

The Company mainly carries out its activities in Spain.

Turnover

Turnover, measured in terms of fee and commission income, is Euros 6,544,626.51 at 31 December 2017.

Number of full-times employees

There are 50 full-time employees at 31 December 2017.

Profit or loss before tax

Profit before tax amounts to Euros 2,439,808.40 at 31 December 2017.

Tax on profit or loss

The income tax expense amounts to negative Euros 395,830.40 at 31 December 2017.

Return on assets

The return on total assets is 5.72% (net profit as a percentage of total assets) at 31 December 2017.

Grants or public aid received

Auriga Global Investors, Sociedad de Valores, S.A. has not received any public grants or subsidies.

AUTHORISATION FOR ISSUE

Authorised by the Secretary to the Board of Directors of Auriga Global Investors, Sociedad de Valores, S.A. Sociedad Unipersonal, Ms Rosa Serda Rodríguez, to hereby state:

That in the meeting of the board of directors held in Madrid on 28 March 2018, the board resolved to present the attached annual accounts and directors' report of Auriga Global Investors, Sociedad de Valores, S.A. Sociedad Unipersonal, for the year ended on 31 December 2017, which are an integral part of this document and which will be delivered to the Auditor, and which comprise a balance sheet, income statement, statement of changes to equity, statement of cash flows, notes to the annual accounts, two annexes and a directors' report.

All of the Directors, whose full names are included, sign this authorisation in witness of their approval of the foregoing, to which I attest.

28 March 2018

Signed:	Signed:
Mr Íñigo Resusta Covarrubias *Chairman of the Board of Directors and Director*	Mr Enrique Martinavarro Ferrer *Deputy Chairman of the Board of Directors and Director*
Signed:	Signed:
Mr Rodrigo Hernando Ortega *Director*	Mr Alfredo Jiménez Fernández *Director*
Signed:	
Ms Rosa Serda Rodríguez *Secretary to the Board of Directors and Director*	