

**ANNEX 1**

**ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED  
PUBLIC LIMITED COMPANIES**

**IDENTIFYING DATA OF THE ISSUER**

**FINAL DATE OF THE REFERENCE YEAR**

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A-82473018

**COMPANY NAME**

RENTA 4 BANCO, S.A.

**REGISTERED OFFICE**

PS. DE LA HABANA N.74, (MADRID)

## MODEL OF ANNUAL REPORT ON REMUNERATION OF THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

### A REMUNERATION POLICY OF THE COMPANY FOR THE YEAR IN PROGRESS

A.1 Explain the remuneration policy of the Company. This section will include information on:

- Principles and general foundations of the remuneration policy.
- Most significant changes made in the remuneration policy with respect to that applied during the previous year, as well as the modifications made during the year to the conditions for exercising options already granted.
- Criteria used and composition of groups of comparable companies whose remuneration policies have been examined to establish the company's remuneration policy.
- Relative importance of the variable remuneration concepts with respect to the fixed remuneration concepts and the criteria followed to determine the different components of the remuneration package of the directors (remuneration mix).

#### Explain the remuneration policy

The remuneration policy for directors (the "**Remuneration Policy**") of **Renta 4 Banco, S.A.** (the "**Company**" or "**Renta 4**") is intended to align the interests of the shareholders with those of the Company, seeking a prudent management of the activity and minimizing the risks inherent to it, as well as gratifying the work of the Company's personnel in achieving said purpose. All this to contribute to the Company being able to fulfil its strategic objectives within the framework in which it carries out its activity.

In accordance with the provisions of article 24 of the Regulations of the Board of Directors of **Renta 4**, the latter has sought to ensure that the remuneration is guided by the market conditions of comparable credit institutions by reason of their size, ensuring that the remuneration is adjusted to criteria of moderation and adequacy with the results of the Company.

In this sense, the Remuneration Policy seeks to establish a remuneration scheme appropriate to the dedication and responsibility assumed by the people to whom it is applicable, in order to, on the one hand, attract, retain and motivate the most outstanding professionals, and for another, to help the Company to meet its strategic objectives within the framework in which it carries out its activity, all in accordance with the provisions of Royal Decree 771/2011, Law 10/2014 of June 26 and the Royal Decree 84/2015 of February 13, by which Law 10/2014 is developed, in relation to the policy of remuneration of credit institutions, Law 31/2014 of December 3, which modifies the Capital Companies Law in matters of Corporate Governance in relation to the remuneration policy of listed companies, as well as Circular 4/2011 and Circular 2/2016, of February 2, both of Banco de España.

In virtue of the foregoing, the Remuneration Policy is based among others on the following principles:

(a) The Remuneration Policy applies to executive and non-executive members of the **Renta 4** Board of Directors, senior executives, as well as to those categories of employees of the Company whose professional activities have a significant impact on the risk profile of the same and those that exercise control functions, as well as those categories of employees of the Company that receive a global remuneration that includes it in the same scale of remuneration as that of senior managers and employees who assume risks, whose professional activities have a significant impact on its risk profile.

(b) The Remuneration Policy is compatible with an adequate and effective risk management, always promoting said management, without offering, as a consequence, incentives for a risk assumption that exceeds the level of risk tolerated by the Company.

(c) The Remuneration Policy is compatible with the corporate strategy, the objectives, values and interests of the Company in the long term, being subject to review on an annual basis, the Board proposing, where appropriate, the modifications it deems appropriate.

(d) The remuneration paid by the Company in accordance with these principles is adjusted to criteria of moderation and adaptation to the Group's results, and favours sound and effective risk management, avoiding conflicts of interest.

(e) Likewise, the remuneration establishes an adequate balance between the fixed and variable components and takes into account the responsibility and degree of commitment that the role played by each individual entail, as well as all types of current and future risks.

(f) The variable components of remuneration are sufficiently flexible to allow their modulation to the extent that it is possible to completely eliminate the variable remuneration.

(g) Evaluates the results in order to calculate the variable components of the remuneration or funds to pay for these components, an adjustment is made for all types of current and future risks, and the cost of capital and the necessary liquidity are taken into account.

(h) Variable remuneration is only paid if it is sustainable according to the situation of the Company, and if it is justified based on the results of the same and the business unit and the employee in question, the Company may, for these purposes, retain all or part of it. However, in relation to the personnel that exercise control functions, the remuneration of the same is not subject to the results of the business areas that they control.

This evaluation is part of a multi-year framework ensuring that the evaluation process is based on long-term results and that the effective payment of the variable components is spread over the period taken into account by the Remuneration Policy.

(i) Payments for early termination of an agreement are based on the results obtained over time, established in such a way that they do not reward bad results.

(j) The pension policy is compatible with the company's strategy, objectives and values and the long-term interests of the Company.

(k) The possible regime of rights in matters of widowhood, orphanhood and death that is established, is adjusted to the market and to that established in the applicable regulations.

There have been no significant changes in the Remuneration Policy with respect to that applied during the previous year, which are indicated in Subsection A.4., except for the non-inclusion of the Delivery Plan for Stock Options approved in the Annual Meeting on April the 28<sup>th</sup> 2017 ("POA 2017").

Finally, in relation to the relative importance of the variable remuneration concepts with respect to the fixed ones, the principles on which the Remuneration Policy is based reflect that it will establish an adequate balance between the fixed and variable components, always taking into consideration the responsibility and degree of commitment that carries the role that each individual is called to perform, as well as all types of current and future risks, an aspect that is included in it. In this regard, currently the executive directors of the Company receive variable remuneration based on the performance of their duties, as indicated in section A.4 below.

**A.2 Information on the preparatory work and the decision-making process that has been followed to determine the remuneration policy and the role played, where appropriate, by the Remuneration Committee and other control bodies in shaping the policy of remunerations. This information will include, where appropriate, the mandate and composition of the Remuneration Committee and the identity of the external advisors whose services have been used to define the remuneration policy. Likewise, the nature of the directors who, if applicable, have intervened in the definition of the remuneration policy will be expressed.**

**Explain the process to determine the remuneration policy**

Within the framework of the provisions of the Corporate Articles of Association, the Regulations of the Board of Directors of the Company reserve to this body the power to adopt the decisions to be proposed to the General Meeting regarding the remuneration of the directors. In accordance with the best practices of corporate governance, the Board of Directors of the Company has constituted, for the best performance of its functions, different Committees that assist it in those matters that correspond to matters of its competence. Among these, the Appointments and Remuneration Committee (the "CNR") is the body that advises and informs the Board of Directors regarding the issues, among others, of a remunerative nature attributed to it in the Regulations of the Board, ensuring compliance with the remuneration policy established by the General Shareholders' Meeting of the Board of Directors of the Company and proposing, where appropriate, the modifications it deems appropriate. That is why it will be the Board of Directors who, in the exercise of their duties, approves, at the proposal of the CNR, the Remuneration Policy for the current year, submitting it to the General Meeting of the Company for approval.

The Appointments and Remuneration Committee, pursuant to the provisions of Article 32 of the Regulations of the Board of Directors, is currently composed of 3 members appointed by the Board of Directors, Mr. Eduardo Trueba Cortes and Ms. Sarah Harmon, as independent directors and Mr. Pedro Ángel Navarro Martínez as another external director.

This Committee meets as often as it is necessary for the performance of its duties, convened by its President or, as the case may be, by the President of the Board, at least once a quarter, having met during the year 2017 on 4 occasions to deal with issues related to their competences.

Without prejudice to other tasks assigned to it by the Board, the CNR has the following powers in relation to matters of a retributive nature:

-To watch over the observance of the remuneration policy established by the Company; and in particular, periodically review and propose to the Board of Directors the remuneration policy for directors, senior executives, executive commissions, executive directors and, where applicable, those categories of employees who, for the functions they perform, are included in the remuneration policy by virtue of the applicable regulations, the application thereof, including the remuneration systems with shares and their application, as well as ensuring that their individual compensation is proportional to that paid to directors and senior managers;

-propose to the Board of Directors the individual remuneration and the terms and conditions of the contracts of the executive directors and the basic conditions of the contracts of the senior executives, all in accordance with the Remuneration Policy approved by the General Meeting;

-To see the transparency of the remuneration and the observance of the remuneration policy established by the Company. In this regard, the CNR will propose, where appropriate, the corresponding amendments to the Remuneration Policy to the Board of Directors.

The Regulations of the Board of Directors, both with regard to the CNR itself and to the directors in general, provide that all of them (the Committee or the members of the Board, as the case may be) may request external advice in matters they consider necessary (art. 29.2 of the Regulations of the Board).

The Corporate Governance standards of the Company have been configured in such a way that the proposals that are submitted to the Board of Directors for consideration in terms of remuneration have their origin in the CNR, which analyses them beforehand, counting on the internal services of the Company and of external experts when necessary. In addition, all decisions regarding remuneration that affect the directors have been submitted (or will be submitted) for the approval of the General Shareholders' Meeting of the Company.

All of which ensures an adequate decision-making process in the area of remuneration.

**A.3 Indicate the amount and nature of the fixed components, with breakdown, where applicable, of the remuneration for the performance of functions of the senior management of the executive directors, of the additional remuneration as President or member of a committee of the Board, of the allowances for participation in the board and its commissions or other fixed remuneration as a director, as well as an estimate of the annual fixed remuneration to which they give rise. Identify other benefits that are not paid in cash and the fundamental parameters for which they are granted.**

**Explain the fixed components of the remuneration**

The Company has drawn up a remuneration system that differentiates the executive directors from the rest of the directors. In this sense, the nature and amount of the fixed components of the directors' remuneration are explained below:

a) Fixed remuneration of the non-executive directors:

The directors will receive an annual fixed remuneration in line with market standards for the performance of their duties as members of the Board of Directors, taking into account the functions and responsibilities exercised by each of the directors within the Board itself or its Committees.

The amount of remuneration that the Company may pay to all of its directors for such items shall not exceed the amount set for this purpose by the General Meeting.

In this sense, the remuneration of the directors will consist of a fixed annual amount for the performance of their duties as members of the Board of Directors, which amounts to 2018 the maximum global amount of 622,176 euros, at the rate of 60,000 gross euros for each one of the non-executive directors who are natural persons and 71,088 euros gross for each one of the non-executive directors, legal persons. However, if the number of non-executive directors is

increased by more than the current ten members, the aforementioned maximum amount may be increased by each new non-executive member of the board of directors in the corresponding fixed amount (60,000 euros or 71,088 euros) in consideration of their status as a natural person or person, up to a maximum of the remuneration of all non-executive directors of 884,352 €.

The executive directors will not receive any remuneration for their status as directors of the Company, their remuneration being only that received for their executive functions.

b) Fixed remuneration of executive directors:

The fixed remuneration of the executive directors takes into account their level of responsibility, ensuring that it is competitive with that applied in equivalent functions in other competing entities. Thus, for its determination and possible updates, the CNR takes into account the specific characteristics of each position, assigned functions, the level of responsibility, degree of commitment assumed and dedication required, in order to establish compensations that are appropriate and competitive in the market.

The only executive directors whose appointment as directors is associated with their executive functions are:

- President with executive functions: Mr. Juan Carlos Ureta Domingo.
- CEO: Mr. Juan Luis López García.
- Director and General Manager: Mr. Jesús Sánchez-Quiñones González.
- Regional Manager and Director: Mr. Santiago González Enciso.

The remuneration of the executive directors for the 2018 financial year, based on their responsibility, functions attributed and degree of commitment assumed, as regards fixed remuneration, will be as follows:

- i. President: The retribution of Mr. Juan Carlos Ureta Domingo as President of the Company will have a fixed annual remuneration consisting of 300,000 gross euros, which will be paid in 12 monthly instalments, all for the same amount.
- ii. The CEO: The CEO of the Company, Mr. Juan Luis López García, will have established an annual fixed remuneration of 275,000 gross euros.
- iii. The Director and General Manager: The General Manager of the Company, Mr. Jesús Sánchez-Quiñones González, will have established an annual fixed remuneration of 275,000 gross euros.
- iv. Regional Manager: Mr. Santiago González Enciso will have established an annual fixed remuneration of 75,000 gross euros. In relation to the estimation of the annual fixed remuneration, given that the amounts indicated are fixed and will not depend on any objective or variable aspect, there is no estimate in this regard, said amounts being the amounts in the form of fixed remuneration, which each of them they will receive during the year 2018 for their positions.

Finally, in relation to the benefits that are not paid in cash and their fundamental parameters, see section A. 10 below.

#### A.4 Explain the amount, nature and main characteristics of the variable components of the remuneration systems.

In particular:

- Identify each of the compensation plans of which the directors are beneficiaries, their scope, their approval date, date of implementation, period of validity as well as their main characteristics. In the case of share option plans and other financial instruments, the general characteristics of the plan will include information on the conditions of exercise of said options or financial instruments for each plan.
- Indicate any remuneration for participation in benefits or premiums, and the reason why they were granted.
- Explain the fundamental parameters and basis of any annual premium system (bonus).
- The types of directors (executive directors, external proprietary directors, independent external directors or other external directors) who are beneficiaries of remuneration systems or plans that include variable remuneration.
- The basis of these variable remuneration systems or plans, the performance evaluation criteria chosen, as well as the evaluation components and methods to determine whether or not those evaluation criteria have been met and an estimate of the absolute amount of the variable

remuneration to which would give rise to the current compensation plan, depending on the degree of compliance with the hypotheses or objectives taken as a reference.

- Where applicable, information will be provided on the periods of deferral or deferment of payment that have been established and/or the periods of retention of shares or other financial instruments, if they exist.

#### **Explain the variable components of the remuneration systems**

In response to the responsibility, functions attributed and degree of commitment assumed by the Renta 4 directors, the variable remuneration thereof is structured as follows:

##### **A) REMUNERATION OF THE NON-EXECUTIVE DIRECTORS**

Non-executive directors do not currently have a Variable Remuneration Plan.

##### **B) REMUNERATION OF THE PRESIDENT FOR HIS EXECUTIVE FUNCTIONS**

The President in 2018 will receive an Annual Variable Remuneration ("RVA") that cannot exceed, in any case, 100% of the Annual Fixed Remuneration ("RFA") and will be determined by the corresponding amount that may be accrued in accordance with the degree of fulfilment of the annual objectives linked to the Net Profit of the Group ("BN"), which will be set by the Board of Directors ("CA"), in response to the responsibilities and functions of the position, as well as any others that the CA may specifically assign to the President.

The OA will be calculated based on the BN and for the year 2018, they have been established according to the following scale:

- BN lower 14 MM € = 0% RFA
- BN 14 lower x greater 15 MM € = 10 % RFA
- BN 15 lower x greater 16 MM € = 15 % RFA
- BN 16 lower x greater 17 MM € = 35 % RFA
- BN 17 lower x greater 18 MM € = 55 % RFA
- BN 18 lower x greater 19 MM € = 65 % RFA
- BN 19 lower x greater 20 MM € = 85 % RFA
- BN greater € 20 million = 100% RFA

The RVA will be received as long as the levels of defaulting or "bankruptcy" of the Renta 4 Group during the year are less than 5% of the Net Equity ("PN") at the end of the year and when said levels do not occur as a result of actions of the Company, in which the levels and limits of risk allowed and established by the European Banking Authority (EBA) or any other competent body are exceeded, due to defects in the control systems of the Renta 4 Group, as well as for any other cause attributable to the lack of action or malpractice of the Company.

##### **C) REMUNERATION OF THE CEO AND THE GENERAL MANAGER**

The CEO, Mr. Juan Luis López García and the Director and General Manager, Mr. Jesús Sánchez-Quiñones González will receive an RVA that cannot exceed, in any case, 100% of RFA will be determined by the corresponding amount that may be accrued in accordance with the degree of fulfilment of the annual objectives linked to the Net Profit of the Group ("BN"), which will be set by the CA

The OA will be calculated based on the BN and for the year 2018, they have been established according to the following scale:

- BN lower 14 MM € = 0% RFA
- BN 14 lower x greater 15 MM € = 10 % RFA
- BN 15 lower x greater 16 MM € = 15 % RFA
- BN 16 lower x greater 17 MM € = 35 % RFA
- BN 17 lower x greater 18 MM € = 55 % RFA
- BN 18 lower x greater 19 MM € = 65 % RFA
- BN 19 lower x greater 20 MM € = 85 % RFA
- BN greater € 20 million = 100% RFA

The RVA will be received as long as the levels of defaulting or "bankruptcy" of the Renta 4 Group during the year are less than 5% of the NP at the end of the year, and when said levels do not occur as a result of the Company's actions, in those that exceed the levels and limits of risk allowed and established by EBA or any other competent body to do so, due to defects in the control systems of the Renta 4 Group, as well as for any other cause attributable to the lack of action or malpractice of the Company.

#### D) VARIABLE RETRIBUTION OF DIRECTOR WHO IS ATTENDING THE POSITION OF REGIONAL MANAGER

The Regional Manager will receive an RVA that cannot exceed, in any case, 100% of its RFA and will be determined by the corresponding amount that may be accrued in accordance with the degree of fulfilment of the annual objectives linked to the Net Profit of the Group ("BN"), which will be set by the CA.

The OA will be calculated based on the BN and for the year 2018, they have been established according to the following scale:

- BN lower 14 MM € = 0% RFA
- BN 14 lower x greater 15 MM € = 10 % RFA
- BN 15 lower x greater 16 MM € = 15 % RFA
- BN 16 lower x greater 17 MM € = 35 % RFA
- BN 17 lower x greater 18 MM € = 55 % RFA
- BN 18 lower x greater 19 MM € = 65 % RFA
- BN 19 lower x greater 20 MM € = 85 % RFA
- BN greater € 20 million = 100% RFA

The RVA will be received as long as the levels of defaulting or "bankruptcy" of the Renta 4 Group during the year are less than 5% of the PN at the end of the year, and when said levels do not occur as a result of the Company's actions, in those that exceed the levels and limits of risk allowed and established by EBA or any other competent body to do so, due to defects in the control systems of the Renta 4 Group, as well as for any other cause attributable to the lack of action or malpractice of the Company.

In relation to the amounts corresponding to the amount accrued in accordance with the fulfilment of some Annual Objectives ("OA") linked to the Group's Net Profit, which will be set by the CA of the President, CEO, General Manager and Regional Manager, 60% of the amount that corresponds to receive each one will be paid within the maximum period of 15 days after the evaluation, and in any case, before the end of the month of March of the calendar year following the corresponding year in which it has accrued. The remaining 40% will be subject to a deferral period of 3 years, with an accrual and payment being refined at a maximum of 13% in the first year of deferral, a maximum of 13% in the second year of deferral and a maximum of 14% the third year of deferral. The corresponding payment must be made before the end of the corresponding March month of the following calendar year of each of the years in which the deferral occurred. For the improvement of the accrual and payment of 40% of the deferred RVA, the Board, at the proposal of the CNR, will perform an evaluation at the end of each year of the deferral period, based on maintaining the profitability of the results of Renta 4 Group, according to the circumstances of the sector during the evaluated period and will be adapted to the circumstances related to the activity of Renta 4, to the risks assumed by it and to the activity of each of these Executive Directors, and provided that the evaluation carried out on each one concludes that its performance has been correct and aligned with the objectives of the Entity.

The payment of the RV, both 60% and 40% deferred, will be made 50% in cash and the other 50% in shares. In order to calculate the number of accrued shares to be delivered, the average market value of the share during the last 20 business days of the corresponding year will be taken into account, with the shares being non-transferable for a period of 12 months from delivery.

In relation to the total amount of the RV obtained as a result of the application of the RV system, depending on the degree of compliance with the BN and objectives set for the President, CEO, General Manager and Regional Manager, you cannot assume that the BN of the Group is below € 14MM for 2018. Otherwise, the Total Amount of the RV must be adjusted proportionally until the BN of 2018 is at least € 14MM€.

Likewise, and in relation to the estimation of the absolute amount of the variable remunerations to which the current system would give rise, depending on the degree of compliance with the hypotheses or objectives taken as reference, the Company considers that it could be specified in the following maximum amounts:

-President with executive functions: Mr. Juan Carlos Ureta Domingo would perceive at most 300,000 € gross.

- CEO, Mr. Juan Luis López García would perceive at most 275,000 € gross and the General Manager, Mr. Jesús Sánchez-Quiñones González 275,000 € gross.

**A.5 Explain the main characteristics of long-term savings systems, including retirement and any other survival benefit, partially or totally financed by the company, whether internally or externally endowed, with an estimate of their amount or equivalent annual cost, indicating the type of plan, if it is a defined contribution or benefit, the conditions of consolidation of economic rights in favour of the directors and their compatibility with any type of compensation for early termination or termination of the contractual relationship between the company and the director.**

Indicate also the contributions in favour of the director to defined contribution pension plans; or the increase in the consolidated rights of the director, in the case of contributions to defined benefit plans.

**Explain long-term savings systems**

The Company has not assumed any obligation regarding pensions, retirement or similar with non-executive directors.

In relation to executive directors, since 2007 the Company has been covering the contingencies of retirement, incapacity for work, death, severe dependence or great dependence by means of the constitution of defined contribution employment plan plans with the coverage and consolidation in accordance with the regulations on Pension Plans, which are currently being contributed 600 euros per year for each one of them and compatible with the indemnities included in points A.6 and A.7. The contributions made during the year 2017, as well as the accumulated amounts are collected in point D.1.a) iii)

**A.6 Indicate any compensation agreed or paid in the event of termination of the duties as director.**

**Explain the compensations**

The non-executive directors of the Company do not have contractually recognized the right to receive any compensation in the event of resignation or termination.

In relation to the executive directors, Renta 4 has established indemnities in the event of termination, unfair dismissal or termination of the employment relationship for reasons unrelated to the Director. In this sense, said indemnities are articulated for executive directors in the following manner and compatible with the long-term savings plans in section A.5:

- President: In the event of termination due to reasons beyond the control of the President, due to his or her resignation or non-re-election as a member of the Board of Directors (CA) by the General Meeting or due to his or her non-re-election as President of the CA, he will be entitled to receive compensation equivalent to the legal compensation foreseen for the unfair dismissal of the common labour regime.
- CEO: In the event of termination due to his status as CEO, due to causes beyond his control; for his dismissal or non-re-election as a member of the Board by the General Meeting or for his dismissal or non-re-election as CEO in the CA, he will be entitled to receive an indemnity equivalent to the legal compensation foreseen for the unfair dismissal of the common labour regime, for the period in which he has rendered his services as CEO. In case of dismissal declared inadmissible, the CEO will be entitled to receive compensation equivalent to the legal compensation foreseen for unfair dismissal under the common labour regime.
- CEO: the compensation equivalent to the legal compensation foreseen for the unfair dismissal of the common labour regime, in case of unfair dismissal.
- Regional Manager: he has not signed any agreement regarding compensation or special armouring.

On the other hand, in addition to the compensations contemplated, and in relation to the variable remuneration indicated in section A.4 above, the executive directors will have the following rights:

The President, in case the CA agrees to cease as President, or the General Meeting agrees to terminate the same as a Director, will be entitled to receive the accrued and perfected portion of the RVA as appropriate, and with respect to the deferred part, will lose all right to receive any amount for this concept. However, in the event of termination of



his/her position due to (i) permanent disability or severe disability, (ii) death, (iii) retirement, (iv) early retirement, or (v) early retirement, the President shall be entitled to receive the accrued and perfected portion of the annual variable remuneration (RVA), as the case may be, and with respect to the deferred portion, the entire amount of deferred payment shall be deemed accrued and perfected.

For the executive directors holding the positions of CEO and Director and General Manager, the CA has established that they will be entitled to receive the accrued and perfected part of the RVA, as applicable, and in respect of the deferred part, it will be understood as accrued and perfected the entire amount of deferred payment, in the cases of: (i) business withdrawal; (ii) dismissal declared inadmissible by the Courts or recognized as inadmissible by the Company; (iii) dismissal declared null by the Courts; (iv) resolution of the employment relationship requested by the CEO under the provisions of article 10.3 of Royal Decree 1382/1985, of August 1, which regulates the special employment relationship of senior management personnel or the resolution of the employment relationship requested by the worker, in the case of the General Manager under the provisions of article 50 of the Workers' Statute; (v) disability; (vi) death; (vii) retirement; (viii) early retirement; (ix) early retirement or (x) mutual agreement to suspend the relationship, provided that the evaluation concludes that the performance of the CEO or Director and General Manager has been correct and aligned with the objectives of the Entity.

However, in the case of (i) voluntary resignation or resignation; (ii) withdrawal of the CEO or the General Manager; (iii) voluntary leave and/or forced leave; or (iv) dismissal declared by the Courts, the CEO and the Director and General Manager shall be entitled to receive the accrued and perfected portion of the RVA, as applicable, losing any right to receive any amount for the deferred payment part.

Finally, regarding the executive director and Regional Manager, the CA has established that the latter will be entitled to receive the accrued and perfected portion of the annual variable remuneration, as applicable, and in respect of the deferred part, the entire accrued and perfected portion will be understood of the amount of deferred payment, in the cases of: (i) dismissal declared inadmissible by the Courts or recognized as inadmissible by the Company; (ii) dismissal declared null by the Courts; (iii) resolution of the employment relationship requested by the employee under the provisions of article 50 of the Workers' Statute; (iv) change of professional category; (v) disability; (vi) death; (vii) retirement; (ix) early retirement; (x) anticipated retirement; or (xi) mutual agreement to suspend the relationship, provided that the evaluation carried out concludes that the performance of the CEO or Director and General Manager has been correct and aligned with the objectives of the Entity.

However, in the case of (i) voluntary resignation or resignation; (ii) voluntary leave and/or forced leave; or (iii) dismissal declared by the Courts, will be entitled to receive the accrued and perfected part of the (RVA), as applicable, losing any right to receive any amount for the part of deferred payment.

**A.7 Indicate the conditions that must be respected in the contracts of those who exercise senior management functions as executive directors. Among others, it will be informed about the duration, the limits to the compensation amounts, the permanency clauses, the periods of notice, as well as the payment as a substitution of the aforementioned period of notice, and any other clauses related to hiring bonuses, as well as indemnities or shields for early termination or termination of the contractual relationship between the company and the executive director. Include, among others, the covenants or agreements of non-competition, exclusivity, permanence or loyalty and non-post-contractual competition.**

**Explain the conditions of the contracts of the executive directors**

~~The Regulations of the Board reserve to this body the power to adopt decisions on the conditions that must be respected in the contracts of the executive directors. In addition, the CNR has among its functions to review and propose to the CA the remuneration policy for directors and senior executives and, if applicable, for those categories of employees who, for the functions they perform, are included in the remuneration policy by virtue of the applicable regulations, the individual remuneration and the terms and conditions of the contracts of the executive directors and the basic conditions of the contracts of the senior executives, all in accordance with the remuneration policy approved by the General Meeting.~~

In the contracts signed with each of the executive directors, their respective remuneration, rights and compensations for economic content are determined, which include those concepts included in the Company's Articles of Association and which are described in this Report. In this sense, the relevant conditions of the contracts of Mr. Juan Carlos Ureta Domingo (as President), Mr. Juan Luis López García (CEO), Mr. Jesús Sánchez-Quiñones González (Director and General Manager), and Mr. Santiago González Enciso (as Regional Manager and Director):

a) Duration: Indefinite.

b) Limits to the compensation amounts: Below are the limitations on the amount of compensation for each of the executive directors:

-President: You have the right to receive compensation equivalent to the legal compensation provided for unfair dismissal from the common labour regime, in the cases provided for in section A.6 above. In this sense, the maximum limit of the amount of such compensation would amount, in the year 2018, to the amount of 1,485 thousand of euros.

-CEO: You have the right to receive compensation equivalent to the legal compensation provided for unfair dismissal from the common labour regime, in the cases provided for in section A.6 above. In this sense, the maximum limit of the amount of such compensation would amount, in the year 2018, to the amount of 837 thousand of euros.

-General Manager: You have the right to receive compensation equivalent to the legal compensation provided for unfair dismissal from the common labour regime, in the cases provided for in section A.6 above. By 2018, the maximum limit of the amount of such compensation would amount to the amount of 1,161 thousand of euros.

-Regional Manager: he would receive the legal compensation foreseen for unfair dismissal from the common labour regime. In this sense, such compensation would amount, in the year 2018, to the amount of 288 thousand of euros.

c) Notice periods: Those established in the Collective Agreement applicable for that purpose.

d) Agreements or agreements of non-competition, exclusivity, permanence or loyalty and post-contractual non-competition: In the contracts signed with each of the executive directors, a statement is made by both parties stating that the positions they hold in the Company are full-time, with full dedication to the Company. Likewise, in said contracts (clause on the object) said exclusivity is highlighted. There are no specific agreements in the aforementioned agreements regarding non-competition, permanence or loyalty and no post-contractual competition.

Regarding these issues, the Regulations of the CA, in its article 16, establishes that no director may engage, on his own behalf or on behalf of another, to the same, analogous or complementary type of activity that constitutes the corporate purpose of the Company, unless expressly authorized by the same, by agreement of the General Meeting, for which purpose they must make the communication indicated in the aforementioned Regulation. The director must consult the CNR before accepting any management position or in the management body of another company or entity.

As regards possible conflicts of interest, Article 20 of the Regulations of the Board of Directors establishes that the directors must notify the CA of any situation of conflict, direct or indirect, that they may have with the interest of the Company. The affected director will abstain from intervening in the agreements or decisions related to the operation to which the conflict refers. Likewise, the directors must communicate the direct or indirect participation that, both they and the related persons referred to in the Law of Capital Companies, had in the capital of a company with the same, analogous or complementary type of activity to which it constitutes the corporate purpose, and they will also communicate the positions or functions that they exercise.

In addition, the Regulations of the Board establish in article 9 that the directors will have to respect at all times the regime of incompatibilities legally established at each moment.

#### A.8 Explain any supplementary remuneration accrued to directors as consideration for services rendered other than those inherent to their position.

##### Explain the supplementary remuneration

The directors of the Company have not earned any remuneration for this concept

#### A.9 Indicate any compensation in the form of advanced payment, loans and guarantees granted, indicating the interest rate, its essential characteristics and the amounts eventually returned, as well as the obligations assumed on their behalf as collateral.

##### Explain the advanced payments, loans and guarantees granted

The Company has granted credit policies in favour of the following directors:

- Mr. Francisco García Molina has been granted a loan of 200 thousand euros, having disposed of 196 thousand euros and with a repayment term of 3 years, which ends on July 8, 2018.
- Mr. Eduardo Trueba Cortés has been granted a loan of 150 thousand euros, not having had any amount during the year 2017 and with a repayment period of 3 years ending on November 28, 2018.
- Mr. Pedro Ángel Navarro Martínez has been granted a loan in the amount of 1000 thousand euros, of which he has drawn 653 thousand euros, granted on November 13, 2017 and whose repayment term ends on November 12, 2019.
- And on the other hand, the company Sociedad Vasco Madrileña de Inversiones, S.L., of which it is the majority shareholder Mr. Juan Carlos Ureta Domingo, has been granted a loan in the amount of 2,000 thousand, having

amortized 500 thousand euros in the year, with a provision of 1,500 thousand and an amortization period of 3 years, which is expected to expire on March 12, 2018.

In relation to the interest rate, other essential characteristics and the obligations assumed on behalf of them as collateral, it will be as indicated in section D.1. iv) below.

#### A.10 Explain the main characteristics of remuneration in kind.

##### **Explain the remunerations in kind**

The Company has contracted a group liability insurance policy that covers all responsibility for any order for acts and behaviour of the executive directors (President, CEO, General Manager and Regional Manager) of the Company as a result of the performance of the activities own functions.

#### A.11 Indicate the remuneration accrued by the director by virtue of the payments made by the listed company to a third entity in which the director provides services, when said payments are intended to remunerate the latter's services in the company.

##### **Explain the remuneration accrued by the director by virtue of the payments made by the listed company to a third entity in which the director provides services**

The directors of the Company have not earned any remuneration for this concept.

#### A.12 Any other remuneration concept different from the foregoing, whatever its nature or the group entity that satisfies it, especially when it is considered a related operation or its issuance distorts the true image of the total remuneration accrued by the director.

##### **Explain the other remuneration concepts**

The directors of the Company have not earned any remuneration for this concept

#### A.13 Explain the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the company's long-term objectives, values and interests, which will include, where appropriate, a reference to: measures foreseen to ensure that remuneration policy addresses the long-term performance of the company, measures that establish an adequate balance between the fixed and variable components of remuneration, measures adopted in relation to those categories of personnel whose professional activities have a material impact on the entity's risk profile, formulas or recovery clauses in order to claim the return of the variable components of the compensation based on the results when those components have been paid based on data whose inaccuracy was later demonstrated manifestly and measures planned to avoid conflicts of interest, where appropriate.

##### **Explain the actions taken to reduce the risks**

In relation to the measures envisaged to ensure that the long-term results of the Company are met in the Remuneration Policy, the objective criteria on the evolution of the Company's results to determine variable remuneration of directors.

On the other hand, the Company, in its Remuneration Policy, adopts an adequate balance between the fixed and variable components of the compensation, inasmuch as, as indicated in section A.4 above, variable remuneration is conceived in terms of to the achievement of objective criteria established by the Board and linked to the objective results of the Company.

Likewise, and with regard to the measures adopted regarding those categories of personnel whose professional activities have a material impact on the Company's risk profile, the Company adopts the same measures that in this regard operate for the executive directors and are included in the Subsection A.4 above, being, above all, those relating to establishing variable remuneration in response to objectives linked to the net profit of the Company and the level of defaulting of the Renta 4 Group.

Finally, in relation to the formulas or clauses of recovery to be able to claim the return of the variable components of the remuneration, it is foreseen that in the event that the evaluations are concluded that there has been a poor performance, the Company will be able to reduce the remuneration deferred variable and / or recover from the variable remuneration already paid and paid, up to a maximum of 100%, in both cases. These evaluations will analyse the subsequent evolution according to the criteria (indicated in Section A.4 above),

which contributed to achieving the objectives, comparing it with the evaluation of the initial performance and will be approved by the Board of Directors after the end of the year to which said variable remuneration refers.

## B REMUNERATION POLICY FOR FUTURE YEARS

Repealed.

## C GLOBAL SUMMARY OF HOW THE COMPENSATION POLICY WAS APPLIED DURING THE CLOSED YEAR

C.1 Explain in summary the main characteristics of the remuneration structure and concepts of the remuneration policy applied during the year in question, which gives details of the individual remuneration accrued by each of the directors that are reflected in section D of this report, as well as a summary of the decisions taken by the council for the application of these concepts.

### Explain the remuneration structure and concepts of the remuneration policy applied during the year

#### I. Remuneration Policy applied during the year 2017

The Board of Directors, at its meeting held on March 15, 2017, at the proposal of the CNR, agreed, at the ninth point of the Agenda, to approve the Remuneration Policy for the year 2017 and, in turn, submit it to its approval by the General Shareholders' Meeting, which approved the same at the Ordinary General Meeting of April 28, 2017, based on the responsibility, functions attributed and degree of commitment assumed by the Rent 4 directors.

In this sense, the remuneration received by the directors in accordance with said Remuneration Policy for the year 2017 has been:

#### A. FIXED RETRIBUTION

Non-executive directors have received a fixed annual amount for the performance of their duties as members of the Board of Directors, which amounts to 60,000 euros for each director who is a natural persons and 71,088 euros for each of the legal entity directors.

Mr. Juan Carlos Ureta Domingo, President has received a fixed annual remuneration consisting of 300,000 euros gross, Mr. Juan Luis López García, CEO and Mr. Jesús Sánchez-Quiñones González, Director and General Manager, received a fixed annual remuneration in the year 2017 consisting of 260,000 gross euros for each one of them and the Regional Manager, Mr. Santiago González Enciso a fixed annual remuneration of 69,000 euros gross.

#### B. VARIABLE RETRIBUTION

##### 1. Remuneration of non-executive directors

The 2017 Remuneration Policy establishes that non-executive Directors do not have a Variable Remuneration Plan.

##### 2. Remuneration of Mr. Juan Carlos Ureta Domingo, President.

The 2017 Remuneration Policy establishes that Mr. Juan Carlos Ureta Domingo will receive an Annual Variable Remuneration ("RVA"), consisting of up to a maximum of 100% of the Annual Fixed Remuneration ("RFA"). The Annual Variable Remuneration will consist of:

a) An amount corresponding to the amount accrued in accordance with the fulfilment of the Annual Objectives linked to the Group's Net Profit, (hereinafter, the "Annual Objectives on Benefits") to be determined by the Board of Directors, in to the responsibilities and functions of the position, as well as any others that the Board of Directors could specifically assign to the President.

In addition, the RVA will be received as long as the levels of defaulting or "loss" of the Rent 4 Group during the year are less than 5% of the Net Equity at the end of the year, and when said levels do not occur as a result of the Company's actions, in which the permitted levels and limits of risk are exceeded and established by EBA (European Banking Authority) or any other competent body to do so, due to defects in the control systems of the Rent 4 Group, as well as for any other cause attributable to the lack of action or malpractice of the Company.

The annual objectives are calculated based on the Net Income of Grupo 4 obtained ("BN") according to the following:

- Net profit: x lower 12 million euros = 0% of the Annual Fixed Remuneration.
- Net profit: 12 lower x greater 13 million euros = 32% of the Annual Fixed Remuneration.

- Net profit: 13 lower x greater 14 million euros = 34.7% of the Annual Fixed Remuneration.
- Net profit: 14 lower x greater 15 million euros = 37.3% of the Annual Fixed Remuneration.
- Net profit: 15 lower x greater 16 million euros = 40% of the Annual Fixed Remuneration.
- Net profit: 16 lower x greater 17 million euros = 60% of the Annual Fixed Remuneration.
- Net profit: 17 lower x greater 18 million euros = 80% of the Annual Fixed Remuneration.
- Net profit: x greater 18 million euros = 100% of the Annual Fixed Remuneration.

b) A 3-year Stock Option Plan, consisting in the delivery to executive directors, managers and/or employees of a maximum total of 614,538 stock options, in annual deliveries equivalent to one third of the maximum total, that is, 204,846 options, which will allow the Beneficiaries to acquire Renta 4 shares at a price of 5.75 euros per share, all in accordance with the resolution adopted by the General Meeting of April 28, 2017. The Board of Directors will implement the development of the Stock Option Plan, determining, also, each year and at the proposal of the Appointments and Remuneration Committee, the specific Beneficiaries and the number of options that will be delivered to each one of them.

### 3. Remuneration of the CEO and the Director General Manager.

The 2017 Remuneration Policy establishes that the CEO, D. Juan Luis López García and the Director and General Manager, Mr. Jesús Sánchez-Quiñones González will receive an Annual Variable Remuneration ("RVA"), consisting of up to a maximum of 100% of the Annual Fixed Remuneration ("RFA"). The amount of the same shall be accrued in accordance with the fulfilment of the annual objectives set by the Board, according to the responsibilities and functions of the position or to those assigned.

a) An amount corresponding to the amount accrued in accordance with the fulfilment of the Annual Objectives linked to the Group's Net Profit, (hereinafter, the "Annual Objectives on Benefits") to be determined by the Board of Directors, in to the responsibilities and functions of the position, as well as any others that the Board of Directors could specifically assign to the CEO and the Director General Manager.

In addition, the RVA will be received as long as the levels of defaulting or "loss" of the Renta 4 Group during the year are less than 5% of the Net Equity at the end of the year, and when said levels do not occur as a result of the Company's actions, in which the permitted levels and limits of risk are exceeded and established by EBA (European Banking Authority) or any other competent body to do so, due to defects in the control systems of the Renta 4 Group, as well as for any other cause attributable to the lack of action or malpractice of the Company.

The annual objectives are calculated based on the Net Income of Grupo 4 obtained ("BN") according to the following:

- Net profit: x lower 12 million euros = 0% of the Annual Fixed Remuneration.
- Net profit: 12 lower x greater 13 million euros = 32% of the Annual Fixed Remuneration.
- Net profit: 13 lower x greater 14 million euros = 34.7% of the Annual Fixed Remuneration.
- Net profit: 14 lower x greater 15 million euros = 37.3% of the Annual Fixed Remuneration.
- Net profit: 15 lower x greater 16 million euros = 40% of the Annual Fixed Remuneration.
- Net profit: 16 lower x greater 17 million euros = 60% of the Annual Fixed Remuneration.
- Net profit: 17 lower x greater 18 million euros = 80% of the Annual Fixed Remuneration.
- Net profit: x greater 18 million euros = 100% of the Annual Fixed Remuneration.

b) A 3-year Stock Option Plan, consisting in the delivery to executive directors, managers and/or employees of a maximum total of 614,538 stock options, in annual deliveries equivalent to one third of the maximum total, that is, 204,846 options, which will allow the Beneficiaries to acquire Renta 4 shares at a price of 5.75 euros per share, all in accordance with the resolution adopted by the General Meeting of April 28, 2017. The Board of Directors will implement the development of the Stock Option Plan, determining, also, each year and at the proposal of the Appointments and Remuneration Committee, the specific Beneficiaries and the number of options that will be delivered to each one of them.

### 4. Variable remuneration of the Regional Manager director

The Regional Manager will receive an Annual Variable Remuneration ("RVA"), consisting of up to a maximum of 100% of the Annual Fixed Remuneration ("RFA").

a) An amount corresponding to the amount accrued in accordance with the fulfilment of the Annual Objectives linked to the Group's Net Profit, (hereinafter, the "Annual Objectives on Benefits") to be determined by the Board of Directors, in attention to the responsibilities and functions of the position, as well as any others that the Board of Directors could specifically assign to the Regional Manager Director.

In addition, the RVA will be received as long as the levels of defaulting or "loss" of the Renta 4 Group during the year are less than 5% of the Net Equity at the end of the year, and when said levels do not occur as a result of the Company's actions, in which the permitted levels and limits of risk are exceeded and established by EBA (European Banking Authority) or any other competent body to do so, due to defects in the control systems of the Renta 4 Group, as well as for any other cause attributable to the lack of action or malpractice of the Company.

The annual objectives are calculated based on the Net Income of Grupo 4 obtained ("BN") according to the following:

- Net profit: x lower 12 million euros = 0% of the Annual Fixed Remuneration.
- Net profit: 12 lower x greater 13 million euros = 32% of the Annual Fixed Remuneration.
- Net profit: 13 lower x greater 14 million euros = 34.7% of the Annual Fixed Remuneration.
- Net profit: 14 lower x greater 15 million euros = 37.3% of the Annual Fixed Remuneration.
- Net profit: 15 lower x greater 16 million euros = 40% of the Annual Fixed Remuneration.
- Net profit: 16 lower x greater 17 million euros = 60% of the Annual Fixed Remuneration.
- Net profit: 17 lower x greater 18 million euros = 80% of the Annual Fixed Remuneration.
- Net profit: x greater 18 million euros = 100% of the Annual Fixed Remuneration.

b) A 3-year Stock Option Plan, consisting in the delivery to executive directors, managers and/or employees of a maximum total of 614,538 stock options, in annual deliveries equivalent to one third of the maximum total, that is, 204,846 options, which will allow the Beneficiaries to acquire Renta 4 shares at a price of 5.75 euros per share, all in accordance with the resolution adopted by the General Meeting of April 28, 2017.

The Annual Variable Remuneration ("RVA") has been calculated according to the provisions of the 2017 Remuneration Policy, which establishes that executive directors will receive an RVA with a maximum limit of 100% of the FRG, based on of the degree of achievement of the annual objectives, which are calculated based on the Net Profit and the defaulting level of the Renta 4 Group.

In relation to the variable remuneration of the Executive President, CEO, General Director and the Regional Manager, 60% of the amount that has been received will be paid within the maximum period of 15 days following the evaluation, and in any case, prior to the end of March 2018 (the calendar year following the year in which it was accrued). The remaining 40% will be subject to a deferral period of 3 years, with an accrual and payment being refined at a maximum of 13% in the first year of deferral, a maximum of 13% in the second year of deferral and a maximum of 14% the third year of deferral. The corresponding payment must be made before the end of the month of March of the following calendar year of each of the years in which the deferral occurred. For the improvement of the accrual and payment of 40% of the deferred Annual Variable Remuneration, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, will perform an evaluation at the end of each year of the deferral period, based on the maintenance of the profitability of the results of the Renta 4 Group, taking into account the circumstances of the sector during the evaluated period.

The payment of the Variable Remuneration, both 60% and 40% deferred, will be made 50% in cash and the other 50% remaining in shares. In order to calculate the number of accrued shares to be delivered, the average market value of the share during the last 20 business days of the corresponding year will be taken into account, with the shares being non-transferable for a period of 12 months from delivery.

For this reason, as the BN of the Group in 2017 has been of 16,281 MM € and the level of defaulting has been less than 5%, the degree of achievement of the annual objectives set in the 2017 Remuneration Policy, stable that each of the executive directors are entitled to receive a Total Annual Variable Remuneration ("RVA") of 60% of the Fixed Remuneration (RF) corresponding to each one of them, being the amount of the global RVA of the Executive Directors corresponding to the year 2017 of a total amount of 533,400 €. Specifically, the total RVA resulting for the year 2017 amounts to 180,000 euros for the President, 156,000 euros correspond to the CEO, 156,000 euros for the General Manager and for the Regional Manager the amount amounts to 41,400 euros.

In relation to the deferral of said RVA, 60% of the resulting amount will be paid during the first quarter of 2018 and the remaining 40% will be deferred in the following 3 years; 2019, 2020 and 2021. The payment of the Variable Remuneration, both 60% and 40% deferred, will be made 50% in cash and the other 50% in shares.

Therefore, during the first quarter of 2018, the Entity will pay the Executive Directors 60% of the Total Annual Remuneration for the year 2017, being 50% in cash and the other 50% in shares. Specifically, the President will receive 108,000 euros (54,000 in cash and 54,000 in shares), the CEO 93,600 euros (46,800 in cash and 46,800 in shares), the General Manager 93,600 euros (46,800 in cash and 46,800 in shares) and the Regional Manager 24,840 euros (12,420 in cash and 12,420 in shares).

The remaining amounts corresponding to 40% deferred, will be paid in the following 3 years (2019, 2020 and 2021), as established for this in the Remuneration Policy.

In relation to the *3-year Stock Option Plan 2017*, approved by the General Meeting of April 28, 2017, it has not being developed by the CA and, therefore, no options have been delivered to any of the Beneficiaries during the year 2017.

Finally, in relation to the RVA for the year 2014, whose 60% was paid during the first quarter of 2015, deferring the remaining 40% in the following 3 years, the Board proposed by the CNR, during the first quarter of 2018, has carried out the evaluation of the performance of the President, the CEO and the Director and General Manager, based on maintaining the profitability of the Renta 4 Group results, taking into account the circumstances of the sector during the evaluated period, with a positive outcome in the evaluation for all of them. For this reason, during the first quarter of 2018, the Entity will pay the President, the CEO and the Director and General Manager the 14% outstanding RVA corresponding to the year 2014, being 50% in cash and the other 50% in shares, with no outstanding amount of the 2014 RVA.

Specifically, each of them during the 2016 and 2017 exercises received 13,333 euros each year, half, 6,667 euros was in cash and the other half in shares and in the same way during 2018 the amount of 13,334, the 50 will be collected % in cash and the other half in shares. There is no outstanding amount of the 2014 RVA payment.

II. Summary of the decisions taken by the Board for the application of these concepts:

The Board of Directors proceeded, at the proposal of the CNR, to review and approve the corresponding Remuneration Policy in its session of March 15<sup>th</sup> 2017. Likewise, it approved the Annual Remuneration Report for Directors in that same session.

Equally, and attending to the evolution of the activity and the business volume of the company, the CA have arranged the variable remuneration of the Executive Directors for the year 2017 according to the Remuneration Policy in the session celebrated on February 27<sup>th</sup> 2018.

**D** DETAIL OF THE INDIVIDUAL REMUNERATION ARISING FROM EACH OF THE DIRECTORS

Name	Typology	Accrual period year 2017
JUAN CARLOS URETA DOMINGO	Executive	From 01/01/2017 to 12/31/2017.
SANTIAGO GONZALEZ ENCISO	Executive	From 01/01/2017 to 12/31/2017.
PEDRO FERRERAS DIEZ	Other external	From 01/01/2017 to 12/31/2017.
FUNDACION OBRA SOCIAL ABOGACIA ESPAÑOLA	Propietary	From 01/01/2017 to 12/31/2017.
FRANCISCO DE ASIS GARCIA MOLINA	Independent	From 01/01/2017 to 12/31/2017.
SARAH MARIE HARMON	Independent	From 01/01/2017 to 12/31/2017.
MUTUALIDAD DE LA ABOGACIA	Propietary	From 01/01/2017 to 12/31/2017.
PEDRO ANGEL NAVARRO MARTINEZ	Other external	From 01/01/2017 to 12/31/2017.
JOSE RAMON RUBIO LAPORTA	Independent	From 01/01/2017 to 12/31/2017.
EDUARDO TRUEBA CORTES	Independent	From 01/01/2017 to 12/31/2017.
JUAN LUIS LOPEZ GARCIA	Executive	From 01/01/2017 to 12/31/2017.
JESUS SANCHEZ-QUIÑONES GONZALEZ	Executive	From 01/01/2017 to 12/31/2017.
INES JUSTE BELLOSILLO	Independent	From 05/31/2017 to 12/31/2017.
EDUARDO CHACON LOPEZ	Propietary	From 04/28/2017 to 12/31/2017.

D.1 Complete the following tables regarding the individual remuneration of each of the directors (including compensation for the exercise of executive functions) accrued during the year.



a) Remuneration accrued in the company that is the subject of this report:

i) Cash compensation (in thousands of €)

Name	Salaries	Fixed remuneration	Subsistence allowance	Variable retribution short term	Variable retribution long-term	Compensation for belonging to Board commission	Compensations	Other concepts	Total year 2017	Total year 2016
EDUARDO CHACON LOPEZ	0	35	0	0	0	0	0	0	35	
PEDRO FERRERAS DIEZ	0	60	0	0	0	0	0	0	60	60
FUNDACION OBRA SOCIAL ABOGACIA ESPAÑOLA	0	71	0	0	0	0	0	0	71	71
FRANCISCO DE ASIS GARCIA MOLINA	0	60	0	0	0	0	0	0	60	60
SARAH MARIE HARMON	0	60	0	0	0	0	0	0	60	35
INES JUSTE BELLOSILLO	0	35	0	0	0	0	0	0	35	
MUTUALIDAD DE LA ABOGACIA	0	71	0	0	0	0	0	0	71	71
PEDRO ANGEL NAVARRO MARTINEZ	0	60	0	0	0	0	0	0	60	60
JOSE RAMON RUBIO LAPORTA	0	60	0	0	0	0	0	0	60	60
EDUARDO TRUEBA CORTES	0	60	0	0	0	0	0	0	60	60
SANTIAGO GONZALEZ ENCISO	0	69	0	0	0	0	0	0	69	69
JUAN LUIS LOPEZ GARCIA	0	261	0	7	0	0	0	0	268	260
JESUS SANCHEZ-QUIÑONES GONZALEZ	0	261	0	7	0	0	0	0	268	260
JUAN CARLOS URETA DOMINGO	0	300	0	7	0	0	0	0	307	300

ii) Share-based compensation systems

JESUS SANCHEZ-QUIÑONES GONZALEZ												
Variable Remuneration Actions (Remuneration Plan 2014) Deferred Payment												
Date of Implementation	Ownership of options at the beginning of the fiscal year 2017						Options assigned during the year 2017					
	No. Options	Affected shares	Price exer. (€)	Period of exercise			No. Options	Affected shares	Price exer. (€)	Period of exercise		
03/25/2014	0	0	13.00	2 following years (2017-2018)			0	0	0.00	0		
Terms: 0												
Shares delivered during the year 2017			Options exercised in the year 2017				Op. expired and not	Options at the end of year 2017				
No. of Shares	Price	Amount	Price exer. (€)	No. Options	Affected shares	Gross profit (m€)	No. Options	No. Options	Affected shares	Price exer. (€)	Period of exercise	
1,174	5.67	7	0.00	0	0	0	0	0	0	6.00	1 pending year (2018)	
Other year requirements: The number of shares delivered in 17 is the payment of 1/3 of RV deferred shares of the Plan 14-RV total deferred in shares 20 thousand, delivered in 1/3 in each of the 3 years following the accrual (16-17-18)												
JUAN CARLOS URETA DOMINGO												
Variable Remuneration Shares (Remuneration Plan 2014) Deferred Payment												
Date of Implementation	Ownership of options at the beginning of the fiscal year 2017						Options assigned during the year 2017					
	No. Options	Affected shares	Price exer.	Period of exercise			No. Options	Affected shares	Price exer.	Period of exercise		
03/25/2014	0	0	13,00	2 following years (2017-2018)			0	0	0.00	0		
Terms: 0												
Shares delivered during the year 2017			Options exercised in the year 2017				Op. expired and not	Options at the end of year 2017				
No. of Shares	Price	Amount	Price exer.	No. Options	Affected shares	Gross profit	No. Options	No. Options	Affected shares	Price exer.	Period of exercise	
1,174	5.67	7	0.00	0	0	0	0	0	0	6.00	1 pending year (2018)	

Other year requirements: The number of shares delivered in 17 is the payment of 1/3 of RV deferred shares of the Plan 14-RV total deferred in shares 20 thousand, delivered in 1/3 in each of the 3 years following the accrual (16-17-18)

**JUAN LUIS LOPEZ GARCIA**

**Variable Remuneration Shares (Remuneration Plan 2014) Deferred Payment**

Date of Implementation	Ownership of options at the beginning of the fiscal year 2017				Options assigned during the year 2017						
	No. Options	Affected shares	Price exer. (€)	Period of exercise	No. Options	Affected shares	Price exer. (€)	Period of exercise			
03/25/2014	0	0	13.00	2 following years (2017-2018)	0	0	0.00	0			
Terms: 0											
Shares delivered during the year 2017			Options exercised in the year 2017			Op. expired and not	Options at the end of year 2017				
No. of Shares	Price	Amount	Price exer. (€)	No. Options	Affected shares	Gross profit (m€)	No. Options	No. Options	Affected shares	Price exer. (€)	Period of exercise
1,174	5.67	7	0.00	0	0	0	0	0	0	6.00	Next year (2018)

Other year requirements: The number of shares delivered in 17 is the payment of 1/3 of RV deferred shares of the Plan 14-RV total deferred in shares 20 thousand, delivered in 1/3 in each of the 3 years following the accrual (16-17-18)

**iii) Long-term savings systems**

Name	Contribution of the fiscal year by the company (thousands €)		Amount of accumulated funds	
	Year 2017	Year 2016	Year 2017	Year 2016
JUAN CARLOS URETA DOMINGO	1	1	13	11
SANTIAGO GONZALEZ ENCISO	1	1	10	8
JESUS SANCHEZ-QUIÑONES	1	1	14	12
JUAN LUIS LOPEZ GARCIA	1	1	13	11

iv) Other benefits (in thousands of €)

<b>JUAN CARLOS URETA DOMINGO</b>			
<b>Remuneration in the form of advances, loans granted</b>			
<b>Operation interest rate</b>		<b>Essential characteristics of the operation</b>	<b>Amounts eventually returned</b>
1.75		Loan with collateral guarantees granted to VASCO MADRILEÑA DE INVERSIONES (majority shareholder Mr. Ureta). Euribor 3m plus 1.75. Policy with collateral guarantees of 2000 thousand euros. Duration from 3/13/15 to 03/12/18	500 thousand euros have been returned over the year 2018
<b>Life insurance premiums</b>		<b>Guarantees constituted by the company in favour of the directors</b>	
<b>Year 2017</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2016</b>
0	0	None	None

<b>FRANCISCO DE ASIS GARCIA MOLINA</b>			
<b>Remuneration in the form of advances, loans granted</b>			
<b>Operation interest rate</b>		<b>Essential characteristics of the operation</b>	<b>Amounts eventually returned</b>
1.75		Loan with collateral guarantees of 200 thousand euros. Euribor 1 year plus 1.75. Amount set aside 196 thousand euros. Duration 3 years. From 07/9/15 to 07/8/18	None
<b>Year 2017</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2016</b>
0	0	None	None

<b>PEDRO ANGEL NAVARRO MARTINEZ</b>			
<b>Remuneration in the form of advances, loans granted</b>			
<b>Operation interest rate</b>		<b>Essential characteristics of the operation</b>	<b>Amounts eventually returned</b>
1.75		Loan amounting to 1000 thousand euros, of which a provision of 653 thousand euros. Euribor 1 year plus 1.75. Repayment period ends on November 12, 2019	None
<b>Life insurance premiums</b>		<b>Guarantees constituted by the company in favour of the directors</b>	
<b>Year 2017</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2016</b>
0	0	None	None

<b>EDUARDO TRUEBA CORTES</b>			
<b>Remuneration in the form of advances, loans granted</b>			
<b>Operation interest rate</b>		<b>Essential characteristics of the operation</b>	<b>Amounts eventually returned</b>
1.75		Loan of 150 thousand euros, not having had any amount during the year 2017. Type Euribor 12m plus 1.75 Duration 3 years. Duration until 11/28/2018	None
<b>Life insurance premiums</b>		<b>Guarantees constituted by the company in favour of the directors</b>	
<b>Year 2017</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2016</b>
0	0	None	None

**b) Remuneration accrued by the directors of the company due to their membership of boards of directors in other group companies:**

**i) Cash compensation (in thousands of €)**

Name	Salaries	Fixed remuneration	Subsistence allowance	Variable retribution short term	Variable retribution long-term	Compensation for belonging to Board commissions	Compensations	Other concepts	Total year 2017	Total year 2016
EDUARDO TRUEBA CORTES	0	0	0	0	0	0	0	0	0	0
EDUARDO CHACON LOPEZ	0	0	0	0	0	0	0	0	0	0
FRANCISCO DE ASIS GARCIA MOLINA	0	0	0	0	0	0	0	0	0	0
FUNDACION OBRA SOCIAL ABOGACIA ESPAÑOLA	0	0	0	0	0	0	0	0	0	0
INES JUSTE BELLOSILLO	0	0	0	0	0	0	0	0	0	0
JESUS SANCHEZ-QUIÑONES GONZALEZ	0	0	0	0	0	0	0	0	0	0
JOSE RAMON RUBIO LAPORTA	0	0	0	0	0	0	0	0	0	0
JUAN CARLOS URETA DOMINGO	0	0	0	0	0	0	0	0	0	0
JUAN LUIS LOPEZ GARCIA	0	0	0	0	0	0	0	0	0	0
MUTUALIDAD DE LA ABOGACIA	0	0	0	0	0	0	0	0	0	0
PEDRO FERRERAS DIEZ	0	0	0	0	0	0	0	0	0	0
PEDRO ANGEL NAVARRO MARTINEZ	0	0	0	0	0	0	0	0	0	0
SANTIAGO GONZALEZ ENCISO	0	0	0	0	0	0	0	0	0	0
SARAH MARIE HARMON	0	0	0	0	0	0	0	0	0	0

**ii) Share-based compensation systems**

**iii) Long-term savings systems**

**c) Summary of remuneration (in thousands of €):**

The amounts corresponding to all the remuneration items included in this report that have been accrued by the director in thousands of euros must be included in the summary.

In the case of long-term Savings Systems, the contributions or endowments made to this type of system will be included:

Name	Total retribution accrued by the company				Retribution accrued in the companies of the group				Totals		
	Total Retribution in Cash	Amount of the shares granted	Gross Benefit of exercised options	Total year 2017 company	Total Retribution in cash	Amount of the shares delivered	Gross Benefit of exercised options	Total year 2017 Group	Total year 2017	Total year 2016	Contributions to savings system during the year
EDUARDO CHACON LOPEZ	35	0	0	35	0	0	0	0	35	0	0
PEDRO FERRERAS DIEZ	60	0	0	60	0	0	0	0	60	60	0
FUNDACION OBRA SOCIAL ABOGACIA ESPAÑOLA	71	0	0	71	0	0	0	0	71	71	0
FRANCISCO DE ASIS GARCIA MOLINA	60	0	0	60	0	0	0	0	60	60	0
SARAH MARIE HARMON	60	0	0	60	0	0	0	0	60	35	0
INES JUSTE BELLOSILLO	35	0	0	35	0	0	0	0	35	0	0
MUTUALIDAD DE LA ABOGACIA	71	0	0	71	0	0	0	0	71	71	0
PEDRO ANGEL NAVARRO MARTINEZ	60	0	0	60	0	0	0	0	60	60	0
JOSE RAMON RUBIO LAPORTA	60	0	0	60	0	0	0	0	60	60	0
EDUARDO TRUEBA CORTES	60	0	0	60	0	0	0	0	60	60	0
JUAN LUIS LOPEZ GARCIA	268	7	0	275	0	0	0	0	275	274	1
JESUS SANCHEZ-QUIÑONES GONZALEZ	268	7	0	275	0	0	0	0	275	274	1
JUAN CARLOS URETA DOMINGO	307	7	0	314	0	0	0	0	314	314	1
SANTIAGO GONZALEZ ENCISO	69	0	0	69	0	0	0	0	69	69	1
<b>TOTAL</b>	<b>1.484</b>	<b>21</b>	<b>0</b>	<b>1.505</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.505</b>	<b>1.408</b>	<b>4</b>

**D.2 Report on the relationship between the remuneration obtained by the directors and the results or other measures of performance of the entity, explaining, where appropriate, how the changes in the company's performance have been able to influence the variation in remuneration of the directors.**

In view of the Compensation Policy of the Company's directors for the year 2017 indicated in section C.1 above, the remuneration is linked to the results obtained by the Company. In this sense, and taking into account what is indicated in this section, certain variable remuneration is conditional upon compliance with the indicators also included in that section C.1 above

**D.3 Report of the result of the consultative vote of the general meeting to the annual report on remunerations of the previous year, indicating the number of negative votes that may have been issued:**

	<b>Number</b>	<b>% of the total</b>
<b>Votes cast</b>	28,268,267	69.46%

	<b>Number</b>	<b>% of the total</b>
<b>Negative votes</b>	0	0.00%
<b>Votes in favour</b>	28,268,267	69.46%
<b>Abstentions</b>	0	0.00%

## **E OTHER INFORMATION OF INTEREST**

If there is any relevant aspect regarding the remuneration of directors that has not been included in the rest of the sections of this report, but which must be included in order to collect more complete and reasoned information on the remuneration structure and practices of the company in question regarding its directors, briefly describe them.

The directors of the Company have not earned any remuneration other than that indicated in Section A of this report, without prejudice to the amounts indicated in section D.3 of the Annual Corporate Governance Report regarding related-party transactions between directors' entities and the Company itself.

On the other hand, the figures stated in sections D.1.a.i, D.1.a.ii, and D.1.C refer to the amount subscribed and paid in 2017 to all the directors, not being accrued any variable remuneration different from the described in section C during year 2017. In this sense, it must be pointed out that the variable remuneration subscribed in 2017 by the Executive Directors Mr. Juan Carlos Ureta Domingo, Mr. Juan Luis López García, and Mr. Jesús Sánchez-Quiñones González correspond to the variable remuneration accrued in the year 2014, whose 40% was deferred in thirds in the 3 following years (2016, 2017, and 2018). In particular, the total RV deferred and paid in 2017 amounts to 42 thousand euros, where 21 thousand were subscribed in cash and 21 thousand in shares, corresponding 7 thousand euros in cash and 7 thousand euros in shares to Mr. Juan Carlos Ureta Domingo. The same quantities as to Mr. Juan Luis López García and Mr. Jesús Sánchez-Quiñones González.

This annual report on remunerations has been approved by the Board of Directors of the company, in its session dated 03/13/2018.

Indicate if there were any directors who voted against or abstained in relation to the approval of this Report.

Yes

No