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LETTER FROM THE CHAIRMAN

Dear shareholders:

It is with great pleasure that I present to you Renta 4 Servicios de Inversión's financial statements and management report for 2008.

2008 was truly an exceptional year for the capital markets and the economy at large, one which will undoubtedly go down in history as the year of the one of the worst financial crisis on record. As 2009 unfolds, the financial crisis is taking a toll on the real economy, prompting a contraction in global GDP and forcing governments worldwide to take measures that are unprecedented in scale and scope in an attempt to mitigate the fallout from the shrinking economy.

Renta 4 completed its first full year as a listed company during this extraordinarily complex and challenging year. As evidenced by the full-year results, Renta 4 has been shown to have a solid position and a proven ability to generate recurring revenue and sustained operating profits, even during extremely difficult times marked by an intense crisis, as was the case in 2008.

Turning to the balance sheet, we decided to give our shareholders back a portion of the share premium generated by the IPO by distributing the majority of shares of Bolsas y Mercados Españoles (BME) owned by Renta 4. Underlying this decision is the desire to eliminate assets from the balance sheet which, on account of their relative weight, could cause undesirable short term swings in earnings, in light of growing financial market volatility.

The highlights of our business and financial performance in 2008 are as follows:

- Renta 4 generated profit for the year after tax of €5.6 million on net operating income of €9.8 million.
- This result includes an extraordinary, non-recurring charge of €3 million, linked in large part to the aforementioned dividend payment of BME shares. Without this charge, net operating profit would have totalled €12.9 million.
- During the year, net growth in assets under management at Renta 4 amounted to €309 million, a very significant figure considering the widespread slump in the overall sector.
- Revenue in 2008 came to €70.1 million.
- At 31 December 2008, customer accounts totalled 119,704, year-on-year growth of 21.8%.
- Operating expenses were broadly flat, inching 1.1% higher on 2007.
- Equity at year-end amounted to €78.2 million. Despite the payment to shareholders of a significant chunk of equity in the form of BME shares, the Company's financial position remains strong.

In 2008 the stock corrected 34.9%, compared to a 39.4% correction in the Ibex35 and a drop of 58.3% in the Ibex small caps index. Shareholder remuneration during the year consisted of a cash payment of €0.20 per share and a portion of the share premium account in the form of one BME share for every twenty shares of Renta 4 held. This share price performance should be seen against a tremendously complex backdrop, which made the always challenging task of creating a deep secondary market for a recently debuting stock all the more difficult.

2009 has also started under the shadow of the global financial crisis. The world's main stock markets ended the first quarter significantly in the red, by roughly 10%, as economic indicators reveal an intense slowdown in activity in all sectors and all markets. Faced with this panorama, governments worldwide and the main central banks have adopted monetary and fiscal stimulus measures of an unprecedented scale, including unconventional monetary policies. The recent G20 Summit in London at the beginning of April confirmed world leaders' determination to take firm and concerted action to tackle the global crisis, generating more optimism among economic agents. These expectations should be corroborated in the coming months. However, all signs suggest that despite the undeniably positive effect of the raft of measures being taken or announced, the correction is likely to last some time yet.

Against this backdrop, Renta 4's business strategy, predicated on customer service and care, remains intact. This business model has been reinforced by the current financial crisis, which has revealed the relative strength and sustainability of models based on the steady generation of service fees as the core revenue driver, vis-à-vis models based on proprietary trading, entailing significant risks, or business models based on a theoretical capacity to offer apparently sophisticated products, products which often times have proven not only opaque, but have also greatly disappointed their buyers.

Our target for 2009 is to make our organisation more efficient, focusing on the distribution network and ongoing upgrades to the technology platform. From the standpoint of revenue growth, we understand that Renta 4's stronger positioning within the sector will once again enable us in 2009, despite the unfolding crisis, to increase the number of customer accounts and add to assets under management. Our situation also enables us to assess opportunities for non-organic growth by acquiring or merging with other entities although, as we said last year, these mergers, if any, will be made on a selective basis and only if they fit with our core business lines and enable an adequate return on investment.

I think I can safely say that Renta 4 is well positioned to emerge from the current storm significantly stronger, and that the crisis will enable us to take steps in the direction of becoming Spain's leading and benchmark provider of investment services, underpinned by the fact that we are tackling the situation from a position of strength, armed with a business model and corporate culture that have proven to be the right formula.

In terms of corporate citizenship, Renta 4 has launched, via the Renta 4 Foundation, several programs tied primarily to education. It recently executed a collaboration agreement with the Entreculturas Foundation, among other initiatives. Renta 4 plans to gradually step up its community work: we are acutely aware of the leading role that today's businesses need to play in shaping a better society.

I would like to take this opportunity to remember two people here with us this time last year but sadly are no longer with us today: José María Cuevas, Vice-Chairman of Renta 4, who passed away in October 2008, and who for so many years shared with us his enormous talent and helping hand. His contributions were always intelligent and worthwhile. And José Antonio Castro, director of our brokerage for almost twenty years, and a key player in shaping the history of Renta 4. Both will remain forever in our hearts. We remember them fondly and will miss them greatly.

I would like to close by thanking everyone at Renta 4 for their hard work and dedication and also our shareholders and clients for their confidence and support.

Juan Carlos Ureta Domingo
Chairman

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

2.1 CONSOLIDATED BALANCE SHEETS

RENTA 4 SERVICIOS DE INVERSIÓN, S.A. AND SUBSIDIARIES
Consolidated balance sheets at December 31

ASSETS	Note	2008	2007
			Thousand of euros
Intangible assets			
Goodwill		8.969	9.650
Other intangible assets		1.025	1.085
	7	9.994	10.735
Property and equipment	8	30.804	30.435
Available-for-sale financial assets	9	20.326	107.921
Deferred tax assets	19	987	1.680
Loans and receivables	10	12.646	2.216
NON-CURRENT ASSETS		74.757	152.987
Other assets	13	1.666	2.266
Current tax assets			
Income tax		627	15
Other receivables from public administrations		3.882	3.743
	19	4.509	3.758
Loans and receivables			
Due from financial institutions		301.256	330.541
Other receivables		21.657	29.707
	10	322.913	360.248
Financial assets held for trading	11	3.329	6.937
Cash and cash equivalents	12	132.658	191.786
CURRENT ASSETS		465.075	564.995
TOTAL ASSETS		539.832	717.982

RENTA 4 SERVICIOS DE INVERSIÓN, S.A. AND SUBSIDIARIES
Consolidated balance sheets at December 31

EQUITY AND LIABILITIES	Note	2008	2007
			Thousand of euros
Minority interests	14	1.126	1.099
Valuation adjustments	15	(2.295)	40.545
Equity	16	79.335	122.851
EQUITY		78.166	164.495
Financial liabilities	17	36.115	77.144
Deferred tax liabilities	19	1.021	19.078
NON-CURRENT LIABILITIES		37.136	96.222
Financial liabilities held for trading	11	860	486
Financial liabilities			
Due to financial institutions		233.050	271.797
Due to customers		188.894	180.285
	17	421.944	452.082
Provisions	18	266	120
Current tax liabilities			
Income tax payable		-	2.051
Other payables to public bodies		1.173	1.395
	19	1.173	3.446
Accrued expenses and deferred income	13	287	1.131
CURRENT LIABILITIES		424.530	457.265
TOTAL EQUITY AND LIABILITIES		539.832	717.982

2.2 CONSOLIDATED INCOME STATEMENTS

RENTA 4 SERVICIOS DE INVERSIÓN, S.A. AND SUBSIDIARIES

Consolidated income statements for the years ended December 31

	Note	2008	2007
			Thousands of euros
Revenue			
Fee and commission income		46.312	52.955
Interest and similar income		19.959	18.529
Return on equity instruments		3.878	4.135
	21	70.149	75.619
Expenses			
Fee and commission expenses		(11.908)	(12.661)
Interest and similar expense		(14.700)	(13.662)
	21	(26.608)	(26.323)
Net trading income			
Financial assets and liabilities held for trading	22	(2.648)	1.605
Foreign currency translation differences (net)		(29)	573
Employee benefits expenses	23	(15.644)	(15.337)
Other general administrative expenses	24	(12.702)	(12.714)
Depreciation and amortization	7 and 8	(2.303)	(2.118)
NET OPERATING INCOME		10.215	21.305
Gains on sale of available-for-sale financial assets	22	(367)	95
Impairment losses (net)	25	(1.490)	812
Provisions	18	(146)	(120)
Other gains	26	1	739
Other losses	26	(442)	(1.311)
PROFIT BEFORE TAX		7.771	21.520
Income tax expense	27	(2.168)	(6.189)
CONSOLIDATED PROFIT FOR THE YEAR		5.603	15.331
Attributable to minority interests	14	28	70
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		5.575	15.261
EARNINGS PER SHARE (euros)			
Basic earnings per share	16	0,14	0,46
Diluted earnings per share	16	0,14	0,46

2.3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

RENTA 4 SERVICIOS DE INVERSIÓN, S.A. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

Statement of recognized income
and expensefor the year ended December 31

		Note	2008	2007
				Thousands of euros
A)	PROFIT (LOSS) FOR THE YEAR		5.603	15.331
B)	OTHER RECOGNIZED INCOME/EXPENSES		(42.840)	19.671
1.	Available-for-sale financial assets			
	a) Unrealized gains /(losses)	9	(61.567)	28.196
	b) Amounts transferred to income statements	9	367	(95)
2.	Income tax	27	18.360	(8.430)
	TOTAL RECOGNIZED INCOME AND EXPENSE (A+B)		(37.237)	35.002
	Attributed to the parent company		(37.265)	34.932
	Attributed to minority interest		28	70

RENTA 4 SERVICIOS DE INVERSIÓN, S.A. AND SUBSIDIARIES

Consolidated Statements of changes in equity for the year ended December 31, 2008

Consolidated Statements of all changes in equity for the year ended December 31, 2008

Thousand of euros

	Issued capital (Note 16)	Share premium (Note 16)	Reserves (Note 16)	Valuation adjustments (Note 15)	Profit for the year	Treasury shares (Note 16)	Other equity instruments (Note 16)	Total	Minority interest (Note 14)	Total equity
Balance at January 1, 2008	16.277	72.757	18.531	40.545	15.261	(1.915)	1.940	163.396	1.099	164.495
Total income and expenses recognized in equity	-	-	-	(42.840)	5.575	-	-	(37.265)	28	(37.237)
Other changes in equity										
Appropriation of 2007 results	-	-	15.261	-	(15.261)	-	-	-	-	-
Dividends paid	-	(37.627)	(8.085)	-	-	-	-	(45.712)	-	(45.712)
Transactions with Treasury shares	-	-	1.034	-	-	(3.652)	(755)	(3.373)	-	(3.373)
Share-based payments	-	-	-	-	-	-	175	175	-	175
Other movements	-	-	(181)	-	-	-	-	(181)	(1)	(182)
Total appropriation of results and transactions with shareholders	-	(37.627)	8.029	-	(15.261)	(3.652)	(580)	(49.091)	(1)	(49.092)
Balance at December 31, 2008	16.277	35.130	26.560	(2.295)	5.575	(5.567)	1.360	77.040	1.126	78.166

RENTA 4 SERVICIOS DE INVERSIÓN, S.A. AND SUBSIDIARIES

Consolidated Statements of changes in equity for the year ended December 31, 2007

Consolidated Statements of all changes in equity for the year ended December 31, 2007

Thousand of euros

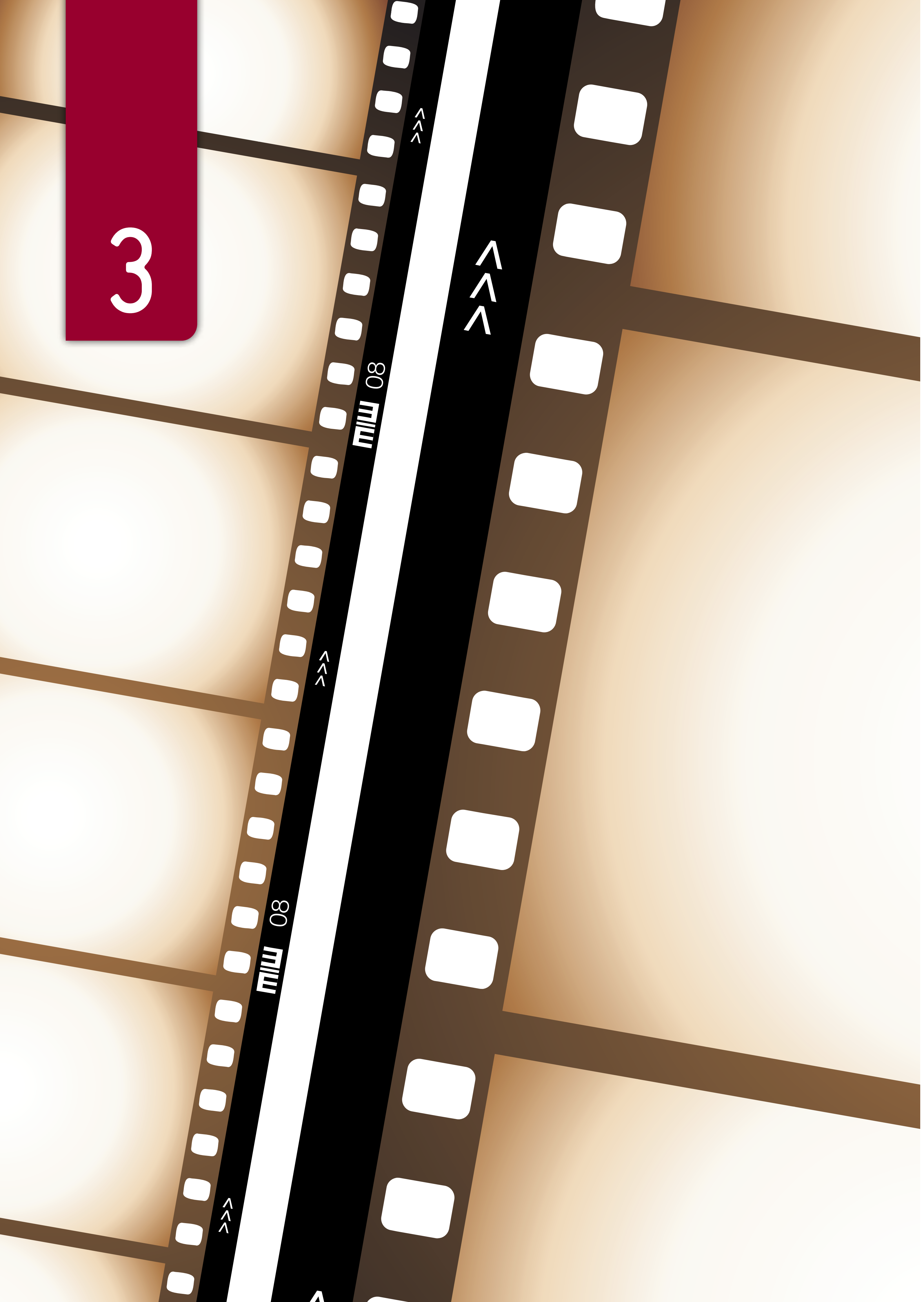
	Issued capital (Note 16)	Share premium (Note 16)	Reserves (Note 16)	Valuation adjustments (Note 15)	Profit for the year	Treasury shares (Note 16)	Other equity instruments (Note 16)	Total	Minority interest (Note 14)	Total equity
Balance at January 1, 2007	16.248	213	10.722	20.874	17.094	(2.486)	2.176	64.841	1.079	65.920
Total income recognized in equity	-	-	-	19.671	15.261	-	-	34.932	70	35.002
Other changes in equity										
Appropriation of 2006 results	-	-	17.094	-	(17.094)	-	-	-	-	-
Capital decrease	(3.250)	-	-	-	-	-	-	(3.250)	-	(3.250)
Share capital increase (IPO)	3.279	72.544	-	-	-	-	-	75.823	-	75.823
Dividends paid	-	-	(6.500)	-	-	1.881	-	(4.619)	-	(4.619)
Capital increase expenses	-		(3.078)	-	-	-	-	(3.078)		(3.078)
Transactions with Treasury shares	-	-	686	-	-	(1.310)	(900)	(1.524)	-	(1.524)
Share-based payments	-	-	-	-	-	-	664	664	-	664
Other movements	-	-	(393)	-	-	-	-	(393)	(50)	(443)
Total appropriation of results and transactions with shareholders	29	72.544	7.809	-	(17.094)	571	(236)	63.623	(50)	63.573
Balance at December 31, 2007	16.277	72.757	18.531	40.545	15.261	(1.915)	1.940	163.396	1.099	164.495

2.4 CONSOLIDATED CASH FLOW STATEMENTS

RENTA 4 SERVICIOS DE INVERSIÓN, S.A. AND SUBSIDIARIES

Consolidated cash flow statements for the years ended December 31 (Note 4.r)

	Note	2008	2007
			Thousands of euros
Profit before tax		7.771	21.520
Adjustments to profit			
Depreciation of property and equipment and amortization of intangible assets	7 and 8	2.303	2.118
Loss on sale of available-for-sale financial assets	22	367	(95)
Movements in provisions	18	146	120
Impairment of goodwill	7	681	-
Impairment losses on available-for-sale financial assets	9	2	164
Dividend income	21	(3.878)	(4.135)
Finance costs		4.425	4.379
Employee benefits expenses (share-based payment plans)	23	175	664
Working capital adjustments			
Loans and receivables		37.335	(115.330)
Other assets and liabilities (net)	13	(244)	-
Financial assets and liabilities held for trading (net)	11	3.982	(1.151)
Payments for contingencies and litigations		-	(350)
Current financial liabilities		(4.054)	74.977
Tax assets and liabilities		(3.024)	(1.611)
Other cash flows from operating activities			
Income tax paid	27	(1.283)	(5.989)
NET CASH FLOWS FROM OPERATING ACTIVITIES		44.704	(24.719)
Purchase of property and equipment and intangible assets	7 and 8	(2.615)	(5.772)
Acquisition of subsidiaries		(302)	-
Purchase of available-for-sale financial assets	9	(41.082)	(28.759)
Proceeds from sale of property and equipment and intangible assets		-	528
Non-current loans and receivables		(10.430)	(1.169)
Proceeds from sale of available-for-sale financial assets		20.131	1.445
Dividends received		3.878	4.135
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(30.420)	(29.592)
Payments to shareholders for capital decrease	16	-	(3.250)
Dividends paid	16	(8.139)	(4.619)
Proceeds from issue of shares (net of transaction costs)	16	-	71.426
Proceeds from new bank borrowings	17	10.000	56.400
Repayment of bank borrowings		(64.674)	(26.088)
Payment of finance lease liabilities		(2.104)	(1.776)
Tax liabilities		(643)	(1.051)
Interest paid		(4.425)	(4.379)
Proceeds from transactions with treasury shares		(3.427)	(1.681)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(73.412)	84.982
NET INCREASE IN CASH AND CASH EQUIVALENTS		(59.128)	30.671
Reconciliation:			
Cash and cash equivalents at January 1	12	191.786	161.115
Cash and cash equivalents at December 31	12	132.658	191.786
Net increase in cash and cash equivalents		(59.128)	30.671



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

3.1 CORPORATE INFORMATION

Renta 4 Servicios de Inversión, S.A. (Renta 4 Servicios Financieros, S.L. until July 2000) (hereinafter the Company or parent company) was formed on October 28, 1999 as a result of the total split of Sociedad de Inversiones A.R. Santamaría, S.A. (formerly Renta 4 Inversiones, S.L.) into two newly created companies, Renta 4 Servicios Financieros, S.L. and Renta 4 Inversiones, S.L. As a result of the split, the Company received, primarily, shares in entities whose principal activity was the rendering of financing services. In July 2000, the Company was transformed into a joint-stock company, at which time it received its current name. At December 31, 2008, Renta 4 Servicios de Inversión, S.A. was the parent company of the Renta 4 Group (hereinafter the Group).

The Company engages in providing all types of advisory and other economic, financial or stock market services, as well as acquiring, holding, managing and selling securities.

Detailed information on subsidiaries are provided in Appendix I.

On September 29, 2004, the Company moved to its current address at Paseo de la Habana, 74, in Madrid.

The activities carried out by some of the Group companies are regulated by Security Market Law 24/1988, dated July 28, as amended by Law 37/1998, dated November 16, Law 44/2002, dated November 22 and Law 26/2003, dated July 17, Ministry of Economics Order ECO/734/2004, dated March 11 and Royal Decree 867/2001, dated July 20 governing investment services companies. In addition, the management of Collective Investment Schemes (CIS) is regulated by Law 35/2003, dated November 4, and Royal Decree 1309/2005, dated November 4, which approves the regulations of this Law. Pension fund management is regulated by Royal Decree 1/2002, dated November 29, which approves the revised text of the Law on Pension Plans enacted by Royal Decree 304/2004, dated February 20, which approves the regulations of pension plans and pension funds.

The Group is required to meet certain solvency (see Note 31) and minimum liquidity ratios on customer balances (see Note 30). On December 30, 2008, the National Securities Market Commission published a new circular regarding the solvency of investment services companies and their consolidated groups. This circular will go into effect on June 30, 2009.

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

On October 25, 2007 the Executive Committee of the Spanish National Securities Commission (Comisión Nacional del Mercado de Valores or CNMV) included the documentation and prospectus for the public subscription and offering of 9,821,918 shares of the Company (or up to 11,295,205 shares if the global coordinator were to exercise the greenshoe option) in the official registers provided for in Article 92 of Securities Market Law 24/1988.

On November 14, 2007, 9,821,918 shares of the Company were admitted to listing on the aforementioned stock exchanges -the greenshoe option was not exercised- and all its outstanding shares (40,693,203 shares) were included on the electronic trading platform.

3.2 BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

a) Basis of presentation of the consolidated financial statements

The accompanying 2008 consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS) in conformity with EU Regulation no. 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale financial liabilities and the trading portfolio, which were recognized at fair value.

As of January 1, 2008, IFRIC interpretations 11, 13 and 14 and the modifications to IAS 39 and IFRS 7 (reclassification of financial assets) went into effect, which have had not effect on the Group s financial position or results.

In addition, the following standards and interpretations will come into effect in the near future.

Standard or interpretation	Summary
IFRS 8 – Operating segments	Applicable for the fiscal years commencing January 1, 2009.
Revised IAS 23 – Borrowing costs	Applicable for the fiscal years commencing subsequent to January 1, 2009 – finance costs relating to qualifying assets capitalized as of January 1, 2009.
Revised IAS 1 – Presentation of financial statements	Applicable for the fiscal years commencing January 1, 2009.
Amendment to IAS 32 and IAS 1 – Puttable financial instruments and obligations arising on liquidation	Applicable for the fiscal years commencing subsequent to January 1, 2009. Approved by the IASB in February 2008.
Revised IFRS 3 – Business combinations	Applicable for the fiscal years commencing subsequent to July 1, 2009. Approved by the IASB in January 2008.
Revised IAS 27 – Consolidated and separate financial statements	Applicable for the fiscal years commencing subsequent to July 1, 2009. Approved by the IASB in January 2008.
Amendment to IFRS 2 – Share-based payments – vesting conditions and cancellations	Applicable for the fiscal years commencing subsequent to January 1, 2009. Approved by the IASB in January 2008.
Amendment to IFRS 1 and IAS 27 – Cost of an investment in a subsidiary, joint venture and associate	Applicable for the fiscal years commencing subsequent to January 1, 2009. Approved by the IASB in May 2008.
Improvements to IFRS - Other	Applicable for the fiscal years commencing subsequent to January 1, 2009. Approved by the IASB in May 2008.
IFRIC 15 - Agreements for the Construction of Real Estate	Applicable for the fiscal years commencing January 1, 2009.
IFRIC 17 – Distributions of non-cash assets to owners	Applicable for the fiscal years commencing July 1, 2009.
IFRIC 18 – Transfer of assets from customers	Applies to transfers carried out on or after July 1, 2009.

The directors consider that the adoption of these new standards will not have a significant effect on the Group's financial position.

In their general meeting held on April 29, 2008, the shareholders approved the 2007 consolidated financial statements of the Renta 4 Group.

The accompanying 2008 consolidated financial statements of the Renta 4 Group were prepared by the Board of Directors of the parent company on March 23, 2009, and are pending approval by the shareholders at their general meeting. However, the Directors expect that they will be approved without modification.

b) Fair presentation

The consolidated annual financial statements have been prepared from the auxiliary accounting records of the various companies comprising the consolidated Group to present a true and fair view of consolidated equity, the consolidated financial position, the consolidated results and the consolidated cash flows of the Group. Each Group company prepares its annual financial statements in accordance with accounting principles prevailing in Spain. Accordingly, the necessary adjustments and restatements were made upon consolidation to standardize them with IFRS principles and criteria.

The consolidated annual financial statements, which consist of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes thereto, are presented in thousands of euros. The euro is the Group's functional currency. All amounts are rounded up to the nearest thousand unless indicated otherwise.

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

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

- Impairment losses of financial assets (Notes 4.h and 9).
- Impairment losses on and the useful lives of property and equipment and intangible assets (Notes 4.f, 4.g, 7 and 8).
- The measurement of equity instruments used in share-based payment plans for directors and employees (Note 4.n).
- The measurement of goodwill (Note 4.f and 7).
- The fair value of certain financial assets that are not traded on official OTC markets (Note 9).
- The measurement of financial risks to which the Group is exposed in carrying out its business (Note 30).

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

d) Consolidation methods

The companies included in the consolidation scope have been fully consolidated as of the date they were included in the Group. Companies are eliminated from the consolidation scope when the Group no longer has control. In this circumstance, the consolidated annual financial statements include the results for the portion of the year in which the Group exercised control.

e) Minority interests

The value of the share of minority interests in equity and results for the year of consolidated subsidiaries is shown in "Minority interests" on the consolidated balance sheet and "Profit attributable to minority interests" in the consolidated income statements.

Acquisitions of minority interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the net assets acquired is recognized as goodwill.

f) Standardization of measurement criteria

The necessary adjustments have been made to adapt the measurement criteria of the subsidiaries to those of the parent company.

g) Elimination of intercompany transactions

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

3.3 SUBSIDIARIES

A list of subsidiaries of Renta 4 Servicios de Inversión, S.A. at December 31, 2008 and 2007 is provided in Appendix I.

The individual annual financial statements of the companies included in the consolidation scope are those corresponding to December 31, 2008 and 2007, respectively.

There were no significant changes in the scope of the consolidation in 2008.

On July 20, 2007, the deed for the merger and absorption of Gesdinco Gestión, S.G.I.I.C., S.A. by Renta 4 Gestora S.G.I.I.C, S.A. was executed. This merger did not affect the consolidation scope or the consolidated equity or results of the Group as both companies were already included in the consolidation scope.

3.4 VALUATION PRINCIPLES AND CRITERIA

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

a) Principles of going concern and accrual

The information set forth in these consolidated financial statements has been prepared considering that the Group will continue as a going concern in the foreseeable future and, therefore, the directors have not applied the accounting standards used to determine the value of equity for total or partial transfer purposes or a hypothetical liquidation.

Except with respect to the cash flow statement, these consolidated financial statements have been prepared on an accrual basis, that is, transactions have been recorded at the moment the actual goods or services represented by them take place, regardless of when actual payment or collection occurs.

b) Offsetting balances

Debit and credit balances arising as a result of transactions are offset and therefore presented at the corresponding net amount on the balance sheet only when related contracts or applicable legislation allows the possibility of offsetting them and the entity intends to liquidate them at their net amounts or realize the related assets and simultaneously pay the corresponding liabilities.

c) Business combinations

A business combination is the bringing together of two or more separate entities or economic units into one single entity or group of entities. As a result of a business combination, which is accounted for using the acquisition accounting method, the Group obtains control over one or several companies.

The acquisition accounting method treats business combinations from the perspective of the acquirer. The acquirer must recognize the fair value of the assets acquired and the liabilities and contingent liabilities assumed, including previously unrecognized assets and liabilities.

This method involves measuring the cost of the business combination and assigning it, at the date of acquisition, to the identifiable assets, liabilities and contingent liabilities measured at fair value.

d) Transactions in foreign currency

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

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

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

All differences are recognized in the consolidated income statement.

At December 31, 2008 and 2007 the total amount of assets and liabilities denominated in foreign currency was insignificant.

e) Recognition of revenue and expenses

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

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

- The amount can be estimated reliably.
- It is probable that economic benefits will flow to the Group.
- The information can be verified.

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

Revenue from dividends is recognized in the consolidated income statement when the shareholders' right to receive the payment is established.

f) Goodwill and other intangible assets

Goodwill

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

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

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

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

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

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

Other intangible assets

The Group recognizes under "Other intangible assets" its computer software and the "Customer Relationships" arising from the acquisitions of Gesdinco Gestión, S.G.I.I.C., S.A. and Padinco Patrimonios, S.G.C., S.A.

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

The "Customer Relationships" acquired are amortized on a straight-line basis over eight years (useful life), which is the period of time the Group estimates it will maintain these relationships based on available information.

h) Property and equipment

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

The cost of these assets includes the amounts initially disbursed for acquisition or production, as well as any amounts paid subsequently for expansion, replacement or improvement of assets, when the Group expects to obtain economic benefits from continuing use of the assets. Plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment in value.

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

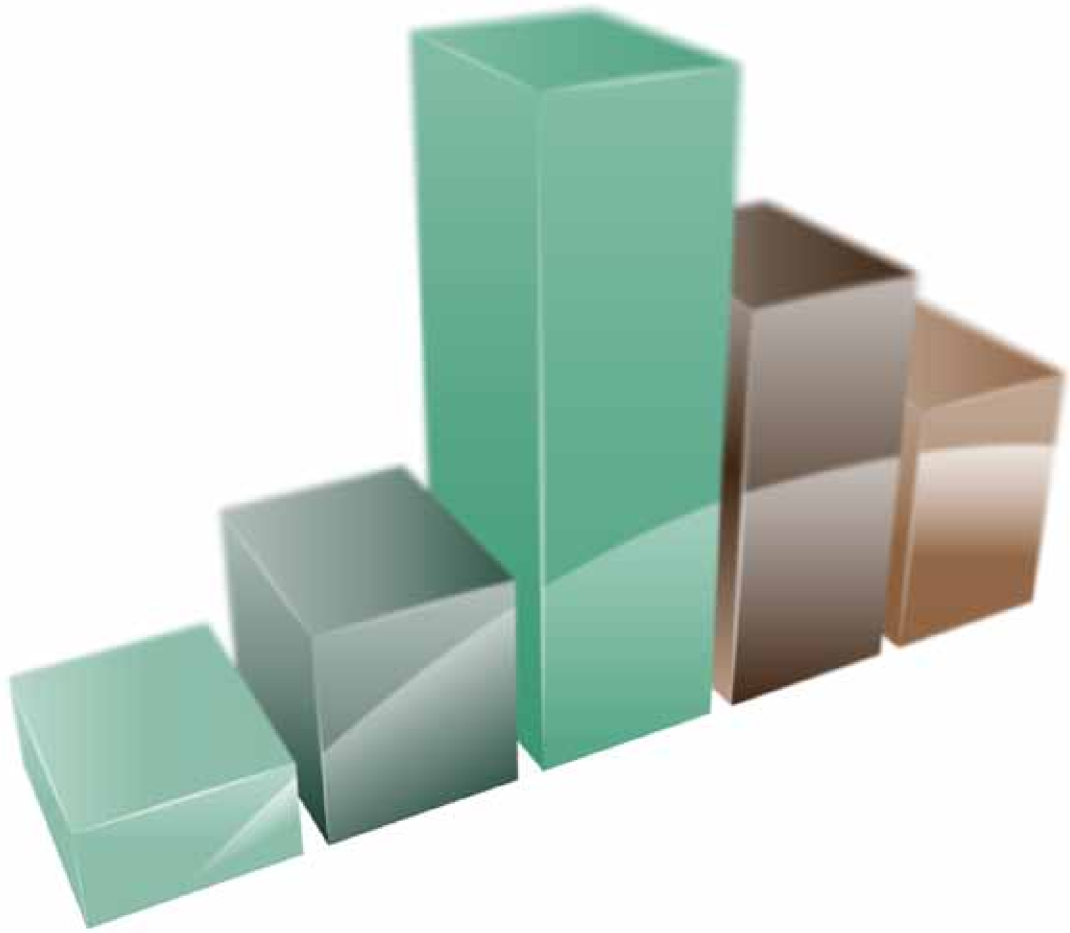
The acquisition or production cost of plant and equipment, net of the residual value, is depreciated on a straight-line basis over the useful life of the assets, as follows:

	Years of useful life	Depreciation rates
Buildings and other construction	50	2%
Machinery, installations and tools	10 - 12,5	8% - 10%
Furniture and fittings	10	10%
Transport equipment	7	14%
Data processing equipment	4 – 7	15% - 25%
Other property and equipment	5	20%

Repairs and maintenance expenses that do not increase the useful lives of assets are taken to the consolidated income statement of the year incurred.

The finance costs incurred in the acquisition of property and equipment assets are not recorded as an increase in the acquisition costs, but are taken to the consolidated income statement in the year incurred.

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



Leases

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

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

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

h) Financial instruments

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

Interest, dividends, changes in carrying amounts and gains or losses relating to the repurchase or refinancing of financial liabilities are recorded as a finance cost in the consolidated income statement.

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

The financial assets and liabilities of the Group generally are:

- Financing granted to and received from other financial institutions and customers regardless of the legal document used to instrument such financing.
- Debt securities (e.g. debentures, bonds, promissory notes) and equity instruments (shares) or units of collective investment schemes (CIS).
- Derivatives: contracts whose value changes in response to the change in any underlying variable (e.g., interest rate, exchange rate or similar), with a minimal or no initial investment and which is settled at a future date. In addition to providing a return (gain or loss), when certain conditions are met derivatives may totally or partially offset the financial risks related to the Group’s balances and transactions.

h.1) Financial assets

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

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

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

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

- Available-for-sale financial assets: those financial assets not classified in any of the preceding categories. Available-for-sale financial assets are measured at fair value, which is determined by reference to the listing price, net of tax, at the close of business on the balance sheet date. Fair value changes in available-for-sale assets, net of tax, are recognized with a charge or credit, as appropriate, in equity until these assets are disposed of, at which time the cumulative gain or loss is recognized in the consolidated income statement.

Financial assets which are equity instruments with no reliable fair value measurement and derivatives indexed to such equity instruments, which are settled against each other, are measured at cost.

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

The fair value of standard financial derivatives included in trading portfolios is considered the daily quoted price which, if unavailable on a given date due to exceptional circumstances, is to be measured using methods similar to those applied when valuing derivatives traded on OTC markets. The fair value of derivatives traded on OTC markets is considered to be the sum of the future cash flows deriving from the instrument discounted at the valuation date ("present value" or "marked-to-market value") by applying valuation techniques recognized by financial markets: "net present value" (NPV), option price valuation methods, etc.

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

Where there is objective evidence that an impairment loss on a financial asset has been incurred, the carrying amount of the asset is written down with a charge to the consolidated income statement. The amount of the loss is measured as the difference between the asset's carrying amount and the amount expected to be recovered, determined individually for significant assets bearing in mind credit guarantees and applying percentages of loss based on the age of the liability obtained from industry data issued by the CNMV. Given the nature of the Group's credits, historical experience and the positions of customers deposited at the Group, no collective impairment losses have been identified.

h.2) Financial liabilities

Deposits from financial institutions, customer deposits and other liabilities are initially measured at fair value less directly attributable transaction costs. After initial measurement, these liabilities are subsequently measured at amortized cost using the effective interest method. Interest is recognized as an expense in the period in which it is accrued in accordance with financial criteria.

i) Cash and cash equivalents

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

j) Treasury shares

Parent company shares held by the Group are deducted from equity. No gain or loss is recognized on transactions with treasury shares in the income statement, but directly in equity.

k) Provisions

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

At December 31, 2008 and 2007 provisions recognized in the consolidated balance sheets correspond in their entirety to Renta 4, Sociedad de Valores, S.A. and primarily cover certain risks of third-party claims arising from the performance of its activities.

l) Income tax

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

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

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

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

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

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

m) Fee and commission income

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

n) Employee benefits expense

Short-term employee benefits

These benefits are measured (and not updated) at the amount which has been paid for services received and are recognized in general as "Employee benefits expense" for the year. The difference between the total expense and the amount already paid is shown under "Accrued expenses and deferred income."

Share-based payments

The Group has a share-based payment plan for management and employees whereby it granted options to them to acquire shares of Renta 4, Servicios de Inversión, S.A. (the parent company of the Group) in 2005 and over the next four financial years.

Management and employees will receive the related shares from the Group's parent company, which will distribute the related cost to each Group company. Based on the terms of the plan, Group management and employees will receive during the period 2005-2009 up to 1,299,848 shares (259,970 shares each year) from 2005-2009 for which they will only pay up to 25% of their fair value for 2005 and 2006 and their listed price less 3.75 euros per share, with a minimum of 1.25 euros per share, for 2007 and thereafter in accordance with the existing terms of the plan. The plan requires the continuation of the working relationship. Employees are entitled to the voting and dividend rights attached to the shares upon their receipt. At each share delivery date, the Remuneration Committee decides the number of shares to distribute and the beneficiaries based on an appraisal of the employee's performance and the degree of achievement of the Group's overall targets.

The Group recognizes the cost of the plan as an employee benefits expense in the consolidated income statement throughout the vesting period, which is considered to be from the grant date of the plan (January 1, 2005) to each delivery date. The cost has been determined as the difference between the amount paid by each employee and the estimated fair value of the shares to be delivered, that is, based on the intrinsic value of the option granted to the employee. This estimate considers the percentage of take-up of the plan, which was 87% since not all beneficiaries exercised their call options. As the shares were not listed in 2005 and 2006, the Group estimated the fair value of the shares to be delivered in those two years at 5 euros per share. This value was the benchmark for other transactions carried out between independent parties (employees and customers). For 2008 and 2007, it took the share price, considering the 3.75 euros per share limit specified in the terms of the plan.

Futures changes in either the percentage of take-up of the plan or the intrinsic value of the options are recognized in full in the consolidated income statement. However, as the cost for the Group is limited to 3.75 euros per share, the future changes in intrinsic value cannot increase the cost of the plan for the Group beyond this limit.

The cost recognized in the consolidated income statement each year calculated in accordance with the criteria indicated above is debited to "Other equity instruments" in equity of the year before delivery of the shares on January 15 of the following year.

The cost incurred for shares delivered in 2008 and 2007 was 175 y 664 thousand euros, respectively, recognized in "Employee benefits expense" of the consolidated income statement of each year (see Note 23).

Other employee benefits

In addition, as of December 31, 2008, the Group sold 691,250 shares, along with the related voting and dividend rights, to employees (643,850 as at December 31, 2007). The acquisitions were funded with interest-free loans due 15 years from the transaction date in accordance with the repayment schedule agreed in the contracts. The difference between the present value of the amounts payable by the employee and the sale price is recognized in the consolidated income statement as an employee benefit expense.

The expense recognized for this concept in the 2008 and 2007 consolidated income statements was 77 and 173 thousand euros, respectively (see Note 23). In 2008, the early repayment of some of these loans was credited to the consolidated income statement.

Pension commitments

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

Renta 4, Sociedad de Valores, S.A.

In accordance with the collective labor agreement applicable to Renta 4, Sociedad de Valores, S.A., this company must pay certain long service bonuses to personnel formerly employed by brokerage firms and agencies after 25, 35 or 45 years of service. The Group has not recorded any provision for this concept, as it estimates that the amount accrued at December 31, 2007 and 2008 is not significant.

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

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

Renta 4 Servicios de Inversión, S.A., Renta 4 Corporate, S.A., Renta 4 Gestora, S.G.I.I.C., S.A. and Renta 4 Pensiones, E.G.F.P., S.A

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

In addition, Renta 4 Guipuzcoa, S.A has a commitment with three of its employees to contribute 8 thousand euros each year.

Defined contribution plan

Defined contributions are measured at fair value unless they are to be paid prior to the twelve months following the date of the consolidated financial statements in which the corresponding employee services were received, in which case the related amount is not updated. Contributions accrued for this concept during the year are recognized under "Employee benefits expense" in the income statement. The contributions recognized as an expense in the income statement amounted to 147 thousand euros in 2008 and 188 thousand euros in 2007 (see Note 23).

Defined benefit plan

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

- The Group considers plan assets to be those that meet the following requirements:
- The assets are owned by a legally separate third party that is not a related party.
- The assets are exclusively available to pay or finance commitments with employees.
- The assets may not be returned to the Group unless the commitments with employee have been settled or used to reimburse the Group for benefits previously paid.
- The assets may not be instruments that the Group is entitled to transfer.

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

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

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

Expenses incurred by the Group in 2008 and 2007 related to its defined benefit obligations amounted to 26 and 94 thousand euros, respectively.

The main assumptions used to measure these commitments were:

	2008	2007
Mortality tables	PEMF-2000P	PEMF-2000P
Interest rate	4%	4,5%
Long-term inflation rate	1,5%	2%
Retirement age	65	65
Rotation	No	No

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

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

	2008	2007
		Thousands of euros
Pension commitments with retired employees	-	-
Pension liabilities for active employees	589	578
Accrued	218	197
Unaccrued	371	381
Total commitments	218	197
Fair value of plan assets (Plan position account)	218	199
Asset (Liability) to be recognized on the balance sheet	-	2

Termination benefits

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

o) Off-balance-sheet customer funds

Funds deposited by third parties for investment in mutual funds and companies, pension funds, savings insurance contracts and discretional portfolio management contracts are recognized at fair value in memorandum accounts (auxiliary off-book accounting records) (See Note 29.1).

Additionally, assets acquired on behalf of third parties, equity instruments, debt instruments, derivatives and other financial instruments that are held on deposit for which the Group is liable to third parties are recognized in memorandum accounts at fair value or, when fair value cannot be estimated reliably, at cost (See Note 20). When in accordance with the contracts entered into with customers and when (international) market operating procedures dictate, the Group uses global custody accounts (omnibus), where it appears as owner of the positions. It must keep separate internal records with a breakdown by customer.

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

The positions for customer balances with international derivatives markets through global custody accounts (omnibus) are recorded at their reasonable value in the trading portfolio (see Note 11) as positions held by the Group in relation to the (intermediary) market and opposite sign in relation to customers.

p) Investment guarantee fund

In accordance with the stipulations of Royal Decree 948/2001, dated August 3, on methods for indemnifying investors, amended by Law 53/2002, dated December 30, on tax, administrative and corporate measures, brokerage companies must make annual contributions to the Investment Guarantee Fund. In 2008, Renta 4, Sociedad de Valores, S.A. contributed 521 thousand euros to this fund (2007: 477 thousand euros), recognized under "Other general administrative expenses" (see Note 24) in the accompanying consolidated income statement.

q) Related parties

The Renta 4 Group regards as related parties the directors of the Group companies, key management personnel and related persons. Transactions with related parties are carried out on an arm's length basis.

r) Consolidated cash flow statement

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

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to insignificant risk of changes in value.
- Operating activities: the main activities of Group companies.
- Investing activities: the acquisition, sale and other disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that alter the equity capital and borrowing structure of the Group and are not included in operating activities.

s) Statement of changes in equity

The statement of changes in equity in these financial statements reflects all the changes in equity in the year. This information is likewise disclosed in two other statements: The statement of recognized income and expense and the statement of total changes in equity. The following is a description of the principal characteristics of the information provided in both statements:

Statement of recognized income and expense

This statement shows the income and expenses generated by the Company as a result of its activities during the year, differentiating between those recognized as profit or loss for the year in the income statement from income and expenses recognized, under the current standards, directly in equity. Accordingly, this statement reflects:

a. Profit or loss for the year.

b. The net amount of income and expenses temporarily recognized as unrealized gains (losses) in equity

c. Accrued income tax for the items indicated in b) above.

d. The total recognized income and expenses, calculated as the sum of the above letters.

The changes in income and expense recognized in equity as unrealized gains (losses) are disclosed as follows:

a. Unrealized gains (losses) shows the amount of income recognized directly in equity, net of the expenses incurred in the years. The amounts recognized in this item in the year remain there, even if they are transferred to the income statement in the year at the initial value of other assets or liabilities, or are reclassified to another item.

b. Amounts transferred to income statement shows the amount of the gain or loss previously recognized in equity, even if in the same year, which are transferred to the income statement.

The items are reflected at their gross amounts; the corresponding tax effect is shown under "Income tax."

Statement of total changes in equity

This section of the statement of changes in equity reflects all the changes in equity. Consequently, it provides a reconciliation of the carrying amount at the beginning and the end of the year of all the items composing equity, grouping movements based on their nature as follows:

a. Recognized income and expense for the year shows the aggregate total of the items recognized in the aforementioned statement of recognized income and expense.

b. Other changes in equity shows the remaining items recognized in equity, such as increases or decreases in the endowment fund, the appropriation of results, transactions with own equity instruments, equity-settled share-based payments, transfers among equity items, and any other increase or decrease in equity.

3.5 APPROPRIATION OF RESULTS

The appropriation of 2008 and 2007 results was made based on the proposed appropriation of results included in the respective financial statements of the Group companies prepared in accordance with generally accepted accounting principles in Spain.

The appropriation of parent company profit (determined on the basis of generally accepted accounting principles and criteria in Spain) proposed by the directors and pending approval by shareholders in general meeting is as follows:

	Thousands of euros
Voluntary reserves	5.801
	5.801

3.6 SEGMENT INFORMATION

The Group's primary segment reporting format is determined to be business segments. Secondary information is reported geographically.

Primary segments – Business lines

The business lines described below were determined based on the Group's organizational structure at year-end 2008 and 2007, bearing in mind the nature of the services provided and the customer segments to which they are provided.

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

- Brokerage (Spanish and international capital markets and the sale of managed and third-party mutual funds).
- Asset Management.
- Corporate Services: includes primarily support services for the rest of the segments.

Basis and methodology for reporting segment information

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

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

Secondary segments – Geographical segments

The Group carries out its entire activity in Spain. Its customers and the products it offers to them are similar throughout the country and therefore information is reported on a single geographical segment.

The following table presents segment information for 2008 and 2007:

INCOME STATEMENT	12.31.08 Brokerage	12.31.08 Asset Management	12.31.08 Corporate Services	12.31.08 Adjustments	12.31.08 Total	12.31.07 Brokerage	12.31.07 Asset Management	12.31.07 Corporate Services	12.31.07 Adjustments	12.31.07 Total
										Thousands of euros
Revenue										
Fees and commissions received										
Internal	5.968	-	-	(5.968)	-	6.838	-	-	(6.838)	-
External	28.172	14.608	3.532	-	46.312	36.643	12.272	4.040	-	52.955
Interest and similar income										
Internal	-	166	370	(536)	-	-	162	202	(364)	-
External	18.786	6	1.167	-	19.959	18.213	18	298	-	18.529
Return on equity instruments (dividends)	-	-	3.878	-	3.878	-	-	4.135	-	4.135
Expenses										
Commissions paid										
Internal	-	(5.968)	-	5.968	-	-	(6.838)	-	6.838	-
External	(11.105)	(803)	-	-	(11.908)	(12.260)	(178)	(223)	-	(12.661)
Interest and similar expense										
Internal	(536)	-	-	536	-	(364)	-	-	364	-
External	(12.015)	(1)	(2.684)	-	(14.700)	(10.880)	-	(2.782)	-	(13.662)
Trading income – financial assets and liabilities held for trading	-	-	(2.648)	-	(2.648)	-	-	1.605	-	1.605
Foreign currency translation differences (net)	(29)	-	-	-	(29)	573	-	-	-	573
SEGMENT NET REVENUE	29.241	8.008	3.615	-	40.864	38.763	5.436	7.275	-	51.474
Employee benefits expense	(11.621)	(2.987)	(1.036)	-	(15.644)	(10.539)	(2.044)	(2.754)	-	(15.337)
Other general expenses	(9.436)	(2.425)	(841)	-	(12.702)	(8.835)	(681)	(3.198)	-	(12.714)
Depreciation and amortization	(1.113)	(2)	(1.188)	-	(2.303)	(1.023)	(6)	(1.089)		(2.118)
SEGMENT GROSS PROFIT	7.071	2.594	550	-	10.215	18.366	2.705	234	-	21.305
Gains on sale of available-for-sale financial assets (net)	-	-	(367)	-	(367)					95
Impairment of goodwill	(567)	(114)	-	-	(681)					-
Impairment of financial assets	(807)	-	(2)	-	(809)	976	-	(164)	-	812
Provisions and other profit and loss	(587)	-	-	-	(587)					(692)
PROFIT BEFORE TAX	5.110	2.480	181	-	7.771					21.520
BALANCE SHEET										
Total assets	467.067	8.475	99.758	(35.468)	539.832	555.295	10.976	230.434	(78.723)	717.982
Total liabilities	435.225	1.256	35.253	(10.068)	461.666	515.303	2.880	81.858	(46.554)	553.487
Other information										
Acquisitions of property and equipment	1.774	-	645	-	2.419	2.765	-	4.121	-	6.886

3.7

INTANGIBLE ASSETS

Goodwill

The breakdown of the movement in this consolidated balance sheet heading in 2008 and 2007 is as follows:

	Companies consolidated using the full consolidation method	Valuation adjustments for impairment of assets	Total
			Thousands of euros
Balances at 12/31/06	11.696	(1.500)	10.196
Additions	(546)	-	(546)
Balances at 12/31/07	11.150	(1.500)	9.650
Others	-	(681)	(681)
Balances at 12/31/08	11.150	(2.181)	8.969

Additions in 2006 related to the acquisitions of Gesdinco Gestión, S.G.I.I.C., S.A. and Padinco Patrimonios, S.G.C., S.A The difference between cost and the fair value of the net assets acquired has been provisionally allocated as goodwill (7,031 thousands euros) given the lack of reliable information as to whether it could include intangible assets (e.g., contracts, customer relations). In 2007, the Group finished accounting for this transaction, having identified an intangible asset (customer relationships) of 815 thousand euros and allocating 6,216 thousand euros to goodwill.

Since Gesdinco Gestión, S.G.I.I.C., S.A. merged with Renta 4, Gestora S.G.I.I.C, S.A. and Padinco Patrimonios, S.G.C.,S.A. in 2007, it ceased its activity as an investment management company, transferring its managed portfolios to Renta 4, Sociedad de Valores, S.A. to perform an impairment test at December 31, 2007 and 2008. The Group analyzed the level of permanence of the assets invested by the various investors and shareholders in the collective investment schemes managed by Gesdinco Gestión, S.G.I.I.C., S.A., as well as the assets held by customers managed by Padinco Patrimonios, S.G.C., S.A. This test did not uncover any need to recognize impairment losses in 2007. In 2008, an allowance of 114 thousand euros was recognized relating to impairment of goodwill originally allocated to Padinco Patrimonios, S.G.C., S.A. as a result of loss of business.

The breakdown of the rest of goodwill by cash generating unit at December 31, 2008 and 2007, as well as the results of the impairment tests performed, are as follows:

Cash-generating unit	Goodwill	Net asset	Value of investment	Discount cash flows (enterprise value)	Impairment
					Thousands of euros
2008					
Renta 4 Burgos, S.A.	1.163	47	1.210	643	567
Renta 4 Aragón, S.A.	2.231	72	2.303	2.346	-
Renta 4 Huesca, S.A.	586	3	589	1.532	-
	3.980	122	4.102	4.521	567
2007					
Renta 4 Burgos, S.A.	1.163	47	1.210	1.560	-
Renta 4 Aragón, S.A.	2.231	72	2.303	2.590	-
Renta 4 Huesca, S.A.	586	3	589	993	-
	3.980	122	4.102	5.143	-

The main assumptions used in determining value in use were as follows:

	2008	2007
Period projected (years)	3 years	3 years
Discount rate (period projected)	11 - 13%	13 – 15%
Discount rate less expected growth rate (final value)	13%	15%

The discount rate and projected cash flows for each cash-generating unit are the assumptions upon which the calculations are most sensitive. Therefore, for a conservative assessment, the directors have applied higher risk premiums the farther out the cash flows from the valuation after initial years of strong expected business growth.

Other intangible assets

The breakdown of the movement in this consolidated balance sheet heading in 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Computer software		
Cost	1.656	1.557
Accumulated amortization	(1.342)	(1.220)
Net carrying amount	314	337
Other intangible assets Otros activos intangibles		
Cost	949	868
Accumulated amortization	(238)	(120)
Net carrying amount	711	748
Total	1.025	1.085

At December 31, 2008 and 2007, the value of intangible assets (computer software) does not include any internal development costs.

The movement in this consolidated balance sheet heading in 2008 and 2007 is as follows:

	Balance at 1/1/08	Additions	Disposals	Transfers	Balance at 12/31/08
					Thousands of euros
Cost					
Computer software	1.557	115	(16)	-	1.656
Other intangible assets	868	81	-	-	949
	2.425	196	(16)	-	2.605
Accumulated amortization	(1.340)	(256)	16	-	(1.580)
Net carrying amount	1.085	(60)	-	-	1.025

	Balance at 1/1/07	Additions	Disposals	Transfers	Balance at 12/31/07
					Thousands of euros
Cost					
Computer software	1.260	297	-	-	1.557
Other intangible assets	914	-	(46)	-	868
	2.174	297	(46)	-	2.425
Accumulated amortization	(1.027)	(358)	45	-	(1.340)
Net carrying amount	1.147	(61)	(1)	-	1.085

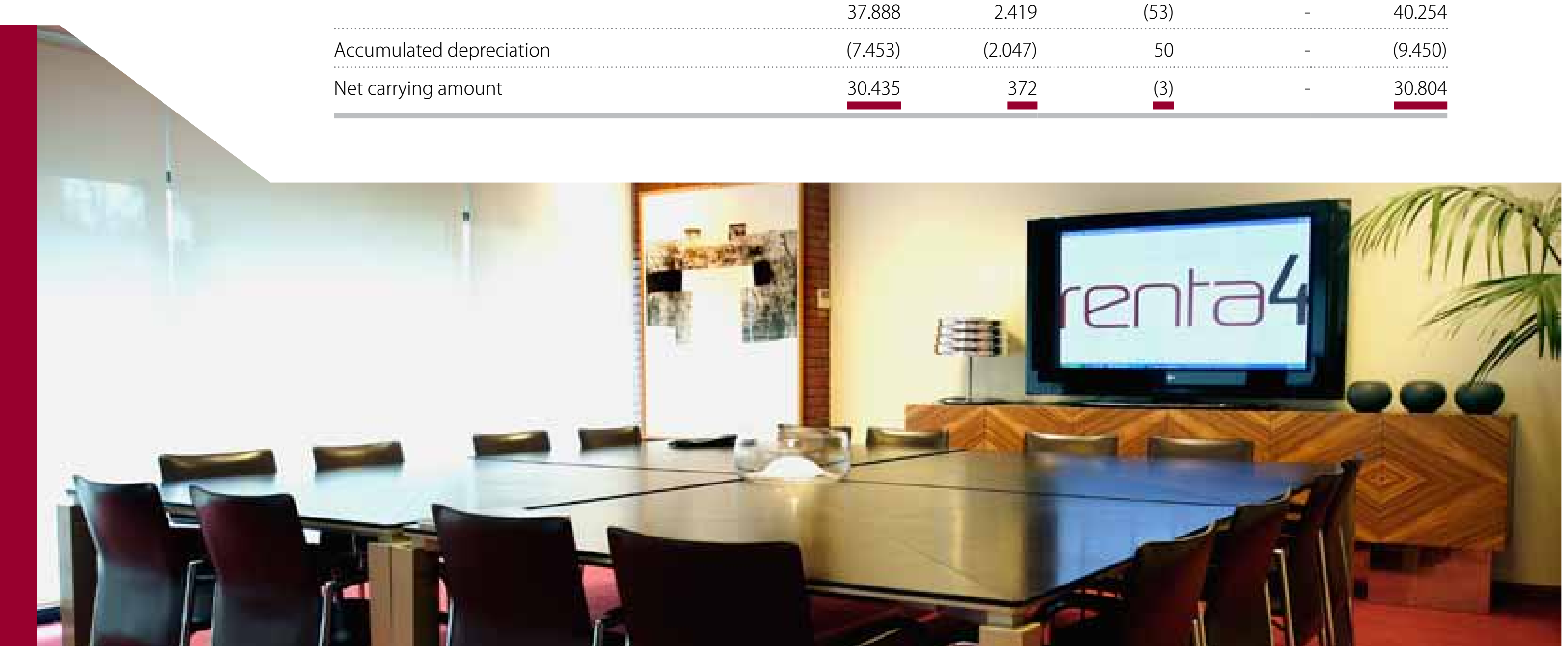
At December 31, 2008 and 2007, no impairment losses had been recognized for this item in the accompanying consolidated balance sheets.

3.8 PROPERTY AND EQUIPMENT

The balance of this consolidated balance sheet heading at December 31, 2008 and 2007 relates to assets for own use. The Group does not recognize any items of property or equipment as investment properties.

The breakdown of the movement in this consolidated balance sheet heading at December 31, 2008 and 2007 is as follows:

	Balance at 01/01/08	Additions	Disposals	Transfers	Balance at 31/12/08
					Thousands of euros
Cost					
Buildings and other construction	24.995	49	-	-	25.044
Machinery, installations and tools	4.519	1.265	-	-	5.784
Furniture and fixtures	3.263	607	(30)	-	3.840
Transport equipment	145	-	(9)	-	136
Data processing equipment	4.163	133	(14)	-	4.282
Property and equipment under construction	564	365	-	-	929
Other assets	239	-	-	-	239
	37.888	2.419	(53)	-	40.254
Accumulated depreciation	(7.453)	(2.047)	50	-	(9.450)
Net carrying amount	30.435	372	(3)	-	30.804



	Balance at 1/1/07	Additions	Disposals	Transfers	Balance at 31/12/07
					Thousands of euros
Cost					
Buildings and other construction	23.246	2.093	(436)	92	24.995
Machinery, installations and tools	2.504	2.165	(58)	(92)	4.519
Furniture and fixtures	2.542	733	(12)	-	3.263
Transport equipment	77	68	-	-	145
Data processing equipment	2.769	1.621	(227)	-	4.163
Property and equipment under construction	554	10	-	-	564
Other assets	43	196	-	-	239
	31.735	6.886	(733)	-	37.888
Accumulated depreciation	(5.980)	(1.762)	289	-	(7.453)
Net carrying amount	25.755	5.124	(444)	-	30.435

The movement in "Property and equipment under construction" is due to remodeling being carried out at the Company's former headquarters which had been delayed in 2007 while an administrative procedure was being completed. This procedure was approved by the Board of Directors on February 1, 2007. In 2008, the remodeling resumed and thus "Property and equipment under construction" shows an addition amounting to 365 thousand euros.

At December 31, 2008 and 2007 the net carrying amount of property and equipment acquired under finance leases was 16,330 and 16,647 thousand euros, respectively.

On February 8, 2007, Renta 4 Servicios de Inversión, S.A. entered into a finance lease arrangement with a credit entity on a building located in Valencia for office use. The total amount of the lease was 1,673 thousand euros. This price includes a purchase option for 11 thousand euros and financial charges of 261 thousand euros, payable in 120 monthly installments. The lease has a fixed nominal interest rate of 4.5% and matures on January 8, 2017.

On July 5, 2001, the Company entered into a finance lease arrangement with a financial institution for the building located at Paseo de la Habana no. 74 in Madrid amounting to 18,170 thousand euros, recognized under "Buildings and other construction" in the accompanying consolidated balance sheet. On November 17, 2004, the Company signed the renewal of the lease agreement, which included remodeling work and other improvements made to the building, plus an extension of the term of the lease up to December 5, 2014. The total amount of the lease following the renewal was 18,018 thousand euros. This amount included the 150 thousand euro purchase option and 1,430 thousand euros in financial charges, payable in 120 monthly installments. The interest rate was established as one-year Euribor plus a differential of 0.60%, which is adjusted annually. The renewal was deemed effective as of December 5, 2004.

The breakdown of these liabilities is as follows:

	2008		2007	
				Thousands of euros
	Current	Non-current	Current	Non-current
Value of the commitment –future minimum payments -	2.127	10.922	2.075	12.727
Interest charges	(583)	(1.452)	(577)	(1.734)
Finance lease commitments - Present value (see Note 17)	1.544	9.470	1.498	10.993

The beakdown of outstanding payments and present value of these leases at December 31, 2008 and 2007 is as follows:

Future minimum payments	Within 1 year	After one year but not more than five years	More than five years	Total
				Thousands of euros
2008	2.127	8.507	2.415	13.049
2007	2.075	8.300	4.427	14.802
Present value				
2008	1.544	7.143	2.327	11.014
2007	1.498	6.793	4.200	12.491

At December 31, 2008 and 2007 the Group had not recognized any impairment losses on its property and equipment.

At December 31, 2008 and 2007, the Group had no firm commitments to acquire or sell property and equipment for significant amounts.

3.9

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The breakdown of this asset heading in the accompanying consolidated balance sheet is as follows:

Non-current	2008	2007
		Thousands of euros
Shares in CIS	15.903	7.556
Shares and other participations	6.051	101.991
Impairment losses	(1.628)	(1.626)
Total	20.326	107.921

In 2008 and 2007, none of the financial instruments included in this portfolio was transferred or reclassified.

The movement in this balance sheet heading in 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Balance at January 1	107.921	52.575
Additions	41.082	28.759
Disposals	(67.475)	(1.350)
Valuation adjustments	(61.200)	28.101
Impairment losses (Note 25)	(2)	(164)
Balance at December 31	20.326	107.921

Impairment losses relate to irreversible losses amounting to 2 thousand euros (2007: 164 thousand euros) from investments made in UCITS which have therefore been charged to the 2008 consolidated income statement.

The breakdown of "Shares and other participations" at December 31, 2008 and 2007 is as follows:

	31.12.08	31.12.07
		Thousands of euros
Quoted		
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	3.272	97.412
BBVA	1.732	3.352
Adolfo Domínguez	-	236
Unquoted		
Orisba Internacional, S.A.	90	90
Sociedad Gestora del FGGI, S.A.	13	13
ICESA	83	83
ICN	496	440
Interesa Consultores, S.A.	245	245
Other participations	120	120
	6.051	101.991

At December 31, 2008 and 2007, all non quated instruments included under quoted "Shares and other participations" are shown at cost less any impairment losses, given that the directors consider that their value could not be estimated. Quoted equity instruments are shown at fair value, determined on the basis of their listed value at year 2008 and 2007

In 2008 the Group acquired 663,791 shares of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and it also sold 598,674 shares recognizing a gross gain of 1,145 thousand euros (net of the tax effect) under "Gains on sale of available-for-sale financial assets" in the accompanying consolidated income statement (see Note 22).

In addition, on October 30, 2008, the Board of Directors of Renta 4 Servicios de Inversión, S.A. approved the distribution to shareholders of part of the share premium account (37,627 thousand euros) via the distribution of shares of Bolsa y Mercados Españoles, sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME). The exchange for this distribution was established as 1 BME share for every 20 shares of Renta 4 Servicios de Inversión, S.A. This resolution was approved on December 4, 2008 and was ratified by the Board of Directors in their extraordinary general meeting. As a result of this exchange, 54 thousand euros in cash (fractions) were paid and 1,977,563 BME shares were delivered. The delivery of these shares led to the recognition of a loss of 894 thousand euros in "Loss on sale of available-for-sale financial assets" in the accompanying income statement.

In addition, in 2008 other available-for-sale securities were sold which led to a loss of 618 thousand euros. This loss was recognized in "Loss on sale of available-for-sale financial assets" in the accompanying consolidated income statement."

In 2007, the Group acquired 635,144 shares of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. for 23,808 thousand euros. It also sold 43,064 shares for 1,775 thousand euros, recognizing a gross gain of 8 thousand euros under "Gains on sale of available-for-sale financial assets" in the accompanying consolidated income statement.

At December 31, 2008, the Group had investments (shares and participation units) recognized in "Gains on sale of available-for-sale financial assets" that were pledged to financial institutions in guarantee of loans which the latter had granted to the Group (Note 17). The following table shows the value of these pledged investments, the balance of the loans they guarantee, and their date of maturity:

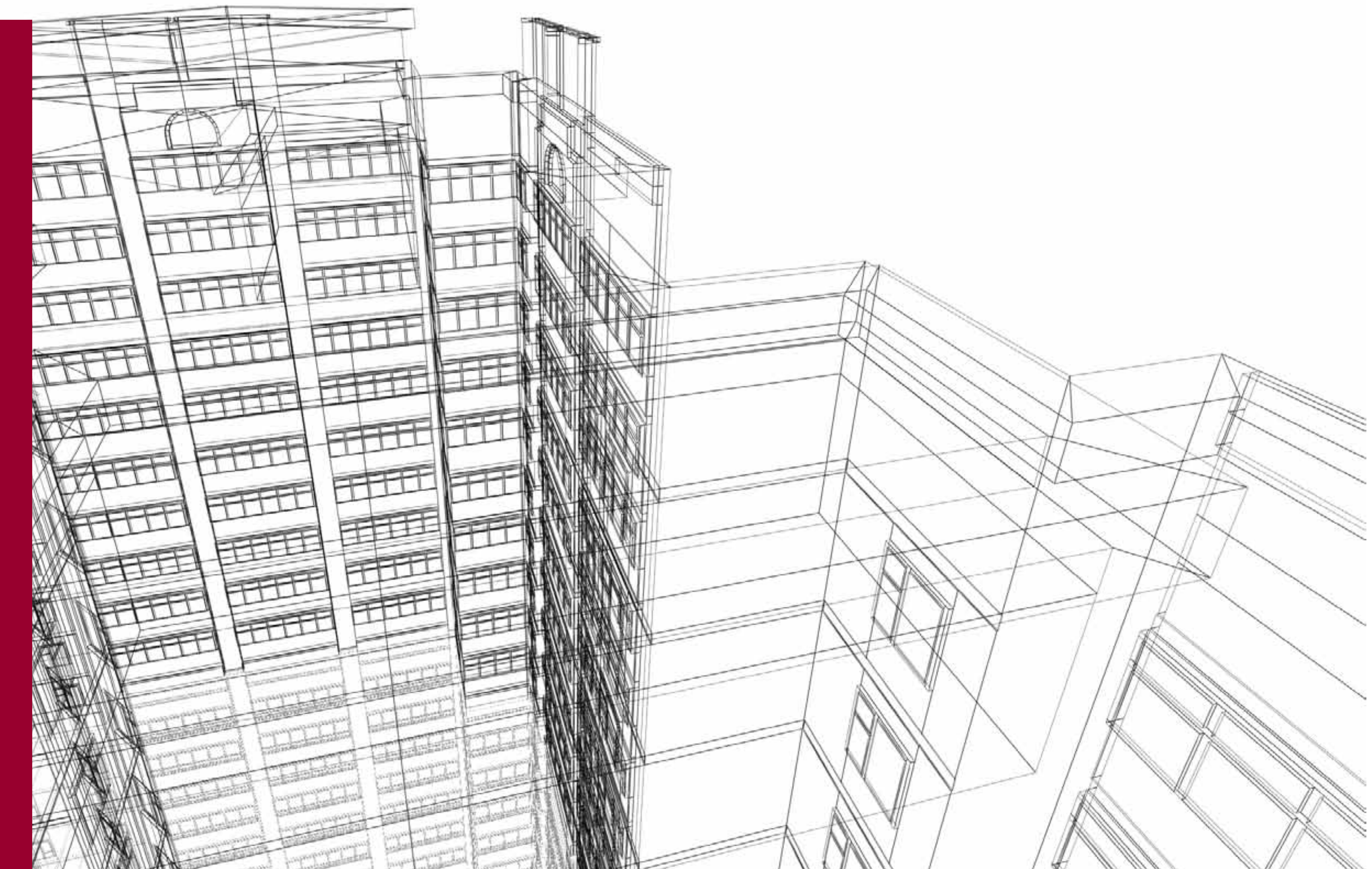
	2008	2007
		Thousands of euros
Fair value of shares pledged	9.874	83.264
Outstanding loan balance (Note 17)	9.865	47.236
Final maturity of the loan (Note 17)	February 2014	July 2012

In 2008 the Group received of dividends from Bolsas y Mercados Españoles Sociedad Holding de Mercados y Sistemas Financieros, S.A. for an amount of 3,490 thousand euros (2007: 4,006 thousand euros).

3.10 LOANS AND RECEIVABLES

The breakdown of this asset heading in the accompanying consolidated balance sheet is as follows:

Non-current	2008	2007
		Thousands of euros
Other receivables	12.646	2.216
Current	12.646	2.216
Due from financial intermediaries	301.256	330.541
Other receivables	21.657	29.707
	322.913	360.248



Due from financial institutions

The breadown of this asset heading in accompanying consolidated balance sheet by type of instrument is as follows:

Current	2008	2007
		Thousands of euros
Balances for sale of securities on own account pending settlement	275	2.444
Term deposits	241	6.241
Reverse repos	290.562	310.995
Guarantees of transactions with international derivatives (global accounts)	6.545	3.479
Other accounts	2.715	6.383
Valuation adjustments - Accrued interest pending maturity	918	999
	301.256	330.541

In 2008 and 2007 none of the financial instruments included in this portfolio was transferred or reclassified.

The breakdown of assets acquired under resale agreements ('reverse repos') in 2008 and 2007 is as follows:

	Final	Interest rates		
Public debt securities	maturity	Minimum	Maximum	Thousands of euros
December 31, 2008	March 2009	1,90%	3,75%	290.562
December 31, 2007	March 2009	3,82%	3,97%	310.995

At December 31, 2008 and 2007, part of these assets has been sold under repurchase agreements as follows:

	Final	Interest rates		
31.12.08	maturity	Minimum	Maximum	Thousands of euros
To financial institutions (Note 17)	January 2009	1,00%	3,00%	216.491
To customers (Note 17)	March 2009	1,50%	3,50%	55.844
31.12.07				
To financial institutions (Note 17)	January 2008	3,45%	3,85%	232.105
To customers (Note 17)	January 2008	3,20%	3,95%	23.765

Other receivables

The breakdown of this heading in the accompanying consolidated balance sheet at December 31, 2008 and 2007 is as follows:

Non-current	2008	2007
	Thousands of euros	
Other non-current loans and advances	2.215	2.216
Other assets	10.431	-
	12.646	2.216

Current	2008	2007
	Thousands of euros	
Loans and advances to customers for transactions with securities	13.665	22.899
Other current loans and advances	2.649	3.579
Impairment of receivables (doubtful debts)	7.902	5.672
Valuation adjustments		
Impairment allowances	(2.710)	(2.761)
Accrued interest	151	318
	21.657	29.707

"Loans and advances to customers for transactions with securities" corresponds to temporary customer balances for transactions on securities markets.

At December 31, 2008, "Other receivables" reflects primarily an amount receivable from the Group s main shareholder in connection with a guarantee which this shareholder had provided to the Group. This guarantee is intended to cover any losses from investments made by the Group. This account receivable is guaranteed by pledged securities amounting to 10,244 thousand euros which the main shareholder has deposited with the Group company Renta 4, S.A., S.V. (Note 28).

"Other current loans and advances" and "Other non-current loans and advances" include the following:

	2008	2007
	Thousands of euros	
Amortized cost of loans to employees to acquire shares of the		
parent company (Note 4.n)	2.325	2.242
Other loans and advances to Group employees	88	88
Loans to shareholders	1.208	2.085
CIS and pension fund management fees and commissions receivable	-	156
Receivable from advisory services	1.243	1.224
	4.864	5.795

The movement in impaired losses on loans and advances to customers at December 31, 2008 and 2007 is as follows:

	Impaired loans and advances	Valuation adjustments for impairment of assets	Net carrying amount
			Thousands of euros
Balance at December 31, 2006	10.814	(5.400)	5.414
Increases	2.315	(826)	1.489
Decreases	(5.689)	1.802	(3.887)
Transfers to assets written off (memorandum accounts)	(1.704)	1.663	(41)
Other	(64)	-	(64)
Balance at December 31, 2007	5.672	(2.761)	2.911
Increases	6.366	(1.766)	4.600
Decreases	(3.954)	959	(2.995)
Transfers to assets written off (memorandum accounts)	(172)	164	(8)
Other	(10)	694	684
Balance at December 31, 2008	7.902	(2.710)	5.192

The balance of "Impaired loans and advances" relates to amounts pending collection from customers which are 6 to 60 months past due.

As explained in Note 4.h1, the Group had securities in the name of customers deposited with the Group company Renta 4, S.A., S.V. in guarantee of these receivable balances. At December 31, 2008, the value of the guarantee was 5,927 thousand euros.

The breakdown of this heading by residual maturity is shown below:

2008

CURRENT	Upon demand	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Total
						Thousands of euros
Financial institutions	8.485	252.484	40.046	241	-	301.256
Other loans and advances	1.402	14.299	708	56	5.192	21.657

NON-CURRENT	Between 1 and 5 years	More than 5 years	Total
			Thousands of euros
Other loans and advances	971	11.675	12.646

2007

CURRENT	Upon demand	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Expired	Total
							Thousands of euros
Financial institutions	8.317	321.522	460	242	-	-	330.541
Other loans and advances	1.850	24.499	113	-	334	2.911	29.707

NON-CURRENT	Between 1 and 5 years	More than 5 years	Total
			Thousands of euros
Other loans and advances	536	1.680	2.216

3.11 ASSETS AND LIABILITIES HELD FOR TRADING (TRADING PORTFOLIO)

The breakdown of these asset and liability headings of the consolidated balance sheets at December 31, 2008 and 2007 is as follows:

	Assets		Liabilities	
	2008	2007	2008	2007
				Thousands of euros
Shares	2.494	6.602	-	-
Derivatives (customer positions in global accounts) (Note 4.o)	835	315	835	315
Derivatives held for trading (Note 17.1)	-	20	25	171
	3.329	6.937	860	486

Shares

This heading mainly includes listed shares of Spanish and international issuers. Changes in fair value are recognized in full in the consolidated income statement.

Derivatives held for trading

This heading includes index options and futures and equities traded on organized markets expiring in the first quarter after the end of each financial year. Gains or losses related to changes in the price of futures contracts are settled daily with the corresponding market and taken to the consolidated income statement. In addition, at each balance sheet date the Group recognizes positions in international derivatives markets recorded in global accounts at fair value in accordance with the fair value of positions held with the clearing member and its clients.

3.12 CASH AND CASH EQUIVALENTS

The breakdown of "Cash and cash equivalents" in the accompanying consolidated balance sheet at December 31, 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Cash	99	102
Bank of Spain	70	84
Demand deposits	132.489	191.600
	132.658	191.786

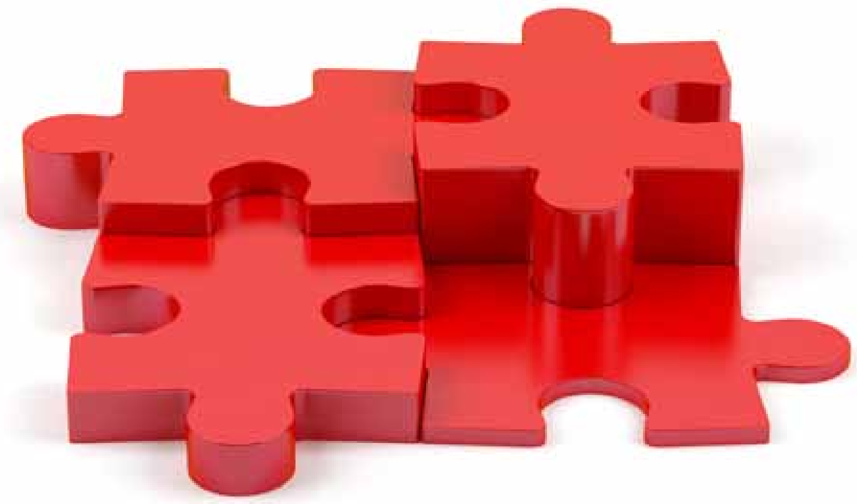
In accordance with Ministry of Economy and Finance order 848/2005, brokerage firms and broker-dealers must invest temporary credit balances on behalf of customers in the following assets:

- Demand deposits at financial institutions: The name of these deposits must expressly state "Customer balances of the Entity." At December 31, 2008 and 2007, the amounts of these deposits were 112,983 and 131,465 thousand euros, respectively.
- Acquisitions of assets under resale agreement ('reverse repos') maturing in two days or less with no credit risk weighting. The amounts of these assets are shown in Note 10. The cash amounts of these repos at December 31, 2008 and 2007 were 16,290 and 21,580 thousand euros, respectively.

There are no restrictions on the use of cash and cash equivalent balances. All balances included under this heading are available on demand.

3.13 OTHER ASSETS AND OTHER LIABILITIES

The breakdown of these headings in the accompanying consolidated balance sheet at December 31, 2008 and 2007 is as follows:



	2008	2007
		Thousands of euros
Assets:		
Prepayments and accrued income	1.661	2.164
Other assets	5	102
	1.666	2.266
Liabilities:		
Accrued expenses and deferred income	112	40
Remuneration payable to personnel	175	1.091
	287	1.131

The breakdown of "Prepayments and accrued income" and "Accrued expenses and deferred income" is as follows:

	2008	2007
		Thousands of euros
Assets		
Prepaid expenses	846	616
Expenses pending collection	126	344
Custody and marketing fees and commissions pending collection	507	824
Other	182	380
	1.661	2.164
Liabilities:		
MEFF membership fee and levy	80	7
Other	32	33
	112	40

"Remuneration payable to personnel" mainly relates to the 132 thousand and 1,061 thousand euros of estimated variable remuneration for 2008 and 2007, respectively, recognized under "Employee benefits expense" (see Note 23).

The breakdown of this heading by residual maturity is shown below:

2008	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Total
					Thousands of euros
Other assets	892	140	210	424	1.666
2007					
Other assets	1.250	633	292	91	2.266

3.14 MINORITY INTERESTS

The following table presents the breakdown of the movement in this consolidated balance sheet heading in 2008 and 2007 and the profit or loss attributable to minority interests.

2008

	% share at 12/31/08	Balance at 12/31/07	Profit (loss) for the year	Other	Balance at 12/31/08
					Thousands of euros
Carterix, S.A. (antes Renta 4 Marruecos, S.A.)	0,09	1	-	-	1
Renta 4 Guipúzcoa, S.A.	85,00	1.051	24	(1)	1.074
Renta 4 Inversiones de Valladolid, S.A.	1,01	8	-	-	8
Renta 4 Lérida, S.A.	18,34	17	-	-	17
Renta 4, Sociedad de Valores, S.A.	0,01	7	1	-	8
Rentsegur Correduría de Seguros, S.A.	27,51	15	3	-	18
		1.099	28	(1)	1.126

2007

	% share at 12/31/07	Balance at 12/31/06	Profit (loss) for the year	Other	Balance at 12/31/07
					Thousands of euros
Carterix, S.A. (antes Renta 4 Marruecos, S.A.)	0,09	1	-	-	1
Renta 4 Guipúzcoa, S.A.	85,00	987	64	-	1.051
Renta 4 Inversiones de Valladolid, S.A.	1,01	8	-	-	8
Renta 4 Lérida, S.A.	18,34	17	-	-	17
Renta 4, Sociedad de Valores, S.A.	0,01	5	2	-	7
Renta 4 Corporate, S.A. (antes Renta 4 Planificación Empresarial, S.A.)	-	50	-	(50)	-
Rentsegur Correduría de Seguros, S.A.	27,51	11	4	-	15
		1.079	70	(50)	1.099

3.15 VALUATION ADJUSTMENTS

The breakdown of the movement in this heading of the accompanying consolidated balance sheet at 2008 and 2007 is as follows:

Breakdown	2008	2007
		Thousands of euros
Shares in managed funds	(1.030)	(123)
Shares	(1.265)	40.668
	(2.295)	40.545

3.16 EQUITY AND EARNINGS PER SHARE

Issued capital

At December 31, 2008, the Company's share capital comprised 40,693,203 shares with a nominal value of 0.40 euros each, fully subscribed and paid up. All shares bear the same voting and dividend rights.

The Company's shareholder structure in 2008 and 2007 was as follows:

	2008		2007	
	Number of shares	Percentage stake	Number of shares	Percentage stake
D. Juan Carlos Ureta Domingo	13.855.447	34,049%	13.470.765	33,10%
Cartera de Directivos 2003, S.A.	3.249.608	7,986%	3.299.040	8,11%
Vasco Madrileña de Inversiones, S.L.	1.649.686	4,054%	1.649.686	4,05%
Sociedad A.R. Santamaría, S.L.	700.000	1,720%	1.626.000	4,00%
Dª. Matilde Estades Seco	808.534	1,987%	778.534	1,91%
Surikomi, S.A.	1.880.088	4,620%	-	-
Others (including treasury shares, Note 16.g)	18.549.840	45,585%	19.869.178	48,83%
	40.693.203	100,00%	40.693.203	100,00%

At December 31, 2008, in addition to the direct holding shown in the preceding table, the Company's main shareholder owns 21.01% indirectly (2007: 18.72%), giving him a total ownership interest in the Company of 55.06% (2007: 51.82%).

In 2008, no shareholders resolutions were passed in connection with the Company's share capital.

On July 24, 2007, the following resolutions were adopted by the shareholders in general meeting:

- to decrease capital by 3,249,609 euros through a reduction in the nominal value of all shares comprising share capital and the repayment of paid-up capital of 0.20 euros per share, bringing the new nominal value per share to 0.80 euros. After this reduction, share capital amounted to 12,998,436 euros and consisted of 16,248,045 ordinary shares with a nominal value of 0.80 euros each, fully subscribed and paid up. The public deed for the capital decrease was ratified on September 4, 2007 and inscribed in the Mercantile Register on September 28, 2007.
- to pay a 0.40 euros per share dividend, for a total of 6,500 thousand euros, charged to unrestricted reserves via the delivery of 243,336 treasury shares (before the stock split) acquired in 2007 valued at 7.727239 euros per share (acquisition) and to pay the remainder in cash up to 0.40 euros per share (4,619 thousand euros).

On September 29, 2007, the following resolutions, inter alia, were adopted by shareholders in general meeting:

- to reduce the nominal value of the shares from 0.80 to 0.40 euros per share and split the number of outstanding shares, from 16,248,045 to 32,496,090 shares. After this reduction, share capital amounted to 12,998,436 euros and consisted of 32,496,090 ordinary shares with a nominal value of 0.40 euros each, fully subscribed and paid up.
- to increase capital for the initial public offering (IPO) for a nominal amount of 3,278,845,20 euros via the issue of 8,197,113 new shares with a nominal value of 0.40 euros each and of the same class as those outstanding, represented by book entries, with a share premium through monetary contributions. The increase envisages the possibility that the shares will be undersubscribed and the disapplication of preemptive rights. Accordingly, share capital after the issue amounts to 16,277,281.20 euros and consists of 40,693,203 ordinary shares with a nominal value of 0.40 euros each, fully subscribed and paid up.

These resolutions were ratified by public deed and inscribed in the Mercantile Register on November 13, 2007.

On November 12, 2007, the Board of Directors agreed to set the IPO price at 9.25 euros per share, of which 8.85 euros corresponds to the share premium (72,544 thousand euros in all) and the remaining 0.40 euros to the nominal value of the shares.

The Company's shares are quoted on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since November 14, 2007 under ISIN code ES0173358310 given by the National Numbering Agency. The listed price of the shares at December 31, 2008 was 5.27 euros (December 31, 2007: 8.10 euros).

Share premium

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

As explained in Note 9, on December 4, 2008, an extraordinary distribution of a portion of the share premium account (37,627 thousand euros) was awarded to shareholders in kind. The exchange was established as one share of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. per every 20 shares of Renta 4 Servicios Financieros, S.A. and 54 thousand euros in cash (the cash equivalent of fraction of BME shares).

Reserves

The breakdown of this heading at December 31, 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Legal reserve	3.415	3.415
Other reserves	23.145	15.116
	26.560	18.531

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

Society	2008	2007
		Thousands of euros
Renta 4 Servicios de Inversión, S.A.	20.237	20.933
Renta 4, Sociedad de Valores, S.A.	7.171	(2.898)
Renta 4 Burgos, S.A.	(2.473)	(1.541)
Renta 4 Aragón, S.A.	(1.047)	(750)
Renta 4 Vizcaya, S.A.	(361)	(361)
Other	(382)	(267)
	23.145	15.116

Legal reserve

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

Voluntary reserves

The Company's voluntary reserves at December 31, 2008 and 2007 and freely distributable as there were no unused tax losses from prior years.

Other equity instruments: share-based payments

The Group has a share-based payment plan for management and employees by virtue of which, upon achieving certain objectives, they receive shares of Renta 4, Servicios de Inversión, S.A. (the Group's parent company) in 2005 and the next four financial years based on the achievement of certain objectives.

Management and employees will receive the related shares from the Group's parent company, which will distribute the related cost to each Group company. Based on this plan, Group management and employees in service both years will receive up to 259,972 (post-split) shares each year, for which they will have to pay the listed price less 3.75 euros per shares, with a minimum price of 1.25 euros per share. In 2005 and 2006 the cost borne by the employee before the Company's shares were listed was 25% of their value. The beneficiaries of these plans are decided each year by the Group's Remuneration Committee.

The estimated cost of the plan is the difference (intrinsic value) between the price (listed price less 3.75 euros per share in 2007 and 2008 and 25% of the value in previous years) and the estimated fair value of the shares to be granted (quoted value) This cost is recognized under "Employee benefits expense" with a balancing entry in equity as the Group delivers treasury shares to settle the plan. The cost for 2008 and 2007 was 175 y 664 thousand euros, respectively (see Note 23).

In 2008, Group employees exercised their rights to acquire 201,458 shares of the 259,972 allocated to the plan (2007: 240,100 of the 259,972 allocated). The remaining shares were sold to Group employees or customers. The shares given were treasury shares (see section e) below). The delivery and issue of these shares increased equity in 2008 by 991 thousand euros (2007: 686 thousand euros), mainly related to the difference between the market price of the shares and the cost of acquiring the treasury shares, recognized in "Treasury shares" under "Equity".

Treasury shares

The movement in this heading in 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Balance at January 1	(1.915)	(2.486)
Shares given to employees (share-based payment plan)	487	621
Shares given as dividends (Note 16.a)	-	1.881
Purchases	(4.682)	(2.295)
Sales	543	364
Balance at December 31	(5.567)	(1.915)

Treasury shares include shares deliverable (employee remuneration) at December 31, 2008 and 2007 (519,936 and 779,908 shares, respectively), as well as another 665,717 shares, most of which were repurchased in 2008 (11,570 shares in 2007).

In 2004, the Group sold shares of Renta 4 Servicios de Inversión, S.A. to Cartera de Directivos 2003, S.A., a company that did not belong to the Renta 4 Group (but was related to its shareholders) at a price of 5 euros per subsequently sold the shares to Banco Madrid, S.A.

The Company signed an agreement linked to a five-year share-based payment plan with this financial institution (see Note 16.f) as remuneration to Renta 4 Group employees. This agreement, which was ratified by public deed, grants the Company the option to purchase one fifth of the shares at 5 euros per share on January 15 in each of the next five years. The first option expired on January 15, 2006. The counterparty likewise received a put option under the same terms, amounts and maturities as those stipulated for the Company's call option.

The outstanding options at December 31, 2008 and 2007 entailed 519,936 and 779,908 shares, respectively, of the total 1,299,844 shares included in the agreement (259,970 shares each year).

Since Renta 4 Servicios de Inversión, S.A., the parent company, has a commitment to repurchase these shares, it has not removed the shares from the balance sheet. The shares are recognized with a decrease to Group equity and a corresponding financial liability with the financial intermediary with which it acquired a purchase commitment (see Note 17).

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to equity holders of the parent by the average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to equity holders of the parent by the average number of ordinary shares outstanding during the year plus the average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The Group has issued equity instruments that may be converted into ordinary shares in the future, but the shares included in the employee share-based payment plan (see Note 16.d) and the shares distributed as dividends (see Note 16.a) are not dilutive as the estimated fair value of the shares is the same as the exercise price in the first case and the amount of the issue is the same as the acquisition price in the second. As a result, diluted and basic earnings per share are the same. The following reflects the data used in the basic and diluted earnings per share computations:

	2008	2007
Net profit attributable to equity holders of the parent (in thousands of euros)	5.575	15.261
Weighted average number of ordinary shares for basic and diluted earnings per share	39.797.140	32.927.145
Basic earnings per share (euros)	0,14	0,46
Diluted earnings per share (euros)	0,14	0,46

3.17 FINANCIAL LIABILITIES

The breakdown of these liability headings of the accompanying consolidated balance sheet at December 31, 2008 and 2007 is as follows:

NON-CURRENT LIABILITIES	2008	2007
		Thousands of euros
Financial institutions		
Loans	24.038	62.017
Implicit interest-liabilities	1.299	2.253
Finance lease agreements (Note 8)	9.470	10.993
	34.807	75.263
Other deposits		
Bills of exchange payable (Note 17.2)	1.266	1.839
Other financial liabilities		
Guarantees	42	42
	36.115	77.144

CURRENT LIABILITIES	2008	2007
		Thousands of euros
Financial institutions		
Loans	12.414	27.731
Implicit interest-liabilities	876	1.300
Finance lease agreements (Note 8)	1.544	1.498
Purchases pending settlement	1.187	8.036
Repos (Note 10)	216.491	232.105
Other balances	451	903
Valuation adjustments	87	224
	233.050	271.797
Other deposits		
Repos (Note 10)	55.844	23.765
Temporary balances relating to transactions with securities	115.653	147.111
Guarantees of transactions with international derivatives (in cash)	15.710	7.391
Bills of exchange payable (Note 3)	665	665
Other balances	917	1.338
Valuation adjustments	105	15
	188.894	180.285
	421.944	452.082

Financial institutions:

Purchases pending settlement at December 31, 2008 and 2007 were canceled, principally during the first few days of January 2008 and 2008, respectively.

The breakdown of loans and credit facilities signed by Group companies at December 31, 2008 and 2007 is as follows:

			31.12.08		31.12.07	
Loans		Final maturity	Limit	Amount drawn down	Limit	Amount drawn down
						Thousand of euros
BBVA	3-month Euribor + 0,60%	30/06/2010	3.000	968	3.000	1.572
Banco Pastor	1-year Euribor +1.00%	30/06/2009	6.000	664	6.000	1.935
B. Sabadell	1-year Euribor +0.75%	31/07/2009	3.000	384	3.000	1.012
Banco de Madrid	1-year Euribor +0.75%	31/07/2009	-	-	10.000	4.000
Barclays	1-year Euribor +0.65%	15/07/2009	1.200	152	1.200	403
B. Sabadell	1-year Euribor +0.75%	31/07/2010	3.000	1.024	3.000	1.624
Caixa Cataluña (2)	1-year Euribor +0.32%	28/02/2014	3.000	2.047	3.000	2.390
Caja Astur	6-month Euribor+0.60%	09/06/2011	2.500	1.281	2.500	1.764
Caixa Nostra	1-year Euribor +1.60%	31/05/2011	3.000	1.536	3.000	2.117
Caixa Geral (5)	1-year Euribor +0.60%	05/12/2011	-	-	10.000	8.192
Caixa Cataluña (1)	1-year Euribor +0.32%	30/04/2012	5.000	2.865	5.000	4.397
Caixa Geral (5)	1-year Euribor +0.60%	05/07/2012	-	-	6.500	6.019
B. Sabadell	1-year Euribor +1.60%	11/03/2008	-	-	1.900	1.900
Banco Pastor (5)	3-month Euribor+1.00%	30/04/2008	-	-	12.000	879
Banco Pastor	3-month Euribor+1.00%	30/05/2008	-	-	10.000	914
Caja Cataluña	3-month Euribor+0.50%	30/06/2009	3.000	327	3.000	954
Caja Cantabria	1-year Euribor +0.75%	22/02/2010	1.000	252	1.000	456
Caja Cataluña	1-year Euribor+ 0.50%	31/03/2013	3.000	1.716	3.000	2.068
BBVA	3-month Euribor+0.60%	30/06/2010	3.000	968	3.000	1.571
Caixa Geral	3-month Euribor+0.75%	01/07/2010	3.000	1.050	3.000	1.650
Banco Simeón	1-year Euribor +0.75%	28/10/2009	4.000	893	4.000	1.913
Banco Gallego	1-year Euribor +0.75%	18/10/2010	1.000	392	1.000	590
Bancaja	3-month Euribor+0.65%	10/11/2010	2.000	820	2.000	1.215
Caixa Galicia	1-year Euribor +0.5%	01/08/2011	2.000	1.117	2.000	1.505
Cajamar	1-year Euribor +0.5%	09/05/2011	1.000	511	1.000	705
Banesto	3-month Euribor +0.65%	02/03/2009	1.000	89	1.000	433
CajAstur	Euribor 6m+0.75%	27/03/2012	3.000	2.036	3.000	2.595
Banco Galicia (5)	1-year Euribor +0.9%	02/03/2012	-	-	15.000	12.981
Cajamar	1-year Euribor +0.75%	16/06/2012	1.500	1.066	1.500	1.344
Banesto	3-month Euribor+0.65%	07/03/2010	2.000	873	2.000	1.528
Bancaja	3-month Euribor+0.7%	10/04/2012	2.000	1.390	2.000	1.760
Barclays	1-month Euribor+0.8%	27/03/2012	3.000	2.031	3.000	2.594
BBVA (5)	3-month Euribor+0.55%	30/06/2012	-	-	8.000	7.286
Caixa Geral (5)	1-year Euribor +0.60%	26/04/2012	-	-	8.500	7.482
Banco de Madrid (4)	1-year Euribor +1.25%	15/02/2014	7.000	7.000	-	-
Banca March	3-month Euribor+1.15%	01/01/2014	3.000	3.000	-	-
Pasivos financieros implícitos (3)	3-month Euribor +0.75%	14/01/2010	6.499	2.175	6.499	3.553
				38.627		93.301

(1) Loans secured with BME shares (see Note 9).

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

Contract	Nominal amount	Beginning date	Expiry
			Thousand of euros
Swap	2.166	01/03/08	03/03/2014
Purchase of cap	2.166	01/03/08	03/03/2014
Sale of floor	2.166	01/03/08	03/03/2014

The fair value of these financial contracts of 25 thousand euros is recognized in "Derivatives held for trading" under "Financial liabilities held for trading" on the liability side of the consolidated balance sheet at December 31, 2008 (56 thousand euros at December 31, 2007).

(3) Corresponds to the implicit financial liability payable for the commitment with a financial intermediary to repurchase shares of the parent company.

(4) Loans secured with RENTA 4 MINERVA, F.I. (745.648,8549 participation units) (See Note 9).

(5) Loans canceled in 2008 which were guaranteed by BME shares (See Note 9).

Other deposits:

The balance of "Bills of exchange payable" corresponds to the amount pending payment at December 31, 2008 for the acquisitions of Gesdinco Gestión, S.G.I.I.C., S.A. and Padinco Patrimonios, S.G.C., S.A., as shown below.

	31.12.08		31.12.07	
	Non-current	Current	Non-current	Current
				Thousands of euros
Nominal value of the debt (Note 3)	1.396	698	2.094	698
Financial charge	(130)	(33)	(255)	(33)
Bills of exchange payable	1.266	665	1.839	665

"Temporary balances relating to transactions with securities" includes demand balances of customers' liquidity accounts at Renta 4, Sociedad de Valores, S.A. In addition, "Guarantees of transactions with international derivatives" include the cash guarantees received from customers to trade on their behalf in international derivatives markets.

Residual maturity

The breakdown by residual maturity of the main items under this heading in the accompanying consolidated balance sheet at December 31, 2008 and 2007 (in thousands of euros) is as follows:

2008	Current						Non-current		
	Upon demand	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Total	Between 1 and 5 years	More than 5 years	Total
Liabilities									
Due to financial institutuions	1.274	219.083	2.599	3.860	6.234	233.050	31.080	3.727	34.807
Due to customers	131.468	56.761	-	-	665	188.894	1.266	-	1.266

2007	Current						Non-current		
	Upon demand	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Total	Between 1 and 5 years	More than 5 years	Total
Liabilities									
Due to financial institutuions	4.600	240.297	6.551	6.436	13.913	271.797	70.449	4.814	75.263
Due to customers	154.502	25.118	-	-	665	180.285	1.839	-	1.839

3.18

PROVISIONS

The breakdown of the movement in this heading in 2008 and 2007 is as follows:

	Thousands of euros
Balance at December 31, 2006	362
Net allowances	120
Provisions applied	(362)
Balance at December 31, 2007	120
Net allowances	146
Balance at December 31, 2007	266

In 2008, Renta 4, Sociedad de Valores, S.A. recorded a 266 thousand euro provision to meet potential liabilities arising form a lawsuit related to the activity of Renta 4, Sociedad de Valores, S.A. (December 31, 2007: 120 thousand euro)

3.19 TAX ASSETS AND LIABILITIES

The breakdown of these headings of the accompanying consolidated balance sheet at December 31, 2008 and 2007 is as follows:

Tax assets	2008	2007
	Thousands of euros	
Deferred tax assets		
Deferred tax assets (Note 27)	987	1.680
Current tax assets		
VAT receivable from the Treasury	3.882	3.743
Income tax receivable from the Treasury (Note 27)	627	15
	4.509	3.758

"Income tax receivable from the Treasury" reflects refundable 2007 income tax amounting to 15 thousand euros and refundable 2008 income tax amounting to 612 thousand euros.

Tax liabilities	2008	2007
	Thousands of euros	
Deferred tax liabilities (Note 27)		
Deferred tax (available-for-sale financial assets)	-	17.376
Other	1.021	1.702
	1.021	19.078
Current income tax liabilities		
Income tax payable	-	2.051
Other tax liabilities (other payables to public bodies)		
Withholdings from managed fund unit holders for redemption of investments in managed funds	218	283
Personal income tax withholdings (IRPF)	609	652
Business tax (I.A.E.)	32	52
Value added tax (VAT)	77	169
Social security costs	237	239
	1.173	1.395

The breakdown by residual maturity of this heading is as follows:

Tax assets	Up to 6 months	Between 6 months and 1 year	Between 1 and 5 years	Total
				Thousands of euros
2008				
Current	3.882	627	-	4.509
Non-current	-	-	987	987
2007				
Current	3.758	-	-	3.758
Non-current	-	-	1.680	1.680

Tax liabilities	Up to 1 month	Between 1 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	More than 5 years	Total
						Thousands of euros
2008						
Current	1.173	-	-	-	-	1.173
Non-current	-	-	-	60	961	1.021
2007						
Current	1.209	2.237	-	-	-	3.446
Non-current	-	-	-	17.931	1.147	19.078

3.20 COMMITMENTS AND CONTINGENT LIABILITIES

The Group provides securities administration and custody services to its customers. Third-party commitments assumed by the Group related to this service at December 31, 2008 and 2007 are as follows

	2008	2007
		Thousands of euros
Securities administration and custody		
Deposited securities (third-party securities)	4.198.170	4.095.520
Of which:		
Recorded in the name of customers	3.787.671	3.313.675
Recorded in global custody accounts	410.499	781.845
Customer investments in mutual funds (global accounts)	88.604	166.437
Guarantees deposited by third parties in other entities in connection with short selling	457	2.276
	4.287.231	4.264.233
Risks		
Guarantees and deposits given	3.359	7.411
	3.359	7.411

The Group breaks down the fair value of its customers' positions (securities and investments in managed funds) in global custody accounts under "Contingent liabilities and risks". The Group's directors and legal advisors consider the securities recorded in these accounts as restricted assets for Group customers, as they are recorded in specific accounts under the customers' names and customers have been informed of their use, and not part of the assets the Group has to meet its liabilities or commitments. Nonetheless, these assets are exposed to counterparty risk of the global custodian (see Note 30), although the entity has confirmed with non-EU resident global custodians that according to the legislation of the countries where they are domiciled, the assets in custody are restricted for customers, similar to legislation in Spain.

The Group determines the market value of third party securities as follows:

	Method
Foreign fixed-income and equity securities	At the price provided by the subcustodian (BNP, Goldman)
Spanish fixed-income securities	At par value
Spanish equity securities	As quoted on the Madrid Stock Market

The breakdown of the (third-party) securities recorded in the global custody accounts at December 31, 2008 and 2007 by domicile of the global custody account is as follows:

	2008	2007
		Thousands of euros
United Kingdom	139.190	299.681
Spain	271.309	482.164
	410.499	781.845

The breakdown of "Securities deposited" by type of instruments at December 31, 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Third-party own instruments		
Equity instruments	3.530.945	3.305.462
Debt instruments	667.225	790.058
	4.198.170	4.095.520

"Guarantees and deposits given" includes the following:

	2008	2007
		Thousands of euros
Contribution to collective deposits to the market		
MEFF	3.000	3.000
SCLV (Iberclear)	-	4.000
Other	359	411
	3.359	7.411

3.21 FEES AND COMMISSIONS, INTEREST AND RETURNS ON EQUITY INSTRUMENTS

The breakdown of the balances of these headings in the accompanying income statement for the years ended December 31, 2008 and 2007 is as follows:

INCOME	2008	2007
		Thousands of euros
Fee and commission income		
Brokerage and order execution fees and commissions	31.508	34.915
CIS and pension fund management, subscription and redemption fees and commissions	10.763	12.984
Portfolio management fees	509	1.016
Securities underwriting and placement fees	71	668
Securities deposit and custody service fees and commissions	1.969	2.090
Other fees and commissions received	1.492	1.282
	46.312	52.955
Interest and similar income		
Other interest income on public debt	11.660	10.230
Other	8.299	8.299
	19.959	18.529
Returns on equity instruments		
Dividends	3.878	4.135
TOTAL	70.149	75.619

EXPENSES	2008	2007
		Thousands of euros
Fees and commissions paid		
Brokerage and other commissions paid	11.908	12.661
Interest and similar expense		
Interest on liabilities with financial intermediaries	5.052	5.275
Interest on public debt securities (repos)	9.521	8.224
Other	127	163
	14.700	13.662
TOTAL	26.608	26.323

3.22 TRADING INCOME

The breakdown of this heading in the accompanying consolidated income statement for the years ended December 31, 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Financial assets and liabilities held for trading (net)	(2.648)	1.605
Available-for-sale financial assets	(367)	95

Gains (losses) on available-for-sale financial assets is due primarily to the disposal of 598,674 BME shares (profit: 1,145 thousand euros), the delivery of BME shares for the distribution of share premium (loss: 894 thousand euros) and the disposal of other securities which generated a loss of 618 thousand euros (Note 9)

3.23 EMPLOYEE BENEFITS EXPENSE

The breakdown of the balance of this heading in the accompanying consolidated income statement for the years ended December 31, 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Wages and bonuses paid to current personnel	12.468	11.759
Employer social security contributions	2.494	2.342
Allocations to defined benefit plans (Note 4.n)	26	94
Allocations to defined contribution plans (Note 4.n)	147	188
Allocations to EPSV plans (Note 4.n)	24	-
Expense of share-based payments (Notes 4.n and 16.d)	175	664
Other employee benefits expense	310	290
	15.644	15.337

"Wages and bonuses paid to current personnel" includes the estimate of the expense of variable remuneration in 2008 and 2007 of 132 and 1,061 thousand euros, respectively, pending payment at December 31 (see Note 13).

"Other employee benefits expense" includes the income or expense related to the financial effect of loans extended to employees to purchase shares of the parent company, which amounted to 77 thousand euros (income) and 173 thousand euros (expense) in 2008 and 2007, respectively. (see Note 4.n)

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

	2008		2007	
	Men	Women	Men	Women
				Thousands of euros
Management personnel	14	-	13	-
Technicians	97	53	91	45
Administrative staff	96	42	89	48
	207	95	193	93

3.24 OTHER GENERAL ADMINISTRATIVE EXPENSES

The breakdown of the balance of this heading in the accompanying consolidated income statement for the years ended December 31, 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Marketing and advertising	1.738	2.322
Rent paid for commercial premises	1.480	1.246
Data processing, technology and telecommunications expenses	3.383	3.975
Other expenses	6.101	5.171
	12.702	12.714

"Other expenses" primarily includes expenses related to professional services, travel and entertainment expenses, office material, mail and other. This heading also includes the expense incurred for contributions to the Investment Guarantee Fund in 2008 and 2007 by Renta 4, Sociedad de Valores, S.A. (subsidiary) of 521 and 477 thousand euros as stipulated in Royal Decree 948/2001, dated August 3, on methods for indemnifying investors, amended by Law 53/2002, dated December 30, on tax, administrative and corporate measures.

3.25 IMPAIRMENT LOSSES ON ASSETS

The breakdown of the balance of this heading in the accompanying consolidated income statement for the years ended December 31, 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Loans and advances to customers (Note 10.2)		
Allowances	(1.766)	(826)
Recoveries	959	1.802
	(807)	976
Available-for-sale financial assets (Note 9)	(2)	(164)
Goodwill (Note 7)	(681)	-
	(1.490)	812

3.26 OTHER LOSSES

The breakdown of the balance of this heading in the accompanying consolidated income statement for the years ended December 31, 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Other losses		
Losses on disposal of property and equipment	-	(13)
Other	(442)	(1.298)
	(442)	(1.311)

At December 31, 2008, "Other" relates primarily to operating losses of Renta 4, Sociedad de Valores, S.A.

In 2007 "Other" includes mainly the following items:

- the amount paid in connection with a lawsuit related to the activity of Renta 4, Sociedad de Valores, S.A. of 544 thousand euros.
- the transfer to bad debts of 343 thousand euros arising from a representative of Renta 4, Sociedad de Valores, S.A. which had been pardoned following his death.

Other gains

	2008	2007
		Thousands of euros
Gains on disposal of property and equipment	1	96
Other	-	643
	1	739

3.27 TAX MATTERS

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

Sociedad	Head office
Renta 4 Aragón, S.A.	Madrid
Renta 4 Benidorm, S.A.	Benidorm
Renta 4 Burgos, S.A.	Madrid
Renta 4 Gestora, S.G.I.I.C., S.A.	Madrid
Renta 4 Huesca, S.A.	Madrid
Carterix, S.A. (antes Renta 4 Marruecos, S.A.)	Madrid
Renta 4 On-Line, S.A.	Madrid
Renta 4 Pensiones, E.G.F.P., S.A.	Madrid
Renta 4 Sociedad de Valores, S.A.	Madrid
Renta 4 Tarragona, S.A.	Tarragona
Renta 4 Inversiones de Valladolid, S.A.	Madrid
Renta 4 Lérida, S.A.	Madrid
Padinco Patrimonios S.G.C., S.A.	Madrid

In accordance with current Spanish legislation, taxes cannot be considered definitive until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. At December 31, 2008 and 2007, the companies comprising the Group are open to inspection of all taxes levied during the past four years. The Company's directors consider that no additional tax liabilities would arise from a potential tax inspection.

The breakdown of the income tax expense for 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Consolidated profit before taxes	7.771	21.520
30% tax rate (32,5% in 2007)	2.331	6.994
Adjustments to prior year income tax expense	278	(287)
Deductions	(588)	(689)
Adjustment of deferred taxes arising from change in tax rates	(35)	-
Effect of non-deductible/taxable items	182	171
Income tax expense	2.168	6.189
Adjustments to prior year income tax expense	-	287
Effect of deferred taxes	(1.497)	(424)
Current tax payable	671	6.052
Withholdings and prepayments	(1.283)	(4.001)
Tax payable (Note 19)	(612)	2.051

At December 31, 2008 and 2007, the Group's consolidated income tax assessment basis includes loss carryforwards of Group companies which file individual tax returns amounting to 33 and 30 thousand euros, respectively

In addition, taxes have been recognized with a charge to equity, mainly related to the increase in the value of available-for-sale financial assets of 18,360 and (8,430) thousand euros in 2008 and 2007, respectively and to the capital increase expenses amounting to 1,319 thousand euros in 2007. Based on the tax returns filed by the Group and the estimates of tax payable for 2008 and 2007, the Group has the following loss carryforwards that it may apply against future tax profits:

Year generated	2008	2007	Last year to apply
			Thousands of euros
2005	1	1	2020
2004	417	429	2019
2003	10	10	2018
2002	1	1	2017
2001	139	139	2016
2000	66	66	2015
1999	4	4	2014
	638	650	

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

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

Deferred tax assets	Temporary differences	Temporary differences
		Thousands of euros
2008		
Valuation adjustments of available-for-sale financial assets	3.290	987
	3.290	987
2007		
Capital increase expenses	4.346	1.304
Financial effect of Plan 15 loans	686	206
Deferred tax on ladder option of stock option plan	568	170
	5.600	1.680

Deferred tax liabilities	Temporary differences	Temporary differences
		Thousands of euros
2008		
Valuation for tax purposes of assets held under finance leases	3.336	1.001
Other	67	20
	3.403	1.021
2007		
Valuation adjustments of available-for-sale financial assets	57.920	17.376
Valuation adjustments of financial assets and liabilities are held for trading	163	49
Valuation for tax purposes of assets held under finance leases	3.119	944
Fee and commission income from Renta 4, Sociedad de Valores, S.A. (underwriting)	756	246
Other	1.540	463
	63.498	19.078

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

	2008		2007	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
				Thousands of euros
Balance at January 1	1.680	19.078	469	10.488
Increases	987	99	1.319	8.815
Decreases	(1.680)	(18.156)	(108)	(225)
Balance at December 31	987	1.021	1.680	19.078

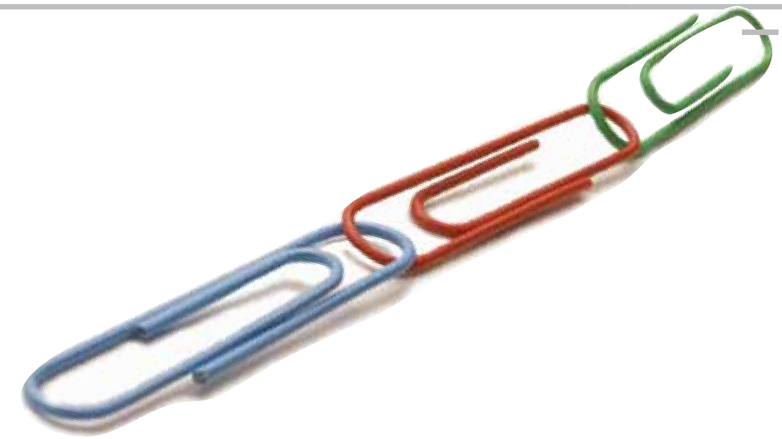
3.28 RELATED PARTIES

The Group considers as related parties key management personnel; i.e. members of the Board of Directors of the parent company, and members of senior management, which comprises 3 general managers and two members of the Board of Directors of Renta 4 Sociedad de Valores, S.A., and a company owned by a Director of the parent company. The Group does not hold any investments in associates or joint ventures.

Balances and transactions with related parties

Balances with related parties in 2008 and 2007 were as follows:

	December 31, 2008				
Income and expenses	Significant shareholders	Directors and executives	Related parties or Group companies	Other related parties	Total
					Thousands of euros
Leases	-	18	-	-	18
Services received	-	-	-	48	48
Expenses	-	18	-	48	66
Services rendered	28	22	-	-	50
Income	28	22	-	-	50



Other transactions	Significant shareholders	Directors and executives	Related parties or Group companies	Other related parties	Total
	December 31, 2008				
					Thousands of euros
Financing, loans and capital contribution agreements (borrower)	1.315	1.247	-	-	2.562
Amortization or cancelation of loans and borrowing facilities	-	68	-	-	68
Other transactions	132	347	-	-	479
Dividends paid	8.290	17.908	-	-	26.198
Receivable	10.244	-	-	-	10.244

Income and expenses	Significant shareholders	Directors and executives	Related parties or Group companies	Other related parties	Total
	December 31, 2008				
					Thousands of euros
Leases	-	17	-	-	17
Services received	-	-	-	36	36
Expenses	-	17	-	36	53
Services rendered	11	102	-	-	113
Income	11	102	-	-	113

Other transactions	Significant shareholders	Directors and executives	Related parties or Group companies	Other related parties	Total
	December 31, 2008				
					Thousands of euros
Financing, loans and capital contribution agreements (borrower)	-	1.011	-	-	1.011
Amortization or cancelation of loans and borrowing facilities	-	84	-	-	84
Other transactions	21	330	-	-	351
Dividends paid	2.200	5.017	-	-	7.217

In addition, at December 31, 2008 securities belonging to related parties amounting to 81,648 thousand euros (December 31, 2007: 163,041 thousand euros) are deposited with the Group company Renta 4, S.A., S.V.

At December 31, 2008, securities deposited with the Group company Renta 4, S.A., S.V. amounting to 10,244 thousand euros serve as guarantee of the account receivable described in Note 10.2.

Compensation of key management personnel

Compensation paid to key management personnel includes the directors of the parent company and the senior managers, which comprise 3 general managers who are not members of the Board of Directors of the parent company, as well as contributions to pension plans, are as follows:

Concept	Directors	Senior managers
		Thousands of euros
2008		
Wages and salaries	1.032	669
Share-based payments (includes withholdings (IRPF) paid on account)	126	36
Total	1.158	705
2007 (*)		
Wages and salaries	897	745
Share-based payments (includes withholdings (IRPF) paid on account)	94	34
Total	991	779

(*) The amounts relating to 2007 have been modified with respect to the December 31, 2007 consolidated financial statements to reflect the current structure of key management personnel.

From left to right; Luis Muñoz (General manager of IT and System), Juan Luís López (General Manager), Juan Carlos Ureta (Chairman and Managing Director), José Ignacio García Junceda (Genral Manager Renta 4 S.V) and Jesús Sanchez-Quiñones (General Manager)

The Group has a keyman insurance policy to cover its obligations in the event of death and disability of its senior managers. The premiums paid by the Group in both 2008 and 2007 amounted to 1 and 3 thousand euros, respectively.

In addition, the Group has an insurance policy to cover its liabilities with members of the Board of Directors and senior management for potential claims in the discharge of their duties. The premium paid by the Group in 2008 was 64 thousand euros (2007: 67 thousand euros).

Other information on directors

In compliance with the provisions of Article 127 ter of the Spanish Companies Law introduced by Law 26/2003, of July 17, to enhance the transparency of companies, the directors have confirmed that they wholly or jointly own the following shares in companies having identical, similar or complementary activities to those of the Company. They have likewise confirmed the positions they hold, as well as the duties and/or functions performed in such companies:

Director	Company	% shareholding	Position
Juan Carlos Ureta Domingo	Sociedad Rectora de la Bolsa de Valores de Madrid, S.A	-	Director
Jesús Sánchez – Quiñones González	ACE Global, SICAV, S.A.	less than 0.01%	-
	Amer 2000 SICAV, S.A.	-	Secretary - Board Member
	Avilugam SICAV, S.A.	less than 0.01%	Chairman
	Bacesa SICAV, S.A.	less than 0.01%	-
	Beta 4 Inversiones Financieras SICAV, S.A.	less than 0.01%	-
	Calainvest – 98 SICAV, S.A.	less than 0.01%	-
	Carmen Inversiones Financieras SICAV, S.A.	less than 0.01%	-
	Cartera Alhamar SICAV, S.A.	-	Secretary - Board Member
	Comermatica Kabakh SICAV, .S.A.	less than 0.01%	Secretary - Board Member
	Cortigoso Inversiones SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Didime Inversiones SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Edumone SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Euro 21 de Inversiones SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Eurofinatel SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Evelsa – JP Inversiones SICAV, S.A.	less than 0.01%	-
	Global Sistematic Investment SICAV, S.A.	less than 0.01%	Board member
	Guaten de Inversiones SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Help Inversiones SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Holdilan SICAV, S.A.	less than 0.01%	Board member
	Horizon Retorno SICAV, S.A.	less than 0.01%	-
	Inversiones Financieras Galois SICAV, S.A.	-	Secretary
	Inversiones Financieras Islas Occidentales SICAV, S.A.	less than 0.01%	-
	Kursaal 2000 SICAV, S.A.	-	Chairman
	Lenda de Inversiones SICAV, S.A.	-	Chairman
	Mercor Global SICAV, S.A.	-	Secretary - Board Member
	Mopani Inversiones SICAV, S.A.	-	Secretary - Board Member
	Mota del Escribano SICAV, S.A.	less than 0.01%	-
	Numide Inversiones SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Obis Inversiones Financieras SICAV, S.A.	less than 0.01%	-
	Otago Inversiones SICAV, S.A.	less than 0.01%	-
	Privalia SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Qualified Investor SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Ravistar SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Renta 4 Gestión de Carteras SICAV, S.A.	less than 0.01%	Chairman
	Taupo Inversiones SICAV, S.A.	less than 0.01%	Chairman
	Temple Finance SICAV, S.A.	less than 0.01%	-
	Terton Inversiones SICAV, S.A.	less than 0.01%	Secretary - Board Member
	Valor XXI SICAV ,S.A.	less than 0.01%	Secretary - Board Member
	Yelo Inversiones SICAV, S.A.	less than 0.01%	President
	Zanzibar SICAV, S.A.	less than 0.01%	Secretary - Board Member
Miguel Primo de Rivera y Urquijo	SCH Gestión de Carteras SGIIC, S.A.	-	Director
	Pridera	-	Sole Director

3.29 ADDITIONAL INFORMATION

Fiduciary activities and investment services

All of the off-balance-sheet customer funds are marketed and managed by the Group of which the Company is the parent. The breakdown at December 31, 2008 and 2007 is as follows:

	2008	2007
		Thousands of euros
Managed portfolios	202.564	381.246
Collective investment schemes	934.241	1.260.726
Pension funds	131.253	96.235
Total	1.268.058	1.738.207

Fee and commission income and expenses related to the activities referred to above in 2008 and 2007 are broken down in Note 21.

At December 31, 2008 the Group managed 1,999 individual customer portfolios (December 31, 2007: 2,793 portfolios managed).

Customer service

In 2008 and 2007, the Group adopted the appropriate measures to comply with the requirements and duties of Ministry of Economics Order ECO/734/2004 dated March 11 on customer services departments, customer services and the ombudsman of financial institutions.

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

The Group received 25 complaints and claims in 2008 and 10 in 2007, all of which were accepted and processed. Of these, 84% and 60%, respectively, were ruled in favor of the Group.

Information of Circular 5/1990

- The number of employees at year end, by job category and department:

	2008	2007
		Thousands of euros
Management personnel	14	14
Technicians	144	149
Administrative personnel	132	140
	290	303

- A list of the Company's branches in 2008 and 2007 is provided in Appendix II.

- A list of the Company's agents at December 31, 2008 and 2007 is provided in Appendix III.

Environmental impact

The Directors of the Group companies consider that the environmental risks that could arise as a result of its activity are minimal and, in any case, adequately covered and that no additional liabilities will arise with respect to environmental risk. During the years ended December 31, 2008 and 2007, the Group has not incurred environmental-related expenses nor has it received environmental-related subsidies.

Audit fees

The fees paid to the main auditor for the review of the 2008 consolidated annual financial statements amounted to 125 thousand euros (2007: 113 thousand euros).

These external auditors were paid 133 thousand euros in additional fees for performing other types of services (2007: 581 thousand euros), mainly for work performed in relation to the stock market flotation indicated in Note 1.

3.30 FINANCIAL RISK MANAGEMENT

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring. This process is critical to the continuity of the Group's activities.

The Group is exposed to credit risk, liquidity risk, market rise and operational risk. Business risks such as changes in the environment, technology and industry are monitored through the strategic planning process.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are other delegated bodies or units responsible for managing and monitoring these risks.

Internal Audit

The Group does not have an Internal Audit Department, but it has a Control Unit in the organizational structure that reports to the Board of Directors of the parent company. The responsibilities of this unit include supervising the representatives and branches of the Group.

In addition, Renta 4 Gestora, SGIIC has a controller charged with overseeing the activities of the management company and of the CIS it manages, who reports directly to this company's chairman and the Group's Control Unit.

Control Unit

The Control Unit taxes transactions of customers, representatives and/or agents and transactions with employees, ensures that the Group meets all its legal requirements and oversees relations with supervisory bodies. It also is in charge of internal control at Renta 4 Gestora, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A.

The Group's Control Unit has a staff of four. The reports written by the Control Unit on subsidiaries, representatives and/or issuing agents relate to revisions of transactions with customers and compliance with prevailing legislation. They include an examination of compliance with the Group's internal regulations, which are included in the Group's procedures manual and Internal Rules of Conduct and that of the rest of the Group. There is no established frequency for these reviews; rather, they are conducted based on a schedule of visits drawn up by the Control Unit. The Audit Committee, which is composed of four members of the Board of Directors of Renta 4, Sociedad de Valores, S.A. and Renta 4 Servicios de Inversión, S.A., reviews the performance of the Control Unit at least once a year.

In 2008, the Control Unit carried out a total of 48 actions (2007: 50), with on-site checks that that commercial network's activity is in strict compliance with the Group's established operating procedures and prevailing legislation.

The Group also has a Custodian Control Unit, which is independent of the Group's Control Unit and reports to the Board of Directors of the organization. This unit supervises the activity of Renta 4, S.A., Sociedad de Valores as custodian.

The Custodian Control has a staff of one and one external supervisor. The Custodian Control Unit prepares monthly reports on the collective investment schemes of which Renta 4, Sociedad de Valores, S.A. is custodian and sends them to the National Securities Market Commission (CNMV) and included them in the internal financial statements that the Group's lawyers sends to that body. These reports include an examination of the degree of compliance of the existing information and the Group's internal regulations, which are included in the custodian's procedures manual.

The Renta 4 Group's Control Unit discharges the duties attributed to it under Law 35/2003 and RD 1309/2005 with respect to the degree of compliance with the rules of separation between the management company and the custodian in the CIS which Renta 4 Gestora, S.G.I.I.C., S.A. operated in 2008 as management company and Renta 4, S.V., S.A. as custodian.

Risk exposure

Fair value of financial instruments

Except for assets designated as "Loans and receivables," the rest of the financial assets are measured at fair value by reference to quoted securities or the use of valuation techniques based on observable date in the market (OTC derivatives). The financial liabilities are measured at amortized cost. However, given the characteristics of the financial assets and liabilities that are not measured at fair value, have short-term maturities or floating interest rates with long-term maturities, the Directors consider that the difference between the carrying amounts and the fair values of the instruments would not be significant.

Credit risk

The Renta 4 Group has exposure to credit risk; i.e. the risk of loss because its counterparties fail to discharge their obligations. In this respect, it distinguishes between two types of counterparty: customers in general and financial institutions.

The risk control system for credit risk of customers is backed by the development of new individual and collective debtor assessment and classification systems, from which it determines the provisions recorded to cover potential losses.

With respect to the acceptance, monitoring and control of risks with customers in general, the Group's Control Unit ensures that the current system of discretional management of operating limits, provided based on the guarantee (securities) deposited at the Group, is enforced. Under the terms of the contracts signed with its customers, the Group has access to the securities and units of customers' mutual funds to make up for customer debtor balances if they were not to pay (not replace the funds).

The Group's maximum exposure to credit risk is as follows:

	Note	2008	2007
			Thousands of euros
Loans and receivables	10	335.559	362.464
Cash and cash equivalents	12	132.658	191.786
		468.217	554.250

With respect to counterparty risk with financial institutions, the Group chooses them based on their prestige and experience and bears in mind solvency ratings assigned by leading ratings agencies (e.g. Standard & Poor's and Moody's). The Control Unit verifies that the counterparty's credit rating is investment grade level, between good and high creditworthiness.

Cash and cash equivalents: the counterparties are mostly Spanish financial institutions (92.3% and 95% at December 31, 2008 and 2007 respectively) with ratings between BBB and AA. The maximum exposure to any counterparty is 14 million euros. The foreign institutions with which the Group conducts business in international markets are Goldman Sachs, Merrill Lynch and BNP Paribas, with AA-, A+ ratings (which are currently being revised) and AA, respectively.

In addition, the Group uses global custody accounts for trading in international markets (see Note 20), with exposure to counterparty risk or the delivery of positions taken on behalf of its customers, but booked under its name in these accounts. The counterparties are all leading international financial groups (Goldman Sachs, Merrill Lynch and BNP Paribas).

Loans and receivables: the main item of this portfolio are repos with Spanish financial intermediaries with at least an A+ rating. The rest are basically receivables from individuals related to trading in securities. There are guarantees for the customer positions deposited with the Group. When the Group classifies these balances as impaired, the impairment losses are determined based on the value of the positions used as guarantees.

Interest rate risk

The Directors consider that the Group s exposure to interest rate risk is insignificant. Therefore, they do no evaluate or monitor this risk and have not established either exposure limits or procedures for monitoring interest rate risk. As seen in the information provided in the various notes to the consolidated financial statements, the Group s policy is not to assume interest rate risk. Therefore, the Group s financial assets and liabilities are at floating rates with short-term maturities, except long-term loans and borrowings with financial institutions (see Note 17) and some non-current loans and advances to employees of small amounts.

The future impact on the consolidated income statement of a 100 basis point increase or decrease in interest rates at December 31, 2008 and 2007 would be:

- An increase or decrease in the financial charge and, therefore, on Group profit before taxes for the finance cost of long-term borrowings (350 and 800 thousand euros on average borrowings of 35,000 and 80,000 thousand euros for 2008 and 2007 respectively) and;

- An increase or decrease in net interest income for the rest of its positions, as part of its liability balances with customers do not bear interest, whereas the realization of these in highly liquid assets does earn interest.

Market risk

The Group has well identified positions. Aside from its position in Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., which the Group considers to be a long-term investment, these are limited to small units in mutual funds. Nonetheless, the Group applies VaR (Value at risk) methodology to asset the market risk of the positions held. This gives the maximum expected loss over a specified time horizon based on the historical performance of a security or portfolio. The VaR of these portfolios (at 1 day and with a confidence level of 98.75%) at December 31, 2008 and 2007 was as follows:

	2008	2007
		Thousands of euros
Trading portfolio (maximum potential loss)	43	408
Available-for-sale investments (maximum potential loss)	846	4.146
VaR (% of the portfolio)	0,31%	1,05%

Operational risk

Operational risk is the risk of loss arising from inappropriate business processes or failures, human error on the part of employees and internal systems failures, or external events. It also includes technological risk.

The Group's operational risk detection systems are based on creating an operational risk scorecard that identifies factors and analyzes scenarios that reflect the business environment in the internal control systems. For this the Group has a system of regular reporting to the heads of the business lines, senior managers and the Board of Directors.

Liquidity risk

Control over the liquidity position is carried out through a structured model designed in accordance with prevailing legislation (standard 60, CNMV Circular 7/2008), which allows for classification of both debtors and creditors.

The Group's following a policy of protecting itself from liquidity risk, keeping enough cash and other liquid financial instruments available to meet computable liabilities with residual maturity of less than one year. Renta 4, Sociedad de Valores, S.A. (subsidiary) has to meet a cash adequacy ratio. Therefore, assets that can easily be liquidated and are low risk must amount to least 10% of its computable liabilities with a residual maturity of less than one year. This does not include temporary and instrumental payables (brokerage customer).

Notes 10, 12 and 17 provide a breakdown of the maturities of the Group's financial assets and liabilities. A significant portion of these positions pertain to brokerage services provided to clients in connection with repos for which the maturities of asset and liability transactions are matched. In addition, the Group maintains liquid asset positions amounting to 132,658 thousand euros (Note 12), plus financial asset positions in the trading portfolio and available-for-sale financial assets amounting to 23,655 thousand euros (Notes 9 and 11).

3.31 CAPITAL MANAGEMENT

The Group actively manages its capital structure by hedging its main business risks. It monitors its capital adequacy in accordance with the regulations set forth in Royal Decree 1343/1992, dated November 6, which develops Law 13/1992, dated June 1, on equity and supervision of consolidated financial entities, and CNMV Circular 6/1992 on minimum equity requirements for brokerage companies and broker-dealers and their consolidated groups.

On February 17, Royal Decree 216/2008 on the capital of financial institutions was issued, which enacts Laws 36/2007 and 47/2007, incorporating the Basel II Capital Accord on access to lending activities and capital adequacy of investment firms and credit institutions into Spanish regulations. In addition, on June 30, 2009, Circular 12/2008, of December 30, on the solvency of investment service companies and their consolidated groups will go into effect, annulling Circular 6/1992.

Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with its externally imposed capital requirements and that the Group maintains healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, its own equity securities, distribute reserves, etc. Law 13/1992, dated June 1, and subsequent amendments regulate the minimum capital requirements that individual and consolidated investment services companies must maintain, as well as the calculation method for such minimum capital.

At December 31, 2008 and 2007 the breakdown of consolidated equity suitable for meeting solvency requirements and the minimum equity required is as follows:

	2008 (*)	2007 (*)
		Thousands of euros
Capital	16.277	16.277
Accumulated reserves	58.506	98.181
Reserves in consolidated companies	3.859	(3.481)
Intangible and fictitious assets	(9.110)	(9.908)
Revaluation reserves	-	306
Loans to third parties to acquire Group shares	(1.464)	(1.304)
Instruments eligible for inclusion in suitable equity held by the consolidated group	(4.478)	(45)
Suitable equity	63.590	100.026
Minimum equity required as per prevailing legislation	12.313	18.063
Surplus	51.277	81.963

(*) Information presented in accordance with previous GAAP for the Group (CNMV Circular 5/1990)

At December 31, 2008 and 2007, the equity considered eligible for meeting minimum requirements of the Group for which the company is parent exceeded that required under these regulations.

3.32 RECONCILIATION OF CONSOLIDATED EQUITY AND PROFIT CALCULATED UNDER CNMV CIRCULAR 5/1990 TO IFRS

On November 26, 2008, the C.N.M.V. issued Circular 7/2008, which annulled Circular 5/1990. This circular modifies the accounting regime established for investment services companies to adapt it to the new accounting framework applicable in Spain as of 2008, established by new Spanish GAAP, enacted by Royal Decree 1514/2007, of November 16, which aims to bring Spanish accounting principles in line with IFRS. Circular 7/2008 establishes January 1, 2008 as the effective date for first-time application of the new Spanish GAAP. These consolidated financial statements have been prepared in conformity with IFRS. The Group took January 1, 2005 to be the first-time adoption date for applying IFRS.

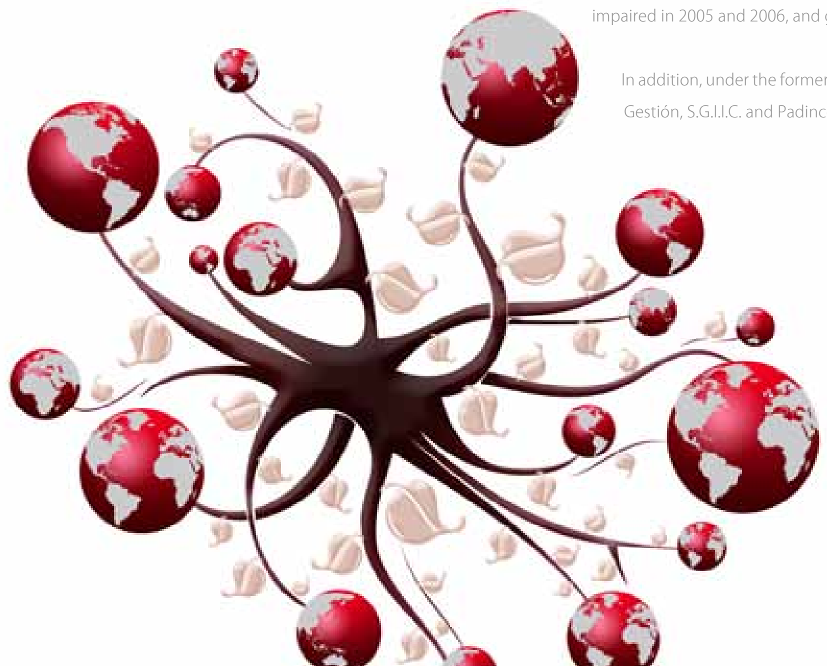
The adoption of different transition dates gives rise to the following differences in the Group's consolidated equity and consolidated profit or loss:

	Notes	12/31/08
		Thousand of euros
Consolidated equity in accordance with Circular 7/2008		73.555
Goodwill amortized from 2005 to 2007 in accordance with Circular 5/1990	(a)	6.678
Impairment losses recognized in previous years under IFRS (2005-2007)	(a)	(1.500)
Adjustments to results (2008 impairment under IFRS)	(a)	(567)
Consolidated equity under IFRS		78.166

	Notes	12/31/08
		Thousand of euros
Consolidated profit in accordance with Circular 7/2008		6.170
Impairment of goodwill (Burgos, Aragón and Huesca)	(a)	(567)
Consolidated profit under IFRS		5.603

(a) Under the former accounting principles (Circular 5/1990), the Group amortized goodwill from the acquisition of Renta 4 Burgos, S.A., Renta 4 Aragón, S.A., and Renta 4 Huesca, S.A. over five years. This goodwill was fully amortized at December 31, 2007 (5,484 thousand euros were amortized under the former circular from 2005 to 2007). Given that the Group began to apply IFRS as of January 1, 2005, in the financial statements prepared in accordance with IFRS, the Group maintained goodwill amounting to 3,913 thousand euros (Note 7); under IFRS, goodwill amounting to 1,500 euros was impaired in 2005 and 2006, and goodwill amounting to 567 thousand euros was impaired in 2008.

In addition, under the former circular, in 2007 the Group amortized goodwill from the acquisition of Gesdinco Gestión, S.G.I.I.C. and Padinco Patrimonios, S.G.C. amounting to 1,194 thousand euros.



3.33 EVENTS AFTER THE BALANCE SHEET DATE

On March 23, 2009, the Board of Directors of the parent company resolved to distribute to shareholders a portion of the share premium account in kind, via the delivery of 1 share of the parent company for every 50 shares. Except for the above, as of December 31, 2008 up to the approval by the Board of Directors of the consolidated financial statements for their submission to the General Shareholders' Meeting, no other significant event has taken place that could have an effect on these consolidated financial statements.

I appendix

Breakdown of equity investments in Group companies at December 31, 2008

This appendix forms an integral part of Note 3 of the Notes to the consolidated financial statements, with which it should be read .

			% shareholding			Thousands of euros (*)			
Company	Head office	Line of business	Direct	Indirect	Total	Capital	Reserves	Profit/(loss)	Interim dividend
12/31/2008									
Carterix, S.A.	Madrid	Computer and IT services	5.00	94.92	99.92	782	(36)	-	26
Renta 4 Aragón, S.A.	Zaragoza	Financial services	99.96	-	99.96	62	10	-	-
Sociedad de Estudios e Inversiones, S.A.	Benidorm	Financial services	-	99.99	99.99	42	(19)	-	(1)
Renta 4 Burgos, S.A.	Burgos	Financial services	99.97	-	99.97	34	12	-	(1)
Renta 4 Gestora, S.G.I.I.C., S.A.	Madrid	CIS management company	99.99	-	99.99	2,374	2,319	(3)	381
Renta 4 Guipúzcoa, S.A.	San Sebastián	Financial services	-	15.00	15.00	60	1,179	-	28
Renta 4 Huesca, S.A.	Huesca	Financial services	99.94	-	99.94	3	-	-	-
Renta 4 Inversiones de Valladolid, S.A.	Valladolid	Financial services	85.00	14.00	99.00	60	710	-	(1)
Renta 4 Lérida, S.A.	Lérida	Advisory and consulting	81.66	-	81.66	90	(2)	-	(1)
Renta 4 On Line, S.A.	Madrid	Financial services	99.00	-	99.00	15	(25)	-	-
Renta 4 Pensiones, E.G.F.P., S.A.	Madrid	Pension fund management	99.99	-	99.99	1,815	196	29	(107)
Renta 4, Sociedad de Valores, S.A.	Madrid	Stockbroking	99.99	-	99.99	6,105	20,469	-	3,471
Renta 4 Tarragona, S.A.	Tarragona	Financial services	-	99.89	99.89	15	(13)	-	(76)
Renta 4 Corporate, S.A.	Madrid	Advisory and consulting	100.00	-	100.00	92	(40)	-	147
Renta 4 Vizcaya, S.A.	Bilbao	Financial services	-	99.99	99.99	391	(363)	-	-
Rentsegur, Correduría de Seguros, S.A.	Madrid	Insurance brokerage	-	72.49	72.49	75	(62)	-	12
Padinco Patrimonios, S.A.	Madrid	Dormant	100.00	-	100.00	105	66	-	7
12/31/2007									
Carterix, S.A. (antes Renta 4 Marruecos, S.A.)	Madrid	Computer and IT services	5.00	94.92	99.92	782	(102)	6	-
Padinco Patrimonios, S.A.	Madrid	Portfolio management	100.00	-	100.00	105	79	(13)	-
Renta 4 Vizcaya, S.A.	Vizcaya	Financial services		99.99	99.99	391	(363)	-	-
Sociedad de Estudios e Inversiones, S.A:	Alicante	Financial services		99.99	99.99	60	(19)	-	-
Renta 4 Tarragona, S.A.	Tarragona	Financial services	-	99.89	99.89	61	(8)	(5)	-
Renta 4 Guipúzcoa, S.A.	San Sebastián	Financial services	-	15.00	15.00	60	1,103	75	-
Renta 4 Aragón, S.A.	Madrid	Financial services	99.96	-	99.96	62	10	-	-
Renta 4 Burgos, S.A.	Madrid	Financial services	99.97	-	99.97	69	13	(1)	-
Renta 4 Gestora, S.G.I.I.C., S.A.	Madrid	CIS management company	99.99	-	99.99	2,374	2,284	1,587	-
Renta 4 Huesca, S.A.	Madrid	Financial services	99.94	-	99.94	3	(1)	-	-
Renta 4 Inversiones de Valladolid, S.A.	Madrid	Financial services	85.00	14.00	99.00	60	712	(2)	-
Renta 4 Lérida, S.A.	Madrid	Advisory and consulting	81.66	-	81.66	90	-	(1)	-
Renta 4 On Line, S.A.	Madrid	Financial services	99.00	-	99.00	60	(25)	-	-
Renta 4 Pensiones, E.G.F.P., S.A.	Madrid	Pension fund management	99.98	-	99.98	1,515	130	89	-
Renta 4, Sociedad de Valores, S.A.	Madrid	Stockbroking	99.99	-	99.99	6,105	13,331	16,675	3,555
Rentsegur, Correduría de Seguros, S.A.	Madrid	Insurance brokerage	-	72.49	72.49	120	(77)	15	-
Renta 4 Corporate, S.A. (antes Renta 4 Planificación Empresarial, S.A.)	Madrid	Advisory and consulting	100.00	-	100.00	92	77	(95)	-

(*) Information per books before adjustments to adapt to IFRS.

II appendix

List of the branches of Renta 4, Sociedad de Valores, S.A. at December 31, 2008

This appendix is an integral part of Note 29 of the notes to the accompanying consolidated financial statements, with which it should be read.

12/31/2008

AVDA. DEL CID, 1, 1º A-B 09005 - BURGOS
AVDA. FEDERICO SOTO, 22, ENTLO. 03001 - ALICANTE
AVDA. RAFAEL CABRERA, 1, 1ª PTA. OF 8 35002 - LAS PALMAS DE GRAN CANARIAS (GRAN CANARIA)
AVDA. RAFAEL GONZÁLEZ NEGRÍN Nº 17, 1º 35500 - ARRECIFE (LAS PALMAS)
AVENIDA DE MADRID, 56 B - 1º A 23008 - JAEN
AVENIDA FERNÁNDEZ LADREDA, Nº 11, 1º A 40001 - SEGOVIA (SEGOVIA)
C./ COLLADO, Nº15, 1º A 42002 - SORIA
C./ COLÓN, Nº 31, 1º, PTA 3 46004 - VALENCIA
C./ MAS DEL RIVERO, 17 45005 - TOLEDO
C./ SAN CLEMENTE, 24 38003 - SANTA CRUZ DE TENERIFE (TENERIFE)
C/ CAVIA, 8, BAJO 22005 - HUESCA
C/ CERVANTES, Nº 2. 1º 16004 - CUENCA
C/ COLÓN, EDIFICIO JOEN, Nº45, 1º, 1 46400 46400 - CULLERA (VALENCIA)
C/ FLORES DE SAN TORCUATO Nº14 49014 - ZAMORA
C/ JUAN HERRERA 2, ENTRESUELO 5 39002 - SANTANDER (CANTABRIA)
C/ PELAYO, 4, 2º 33003 - OVIEDO (ASTURIAS)
C/ RAMON Y CAJAL, Nº 10. BAJO 44001 - TERUEL
C/ RUA DO PROGRESO, Nº127, LOCAL 2A PB 32003 - OURENSE
C/ SAN PEDRO ALCÁNTARA Nº2, 1º, 2 10002 - CÁCERES
C/ SAN PRUDENCIO Nº8A, PISO 3º 01005 - VITORIA (ALAVA)
C/ TERESA HERRERA, Nº 8, BAJO 15004 - A CORUÑA
C/HOSPITAL, Nº 5 03203 - ELCHE (ALICANTE)
C/IGNACIO MARTINEZ DE AZCOITIA, Nº 5 34001 - PALENCIA
C/PROGRESO, 38 36202 - VIGO (PONTEVEDRA)
C/RAMON Y CAJAL Nº5, 1ºA 13001 - CIUDAD REAL
CALLE MAYOR, 40 08221 - TERRASSA (BARCELONA)
CALLE ORDOÑO II, Nº 11, 1º 24001 - LEÓN
CALLE VALENCIA, 6 28945 - FUENLABRADA (MADRID)
CL. TESIFONTE GALLEGO Nº 16, ENTREPLANTA 02002 - ALBACETE
CL. TORO, 76 37002 - SALAMANCA
CRTA. BARCELONA, 2 EDIF. VERTEX 3º, 1º 17001 - GIRONA
PASEO DE ALMERÍA, Nº 81, 1º IZQDA 04001 - ALMERÍA
PASEO DE LA INDEPENDENCIA Nº4, PRINCIPAL A DCHA 50004 - ZARAGOZA
PASEO DE MALLORCA, 32 07012 - PALMA DE MALLORCA (BALEARES)
PASEO DE SANTA FE, Nº 1, BAJO 21003 - HUELVA
PASEO MARQUÉS DEL PUERTO, 6 48009 - BILBAO
PASEO SARASATE, 16, ENTREPLANTA 31001 - PAMPLONA (NAVARRA)
PLAZA DE ESPAÑA, 5 11004 - CÁDIZ
PLAZA DE LA CONSTITUCION, Nº1A, ENTREPLANTA 06004 - BADAJOZ
PLAZA DE LA PAZ, Nº 5. ENTRESUELO 12001 - CASTELLÓN
PLAZA DE SANTA TERESA, Nº 14, 2º IZQUIERDA Y DEREC 05001 - ÁVILA
PLAZA DE SANTO DOMINGO, 5, 3ª PTA. 27001 - LUGO
PLAZA DE SANTO DOMINGO, Nº1,1ªPTA,APT.D 19001 - GUADALAJARA
PLAZA DUQUE DE LA VICTORIA, 1, 3º, 3 41002 - SEVILLA
PLAZA ISABEL DE CATÓLICA, 1 18009 - GRANADA
PLAZA SANTA ANA, 2, 2º B 47001 - VALLADOLID
PLZA. CONSTITUCIÓN, 2, 4º 29005 - MÁLAGA
Pº DE GRACIA, 77, PRINCIPAL 08008 - BARCELONA
PZA. DE LA AURORA, 5 30001 - MURCIA
RAMBLA FERRA, 45 25007 - LLEIDA

12/31/2007

RAMBLA NOVA, 90 43001 - TARRAGONA
RONDA DE TEJARES Nº6, OFICINA 6 14001 - CÓRDOBA
VARA DEL REY, 24 26002 - LOGROÑO (LA RIOJA)
AVDA. DEL CID, 1, 1º A-B 09005 - BURGOS
AVDA. FEDERICO SOTO, 22, ENTLO. 03001 - ALICANTE
AVDA. RAFAEL CABRERA, 1, 1ª PTA. OF 8 35002 - LAS PALMAS DE GRAN CANARIAS (GRAN CANARIA)
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AVENIDA DE MADRID, 56 B - 1º A 23008 - JAÉN
C./ COLÓN, Nº 31, 1º, PTA 3 46004 - VALENCIA
C./ MAS DEL RIVERO, 17 45005 - TOLEDO
C./ NUMANCIA, Nº1, 1º D 42001 - SORIA
C./ SAN CLEMENTE, 24 38003 - SANTA CRUZ DE TENERIFE (TENERIFE)
C/ CAVIA, 8, BAJO 22005 - HUESCA
C/ COLÓN, EDIFICIO JOEN, Nº 45, 1º, 1 46400 46400 - CULLERA (VALENCIA)
C/ JUAN HERRERA 2, ENTRESUELO 5 39002 - SANTANDER (CANTABRIA)
C/ PELAYO, 4, 2º 33003 - OVIEDO (ASTURIAS)
C/ RUA DO PROGRESO, Nº 127, LOCAL 2A PB 32003 - OURENSE
C/ SAN PEDRO ALCÁNTARA Nº2, 1º, 2 10002 - CÁCERES
C/ SAN PRUDENCIO Nº 8A, PISO 3º 01005 - VITORIA (ÁLAVA)
C/ TERESA HERRERA, Nº 8, BAJO 15004 - A CORUÑA
C/IGNACIO MARTÍNEZ DE AZCOITIA, Nº 5 34001 - PALENCIA
C/PROGRESO, 38 36202 - VIGO (PONTEVEDRA)
C/RAMÓN Y CAJAL Nº5, 1ºA 13001 - CIUDAD REAL
CALLE ORDOÑO II, Nº 11, 1º 24001 - LEÓN
CALLE VALENCIA, 6 28945 - FUENLABRADA (MADRID)
CL. TESIFONTE GALLEGO Nº 16, ENTREPLANTA 02002 - ALBACETE
CL. TORO, 76 37002 - SALAMANCA
CRTA. BARCELONA, 2 EDIF. VERTEX 3º, 1º 17001 - GIRONA
PLAZA DE LA CONSTITUCIÓN, Nº1A, ENTREPLANTA 06004 - BADAJOZ
PLAZA DE LA PAZ, Nº 5. ENTRESUELO 12001 - CASTELLÓN
PLAZA DE LOS SITIOS, 1, DPTO. 50001 - ZARAGOZA
PLAZA DE SANTO DOMINGO, Nº1,1ªPTA, APT.D 19001 - GUADALAJARA
PLAZA DUQUE DE LA VICTORIA, 1, 3º, 3 41002 - SEVILLA
PZA. DE LA AURORA, 5 30001 - MURCIA
PASEO MARQUÉS DEL PUERTO, 6 48009 - BILBAO
PASEO SARASATE, 16, ENTREPLANTA 31001 - PAMPLONA (NAVARRA)
PASEO DE ALMERÍA, Nº 81, 1º IZQDA 04001 - ALMERÍA
PASEO DE MALLORCA, 32 07012 - PALMA DE MALLORCA (BALEARES)
PLAZA ISABEL DE CATÓLICA, 1 18009 - GRANADA
PLAZA SANTA ANA, 2, 2º B 47001 - VALLADOLID
PLAZA DE ESPAÑA, 5 11004 - CÁDIZ
PLAZA DE SANTA TERESA, Nº 14, 2º IZQUIERDA Y DEREC 05001 - ÁVILA
PLAZA DE SANTO DOMINGO, 5, 3ª PTA. 27001 - LUGO
PLZA. CONSTITUCIÓN, 2, 4º 29005 - MÁLAGA
Pº DE GRACIA, 74, 5º 08008 - BARCELONA
RAMBLA FERRA, 45 25007 - LLEIDA
RAMBLA NOVA, 90 43001 - TARRAGONA
RONDA DE TEJARES Nº6, OFICINA 6 14001 - CÓRDOBA
VARA DEL REY, 24 26002 - LOGROÑO (LA RIOJA)

III appendix

List of Agents for Renta 4, Sociedad de Valores, S.A. at December 31, 2008

This appendix is an integral part of Note 29 of the notes to the accompanying consolidated financial statements, with which it should be read.

12/31/2008

AGUIRRE BASSET, ALFONSO
ALBAJAR GIMÉNEZ, MANUEL
ARETILLO CAÑADA, SUSANA
ARCOS BARAZAL S.A.
ARTALEJO FERRER, MARTÍ
BABALITA, S.L.
BORRÁS-VÁZQUEZ-CAMESELLE-ARTAI CORREDURÍA DE SEGUROS, S.A.
BOSS ESTUDIO EMPRESARIAL, S.L.
CENTENNIAL SERVICIOS COMERCIALES Y ASESORAMIENTO, S.L.
DE LA FUENTE ARTEAGA, JORGE
DEL VALLE PETERSFELDT, JAVIER
DÍAZ PÉREZ, GONZALO
ECHEVARRIA BARBERENA, MERCEDES
FERNÁNDEZ MARTÍNEZ, CARLOS
FERNÁNDEZ ÁLVAREZ-SANTULLANO, ANDRÉS, S.L.
FORET USSIA, JOSÉ LUIS
GALLO LÓPEZ, FELIZ ALFONSO
HORIZÓN CAPITAL, S.L.
INVERVAL GESTIÓN S.L.
LAJAC S.A.
LÉRIDA TURABIAN, JOSÉ ANTONIO
LÓPEZ LÓPEZ, ANTONIO CEFERINO
LÓPEZ MINGUEZ, ANTONIO
MISUIN GESTIÓN, S.L.
MORENO PÉREZ, VÍCTOR
MUÑOZ SÁNCHEZ, LORENZO PABLO
PERIGOT CAMPOS, RICARDO
PRIDERA, S.L.
PRIMO DE RIVERA & LLANZA, S.L.
PRIMO DE RIVERA ORIOL, FERNANDO
RENPROA S.L.
RENTA 4 GUIPÚZCOA, S.A.
SIMO & PRADO ACTIUS, S.L.
VALDENEBRO FERNÁNDEZ, ENRIQUE
VARGAS ESCOBAR, RAFAEL
VEGA-HAZAS PORRUA, JUAN MARÍA
YELSEN ASESORES, S.L.
YIDOSA, S.A.

12/31/2007

AGUIRRE BASSET,ALFONSO
ALBAJAR GIMENEZ,MANUEL
ARCOS BARAZAL SA
AREITIO CAÑADA,SUSANA
BABALITA, S.L.
BORRAS-VÁZQUEZ-CAMESELLE-ARTAI CORREDURIA DE SEGUROS, S.A.
BOSS ESTUDIO EMPRESARIAL, S.L.
CENTENNIAL SERVICIOS COMERCIALES Y ASESORAMIENTO SL
DARWIN SYSTEMS, S.L.
DE LA FUENTE ARTEAGA, JORGE
DEL VALLE PETERSFELDT,JAVIER
DIAZ PEREZ,GONZALO
DRACMA FINANZAS, S.L.
ECHEVARRIA BARBERENA,MERCEDES
FORET USSIA,JOSE LUIS
GALLO LOPEZ,FELIX ALFONSO
GALOBASAN, S.L.
GESTIÓ DE PATRIMONIS, S.L
HOLBER PARTNERS, S.L.
HORIZON CAPITAL, S.L.
INFORMADSA FINANCIEROS, S.L.
LAJAC SA
LERIDA TURABIAN,JOSE ANTONIO
LOPEZ LOPEZ,ANTONIO CEFERINO
LOPEZ MINGUEZ,ANTONIO
MISUIN GESTION, S.L.
MORENO PEREZ,VICTOR
NUEVA PRIDERA, S.L.
PERIGOT CAMPOS,RICARDO
PRIMO DE RIVERA ORIOL, FERNANDO
RENPROA SL
RENTA 4 GUIPUZCOA SA
VALDENEBRO FERNÁNDEZ,ENRIQUE
VARGAS ESCOBAR,RAFAEL
VEGA-HAZAS PORRUA, JUAN MARÍA
VINDEL BERENGUEL,LUIS MIGUEL
YELSEN ASESORES, S.L.
YIDOSA, S.A.

APPROVAL OF THE 2008 CONSOLIDATED FINANCIAL STATEMENTS

The members of the Board of Directors of Renta 4 Servicios de Inversión, S.A. state that to the best of their knowledge the 2008 consolidated annual financial statements approved at the meeting held March 23, 2009 and prepared in accordance with the accounting principles applied, give a true and fair view of the consolidated equity, financial position and results of Renta 4 Servicios de Inversión, S.A. and subsidiaries, and that the management report includes a fair analysis of the business results and position of Renta 4 Servicios de Inversión, S.A. and subsidiaries, as well as a description of the main risks and uncertainties facing the Group.

D. Juan Carlos Ureta Domingo
Chairman

D. Jesús Sánchez-Quiñones
Board member

D. Santiago González Enciso
Board member

D. Miguel Primo de Rivera y Urquijo
Board member

D. Pedro Ángel Navarro Martínez
Deputy chairman

D. Paco García Molina
Board member

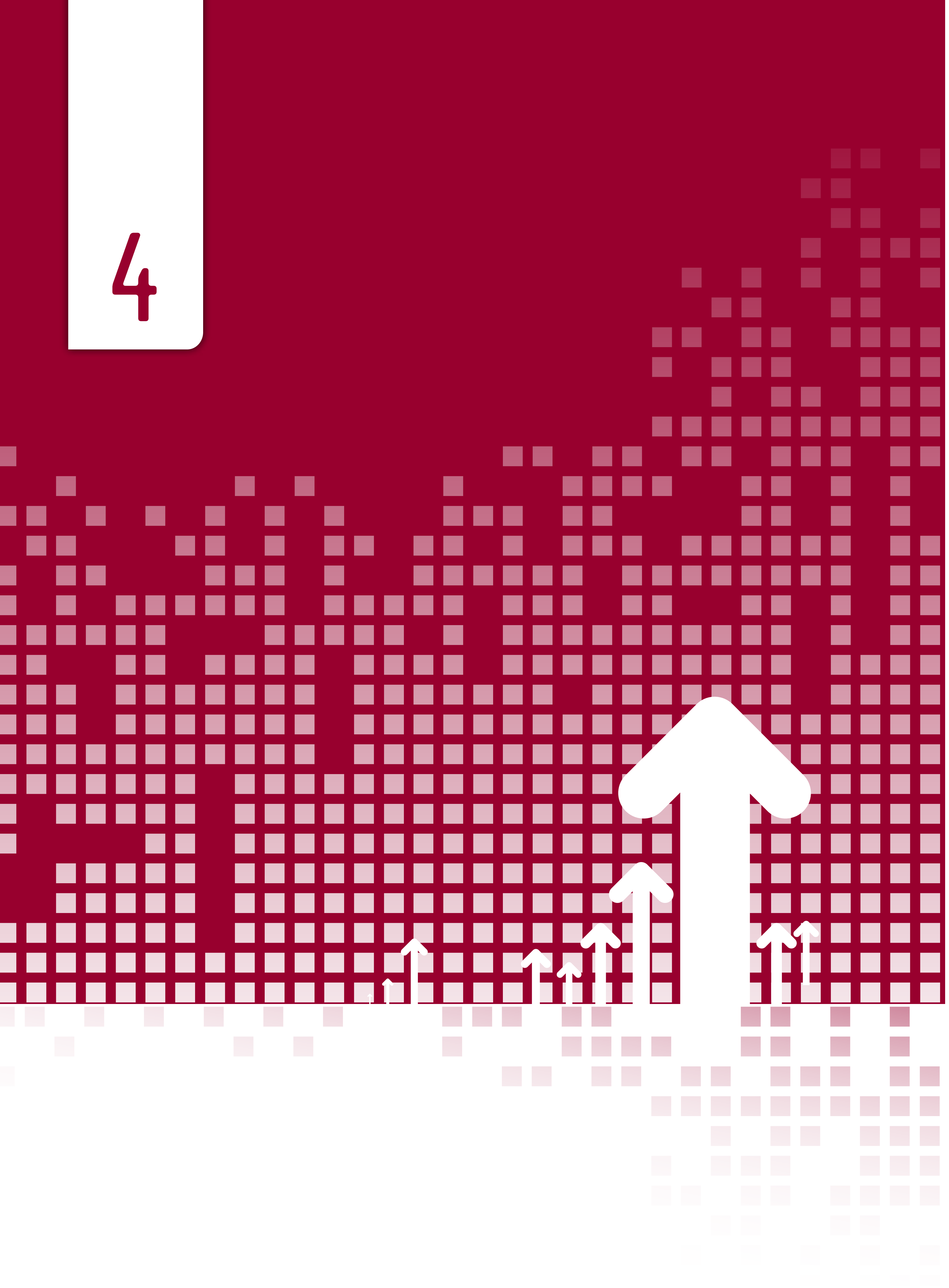
D. Pedro Ramón y Cajal
Non Director Secretary

D. Pedro Ferreras Díez
Board member

D. Eduardo Trueba Cortés
Board member

Dª. Sofía Rodríguez-Sahagún Martínez
Board member

4



MANAGEMENT REPORT

4.1 ECONOMIC ENVIRONMENT AND FINANCIAL MARKETS

2008 was one of the worst years for the stock market since the historical crash of 1929. The 2007 credit crunch was brought about by subprime mortgages, which were the result of prolonged excess liquidity and low interest rates. This provoked excessive debt for economic agents across the board, with the fullest effect felt in financial markets in 2008, creating an overall climate of intense distrust.

Nearly all financial, monetary, credit, as well as regulated and non-regulated stock and financial instrument markets have been subjected to liquidity tensions and valuation uncertainties of unprecedented magnitude. This heightened uncertainty succeeded in submerging leading global economies already contending with an economic slowdown in an enormous global crisis.

While the stock market losses were unusual, particularly those suffered especially by the financial sector, the response from monetary and governmental figures proved even more unorthodox. Drastic action was taken, including the announcement of support plans for the financial sector, severe interest rate cuts, as well as expansive tax policies designed to stimulate the deteriorating economy. In terms of monetary policy, some central banks have had less of a problem than others in making the change to a heavily expansive policy. In fact, while the FED made severe interest rate cuts during the first part of the year, in June the CEB continued to insist on fighting inflation by raising interest rates. However, the increasing deterioration of economic activity as well as a notable moderation of inflationary pressure due to decreasing oil prices, have spurred the CEB to cut interest rates as well, although it is still lagging behind other central banks in achieving greater flexibility in monetary policy.

Leading international indexes have fallen by approximately 40%. The raw materials market has also tumbled appreciatively, including the price of oil, which plummeted 60% in a year, from a maximum of $147/b in July to today's mere $40/b, in a clearly worsening economic climate.

The past year has also been characterized by a "rush to quality" of public debt, with steep drops in IRRs: from 4% to 2.2% in American T-bonds, and from 4.3% to 2.95% for the German bund. The most extreme example of this can be seen in 3-month US treasury bills, whose profitability was 0% as a result of purchasing pressure exerted by buyers.

Foreign currency markets have also shown significant movement, with a strong appreciation of the Yen throughout the year, from 19% vs the $US and 22% vs the EUR, with the undoing of carry trade transactions in an environment with an increasing aversion to risk, while the pound sterling dropped as compared to the EUR (29%). Leading Latin American currencies have also lost value (the Brazilian real fell 33% while the Mexican peso lost 21% compared to the dollar).

It is important to note that, for the first time in history, all of the sectors making up the S&P 500 had plunges of over two digits or more. Within Europe, the sectors hit hardest were banking (-65%), financial services (-57%), industry (-66%), technology (-51%), and construction (-49%); those which have withstood the storm are health (-21%), food (-31%), and telecommunications (-38%).

By the end of 2009 the worst of the economic crisis should be over, thanks to measures taken to thwart systemic risk; however, the transfer of credit restrictions to the current economy remains to be seen. Current and pending measures limit its impact, but their positive effect on the economy will lag until liquidity runs fluently and trickles down to the real economy.

With respect to growth, developed economies are expected to recede, while emerging economies will decelerate. Recovery of growth rate potential will not be seen until 2010-11. Inflation might decrease as a result of the impact of raw materials, with the most likely scenario being disinflation (deceleration of the growth rate of prices), but not deflation (a continual and sustained fall in the prices of goods and services over time), which Central Banks will do all that is in their power to avoid.

Within this environment, it is possible that interest rates will continue to go down in order to fend off the recession as well as deflation. The FED and the Bank of Japan have lost their margins, as rates are now close to zero; the CEB may intensify interest rate cuts, which could very well reach 1%. Long-term interest rates will most likely continue stable through the short term (faced with the recession, risk of deflation, and possible purchase of bonds by the FED), to take off in the medium term as a result of high emissions of state-guaranteed public debt issues, and once the liquidity of the real economy is once again flowing fluidly (more growth, more inflation).

Against this backdrop, it is probable that equity securities will continue to be more profitable than other assets in the medium term. Due to declining interest rates, there do not seem to be many investment alternatives. Before the stock market makes a sustained recovery, episodes of high volatility could very well continue during the short term, until the recession appears more certain. Positive valuations are a necessary condition, yet not sufficient for the markets to commence a sustained upward climb. The peaks and valleys in the market will most likely provide interesting purchasing opportunities.

4.2 SECTOR TRENDS

Stock prices have swung wildly throughout the year. Of the 12,000 Spanish stock market sessions held over the past 50 years, 9 taking place in 2008 rank among the top 20 with the most dramatic daily stock price oscillations, exceeding 6%. It is also worth noting that three of the ten most marked daily decreases and six of the most dramatic daily increases within the past fifty years also took place. Likewise, 9 of the 20 biggest swings within the same session (intra-day) of the history of IBEX 35 also took place during the first eleven months of 2008.

However, the year's performance has strengthened the role of the stock exchange as a provider of liquidity and specific information on prices of assets, even in the most extreme conditions. Although the fall in stock prices provoked a decreased trading volume by 22% as compared to historical levels achieved during the prior year, 2008 shows the second highest volume in its entire history, and many indicators point to an excellent liquidity performance: 24 of the IBEX 35 securities increased the number of traded shares in 2008 with respect to 2007 and the total number of shares exchanged in the market exceeded 112,000 million until November, up 10% over the same period of 2007 In addition, the number of cross-trades increased by 8.6% until November with respect to the same period last year, in which it hit a record high.

Spanish market capitalization, nearly 800,000 million at the end of November 2008, reflects a significant decrease of 43%. Listed Spanish companies lost 338,000 million in terms of value, representing 32% of the GDP, with banks and real estate companies feeling the strongest effect. At year end, the number of companies admitted to all segments of the Spanish stock exchange rose slightly over the year before.

The corporate activity of globally-listed companies reflects the difficult conditions undergone by financial markets during the period; the most notable effect has been a drastic reduction in public offerings as well as acquisitions the world over. Spain has also been affected by these circumstances: it saw the historic IPO of the Caja de Ahorros del Mediterráneo, the first Savings Bank to go public through the issuing of non-voting equity units, which has been the year's only one, amounting to 292 million euros.

Funds captured by companies through capital increases totaled 15,752 million euros, in a year during which the largest payment of a capital increase in the history of the Spanish stock market took place, totaling 7,195 million euros. This was the first year that takeovers took place under the new regulations; although there have been fewer of them, they did move approximately 17,000 million euros. Despite the tough scenario, Spanish multinationals have continued to participate in some of the hugest closed acquisitions in the world, particularly in the financial and energy sectors.

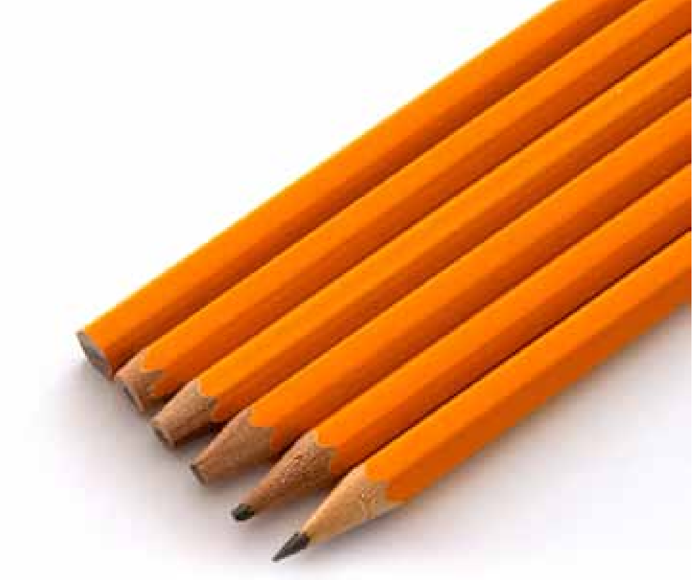
Profits for listed companies have gradually begun to give way, and during 2008, Ibex-listed companies lost 4.7%, which generally indicates a great resistance which, along with a drop in exchange rates, have brought the PER to historical lows 7 times at the end of November. Remuneration paid to shareholders as dividends and return on equity have once again broken records with over 27,000 million euros as of November, reflecting the attempts made by companies to share good results with shareholders. The large volume of dividends as well as the drop in stock prices has left yield per dividend near 7%.

Interest rates and bond markets have also been placed under great stress during 2008, due to a combination of factors related to the deepening of the global financial downturn, inflationary trends, followed by a generalized deterioration of economic activity throughout the world.

Corporate debt markets have especially been hit by a lack of confidence, reflected in a progressive halt in the activity of primary market issuers, due to the high prices at which they are forced to issue. The result of this situation has been increased complications in obtaining loans and capturing funds for different agents participating in the market.

Within this context, the fixed-income investments markets of BME and AIAF have been especially active: through AIAF they have managed to generate collateral being used by banks for discount at the European Central Bank, which was the only channel available to it during the first part of the year, until the FAAF was created. The AIAF market has taken steps throughout 2008 so that banks might be able to find an alternative in the CEB, given the impossibility of placing their issues due to the high spreads, and to survive the lack of liquidity. As a result of the related transactions, the volume of trading in this market has reached record levels, over 2 billion euros. Specifically, accumulated trading from January to the end of November totaled 2.09 billion euros, 106.1% growth over the same period of 2007. Increases and record breaking were also noted in the number of trade transactions (739,209), up 18.8% from the previous year.

2008 was a record year for the Spanish options and futures market in terms of activity, marked by an unprecedentedly high degree of volatility in underlying markets. Until November, 74.5 million contracts were negotiated, representing 72% more than the same period in 2007; regarding open positions, 12 million contracts were processed, representing 10% more. During a critical year and extraordinarily complex year for worldwide financial markets, OTC markets of derivative products demonstrated their power and ef-



ficiency within a segment which has been given an important role in the world's financial crisis.

There was a significant increase of new admissions to the warrants market and live issues at investors' disposal. New issues of warrants and turbo warrants listed during the year surpassed 9,000, which is a new record. This increase was accompanied by a wide range of exercise prices, due dates, and variety of underlying assets on which the warrants are issued. During the year, 181 different underlying assets were traded.

Investment management schemes once again had a negative and complex year during 2008. The fall of equity securities and corporate debt, the liquidity squeeze of certain instruments and massive reimbursement requested by unit holders, have made the volume of assets managed by these firms go down by 20% to levels known five years ago. Investment funds have been especially affected, with net redemptions totaling 55,000 thousand euros during 2008.

Regarding listed investment management instruments, the segment of exchange traded funds (ETFs) through the SIBE market (Spanish Stock Market Interconnection System) has been active two years. At the end of November, assets under funds traded on the Spanish stock exchange totaled 12,045 million euros, representing an increase of 40% as compared to the same period in 2007, with 2008 trading volume 50% higher than the same period the year before.

The alternative equity market (MAB) is promoted by the BME for the purpose of trading securities requiring singular treatment; in 2008 a segment especially devoted to growing companies. This is designed to improve the access of small and medium-sized businesses to the stock market, enabling them to take advantage of the financing and liquidity which it provides. In the context of the current economic downturn, less international liquidity and the resultant challenge for obtaining external financing, together with the increasing demands on equity, initiatives such as MAB serve as useful structural tools for the Spanish economy to regain growth.

Another segment of the MAB is devoted to SICAVS, and is entirely consolidated, with 3,353 companies listed at the end of November; additionally, a regime applicable to Hedge Funds has been developed, whose securities are included in the MAB.

4.3 PERFORMANCE OF RENTA 4
HIGHLIGHTS

Renta 4 continued to roll out its business model successfully in 2008, culminating in the Group's listing on the Spanish electronic trading market.

According to the data published by the Madrid Stock Exchange on brokerages and broker-dealers, Renta 4 remained among the top brokers by billing. During September, 2008, Renta 4 ranked seventh based on commissions received and sixth based on net commissions.

During the year, Renta 4 attracted 309 million net euros in new funds from investors. This amount partially offset the effect on equity of the stock market crash and cushioned the drop in market capitalization by 1,149 million euros. As a result, total assets under management and administration at year end amounted to 3,403 million euros.

At year end, the total number of investor accounts amounted to 119,704, up 21.8% from the prior year, while the total number of transactions carried out in 2008 increased by 11.4% over the same period in 2007.

At December 31, 2008, Renta 4's total assets under management and admimistration amounted to 3,403 million euros, down 19.8% from year end 2007. This decrease was due primarily to the market effect and represented a drop in market capitalization of 1,149 million euros. However, net inflows of new funds managed to mitigate the 27% fall in funds created by the market effect.

According to the data published by Inverco, Renta 4's investment fund assets totaled 493 million euros, a decrease of 33.6% over the 743 million euros reported for year end 2007. This decrease is in line with that experienced by the overall size of the Spanish market, which stood at 30%.

It should be underscored that the number of SICAVs grew in 2008, from 51 in 2007 to 57, representing total assets of 467 million euros.

Pension fund assets jumped by 37.5% over 2007 to 132 million euros. Net inflow of funds totaled 54 million euros, 116% higher than the previous year. There were 11,784 unitholders at year end, 96.2% more than the year before.

Total transactions exceeded 2.6 million, up 11% over the year before, while the volume of trading topped 105,000 million euros, representing growth of 17% over 2007. Noteworthy was the difference between amounts invested in equity securities (-34%) and fixed-income securities (+17%). The disparity in amounts traded in products with lower commissions explains the decrease in commission income, despite the higher trading volume with respect to 2007.

Online investment continued increasing its presence in the retail investment business, obtaining income of 68% (+8 p.p.), representing and 81% of transactions (+4.0 p.p.) as compared to 2007.

Consolidated income statements

	2008	2007	%
			Thousands of euros
Revenue	70.149	75.619	-7,2%
Fee and commission income	46.312	52.955	-12,5%
Interest and similar income	19.959	18.529	7,7%
Return on equity instruments	3.878	4.135	-6,2%
Expenses	(26.608)	(26.323)	1,1%
Fee and commission expenses	(11.908)	(12.661)	-5,9%
Interest and similar expense	(14.700)	(13.662)	7,6%
Net trading income			
Financial assets and liabilities held for trading	(2.648)	1.605	-265,0%
Foreign currency translation differences (net)	(29)	573	-105,1%
Operating costs	(30.649)	(30.169)	1,6%
Employee benefits expenses	(15.644)	(15.337)	2,0%
Other general administrative expenses	(12.702)	(12.714)	-0,1%
Depreciation and amortization	(2.303)	(2.118)	8,7%
NET OPERATING INCOME	10.215	21.305	-52,1%
Gains on sale of available-for-sale financial assets	(367)	95	-486,3%
Impairment losses (net)	(1.490)	812	-283,5%
Provisions	(146)	(120)	21,7%
Other gains	1	739	-99,9%
Other losses	(442)	(1.311)	-66,3%
PROFIT BEFORE TAX	7.771	21.520	-63,9%
Income tax expense	(2.168)	(6.189)	-65,0%
CONSOLIDATED PROFIT FOR THE YEAR	5.603	15.331	-63,5%

Income

Total income earned amounted to 70.1 million euros, down 7.2% as compared to the 75.6 million recorded the year before.

"Commission income" was 46.3 million euros; although this figure is 12.5% less than the previous year, it is still considered satisfactory in view of the market conditions during the year.

Income from "Interest and similar income" improved 7.7% compared to 2007. During 2008, income from this source decreased due to falling interest rates throughout the year. However, net interest amounted to 5.3 million euros, an 8.1% improvement over 2007.

As a result of the adverse market conditions prevailing during 2008, "Gains on sale of available-for-sale financial assets" reflects a loss of 3 million euros, due primarily to expenses charged to the income statement as a result of providing BME shares which appeared on the Company's balance sheet. This contrasts with the 1.7 million euro profit earned during the same period the previous year.

Costs

"Employee benefits expense" only increased 2%, totaling 15.6 million euros. This tendency became more moderate each quarter, and will continue along the same lines in those which are upcoming. Productivity improvement programs implemented during the year explain the 4.3% reduction in the average operating cost per employee (excluding amortization) as compared to the year before.

"General administrative expenses" fell by 0.1% in 2008 to 12.7 million euros. Cost increases relating to opening, refurbishing, and maintaining the Company's network of offices during the final months of 2007 and beginning of 2008 (25.8%) were offset by cutbacks of 25% with respect to the previous year in other segments.

The effects of new measures approved by the Company to contain costs became especially evident in the second half of the year, in which total costs decreased by 8.9% with respect to the first six months of 2008. Renta 4 will continue to improve the operating efficiency and profitable of all its business lines in the coming year.

Other non-operating gains and losses amounted to 1 million euros during the year, an annual accumulated loss of 2.1 million. This figure stands out as compared to the 0.1 million euro profit during the previous year, and is the result of the amortization of goodwill and certain losses due to the impairment of assets within certain portfolios.

Operating profit (loss)

As of December 31, 2008, net operating income rose 10.2 million euros, which is 52.1% less than during the same period of 2007. Comparatively speaking, were we to eliminate the effect caused by "Gains on sale of available-for-sale financial assets," the decrease would have only been limited to 37.9%. Renta 4 made a considerable effort during 2008 to rid itself of ítems which might add volatility to its income statement, so that in the future the related risk would be limited.

Market situation and outlook

Despsite 2008's highly unstable financial market, Renta 4's business model has been extremely consistent and profitable.

Renta 4's ordinary income and expenses were satisfactory during 2008, thanks to cost containment measures, diverse income sources, and commercial activities developed through its network of offices, generating a net operating profit of 10.2 million euros.

The Company plans to continue improving its operating efficiency in 2009, giving special attention to cost and risk control, while expanding income from new business lines to maximize available resources. Renta 4 expects to reduce operating costs by approximately 10% during 2009.

Renta 4 also eliminated certain items from the balance sheet which were making its income statement more volatile, such as the participation in BME, which was returned to stockholders through the distribution of share premium.

Consolidated balance sheets

ASSET	2008	2007
		Thousand of euros
Intangible assets		
Goodwill	8.969	9.650
Other intangible assets	1.025	1.085
	9.994	10.735
Property and equipment	30.804	30.435
Available-for-sale financial assets	20.326	107.921
Deferred tax assets	987	1.680
Loans and receivables	12.646	2.216
NON-CURRENT ASSETS	74.757	152.987
Other assets	1.666	2.266
Current tax assets	4.509	3.758
Loans and receivables		
Due from financial institutions	301.256	330.541
Other receivables	21.657	29.707
	322.913	360.248
	3.329	6.937
Financial assets held for trading	132.658	191.786
Cash and cash equivalents	465.075	564.995
CURRENT ASSETS	539.832	717.982

EQUITY AND LIABILITIES	2008	2007
		Thousand of euros
Minority interests	1.126	1.099
Valuation adjustments	(2.295)	40.545
Equity	79.335	122.851
EQUITY	78.166	164.495
Financial liabilities	36.115	77.144
Deferred tax liabilities	1.021	19.078
NON-CURRENT LIABILITIES	37.136	96.222
Financial liabilities held for trading	860	486
Financial liabilities		
Due to financial institutions	233.050	271.797
Due to customers	188.894	180.285
	421.944	452.082
Provisions	266	120
Current tax liabilities		
Income tax payable	-	2.051
Other payables to public bodies	1.173	1.395
	1.173	3.446
Accrued expenses and deferred income	287	1.131
CURRENT LIABILITIES	424.530	457.265
TOTAL EQUITY AND LIABILITIES	539.832	717.982

The balance sheet's main variations appear under "Available-for-sale financial assets," which included Renta 4's ownership interest in Bolsas y Mercados Españoles (BME). While this interest originally represented 2.5% of capital, it is now practically marginal. This decision was made at Renta 4's General Shareholders' Meeting, which was held on December 4, 2008 and became effective immediately afterwards.

4.4 OUTLOOK FOR 2009

Ordinary income and expenses for Renta 4 remained satisfactory during 2008, thanks to cost-containment measures, diverse sources of income, as well as the marketing efforts made by the Company's network of offices.

The Company plans to continue improving its operational efficiency during 2009, with special attention to be paid to cost and risk control, while opening new avenues for income which will maximize available resources. Renta 4 expects to reduce operating costs approximately 10% during 2009.

4.5 R&D ACTIVITIES

As in previous years, R&D efforts in 2008 focused on technological advances in trade routing, with special emphasis on trading with other brokers, automated decision-making systems and CIS portfolio management applications.

These efforts have enabled Renta 4 to increase its capacities by developing new applications to monitor and control operations.

4.6 CAPITAL AND OWN INSTRUMENTS

Under the provisions of Article 116 bis of the Securities Market Law 24/1988, dated July 28, 2008, the Board of Directors of Renta 4 Servicios de Inversión, S.A. (hereinafter the Company), agreed, at its meeting of April 22, 2008, to disclose to shareholders the following information which, in compliance with this article, has been included in the management reports accompanying the 2008 separate and consolidated financial statements.

The Company's Board of Directors has made this available to the shareholders at the annual meeting held March 23, 2009.

A. The structure of capital, including securities which are not admitted to trading on a regulated EC market, where appropriate with an indication of the different classes of shares and, for each class of shares, the related rights and obligations and the percentage of total share capital that it represents:

At December 31, 2008, the Company's share capital amounted to 16,277,281.20 Euros, of 40,693,203 shares with a nominal value of 0.40 euros each, fully subscribed and paid up. All shares bear the same voting and dividend rights. These shares are represented by book entries and bear the same voting and dividend rights. There are no shares that do not represent share capital.

The Company's shares are listed on the electronic trading platform of Spain's stock exchanges.

The Company has not issued any convertible and/or exchangeable bonds for shares of Renta 4 Servicios de Inversión S.A.

In their extraordinary general meeting held on July 24, 2007, shareholders agreed to decrease share capital by 3,249,609 euros by reducing the nominal value of the shares by 0.20 euros, from 1 euro to 0.80 euros.

At the extraordinary general meeting held on September 29, 2007 shareholders approved a further reduction in the nominal value of the shares, from 0.80 to 0.40 euros per share, and a split in the number of shares outstanding, from 16,248,045 to 32,496,090 shares.

In addition, at the extraordinary general meeting held on September 29, 2007 shareholders agreed to increase capital for the initial public offering (IPO) for a nominal amount of 3,278,845,20 euros via the issue of 8,197,113 new shares with a nominal value of 0.40 euros each, with a share premium through monetary contributions. The increase envisages the possibility that the shares will be undersubscribed and the disapplication of preemptive rights.

B. Any restrictions on the transfer of securities.

There are no legal or bylaw restrictions on the transfer of shares comprising share capital.

C. Significant direct and indirect shareholdings.

Chairman and CEO Juan Carlos Ureta Domingo directly owns 13,855,447 shares and indirectly 8,551,352 shares, giving him a total shareholding of 55.063 % of share capital.

Mr. Ureta Domingo directly owns 8,551,352 of the abovementioned shares; his total ownership interest is currently 21.014 % through the following entities or private individuals:

- Sociedad Vasco Madrileña de Inversiones, S.A, owner of 1,649,686 shares, representing 4.054 % of share capital.Cartera de Directivos 2003, S.A, owner of 3,249,608 shares, representing 7.986 % of share capital.
- Sociedad de Inversiones Santamaría, S.L., owner of 700 shares, representing 1.720 % of share capital Recarsa, S.A, owner of 185,792 shares, representing 0.456% of share capital.
- Asecosa, S.A, owner of 77,694 shares, representing 0.191% of share capital.
- Surikomi, S.A., owner of 1,880,088 shares, representing 4.620 % of share capital.
- Matilde Estades Seco, owner of 808,534 shares, representing 1.987% of share capital.

D. Any restrictions on voting rights.

In accordance with Article 29.1 of the Corporate Bylaws, each share has one voting right, with no exceptions to this right or limitation to the maximum number of votes a shareholder may use in the general meeting.

E. Agreements between shareholders

The Company has received no notification of any agreements between shareholders related to the exercise of voting rights at general meetings or restricting or conditioning the free transfer of their shares.

F. Rules governing the appointment and replacement of board members and the amendment of the bylaws

Chapter II, Title II, Article 33 of the Corporate Bylaws, and Title IV, Articles 10 to 12 of the Board of Directors Regulations, goven the processes for the appointment and replacement of the members of the Company's Board of Directors, while the modification of the company bylaws appears in Chapter I of Title II, Article 21, of the Bylaws.

Appointment and re-election of Directors

The proposal for the appointment, re-election or ratification of directors which the Board of Directors submits to the General Shareholders Meeting, as well as provisional appointments by the method of co-option, should fall on individuals known for their honesty, solvency, technical competence and experience, subject to a proposal from the Appointment and Remuneration Committee, or independent directors and upon a prior report from this Committee for all other directors, with the different types of Directors set forth under Article 9 of Board of Directors Regulations.

Should the Board depart from the proposal of this Committee, it must explain this decision and include its reasons in the minutes. The director proposed for reappointment, if present, should withdraw from the meeting room while the board deliberates and votes. The Board of Directors must appoint, re-elect, and freely choose the members of the Board of Directors, as well as ratify or revoke the provisional appointment of some of its members made by the Board, by virtue of the powers of co-option legally attributed to it, in conformity with Article 33 of the Corporate Bylaws and 10.1 of Board of Directors Regulations.

Once the Board of Directors meeting during which appointments, ratification, or reelection of Directors are to take place had been convened, the Board of Directors should publish the following information regarding the individuals proposed on its website: (i) professional and personal profile; (ii) other Boards of Directors to which he/she belongs, and whether or not they are listed companies; (iii) the type of Director and in the case of proprietary directors, the shareholder who has appointed, re-elected, or ratified them or with whom they have ties; (iv) the date of their first appointment as board members; (v) Company shares and derivative financial instruments the underlying component of which are Company shares, of which the owner is either the member whose position is to be ratified, re-elected, or is a candidate who sits on the Board for the first time.

In addition, individuals who sit on the Boards of or represent other competing companies may not be appointed to the Board of Directors, nor may those who own a significant amount of Company shares, unless they have received express authorization from the Board of Directors.

Removal of Board Members

As stipulated in Article 34 of the Corporate Bylaws and Article 11 of the Board of Directors Regulations, its members will exercise their functions for five years, provided that they are neither asked to step down by the shareholders in general meeting nor resign. Board members may be re-elected for one or more five-year periods, without prejudice to those who have remained in the position for an uninterrupted twelve-year period becoming independent directors.

In view of the above, directors will step down from the board upon expiry of the period for which they were elected when they have not been re-elected at the first General Shareholders' Meeting, or after the legal period for holding an Ordinary Shareholders'Meeting has elapsed, or as required in accordance with Article 12 of the Regulations of the Board of Directors.

Directors shall tender their resignation to the Board of Directors and the Board shall accept their resignation if deemed appropriate in the following situations:

a. When they reach the age of 70.

b. When they are removed from the executive posts related to their appointment as director.

c. In the case of proprietary directors, when the nominating shareholder transfers the entirety of his/her Company shares, or reduces them to the number required of proprietary directors.

d. When their circumstances render them incompatible or prohibited from serving on the board for one of the reasons specified under Spanish law or in these regulations.

e. When so requested by a majority of at least two thirds of the Board of Directors as a result of the member failing to meet his/her obligations as director, subject to a proposal from the Appointment and Remuneration Committee, when their continuity as directors jeopardizes the Company's interests or adversely affects its prestige and reputation.

Regarding independent directors, the Board may not propose their resignation before the end of the statutory period covering the appointment, except in the case of just cause, which shall be determined by the Board based on the corresponding report from the Appointment and Remuneration Committee. Just cause includes the case in which board members do not fulfill the duties inherent in his/her position, or in any of the cases described in Article 9.2 a) of the Board of Directors Regulations which incapacitate him/her as independent director of the Company.

Finally, in the event that a board member should step down before the appointment finalizes, due to either resignation or any other reason, a letter of explanation shall be sent to all members of the board, and shall not preclude the notification of this resignation as a significant event. Moreover, the causes leading to the resignation must be provided in the annual Corporate Governance Report. Should the resignation be attributable to the Board repeatedly adopting significant or other types of decisions that cause the director to have reservations, the resignation letter addressed to the rest of the Board Members will state this fact specifically, as established in Article 12.5 of Board of Directors Regulations.

Changes in the Corporate Bylaws

Article 21 of the Corporate Bylaws refers to the adoption and incorporation of agreements by the General Shareholders Meeting, which establishes legal parameters for the modification of the bylaws in Article 144 of Spanish Corporation Law, which requires incorporation and constitution quorums as well as the majorities stipulated in Article 103 of that law.

G. The powers of board members, and in particular the power to issue or buy back shares

Article 31 of the Corporate Bylaws, and 6 of the Regulations of the Board of Directors state that the Board of Directors has the authority to approve resolutions regarding a variety of matters not included therein, vesting it with the broadest powers to manage, administer, and represent the Company, in or out of court. However, in general terms, this does not preclude its obligation to center its activity on the overall supervison of the management and control of the Company, delegated to its Executive Directors and Management, as well as on the supervision of all items of special interest to the Company.

Without prejudice to the aforementioned, these provisions establish that the Chairman of the Board will individually represent the Company.

The powers and competencies granted to the Board of Directors are stated in Article 5 of the Regulations of the Board of Directors, which are as follows:

1. Article 31 of the Corporate Bylaws, and 6 of the Regulations of the Board of Directors state that the Board of Directors has the authority to approve resolutions regarding a variety of matters not included therein, vesting it with the broadest powers to manage, administer, and represent the Company, in or out of court. However, in general terms, this does not preclude its obligation to center its activity on the overall supervision of the management and control of the Company, delegated to its Executive Directors and Management, as well as on the supervision of all items of special interest to the Company or that are deemed necessary for proper performance of the aforementioned supervisory function.

2. The following matters must be dealt with by the Board of Directors, and may not be delegated:

   a. Approval of the Company's general policies and strategies, and in particular, the strategic business plan, management targets, and annual budgets; the policies and limits applying to treasury stock; corporate governance policy, as well as social responsibility policy, risk control and management, and the periodic monitoring of internal information and control systems.

   b. Dividend policy proposed and presented at the General Shareholders Meeting, deciding on the distribution of interim dividends, if applicable.

   c. Establishment of policies regarding information to shareholders and markets, including the approval of the financial information that listed companies must periodically disclose.

   d. Approval of directors' remuneration as permitted for the Board of Directors by the Corporate Bylaws, as well as that of executive directors, the evaluation of their management performance, and, as requested by the President or CEO, the appointment and possible removal of senior executives, as well as their respective indemnity clauses.

   e. The Annual Report on Corporate Governance defines the Company's area of activity, and where applicable, business relationships with other group companies, as well as mechanisms to resolve potential conflicts of interest which might arise.

   f. Investment and financing policies, in particular, the approval of investments, disinvestments, borrowing facilities, loans, bank guarantees, and any other borrowing facilities within the parameters established by the Board, as well as all types of investments and transactions which might be considered strategic in nature.

   g. The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

   h. Authorization, following a favorable report of the Audit and Compliance Committee, of the related-party transactions that the Company may perform with directors or persons related to the directors or to significant shareholders. This authorization will not be necessary when the following conditions are simultaneously met: i) they are governed by standard form agreements applied on an across the-board basis to a large number of clients; ii) they are conducted at market rates, generally set by the person supplying the goods or services; iii) their amount does not exceed 1% of the company's annual revenues.

3. For urgent matters, the duties described for appointment and removal of senior executives and their indemnity clauses, periodic public financial information, strategic investments or transactions as well as those described under g) and h) above may be carried out by the Executive Committee and subsequently ratified by the Board of Directors in full attendance.

4. E4. The Board of Directors shall perform their functions with unity of purpose and the independence of the respective Directors will be respected at all times to protect the corporate interest of each company. This should not interfere with other legitimate private or public interests which conform

the development of business activities, especially that of its employees. Within this context, the Company's economic value must be continually upheld as the utmost common interest of all shareholders, and therefore the Board of Directors and the steering committee's actions must take precedence at all times."

In accordance with the provisions of Article 75 of the revised Spanish Corporation Law, at their extraordinary general meeting held on July 24, 2007, shareholders agreed to empower the board of directors, or the Company's CEO in its place, to acquire shares of RENTA 4, SERVICIOS DE INVERSIÓN, S.A. at any time provided the nominal value of the shares acquired, added to that of the shares already held by the company and/or its subsidiaries, does not exceed 10% of share capital or 5% of share capital once the shares are listed, in which case the price would be the listing price of the shares acquired on the stock exchange upon acquisition. This authorization is granted for a period of 18 months, i.e. to January 24, 2009.

Herewith follows the portion referring to the general shareholders meeting:

"To expressly empower the Board of Directors, or the Company's CEO in its place, - although it could constitute self-dealing or could give rise to a conflict of interest, to acquire, under the provisions of Article 75 of the Spanish Companies Law, shares of RENTA 4 SERVICIOS DE INVERSIÓN, S.A. at any time, provided that the nominal value of the shares acquired, once added to the shares already held by the Company and/or its subsidiaries, do not exceed 10% of RENTA 4 SERVICIOS DE INVERSIÓN, S.A.'s share capital.

To likewise empower the subsidiaries and remaining Group companies to acquire, under the provisions of Article 75 of the Spanish Companies Law, shares of RENTA 4 SERVICIOS DE INVERSIÓN, S.A. at any time, provided that the nominal value of the shares acquired, once added to the shares already held by the Company and/or its subsidiaries, do not exceed 10% of RENTA 4 SERVICIOS DE INVERSIÓN, S.A.'s share capital.

These shares can be acquired through purchase, swap, donation, award or dation in payment and any other form of acquisition for compensation. In all other cases, the shares to be acquired must be in circulation and fully paid up.

The Board of Directors may acquire treasury shares for any purpose, inter alia, to deliver them, in exchange for specific compensation or free of charge, to its employee, executives or directors and to employees, executives or directors of investee companies of the Renta 4 Group, either directly or through prior exercise of future share options to which they may be entitled.

The Board of Directors of RENTA 4 SERVICIOS DE INVERSIÓN, S.A. or the duly authorized person, the Board of Directors of its subsidiaries or the investee companies of the Renta 4 Group may resolve to acquire shares either once or several times at a minimum price of 5 euros and a maximum price of 15 euros per share.

When the shares of RENTA 4 SERVICIOS DE INVERSIÓN, S.A. are quoted on the Stock Exchange, the minimum acquisition price or compensation shall be equal to the nominal value of the acquired treasury shares; likewise, the maximum acquisition price or compensation shall be equal to the quoted price of the treasury shares acquired on the Stock Exchange at the time of acquisition. Acquisitions of treasury shares shall be governed by the standard rules and practices of securities markets. Specifically, as established in paragraph 2 of the First Additional Provision of the Spanish Corporation Law, the acquisition of treasury shares will be limited to 5% of share capital.

The express authorization is granted for an eighteen-month period beginning July 24, 2007, that is, up to January 24, 2009.

The shares acquired by virtue of this authorization do not bear any voting rights; dividend rights corresponding to the remaining shares pursuant to Article 79 of the Spanish Companies Law shall be attributed proportionally.

Once this authorization has been used, the Board of Directors shall be obligated to fulfill the reporting requirement stipulated in paragraph 4 of Article 79 of the Spanish Companies Law.

H. Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously damaging to the company. This exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements;

The Company has not entered into any agreement which takes effect, alters or terminates upon a change of control of the company following a takeover bid.

I. Any agreements between the company and its board members or employees providing for compensation due to resignation, wrongfull dismissal or termination resulting from a takeover bid.

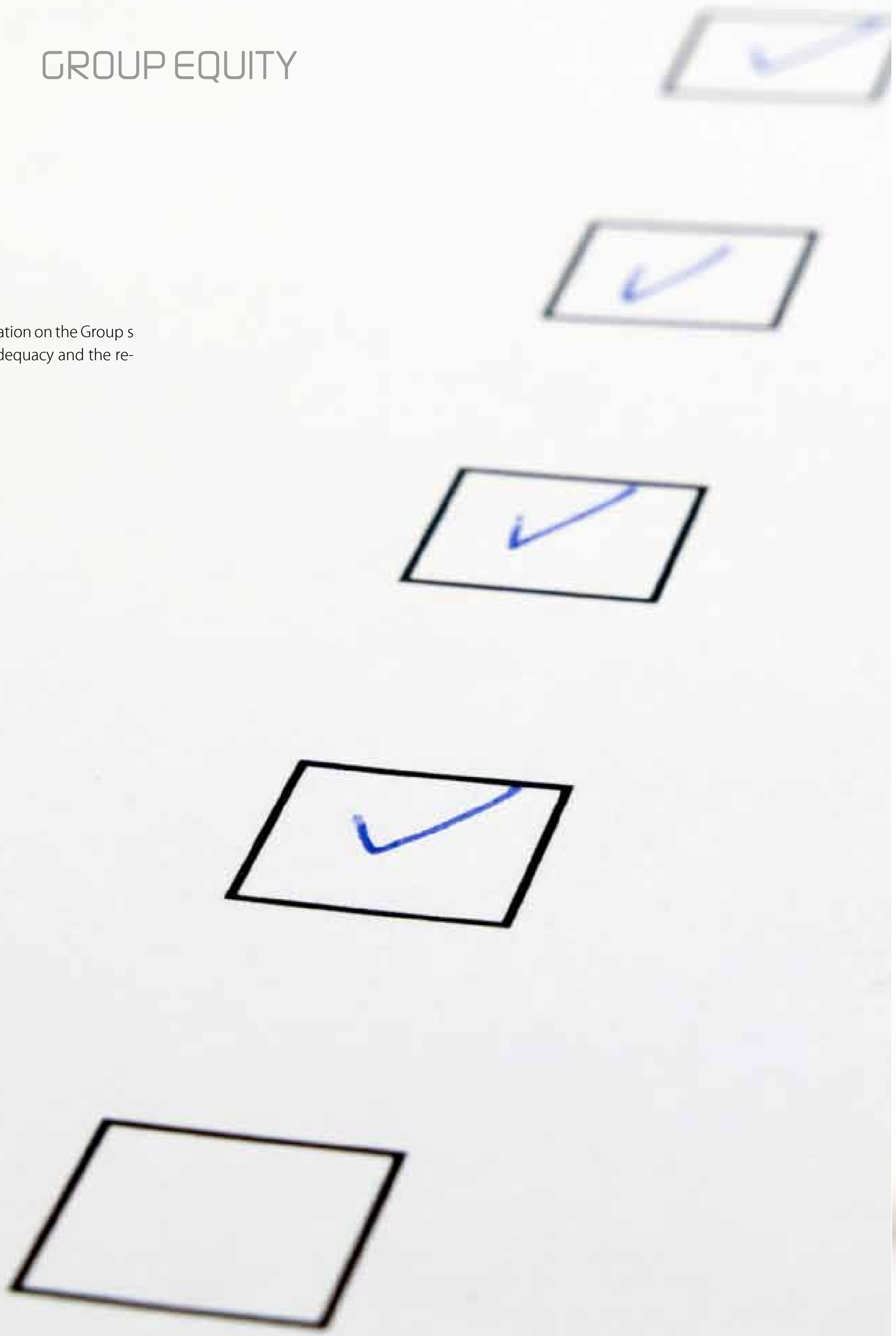
Employment contracts of Company directors do not include any clauses giving them the right to receive compensation if they resign.

Likewise, the management team's contracts do not provide for any indemnity due to resignation, wrongful dismissal or termination resulting from a takeover bid other than what is stipulated by law.

Treasury Stocks

See Note 16

4.7 GROUP EQUITY



Note 31 provides information on the Group s eligible equity, capital adequacy and the related surplus.

4.8 RISK MANAGEMENT

Note 30 provides information on the Group s risk management policies and the main risks inherent in its business.

4.9 REPORT ON THE ACTIVITY OF THE CUSTOMER SERVICE DEPARTMENT AND OMBUDSMEN

The Renta 4 Group in Spain has a Customer Service Department (CSD) to handle complaints and claims.

As provided for in Article 17 of the Ministry of Economics Order ECO734/2004, dated March 11, on customer services departments and the ombudsman for financial institutions, the following is a summary of its activities in 2008.

Annual report on the customer service department for 2008

Purpose

Since 2004, the Renta 4 Group s Customer Service Department (CSD) presents an annual report, as provided for by Article 20 of the Regulations of Customer Services of Renta 4, S.V., S.A., Renta 4, S.G.I.I.C., S.A. and Renta 4 Pensiones, S.G.F.P., S.A. to give an account of its activity. The purpose of this report is to provide information on the activity of Renta 4 Group s CSD in 2007.

The CSD is charged with studying and resolving complaints and claims filed before the companies covered, directly or through third parties by Spanish or foreign individuals considered users of the financial services provided by these companies, as long as these complaints or claims refer to their legally recognized interests and rights and regardless of whether they stem from contracts, from rules of transparency and customer protection or from good practice and financial use, in particular the principle of equality.

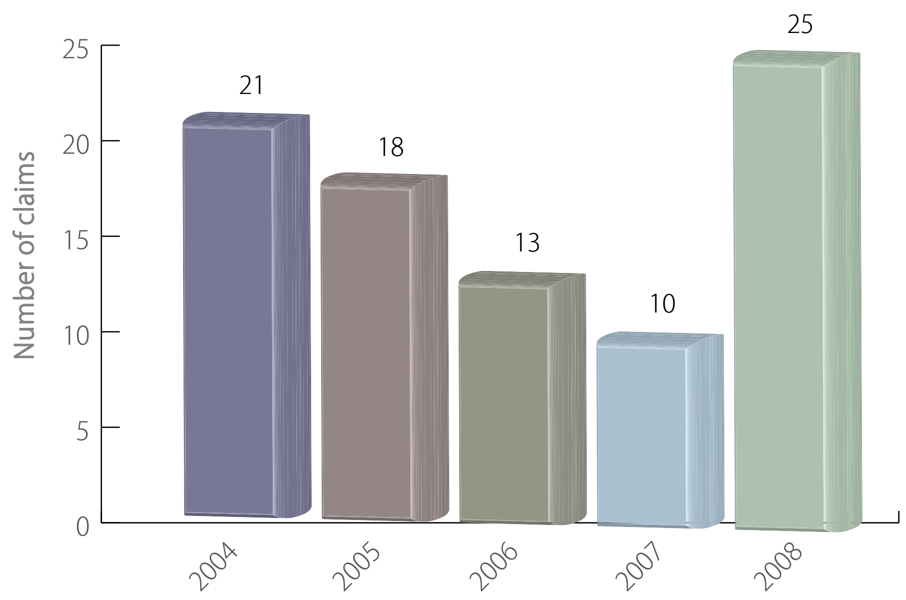
Outcome of claims

In 2008, Renta 4 s CSD handled a total of 25 customer complaints. It studied and analyzed each matter in detail prior to issuing a ruling, a report, or reaching an agreement between the parties over the claims. All claims were accepted for processing.

In addition, in 2008 the CSD received three inquiries, two relating to CFDs and one to an investment fund; the CSD replied to each inquiry.

Since the CSD was established in 2004, the number of claims filed tended to decline through 2007. An increase was observed in 2008.

Consequently, in 2008 the number of claims processed by Renta 4 s CSD increased from 10 claims in 2007 to 25 claims in 2008.



In this respect, the CSD considers that, despite the increase in the number of claims processed in 2008, this number was not significant compared to Renta 4's total 42,874 customers at December 31, 2008 (excluding the third-party network) and in terms of the various activities carried out by entities composing the Renta 4 Group.

Claims by type of ruling

As can be seen in Table 1 below, In 2008, of the claims accepted for processing, in three instances the CSD ruled in favor of the customer (12% of all claims received and resolved), in 21 it ruled against the customers (84%) and one, the CSD recommended that the Company and the client reach an agreement.

TABLE 1

Classification by ruling	Claims in 2008		Claims in 2007		Claims in 2006		Claims in 2005		Claims in 2004	
	Nº.	%	Nº.	%	Nº.	%	Nº.	%	Nº.	%
Against the customer	21	84%	6	60%	10	77%	17	94%	19	90%
In favor of the customer	3	12%	3	30%	3	23%	0	0%	2	10%
CSD agreement proposal	1	4%	0	0%	0	0%	1	6%	0	0%
Filed		0%	1	10%	0	0%		0%		0%
TOTAL	25	100%	10	100%	13	100%	18	100%	21	100%

In the claims ruled in favor of customers Renta 4 reached an economic agreement in all, for a total amount of 37,592.80 euros.

Nevertheless, the CSD has estimated the total cost and amounts pertaining to claims filed by customer in 2008 to be 375,000 euros.

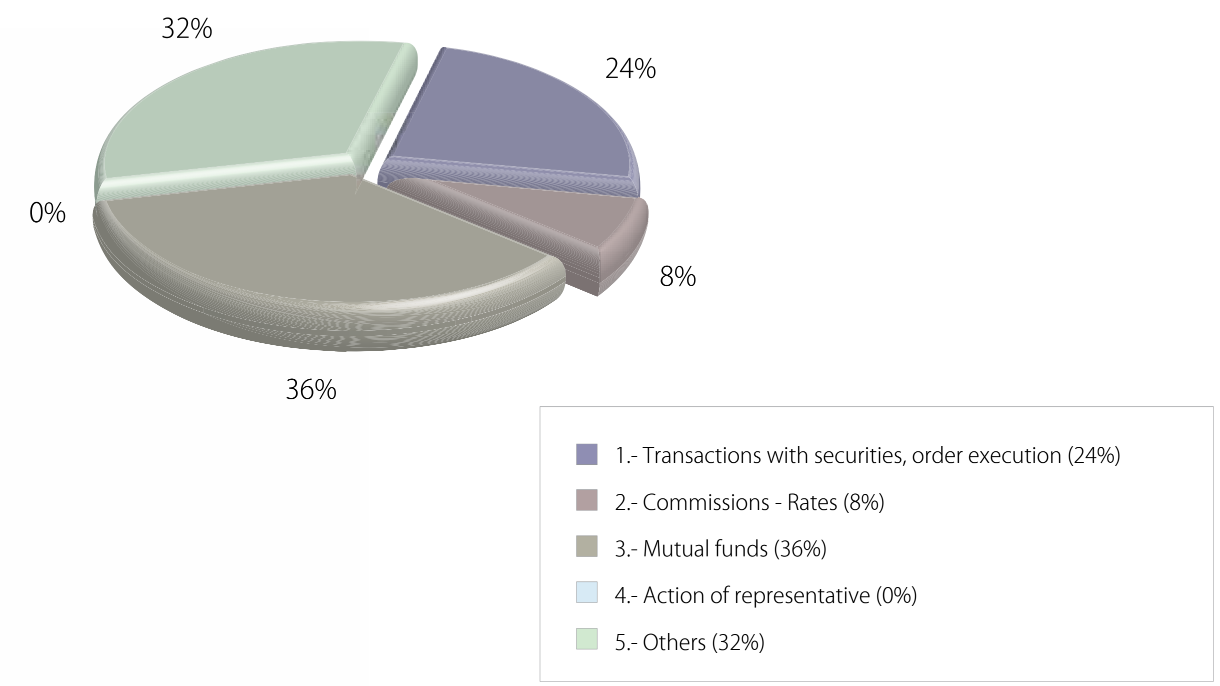
Claims classified by content

Table and Chart 2 show the claims handled by the CSD by content:

TABLE 2

Classification by content	Claims in 2008		Claims in 2007		Claims in 2006		Claims in 2005		Claims in 2004	
	Nº.	%	Nº.	%	Nº.	%	Nº.	%	Nº.	%
1.- Transactions with securities, order execution	6	24%	6	60%	4	31%	2	11%	2	10%
2.- Commissions - Rates	2	8%	0	0%	6	46%	4	22%	12	57%
3.- Mutual funds	9	36%	1	10%	2	15%	5	28%	2	10%
4.- Action of representative		0%	0	0%	0	0%	3	17%	3	14%
5.- Other	8	32%	3	30%	1	8%	4	22%	2	10%
TOTAL	25	100%	10	100%	13	100%	18	100%	21	100%

GRAPH 2 claims 2008 by content



In the content classification, claims related to "Investment funds - Pension plans" accounted for the largest number in 2008, representing 36% of total claims. "Investment funds/Pension plans" include claims relating to investment fund and pension plan contracting and marketing procedures, as well as to investment management and policies.

"Transactions with securities and order execution" pertains to claims relating to any discrepancy in connection with contracting and executing securities trading transactions. There were six claims under this classification, representing 25% of total claims.

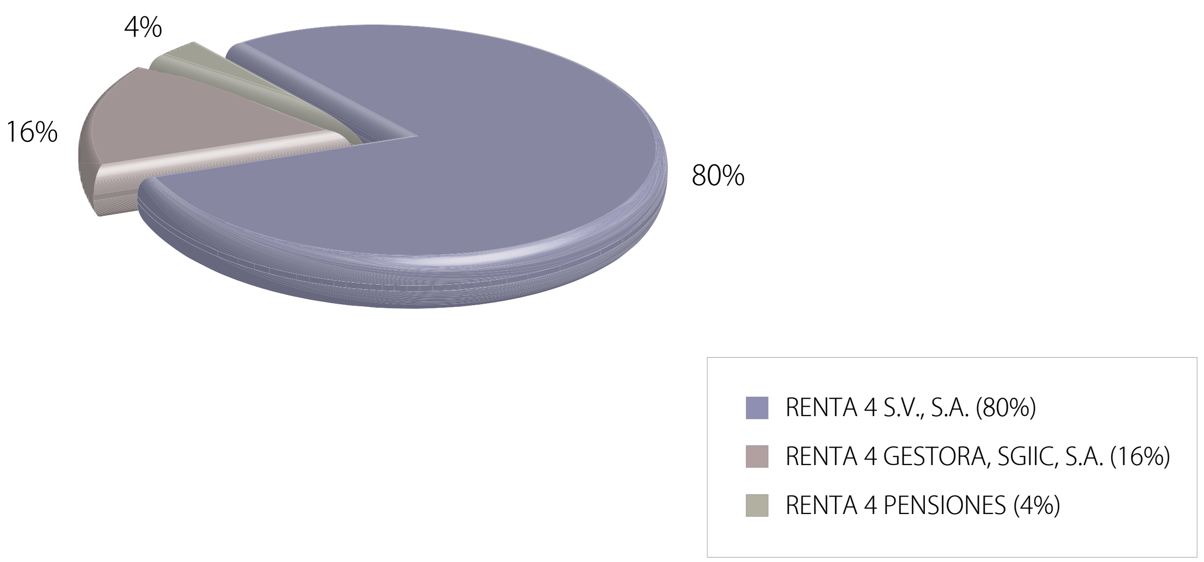
"Commissions – Rates" relates to claims in connection with commissions charged to customer accounts for services rendered. There were two claims of this type in 2008, accounting for 8% of total claims. We underscore the sharp decline in claims of this nature in 2008.

Lastly, "Other" includes a total of 8 claims, representing 32% of total claims. This category includes claims that cannot be classified into any of the other categories.

Distribution of claims by Group company

The following graph reflects the distribution of claims by Renta 4 Group companies. Renta 4 Sociedad de Valores, S.A. received the highest number of claims (20), followed by Renta 4 Gestora SGIIC, S.A. (4) and one was filed with the ombudsman of Renta 4 Pensiones, S.A.

GRAPH 2 claims 2008 by companies



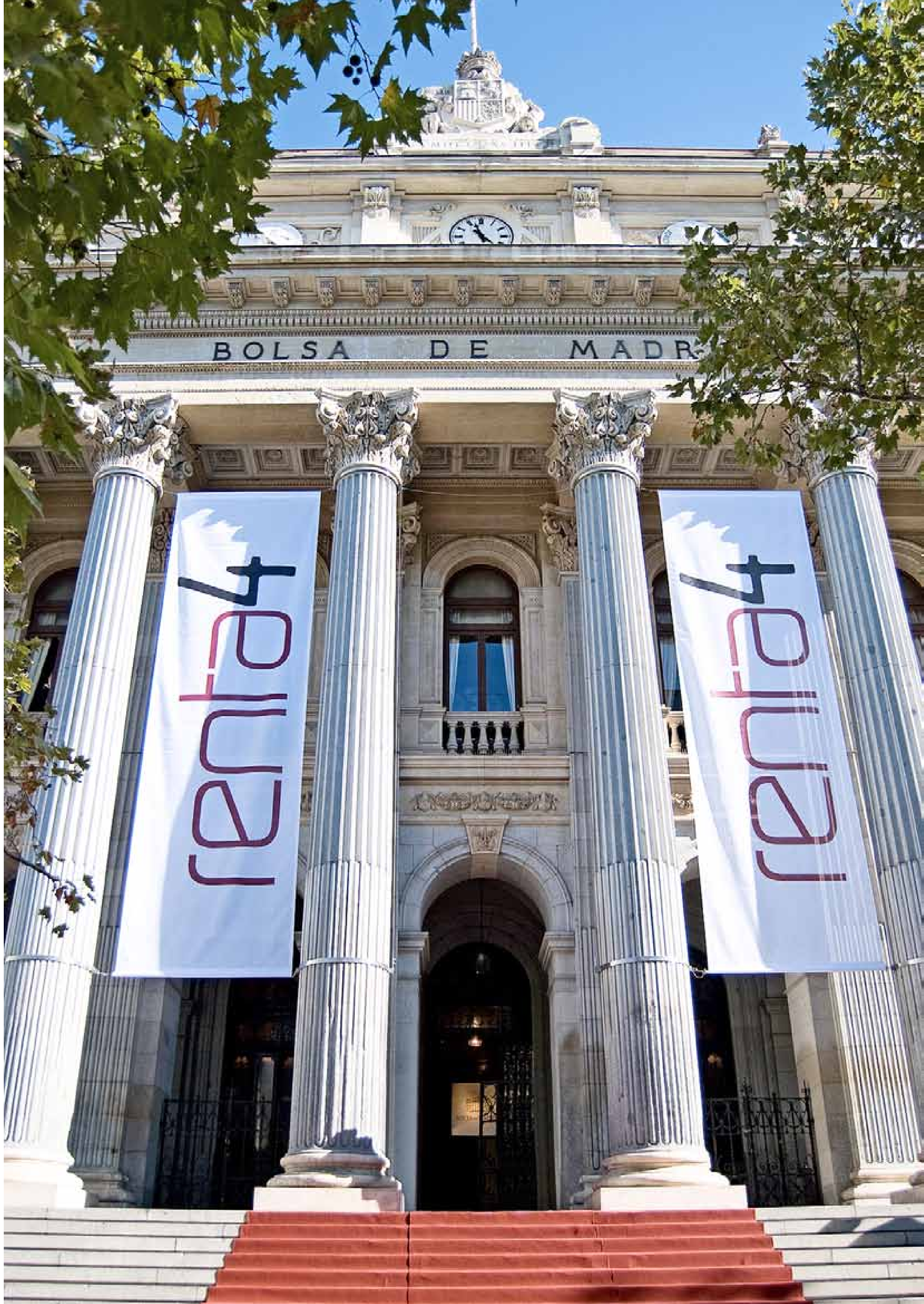
CONCLUSIONS

In conclusion, the CSD considers that, although the total number of complaints (25) received in 2008 was higher in 2008 with respect to previous years, this number is not significant in terms of the total number of customers and the volume of activity carried out by the Renta 4 Group companies.

In performing its duties the CSD contacted the heads of the various departments and offices to inform them of the complaints and claims received. By following this procedure, in addition to its stated functions, the CSD aims to become a communication link between customers and the various Renta 4 Group companies to offer a higher quality service.

4.10 EVENTS AFTER THE BALANCE SHEET DATE

On March 23, 2009, the Board of Directors of the parent company resolved to distribute to shareholders a portion of the share premium account in kind, via the delivery of one share of the parent company for every 50 shares. Except for the above, as of December 31, 2008 up to the approval by the Board of Directors of the consolidated financial statements of the parent company for their submission to the General Shareholders Meeting, no other significant event has taken place that could have an effect on these consolidated financial statements.



5

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

FINANCIAL YEAR 2008

PARTICULARS OF ISSUER

TAX I.D. CODE (CIF): A- 82473018

Company name:

RENTA 4 SERVICIOS DE INVERSIÓN, S.A.
Paseo de la Habana, 74
28036 Madrid

For a better understanding of this form and the subsequent drafting of the same, please read the instructions for its completion provided at the end of the form. The CIF, NIF or other similar tax code, which shall not be made public, should be furnished whenever necessary to complete the information on natural or legal persons.

NIF, CIF or similar	Other data
A-82473018	RENTA 4 SERVICIOS DE INVERSION, S.A.

A OWNERSHIP STRUCTURE

A.1 Complete the following table regarding the company's share capital:

Date last modified	Share capital (€)	Number of shares	Number of voting rights
29-09-2007	16,277,281.20	40,693,203	40,693,203

State whether there are different classes of shares associated with different voting rights:

Yes No ✓

Class	Number of shares	Nominal unit value	Number of units of voting rights	Other rights
0	0	0	0	0

A.2 List the direct and indirect holders of significant stakes in the organisation at the financial year end, excluding members of the board:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights

(*) Through:

Name or company name of direct shareholder	Number of direct voting rights	% of total voting rights

State the most significant movements in the shareholding structure during the financial year:

Name or company name of shareholder	Date of transaction	Description of transaction

A.3 Complete the following tables regarding members of the Board of Directors of the company who hold voting rights on company shares:

Name or company name of Company Director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr. Juan Carlos Ureta Domingo (1)	13.855.447	8.551.352	55,063
Mr. Pedro Ángel Navarro Martínez(2)	79.586	58.407	0,399
Mr. Pedro Ferreras Diez	23.235	0	0,057
Ms. Sofía Rodríguez Sahagún	4.189	0	0,010
Mr. Eduardo Trueba Cortes	2.250	0	0,006
Mr. Jesús Sánchez Quiñones González(3)	302.078	167.286	1,153
Mr. Miguel Primo de Rivera y Urquijo(4)	12.235	6.090	0,045
Mr. Francisco de Asís García Molina(5)	2.250	33.700	0,088
Mr. Santiago González Enciso(6)	486.750	677.734	2,862

(*) Through:

Name or company name of direct shareholder	Number of direct voting rights	% of total voting rights
(1)Sociedad Vasco Madrileña de Inversiones, S.L	1,649,686	4.054%
(1)Cartera de Directivos 2003, S.A	3,249,608	7.986%
(1)Surikomi S.A	1,880,088	4.620%
(1)Sociedad de Inversiones Santamaría S.L	700,000	1.720%
(1)Recarsa, S.A	185,792	0.456%
(1)Asecosa S.A	77,694	0.191%
(1)Matilde Estades Seco	808,534	1.987%
(2)Kursaal 2000 SICAV, S.A	58,407	0.143%
(3)Aurora Campuzano Pérez	167,286	0.411%
(4)Pridera, S.L	6,090	0.015%
(5)Help Inversiones SICAV, S.A	33,700	0.082%
(6)I.G.E, S.L	228,750	0.562%
(6)Matilde Fernández de Miguel	316,500	0.778%
(6)Cristina Gonzalez Fernández	27,000	0.066%
(6)Ignacio Gonzalez Fernández	27,000	0.066%
(6)María Gonzalez Fernández	27,000	0.066%
(6)Santiago Gonzalez Fernández	27,000	0.066%
(6)Matilde Gonzalez Fernández	27.000	0.066%

% of total voting rights held by The Board of Directors	59,623%

Complete the following tables regarding members of the Board of Directors holding company share options:

Name or company name of company director	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	% of total voting rights

A.4 Where applicable, state any family, commercial, contractual or corporate relationships between holders of significant shareholdings which the Company is aware of, except those of little relevance or those derived from ordinary trading or exchange:

Name or company name of related party	Type of relationship	Brief description

A.5 Where applicable, state any commercial, contractual or corporate relationships between holders of significant shareholdings and the company and/or its group, except those of little relevance or those derived from ordinary trading or exchange:

Name or company name of related party	Type of relationship	Brief description

A.6 Indicate any paracorporate agreements reported to the company subject to Article 112 of the Securities Market Act. Where applicable, provide a brief description of the agreement and list the shareholders involved:

Yes No ✓

Parties to paracorporate agreement	% of share capital affected	Brief description of the agreement

State whether the company is aware of any concerted actions among company shareholders; if so, provide a brief description:

Yes No ✓

Partied to concerted actions	% of share capital affected	Brief description of the concerted action

In the event of any change in or break-up of the concerted actions or agreements during the financial year, provide details:

A.7 State whether there is any natural or legal person exercising, or that may exercise, control over the company pursuant to Article 4 of the Securities Market Act. If so, please specify:

Yes ✓ No

Name or Company name
MR. JUAN CARLOS URETA DOMINGO.

Comments
TOTAL OF DIRECT AND INDIRECT SHARES AS % OF SHARE CAPITAL IS 55.063%

A.8 Complete the following tables regarding the company s treasury stock:

At financial year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
1.185.653	5.408	2,927%

(*)Through:

Name or company name of direct shareholder	Number of direct shares
Vasco Andaluza Financiera S.A	5.000
Eurofinatel Inversiones, SICAV S.A	408
Total:	5.408

List any significant variations which have occurred during the financial year, in accordance with Royal Decree 1362/2007:

Date of notification	Total number of direct shares acquired	Total number of indirect shares acquired	Total % of share capital
09-oct-08	410.520	0	1,009%

Gain/Losses from sale of treasury stock during the financial year	€1,043

A.9 Provide details of the conditions and term of authorisation(s) granted by the Company in the General Meeting to the Board of Directors for the acquisition and/or transfer of treasury stock.

At the General Meeting held on 24 July 2007 the following resolution was passed in the terms transcribed below:

3.1- "To authorise the Board of Directors, with express power to substitute the same for the Managing Director of the Company – even if by doing so the latter could fall within self-dealing or in a situation of conflict of interests – in order that, pursuant to Article 75 of the Revised Listed Companies Act, the Company may, at any time, acquire the shares of RENTA 4 SERVICIOS DE INVERSIÓN, S.A., provided that the par value of the shares acquired, when added to those already held by the Company and/or its Subsidiaries, does not exceed 10% of the share capital of RENTA 4 SERVICIOS DE INVERSIÓN, S.A.

Furthermore, to authorise the Subsidiaries and the other companies of the Group so that, in accordance with Article 75 of the Listed Companies Act, such companies may at any time acquire, shares of RENTA 4 SERVICIOS DE INVERSIÓN, S.A., provided that the par value of the shares acquired, when added to those already held by the Company and/or its Subsidiaries, does not exceed 10% of the share capital of RENTA 4 SERVICIOS DE INVERSIÓN, S.A.

Such acquisitions may be carried out by way of purchase, exchange, donation, allocation, or payment in kind, and in general, by any other form of acquisition for valuable consideration. The shares to be acquired must be outstanding and fully paid up.

The Board of Directors may acquire treasury stock for any purpose and, amongst others, to exchange, for specific consideration, or gratuitously, to its employees, directors or managers of the participated companies of the Renta 4 Group, whether directly, or through the prior exercise of option rights they may hold.

The Board of Directors of RENTA 4 SERVICIOS DE INVERSIÓN, S.A. or the person authorised for such purpose, the executive body of the Subsidiaries, or the Participated Companies of the Renta 4 Group, may permit the acquisition of the shares once or various times at the minimum price of Euro 5 and the maximum price of Euro 15 per share.

In the moment in which the shares of RENTA 4 SERVICIOS DE INVERSIÓN, S.A. are listed on the Stock Exchange, the minimum price or consideration of acquisition shall be the equivalent of the par value of the treasury stock acquired, and the maximum acquisition price or consideration shall be the equivalent of the trading price of the treasury stock acquired on the Stock Exchange in the moment of acquisition. The transactions of acquisition of treasury stock shall be carried out pursuant to the regulations and practice of the securities market and, specifically, in accordance with paragraph 2 of Additional Provision 1 of the Listed Companies Act, the limit of treasury stock acquisition shall be 5% of the share capital.

This authorisation is granted for a term of eighteen months commencing 24 July 2007, that is, until 24 January 2009.

The shares acquired under this authorisation shall neither bear any non-economic rights, nor voting rights and the corresponding economic rights shall be proportionately allocated to the rest of the shares pursuant to Article 79 of the Listed Companies Act.

Once the Board of Directors has made use of the authorisation it must comply with the information requirements of Article 79.4 of the Listed Companies Act.

3.2- To authorise the Board of Directors to establish a restricted reserve in the liabilities side of the Balance Sheet of the acquiring Company equivalent to the amount of the treasury stock of the controlling Company calculated in the assets, in accordance with Regulation 3, Article 79 of the Listed Companies Act..

3.3.- To authorise the Chairman Mr Juan Carlos Ureta Domingo and the Secretary Mr Pedro Ramón y Cajal Agüeras, of the Board of Directors of the Company, with the express power of substitution so that either party, jointly and indistinctly, may grant the necessary public and private deeds required for executing the above agreements, including notarial records and filing, even partially at the Mercantile Registry, with all necessary Deeds of ratification, rectification, clarification or amendment.

A.10 State whether there are any restrictions under law or company Bylaws regarding the exercise of voting rights and any legal restrictions on the acquisition and/or transfer of company shares

Yes No ✓

Maximum percentage of voting rights a shareholder may exercise pursuant to legal restrictions

State whether there are any restrictions in the Company Bylaws regarding the exercise of voting rights:

Yes No ✓

Maximum percentage of voting rights a shareholder may exercise in accordance with Company Bylaws

Description of legal and Company Bylaw restrictions on the exercise of voting rights

State whether there are any legal restrictions regarding the acquisition or transfer of company shares:

Yes No ✓

Description of legal restrictions on the acquisition or transfer of company shares

A.11 State whether the General Meeting has agreed to adopt measures to neutralise a takeover bid pursuant to Law 6/2007.

Yes No ✓

If so, explain the measures approved and the terms in which the inefficiency of the restrictions would occur:

B STRUCTURE OF COMPANY MANAGEMENT

B.1 Board of Directors

B.1.1 State the maximum and minimum number of directors established in the Bylaws:

Maximum number of directors	15
Minimum number of directors	5

B.1.2 Complete the following table of the Board members:

Name or company name of director	Represented by	Position on the Board	Date of first appointment	Date of last appointment	Election Procedure
Mr Juan Carlos Ureta Domingo		Chairman and Managing Director	20/08/1999	29/09/2007	General Meeting
Mr Pedro Ángel Navarro Martínez		Vice Chairman	20/08/2000	29/09/2007	General Meeting
Mr Miguel Primo de Rivera y Urquijo		Member	20/08/2000	29/09/2007	General Meeting
Mr Pedro Ferreras Diez		Member	18/07/2005	29/09/2007	General Meeting
Mr Eduardo Trueba Cortés		Member	29/09/2007	29/09/2007	General Meeting
Ms Sofía Rodríguez Sahagún		Member	29/09/2007	29/09/2007	General Meeting
Mr Jesús Sánchez-Quiñones González		Member	26/05/2000	29/09/2007	General Meeting
Mr Santiago González Enciso		Member	20/08/1999	29/09/2007	General Meeting
Mr Francisco García Molina		Member	04/12/2008	04/12/2008	General Meeting

Total number of Directors	9

Indicate any Board Members who ceased to act in this capacity during the period:

Name or company name of director	Type of directorship at time of leaving	Date of leaving office
Mr Juan Perea Sáez de Buruaga	Member	29/07/2008
Mr José María Cuevas Salvador	Vice President	30/10/2008

B.1.3 Complete the following tables on the different types of Board members:

EXECUTIVE DIRECTORS

Name or company name of director	Committee proposing appointment	Position within the company organisation
Mr Juan Carlos Ureta Domingo	None	Chairman and Managing Director
Mr Jesús Sánchez-Quiñones González	None	General Manager
Mr Santiago González Enciso	None	Regional Manager

Total number of executive directors	3
% of total number of Board Members	33.3

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Committee proposing appointment	Name or company name of significant shareholder represented or who proposed the appointment

Total number of proprietary directors	0
% of total number of Board Members	0

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
MR PEDRO ANGEL NAVARRO MARTINEZ	Industrial Engineer, the Politécnica University of Barcelona and has two Masters degrees in Business Administration (MBA), one from ESADE in Barcelona and the other in Finance from Texas Tech University (USA). After working for Texas Instruments, first in Dallas and then in and in France for two and a half years as an engineer, he spent another year in Honeywell Information Systems, also as an engineer. In 1972 he joined Arthur Andersen in Barcelona with the mission of setting up the Consultancy division. In 1978 he was appointed Partner of Arthur Andersen, beginning a stage of projects in financial entities such as La Caixa. In 1980 he took over the leadership of the Arthur Andersen office in Barcelona commencing a period of expansion by opening offices under his responsibility in Valencia, Zaragoza and Palma de Mallorca. In 1990 Andersen Consulting was set up and he was appointed Chairman for Spain, later, in 1993 he became responsible for Southern Europe. When Andersen Consulting abandoned its country model in 1996 and was re-organised by industrial sector, he was appointed head of the Sector of Banking and Insurance in Europe, Latin America and Africa, this being considered the largest Business Unit in the world. From 1990 to 2000 he was member of the worldwide Board of Directors and during these years was Chairman of the Committee of Expansion and Acquisitions.
MR PEDRO FERRERAS DIEZ	Graduate in Law, Universidad of Oviedo (with Award of Outstanding Merit). In 1984 he passed the entrance exam to be admitted as a State Lawyer. He was Professor of Administrative Law at the Universidad de León from 1978 to 1982. In 1996 he was appointed Undersecretary of the Ministry of Industry and Energy, with the mission of de-regulating the energy sectors and modernising the public sector business of the State. Positions held include Chairman of the Spanish Office of Patents and Trademarks (Oficina Española de Patentes y Marcas), Chairman of the Centre for Development of Industrial Technology (Centro para el Desarrollo Tecnológico Industrial - CDTI) and of the Consortium for the Harmonisation of the Domestic Market (Consorcio para la Oficina de Armonización del Mercado Interior - OAMI), amongst others. From 1996 to 2001 he served as Chairman of the Sociedad Estatal de Participaciones industriales - SEPI), a holding which groups together the State's participations in industrial companies, and he was in charge of the mission to develop a a Modernisation Programme of Public Sector Business. He has been Director of Repsol, Argentaria, Telefónica, Sociedad Estatal de Participaciones Patrimoniales (SEPPA), Consorcio de la Zona Franca de Barcelona, and European Aeronautic Defence and Space Company (EADS). He has been Chairman of Uniland, S.A., Uniland Cementera, S.A. and Aluminios de Catalunya, S.A.
MR EDUARDO TRUEBA CORTES	Graduate in Law and Business Management, ICADE. He worked as Financial Advisor at Merrill Lynch in 1986 and 1987. Following his stay at Merrill Lynch he became Director of Inversión, S.A. for two years before spending 3 years at Urquijo Gestión in the post of Investment Manager, managing Collective Investment Entities. From 1992 he has managed the Family Office of the Pino Family. He is in charge of Asset Allocation and the decision-making process for Simcav Chart, Allocation and Beeper.
MR FRANCISCO GARCÍA MOLINA	Graduate in Economics and Business Studies, Universidad Autónoma de Madrid. After nearly nine years working for Unilever/Elida Gibbs in Spain and London in the Marketing Department, from 1985 to 1989 he worked as Director of the Marketing Department of Grupo Koipe. In 1990 and 1991 he was General Manager of Neisa,, S.A. Afterwards, he became Director of the Marketing and Strategic Department of IDV in Spain and later in Europe. From 1995 he worked for Diageo España as General Manager, becoming non-executive Chairman of the Board of Directors from 2003 to 2005. From 2005 he serves as non-executive director of the Board of Directors of several companies, among those that stand out Bodegas LAN y VIESA, entity belonging to VARMA Group.Furthermore, he is currently member of the Discipline Commission of the publicity association called AUTOCONTROL.

Total number of independent directors	4
% of total number of Board members	44.4

OTHER EXTERNAL DIRECTORS

Name or company name of director	Committee proposing appointment
MR MIGUEL PRIMO DE RIVERA Y URQUIJO	NOMINATION AND REMUNERATION COMMITTEE
MS SOFIA RODRÍGUEZ SAHAGÚN	

Total number of other external directors	2
% of total number of Board members	22.2

Provide details of why they cannot be considered proprietary or independent and their relationship with the company, Board members or shareholders:

Name or company name of director	Reasons	Company, director or shareholder with whom the director has a relationship.
MR MIGUEL PRIMO DE RIVERA Y URQUIJO	He cannot be classed as a proprietary director as he has not been appointed as a result of being a shareholder, or on the proposal of other shareholders of the company. Neither can he be considered independent director, as during the last year he has been a shareholder in the company Pridera, S.L., commercial agent of Renta 4 S.V., S.A.	Currently, he has no other relationship with the Company, director or shareholder, other than being a Board member and his position as company shareholder pursuant to section A.3 of this report.
MS SOFIA RODRÍGUEZ SAHAGÚN	She cannot be classed as a proprietary director as she has not been appointed as a result of being a shareholder, or on the proposal of other shareholders of the company. Neither can she be considered independent director, as she has held during the last year the position of Manager of the Cuenta Naranja of ING Direct España, Branch of ING Direct N.V., to which the RENTA 4 Group provides services of securities brokerage and securities depositories for its clients, as well as managing collective investment funds and Pension Funds. Consequently, it still has not passed one year since she left her post in ING Direct to be considered as an independent director.	Currently, she has no other relationship with the Company, director or shareholder, other than being a Member of the Board and company shareholder pursuant to section A.3 of this report.

State any variations which have taken place during the period in the type of directorship of each director:

Name or company name of director	Date of change	Previous type	Present type

B.1.4 Where applicable, explain the reasons why proprietary directors have been appointed at the request of shareholders whose stake is inferior to 5% of the share capital:

Name or company name of shareholder	Reason

Indicate, and where applicable, provide details of the dismissal of any formal requests to sit on the Board from other shareholders having a stake of the same amount or superior to the others at whose requests proprietary directors have been appointed. If so, explain the reasons for dismissing such requests:

Yes No ✔

Name or company name of shareholder	Reason

B.1.5 State whether any director left their position on the Board prior to the end of the mandate, whether such director explained their reasons to the Board and the means of doing so, and if such explanation was given in writing to all the Board, explain below the reasons given by the director:

Name of director	Reason for leaving
Mr. Juan Perea Sáez de Buruaga	Personal reasons. The director explained the reasons of his resignation to the Board at the meeting in which he handed in his resignation
Mr. José María Cuevas Salvador	Decease

B.1.6 State, where applicable, any powers delegated to the Managing Director (s):

Name or company name of director	Brief description
MR JUAN CARLOS URETA DOMINGO.	All those pertaining to the Board, except the non-delegable ones

B.1.7 Indicate below any Board Members having senior management or directive positions in other companies which form part of the listed company group:

Name or company name of the director	Company name of the group entity	Position
MR. JUAN CARLOS URETA DOMINGO	RENTA 4, SV, S.A.	Chairman and Managing Director
MR. JUAN CARLOS URETA DOMINGO.	RENTA 4 CORPORATE, S.A.	Chairman and Managing Director
MR. JESÚS SÁNCHEZ.-QUIÑÓNEZ GONZÁLEZ	RENTA 4, S.V, S.A..	Director
MS. SOFIA RODIGUEZ SAHAGUN	RENTA 4 GESTORA, SGIIC, S.A.	Director
MS. SOFIA RODRÍGUEZ SAHAGUN	RENTA4 PENSIONES, S.A.	Director
MR. EDUARDO TRUEBA CORTES	RENTA 4 GESTORA, SGIIC, S.A.	Director
MR. EDUARDO TRUEBA CORTES	RENTA 4 PENSIONES, S.A.	Director
MR. MIGUEL PRIMO DE RIVERA Y URQUIJO	RENTA 4, S.V, S.A.	Director
MR. PEDRO ANGEL NAVARRO MARTINEZ	RENTA 4, S,V, S.A	Director
MR. PEDRO FERRERAS DIEZ	RENTA, S.V, S.A.	Director
MR. FRANCISCO GARCÍA MOLINA	RENTA 4, SV, S.A.	Director

B.1.8 Where applicable, and as far as the company is aware of such information, list any Board members who are also members of the board(s) in other companies listed on official securities markets in Spain, other than the group itself:

Name or company name of director	Company name of listed company	Position

B.1.9 State whether the company has established rules regarding the number of Boards its directors may belong to. If so, explain the rules:

Yes ✓ No

Explanation of rules
The Directors may not form part of more than five Boards of Directors, without including for these purposes, the companies of the RENTA 4 Group (Art. 21.2 a) of the Board Regulations)

B.1.10 In relation with Recommendation 8 of the Unified Code, state the general policies and strategies of the company which must be approved by the Board in full:

	Yes	No
The investment and financing policy	X	
The definition of the structure of the group of companies	X	
The corporate governance policy	X	
The corporate social responsibility policy	X	
The strategic or business Plan, as well as management objectives and annual budgets	X	
The remuneration policy and performance evaluation of senior management	X	
The policy of risk management and control, as well as the periodic monitoring of systems of internal information and control	X	
The policy of dividends, as well as that of treasury stock and in particular, any applicable limits	X	

B.1.11 Complete the following tables regarding the accrued aggregate remuneration of Directors during the financial year:

a) In the company subject of this report:

Remuneration item	Data in thousand euro
Fixed remuneration	730
Variable remuneration	
Allowances	
Allocations pursuant to the Bylaws	
Share options and/or other financial instruments	108
Other	
TOTAL:	838

Other benefits	Data in thousand euro
Advances	
Loans granted	109
Pension Plans and Funds: Contributions	1
Pension Plans and Funds: Commitments	
Life assurance premiums	
Guarantees constituted by the company in favour of the directors	

b) For serving as directors on other Boards and/or senior management of companies in the group:

Remuneration item	Data in thousand euro
Fixed remuneration	289
Variable remuneration	12
Allowances	
Allocations pursuant to the Bylaws	
Share options and/or other financial instruments	19
Other	
TOTAL:	320

Other benefits	Data in thousand euro
Advances	
Loans granted	
Pension Plans and Funds: Contributions	1
Pension Plans and Funds: Commitments	
Life assurance premiums	
Guarantees constituted by the company in favour of the directors	

c) Total remuneration by type of directorship:

Type of director	By company	By group
Executives	381	320
External Proprietary		

External Independent	374	
Other External	83	
Total	838	320

d) With regard to the profit attributed to the controlling company:

Total director remuneration (in thousand euro)	1,158
Total director remuneration/benefits attributed to the controlling company (as a %)	20.77%

B.1.12 List the members of senior management who are not also executive directors and indicate total remuneration accruing to them during the period:

Name or company name	Position
MR JUAN LUIS LOPEZ GARCIA	GENERAL MANAGER
MR JOSÉ IGNACIO GARCIA-JUNCEDA FERNÁNDEZ	GENERAL MANAGER RENTA 4 S.V.
MR LUIS MUÑOZ SECO	GENERAL MANAGER OF IT AND SYSTEMS

Total remuneration of senior management (thousand euro)	705

B.1.13 State in aggregate terms whether there are any guarantee or golden parachute clauses in the event of dismissal or changes in control benefiting senior management, including executive directors of the company or its group. Indicate whether these contracts have to be reported to, and/or approved by the governing bodies of the company or its group:

Number of beneficiaries	0

	Board of Directors	General Meeting
Body authorising the clauses		

	YES	NO
Is the General Meeting informed of these clauses?		

B.1.14 Describe the process of establishing the remuneration of members of the Board of Directors and the relevant clauses in the Bylaws for such purpose:

Process for establishing remuneration of members of the Board of Directors and the relevant clauses in the Bylaws
Pursuant to Article 35 of the Bylaws, the General Shareholders' Meeting shall set an annual fixed amount each year for the Board of Directors, an amount which shall be maintained in successive years except by agreement to the contrary in the General Meeting. In turn, the Board shall distribute amongst its members the fixed annual amount agreed by the General Meeting, taking into account the duties and responsibilities performed by each of the directors within the Board itself or its Committees, on the proposal of the Nomination and Remuneration Committee in accordance with Article 32.3, e), of the Board Regulations. Likewise, pursuant to Article 35 of the Bylaws, the General Meeting may establish an amount for attendance allowances at Board and/or Committee meetings, for civil liability insurance and social security, as well as the granting of shares or option rights over the same or a remuneration which has as its reference the value of the Company shares.

State whether the Board in full has reserved the right to approve the following:

	Yes	No
At the proposal of the Chief Executive of the company, the appointment and possible termination of senior managers, as well as their compensation clauses	X	
The remuneration of directors, and, in the case of executives, the additional remuneration for their executive duties and other contractual conditions which must be respected	X	

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the matters on which it issues an opinion:

Yes ✓ No

	Yes	No
Amount of fixed remuneration items, with a breakdown, where applicable, of allowances for serving as members of the Board and its Committees and an estimate of the resulting fixed annual remuneration	X	
Variable remuneration items	X	
Main characteristics of the benefits system, with an estimate of their amount or equivalent annual cost	X	
Conditions that must be respected in contracts of those exercising senior management functions as executive directors	X	

B.1.16 Indicate whether the Board submits a report on the directors remuneration policy for approval at the General Meeting, as a separate point on the agenda, and for consultation purposes. If applicable, explain the aspects of the report regarding the remuneration policy approved by the Board for future years, the most significant changes of such policies in relation to the policy applied during this financial year, and a global summary of the application of the remuneration policy during the financial year. Provide details of the role performed by the Remuneration Committee and whether the external advice was sought, and if so, the identity of the external consultants providing such advice:

Yes No ✓

Matters covered in the report regarding remuneration policy

Role played by the Remuneration Committee

	Yes	No
Was external advice sought?		
Identity of external consultants		

B.1.17 State the identity of any Board Members sitting on Board (s) or holding senior management positions in companies with significant shareholdings in the listed company and/or its group companies:

Name or company name of director	Company name of significant shareholder	Position

Where applicable, provide details of any relevant relationships, other than those set forth in the above paragraph, of members of the Board of Directors related to significant shareholders and/or companies of the group:

Name or company name of director with relationship	Name or company name of significant shareholder with relationship	Description of relationship

B.1.18 State whether there have been any modifications to the Board regulations during the financial year:

Yes No ✓

Description of modifications

B.1.19 State any procedures for appointment, re-election, evaluation and removal of directors. Set out the competent bodies, the steps to be followed and the criteria to be applied in each of the procedures.

1. APPOINTMENT AND RE-ELECTION OF DIRECTORS

The proposals for appointment, ratification or re-election of Directors submitted by the Board of Directors to the General Meeting and the decisions of appointment adopted by said body by cooptation must be taken by persons of recognised honour, good standing and technical competence and experience, and such decisions shall be approved by the Board following the proposal of the Nomination and Remuneration Committee, in the case of independent Directors, and after a report of the Nomination and Remuneration Committee in the case of other Directors. The proposal or report of the Nomination and Remuneration Committee must appoint the new Director within one of the classes of Director set forth in Article 9 of the Board Regulations.

In this respect, when the Board does not take part in the proposals of the Nomination and Remuneration Committee, the motives for such must be explained and set forth in the Minutes.

In turn, the General Meeting has the power to appoint and freely dismiss the members of the Board of Directors, as well as to ratify or revoke the provisional appointment of one of the members by the Board of Directors by virtue of the powers of cooptation attributed by law, all of which in accordance with Article 33 of the Bylaws and 10.1 of the Board Regulations.

From the moment of the notice of the calling of the General Meeting in which the appointment, ratification or re-election of Directors is to take place, the Board of Directors shall disclose, through its web-site, the following information regarding the proposed persons: (i) the professional profile and background; (ii) other Boards of Directors to which the person belongs, whether or not these are listed companies iii) indication of the director type of the person, stating in the case of proprietary directors, the shareholder at whose request the appointment, re-election or ratification took place, or the shareholder with whom the person has a relationship; (iv) date of first appointment as Company director, as well as the later ones; (v) Company shares and financial derivatives instruments based on the Company shares, of which the holder is either the director whose position is to be re-elected, or ratified, or the candidate who is to occupy the position as director for the first time

Those persons holding positions or duties of representation or management in companies which are competitors, or those holding a significant stake in their share capital, may not be appointed Company Directors, except with the prior express authorisation of the Board of Directors.

2. EVALUATION OF THE DIRECTORS

Pursuant to Article 28 of the Board Regulations, said Board, under the direction of the Chairman in co-ordination with the Chairmen of the Committees, must evaluate on an annual basis: (i) the performance and quality of the work, (ii) the performance of the duties by the Chairman of the Board and, where applicable by the Managing Director of the Company, taking as point of origin the report submitted by the Nomination and Remuneration Committee and (iii) the performance of its Committees, taking as the point of origin the report submitted by the Committees.

With regard to the matter at hand, that is, the issue of the Directors, the Nomination and Remuneration Committee is responsible for issuing and submitting the corresponding Report to the Board on the quality and efficiency of the performance of the Board of Directors.

Thus, once the different Reports of the Committees have been submitted to the Board of Directors, the latter is in charge of evaluating the quality and efficiency of the performance of the Board of Directors itself, as well as its Committees, the Chairman of the Board and the Managing Director.

3. REMOVAL OF DIRECTORS

In accordance with Article 34 of the Bylaws and 11 of the Board Regulations, the Directors shall hold their position for a term of five years, provided that in the General Meeting there is no resolution to dismiss them or no resignation from the Directors. The Directors may be re-elected one or various times for terms of five years, without taking into account the fact that those Directors holding the position for an uninterrupted period of twelve years may not be classed as independent.

Therefore, the Directors shall vacate their position when the term of their appointment has run out, and when the General Meeting so decides, pursuant to the attributions legally conferred and those provided in the Bylaws, in accordance with Article 12 of the Board Regulations.

In relation to independent Directors, the Board may not propose the removal of any Director of said category prior to the end of the term of appointment as set forth in the Bylaws, except where there is a justifiable reason, accepted by the Board following the report of the Nomination and Remuneration Committee. In particular, it will be understood that there exists a justifiable reason when the director has not complied with the duties inherent to the position or when the director falls within one of the circumstances set out in Article 9.2 a) of the Board Regulations which make it impossible to fulfil the requirements of the condition of independent Director of the Company.

Finally, in the event that a Director leaves office prior to the end of his mandate, whether by resignation or for other reasons, the Director shall explain the reasons for leaving office in a letter to be sent to all Board members, regardless of the fact that the event is communicated as a relevant event and must therefore appear in the Annual Corporate Governance Report. Furthermore, in the event that the resignation of the Director is due to the Board adopting significant or reiterated decisions about which the Director has expressly made serious reservations, and as a consequence of such, the Director decides to resign, the latter shall expressly state this circumstance in the letter of resignation addressed to the Board members, pursuant to Article 12.5 of the Board Regulations.

B.1.20 Indicate the cases in which directors are obliged to tender their resignation.

The cases in which directors are obliged to tender their resignation to the Board of Directors and formalize, if deemed appropriate, the corresponding resignation pursuant to Article 12 of the Board Regulations are the following:

a) When they reach the age of 70.

b) When they leave their positions, posts or duties to which their appointment as executive directors was associated.

c) In the case of proprietary directors, when the shareholder, on whose proposal the former were appointed, transfers the entirety of the shares they had in the Company or the shares are reduced to a level requiring a reduction in the number of proprietary directors.

d) When they fall within one of the cases of incompatibility or prohibition provided by Law, Bylaws or in the Board Regulations.

e) When the Board so requests by a majority of at least two thirds of its members, in the event the director is considered to have acted in breach of his/her obligations as director, following the proposal or report of the Nomination and Remuneration Committee, or when remaining on the Board could put at risk the standing and reputation of the Company.

Likewise in the event that a natural person representing the legal person of a Director falls within one of the above circumstances, the natural person must be immediately replaced by the legal person of the Director, pursuant to Article 12.3 of the Board Regulations.

B.1.21 Explain whether the duties of the Chief Executive fall upon the Chairman of the Board. If so, state the measures adopted to limit the risk of accumulation of powers in a single person:

Yes ✔ No

Measures to limit risks
An alternative mechanism of counter-balance has been provided for the figure of the Chief Executive Officer such as that of the Vice-President or, in the case of various, one of the Vice-Presidents, who must be independent directors and may, together with an additional two directors, request that the Chairman call the Board meeting or include new items on the agenda. In addition the evaluation of the Chairman is carried out by the Board (Art. 25.4 of the Board Regulations).

State, and if applicable, explain, whether regulations have been established to empower one of the independent directors to request the convening of a Board meeting or to request the inclusion of new items on the agenda in order to co-ordinate and reflect the concerns of external directors and direct the evaluation by the Board of Directors

Yes No ✔

Explanation of the rules
The Vice-President or, in the case of various, one of the Vice-Presidents, who must be independent directors and may, together with an additional two directors, request that the Chairman convene the Board meeting or include new items on the agenda. (Art. 25.4 of the Board Regulations).

B.1.22 Are reinforced majorities required, other than those established by law, for certain types of decisions?

Yes No ✔

Explain how the Board of Directors adopts resolutions, including at least the minimum quorum of attendees and the types of majorities required to pass resolutions:

Adoption of resolutions

Description of resolution	Quorum	Type of Majority

B.1.23 State whether there are any specific requirements, for being appointed Chairman other than those relating to the Directors.

Yes No ✔

Description of requirements

B.1.24 State whether the Chairman has the casting vote:

Yes No ✔

Matters on which there is a casting vote

B.1.25 Indicate whether the Company Bylaws or the Board Regulations provide an age limit for Directors:

Yes ✔ No

Age limit for Chairman 70 years

Age limit for Managing Director 70 years

Age limit for director 70 years

B.1.26 State whether the Company Bylaws or the Board Regulations establish a limit on the mandate of independent directors:

Yes ✔ No

Maximum term of mandate	12 years

B.1.27 If the number of female directors is low or zero, explain the reasons and the measures taken to correct the situation.

Explanation of reasons and measures
The Board of Directors has put the Nomination and Remuneration Committee in charge of ensuring that when new vacancies arise or when appointing new Directors, the selection process is not implicitly biased against the selection of female directors in any manner whatsoever, in accordance with Article 32.3, f), of the Board Regulations.

In particular, indicate whether the Nomination and Remuneration Committee has established a procedure to ensure that selection processes are not implicitly biased against the selection of female directors and, that they deliberately seek female candidates meeting the required profile:

Yes ✔ No

Description of the main procedures
In accordance with Article 32 of the Board Regulations, the Nomination and Remuneration Committee has the duty to carry out the following actions so that the selection processes are not implicitly biased against the selection of female Directors:- To evaluate the competences, knowledge and experience necessary for the Board, defining the necessary functions and aptitudes in the candidates to cover the position vacant and evaluating the necessary time and dedication for carrying out the duties adequately.- To communicate the proposals of appointment, removal and re-election of directors submitted to the General Meeting, as well as the proposals of appointment by cooptation.- To ensure that selection procedures for directors are not gender-biased.

B.1.28 Indicate whether there are formal processes for proxy voting in the Board of Directors. If so, provide a brief description.

Paragraph 2, Article 38 of the Company Bylaws states:

"All Directors may be represented through another director. The representation is granted specifically for the Board of Directors meeting and may be communicated through any means provided in paragraph 2 of the preceding Article."

B.1.29 Indicate the number of meetings held by the Board of Directors during the financial year. Likewise, specify the number of times, if any, that the Board has met in the absence of the Chairman:

Number of Board meetings	10
Number of Board meetings held in the absence of its Chairman	0

Indicate the number of meetings held by the different Board Committees during the financial year:

Number of Executive Committee meetings	11
Number of Audit and Control Committee meetings	6
Number of Nomination and Remuneration Committee meetings	4
Number of Nomination Committee meetings	
Number of Remuneration Committee meetings	

B.1.30 State number of Board meetings held during the financial year without full attendance. Representatives without specific instructions are to be included in the calculation:

Number of absences of Board members during the financial year	2
% of absences in relation to the total number of votes during the financial year	2.15

B.1.31 State whether the individual and consolidated accounts are certified prior to their presentation to the Board of Directors for approval:

Yes No ✔

Identify, where applicable, the person(s) certifying the Company's individual and consolidated annual accounts for presentation to the Board:

Name	Position

B.1.32 Explain any mechanisms established by the Board to avoid presenting to the General Meeting the individual and consolidated accounts with qualified opinion in the auditor s report.

The Audit and Control Committee analyzes quarterly, biannual and annual financial statements and holds periodic meetings with the External Auditor, revising if appropriate, any change in accounting criteria which will affect the financial statements and ensuring that this does not give rise to qualified opinion by the Auditor and that the financial the Board of Directors presents the accounts with no qualified opinion whatsoever.

B.1.33 Is the Secretary of the Board a director?

Yes No ✔

B.1.34 Explain the appointment and removal procedures of the Secretary of the Board, stating whether their appointment and removal have been reported to the NominationCommittee and approved by the Board in full.

Procedure of appointment and removal
Article 27, paragraph 1 of the Regulations of the Board of Directors provides:"The Board of Directors, at the proposal of the Chairman, and subsequent to a prior report of the Nomination and Remuneration Committee, shall appoint a Secretary and, where appropriate, a Vice-Secretary. These do not have to be Directors. The same procedure shall be followed to agree on the removal of the Secretary and if applicable, the Vice-Secretary."

	Yes	No
Does the Nomination Committee provide notification of the appointment?	X	
Does the Nomination Committee provide notification of the removal?	X	
Does the Board in full approve the appointment?	X	
Does the Board in full approve the removal?	X	

Is the Secretary of the Board responsible for ensuring compliance with the recommendations of good governance?

Yes ✔ No

Comments

B.1.35 Specify the mechanisms, if any, established by the Company to maintain the independence of the auditor, financial analysts, investment banks and rating agencies.

The independence of the External Auditors is protected under Article 31, 3 b) of the Regulations of the Board of Directors and is the competence of the Audit and Control Committee.

B.1.36 State whether the Company has changed the external auditor during the financial year. If so, indicate the incoming and outgoing auditors:

Yes No ✔

Outgoing Auditor	Incoming Auditor

In the event there were discrepancies with the outgoing auditor, explain their content:

Yes No

Explanation of the discrepancies

B.1.37 Indicate whether the auditing firm carries out other non-audit work for the company and/or its group. If so, state the fees the auditing firm receives for such work and the percentage these fees represent of the total fees invoiced by the company and/or its group:

Yes No ✔

	Company	Group	Total
Amount from non-audit work (thousand euro)	133	0	133
Amount from non-audit work / total amount invoiced by the auditing firm (as a %)	73.4	0	30.27

B.1.38 State whether the Annual Accounts audit report of the previous financial year is qualified or with reservations. If so, set out the reasons given by the Chairman of the Audit. Committee to explain the content and scope of such qualified opinion or reservations.

Yes No ✔

Explanation of reasons

B.1.39 Specify the number of consecutive years the current auditing firm has been auditing the Company's annual accounts and/or those of its group. In addition, indicate the number of years the current audit firm has been auditing the Company's annual accounts as a percentage of the total number of years over which the annual accounts have been audited:

	Company	Group
Number of consecutive years	4	4
Number of years audited by current auditing firm / number of years the company accounts have been audited (as a %)	4 / 8 (50%)	4 / 8 (50%)

B.1.40 List the shareholdings of the members of the Board in other companies having the same, similar or complementary types of activities as the Company and/or those of its group, which have been reported to the company. In addition, specify the positions or duties they hold in such companies:

Name or company name of Director	Corporate name of the company	% share	Position or Duties
Mr. Jesús Sánchez-Quiñones González	ACE GLOBAL SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	AMER 2000 SICAV, S.A.		Director
Mr. Jesús Sánchez-Quiñones González	AVILUGAM SICAV, S.A.	0	Chairman
Mr. Jesús Sánchez-Quiñones González	BACESA SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	BETA 4 INV. FINANCIERAS SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	CALAINVEST-98 SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	CARMEN INVERSIONES FINANCIERAS SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	CARTERA ALHAMAR SICAV, S.A.		Director
Mr. Jesús Sánchez-Quiñones González	COMERMATICA-KABAKH, SICAV S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	CORTIGOSO INVERSIONES SICAV S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	DIDIME INVERSIONES SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	EDUMONE SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	EURO 21 DE INVERSIONES SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	EUROFINATEL SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	EVELSA JP INVERSIONES SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	GLOBAL SYSTEMATIC INVESTMENT SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	GUATEN DE INVERSIONES SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	HELP INVERSIONES SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	HOLDILAN SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	HORIZON RETORNO SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	INVERSIONES FINANCIERAS GALOIS SICAV, S.A.		Secretary non-member of the Board
Mr Jesús Sánchez-Quiñones González	INV. FIN. ISLAS OCCIDENTALES SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	KURSAAL 2000 SICAV, S.A.		Chairman
Mr. Jesús Sánchez-Quiñones González	LENDA DE INVERSIONES SICAV, S.A.		Chairman
Mr. Jesús Sánchez-Quiñones González	MERCOR GLOBAL SICAV, S.A.		Director
Mr. Jesús Sánchez-Quiñones González	MOPANI INVERSIONES SICAV, S.A.		Director
Mr. Jesús Sánchez-Quiñones González	MOTA DEL ESCRIBANO SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	NUMIDE INVERSIONES SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	OBIS INVERSIONES FINANCIERAS SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	OTAGO INVERSIONES SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	PRIVALIA SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	QUALIFIED INVESTOR SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	RAVISTAR SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	RENTA 4 GESTION DE CARTERAS SICAV, S.A.	0	Chairman
Mr. Jesús Sánchez-Quiñones González	TAUPO INVERSIONES SICAV, S.A.		Chairman
Mr. Jesús Sánchez-Quiñones González	TEMPLE FINANCE SICAV, S.A.	0	
Mr. Jesús Sánchez-Quiñones González	TERTON INVERSIONES SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	VALOR XXI SICAV, S.A.	0	Director
Mr. Jesús Sánchez-Quiñones González	YELO INVERSIONES FINANCIERAS SICAV, S.A.	0	Chairman
Mr. Jesús Sánchez-Quiñones González	ZANZÍBAR INVERSIONES SICAV, S.A.	0	Director
Mr. Miguel Primer de Rivera y Urquijo	PRIDERA, S.L.		Sole Administrator
Mr. Miguel Primer de Rivera y Urquijo	SCH GESTIÓN DE CARTERAS SGIIC, S.A.		Director
Mr. Juan Carlos Ureta Domingo	SOCIEDAD RECTORA DE LA BOLSA DE VALORES DE MADRID, S.A.		Director

B.1.41 State whether a procedure exists to enable Directors to receive external advice. If so, provide an explanation of such procedure:

Yes ✓ No

Details of procedure
These are provided in Article 23 of the Board Regulations as set forth below: " 1. For the purposes of being aided in the performance of their duties, the external directors are entitled to obtain the necessary advice for carrying out their duties, and the fees for legal, accounting, financial or other experts shall be borne by the Company, provided that the matters in question present problems of certain importance and complexity arising within the course of carrying out the duties corresponding to their position. 2. The request to engage external consultants or experts must be made to the Board Chairman and shall be authorised by the Board in full if, in its opinion: a) it is necessary for the proper performance of the directors' duties; b) the cost is reasonable, taking into account the magnitude of the problem and the assets and revenues of the Company; c) the technical assistance received cannot be properly provided by Company experts and technicians; andd) Confidential information which must be provided to the expert is not put at risk. 3. In the event that the request for expert assistance is made by any of the Committees of the Board, it may not be refused, except when the Board decides by majority that the circumstances set forth in Paragraph 2 do not exist".

B.1.42 Indicate, and where appropriate explain, whether a procedure exists, to ensure directors receive the necessary information in sufficient time to prepare for the meetings of the governing bodies:

Yes ✓ No

Details of procedure
The procedure is set forth in Article 22 of the Board Regulations, which provides: "1. In the fulfilment of their duties, any director may inform themselves about any matters of the Company and its participated companies. For these purposes they are entitled to examine books, registers, documents and other records of company transactions, being able to inspect its installations and communicate with Company senior management. 2. In order not to disturb the ordinary management of the Company, the exercise of the right to information shall be channelled through the Board Chairman who shall attend the director's requests by providing the information directly, or by way of the relevant person at the appropriate level of the organisation". In turn, Article 28.4 of the Board Regulations adds that the calling of the Board meeting shall be accompanied by the necessary information for the same.

B.1.43 State, and where applicable, give details of whether the company has established regulations obliging directors to report, and if appropriate, resign, in cases which may harm the good standing and reputation of the company:

Yes ✓ No

Explain the rules
Article 21.2, c), of the Board Regulations establishes that: "The director must also notify the Company: (…) c) Of legal, administrative or other proceedings of any nature which are brought against the director and which, due to their importance or characteristics, could seriously damage the reputation of the Company. In particular, all directors must notify, through the Board Chairman, when a case is brought against them, or when they are committed for trial for any of the offences set forth in Article 124 of the Listed Companies Act. In this case the Board shall examine the case as soon as possible and shall adopt the decisions considered most appropriate for the interests of the Company". In turn, Article 21.2, e), of the Board Regulations provides: " Directors must tender their resignation to the Board of Directors in the following cases: (…) e) When the Board calls for the resignation by a majority of two thirds of the members due to the Director having breached their obligations as Director, following the report of the Nomination and Remuneration Committee, or when their remaining on the Board may put at risk the standing and reputation of the Company".

B.1.44 State whether any member of the Board has notified the company that they have been prosecuted or committed for trial for any of the offences set forth in Article 124 of the Listed Companies Act:

Yes No ✓

Name of Director	Criminal Proceedings	Comments

State whether the Board has analysed the case. If the answer is affirmative, provide an explanation of the decision made regarding the continuance or removal of the director from their position.

Yes No

Decision taken	Explanation
Able to continue / Not able to continue	

B.2 Board of Directors Committees

B.2.1 List the Board Committees and their members:

EXECUTIVE OR MANAGEMENT COMMITTEE

Name	Position	Type
JUAN CARLOS URETA DOMINGO	CHAIRMAN	EXECUTIVE
PEDRO ANGEL NAVARRO MARTÍNEZ	MEMBER	INDEPENDENT DIRECTOR
PEDRO FERRERAS DIEZ	MEMBER	INDEPENDENT DIRECTOR
EDUARDO TRUEBA CORTES	MEMBER	INDEPENDENT DIRECTOR
SOFIA RODRÍGUEZ SAHGÚN	MEMBER	OTHER DIRECTOR

AUDIT COMMITTEE

Name	Position	Type
PEDRO FERRERAS DIEZ	CHAIRMAN	INDEPENDENT DIRECTOR
FRANCISCO GARCÍA MOLINA	MEMBER	INDEPENDENT DIRECTOR
EDUARDO TRUEBA CORTES	MEMBER	INDEPENDENT DIRECTOR

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type
PEDRO ANGEL NAVARRO MARTÍNEZ	CHAIRMAN	INDEPENDENT DIRECTOR
PEDRO FERRERAS DIEZ	MEMBER	INDEPENDENT DIRECTOR
SOFÍA RODRIGUEZ SAHAGÚN	MEMBER	OTHER DIRECTOR

B.2.2 State whether any of the following duties are the responsibility of the Audit Committee:

	Yes	No
To supervise the process of preparation and the integrity of the financial information concerning the company and, if applicable, the group, checking compliance with regulatory requisites, the proper delimitation of the scope of consolidation and the correct application of the accounting criteria	X	
To check the internal control and risk management systems periodically so that the main risks are duly identified, managed and notified	X	
To ensure the independence and efficiency of the internal auditing function; to propose the selection, appointment, re-election and removal of the head of internal auditing; to propose the budget for that service; to receive periodic information regarding its activities; and to verify that senior management takes into account the conclusions and recommendations of its reports	X	
To establish and supervise a mechanism permitting the employees to notify, in a confidential manner, and anonymously if appropriate, any potentially significant irregularities, particularly those of a financial or accounting nature, detected in the company	X	
To submit to the Board the proposals of selection, appointment, re-election and replacement of the external auditor, as well as the conditions of the corresponding engagement	X	
To receive information from the external auditor on a regular basis regarding the auditing plan and results of its execution, and to verify that senior management takes its recommendations into account	X	
To ensure the independence of the external auditor	X	
In the case of groups, to encourage the auditor of the group to assume the responsibility for the audits of the companies of the group	X	

B.2.3 Describe the organisational and operational rules and responsibilities attributed to each of the Board Committees.

Articles 40 and 41 of the Company Bylaws and Article 29 of the Board Regulations provide that the Board must set up and permanently maintain an Audit and Control Committee and a Nomination and Remuneration Committee, further being authorised to set up an Executive Committee and as many other Committees as deemed appropriate.

1. EXECUTIVE COMMITTEE

Pursuant to Article 40 of the Bylaws and Article 30 of the Board Regulations, the Executive Committee shall consist of a minimum of three and a maximum number of eight members.

The Board of Directors shall appoint the directors who are to form the Executive Committee, ensuring that the qualitative composition based on the different types of Directors is similar to that of the Board itself, the Chairman of the Board acting as Chairman of the Executive Committee and its Secretary shall be the Secretary of the Board, the latter may be assisted by the Vice Secretary. In the absence of the Chairman of the Executive Committee, the duties shall be carried out by the member chosen for such purpose by the other members.

The members of the Executive Committee shall vacate their position when they do so in their capacity as Directors, or when it is so agreed by the Board.

The Executive Committee shall hold its meetings at least once a month, with the possibility of calling an extraordinary meeting when company interests so dictate. In addition to the calling of each meeting, the Executive Committee members shall receive the relevant documentation in order to form an opinion and vote on the matter.

The Executive Committee shall be duly constituted when there are at least half of the members plus one, taking into account members present and represented. The Board of Directors, through the Chairman, shall be notified of the matters dealt with and the resolutions of the Committee, a copy of the minutes shall be sent to all Directors.

This Committee performs the duties of day-to-day Company management delegated by the Board, in addition to the preparation of the proposal or report regarding strategic decisions and those of investments and disinvestments which may be of relevance to the Company or to the Renta 4 Group.

The Executive Committee shall be governed by the Bylaws and the Board Regulations of the Company, provided that this is not incompatible with its nature.

2. AUDIT AND CONTROL COMMITTEE

In accordance with Articles 42 of the Bylaws and 31 of the Board Regulations, the Audit and Control Committee shall be constituted by a minimum of three Directors, who shall be appointed by the Board on the basis of their knowledge and experience in accounting, auditing or risk management, all the members being external directors and the Board shall appoint the Chairman from amongst these. The Chairman must be an independent director and shall remain in the position for no longer than four years, not taking into account re-election or continuity as member of the Committee. A Vice-president may also be appointed.

The mandate of the Committee members may not exceed that of their mandate as Directors, not taking into account that they may be re-elected indefinitely as long as they are Directors.

Members who have held the position of Committee Chairman may not resume the position unless at least one year has passed since leaving office.

The Board shall appoint a Secretary, and if applicable, a Vice Secretary, who may not be a member of the Board. The Vice Secretary shall assist the Chairman and must try to ensure the good performance of the Committee, being responsible for duly preparing the minutes, the development of the meetings, the content of the items discussed and the resolutions adopted, drawing up the minutes for such purposes.

This Committee is duly constituted when there are at least half of the members plus one, taking into account members present and represented. Resolutions shall be adopted by a majority of members present or represented, the Chairman having the casting vote in the event of a tie.

The Committee shall meet as many times as the Chairman deems necessary for the proper performance of its duties and, as a minimum, once per quarter.

The Audit and Control Committee shall have the primary mission of assisting the Board of Directors in carrying out its supervisory duties through periodic revision of the process of preparing economic-financial information, internal controls and the independence of the external auditor.

The Audit and Control Committee shall prepare an Action Plan for the financial year and inform the Board of Directors of the same.

Finally, with regard to the Committee, where there is no express provision and the nature and duties make it possible, the provisions relating to the functioning of the Board in the Bylaws and Board Regulations shall be of supplementary application.

3. NOMINATIONAND REMUNERATION COMMITTEE

Pursuant to Articles 42 of the Bylaws and Article 32 of the Board Regulations, the Nomination and Remuneration Committee shall be constituted by a minimum of three members appointed by the Board from amongst its non-executive members, the majority of its members being independent directors and the Chairman of the Board being chosen from the latter.

Likewise, the Board of Directors shall appoint a Secretary, who may not be a member of the same, and who shall assist the Chairman and must try to ensure the good performance of the Committee, being responsible for duly preparing the minutes, the development of the meetings, the content of the items discussed and the resolutions adopted, drawing up the minutes for such purposes.

The mandate of the Nomination and Remuneration Committee members may not exceed that of their mandate as Directors, without prejudice to their being re-elected indefinitely as long as they are Directors.

This Committee shall be duly constituted when there are at least half of the members plus one, taking into account members present and represented. Resolutions shall be adopted by a majority of members present or represented, the Chairman having the casting vote in the event of a tie.

The Committee shall meet as many times as the Chairman deems necessary for the proper performance of its duties and, as a minimum, once per quarter.

The Nomination and Remuneration Committee shall focus its activities on the support and assistance of the Board of Directors, particularly in relation to the proposals of appointment, re-election, ratification and removal of Company Directors and Senior Management, the control of directors' compliance with duties, especially in relation to situations of conflicts of interest and related transactions, and the supervision of compliance with Internal Codes of Conduct and the Rules of Corporate Governance.

As with the Audit and Control Committee, the Nomination and Remuneration Committee shall prepare an Action Plan for the financial year and shall inform the Board of Directors of the same.

Finally, with regard to the Committee, where there is no express provision and the nature and duties make it possible, the provisions relating to the functioning of the Board in the Bylaws and Board Regulations shall be of supplementary application

B.2.4 State any advisory and consulting powers and, where applicable, the powers delegated to each of the committees:

Committee Name	Brief description
EXECUTIVE COMMITTEE	The Executive Committee has all the powers of the Board of Directors delegated to it, except those which may not be delegated by law or by the Bylaws.
AUDIT AND CONTROL COMMITTEE	The Audit and Control Committee has the following advisory and consulting powers: a) It informs the General shareholders' meeting about matter proposed by shareholders which are of its competence. b) With regard to the external auditor: (i) submitting to the Board of Directors the proposals of selection, appointment, re-election and replacement of the external auditor, as well as the conditions of engagement; (ii) regularly receiving information from the external auditor regarding the auditing plan and the results of its execution, and verifying that senior management takes the recommendations into account; (iii) ensuring the independence of the external auditor and, for such purpose the Company shall notify the CNMV about the change of auditor as a relevant event and shall accompany this with a declaration regarding the possible existence of disagreements with the outgoing auditor and if so, the content of such disagreement, and in the event of the resignation of the external auditor, it shall examine the circumstances leading to such; (iv) encouraging the auditor of the Company to assume responsibility for the auditing of the companies which, if applicable, form part of the group. c) The supervision of the management of Company internal auditing services to ensure the proper performance of internal information and control systems, particularly in relation processes affecting the integrity of financial information regarding the Company, and where applicable, its group, the head of internal auditing being obliged to present its annual work plan to the Committee, and to directly report to the same any incidents which may arise in carrying out the plan, as well as submitting a report on its activities at the end of each financial year. d) Knowledge of the financial information procedures and the control and management of internal risks systems associated with the relevant risks of the Company, so that these may be identified, managed and properly reported, ensuring the independence and efficiency of the internal auditing function, proposing the selection, appointment, re-election and removal of the head of internal auditing, as well as the budget for said service, receiving periodic information on its activities and verifying that senior management take into account the conclusions and recommendations of its reports. e) Informing the Board of Directors previously about: (i) financial information which, due to its status as a listed company, the Company is periodically obliged to disclose, ensuring that interim accounts are prepared with the same accounting criteria as annual accounts, and for this purpose, if shall consider the appropriateness of a limited revision of the external company auditor; (ii) the creation or acquisition of shares in special purpose vehicles or those domiciled in countries or territories considered tax havens, as well as any transactions or operations of similar nature which, due to their complexity, may impair the transparency of the group to which the Company belongs; (iii) and related operations f) Receiving written communications from employees confidentially, but not anonymously, regarding possible irregularities of potential importance, especially those of finance and accounting, detected within the Company or in the group companies. g) Ensuring compliance with the Internal Codes of Conduct and the Rules of Corporate Governance, as well as the regulations of the financial instruments markets. h) Supervising the performance of functions attributed to the area responsible for the prevention of money laundering, and being aware of the reports and proposals presented in this respect. i) Issuing the reports and proposals set forth in the Bylaws and in the Board Regulations and any others requested by the Chairman of the Board.
NOMINATION AND REMUNERATION COMMITTEE	The Nomination and Remuneration Committee has the following advisory and consulting powers: a) Evaluating the competences, knowledge and experience necessary in the Board, defining the functions and aptitudes necessary in candidates for each vacancy, and evaluating the time and dedication needed to perform the charge well b) Examining or organising in the manner deemed proper, the succession of the Chairman and of the managing director and, when applicable, making proposals to the Board, so that the succession make proceed in an orderly or well-planned manner. c) Reporting the proposals of appointment, removal and re-election of directors submitted to the General Meeting, as well as the proposals for appointment by cooption d) Reporting the appointments and removals of senior managers which the Managing Director submits to the Board. e) Ensuring the observance of the remuneration policy established by the Company and, in particular, submitting to the Board the remuneration policy of directors and senior management, the individual remuneration of managing directors and other conditions of their contracts, and the basic conditions of the contracts of senior managers. f) Ensuring that selection processes of directors do not discriminate on the grounds of gender

B.2.5 Indicate, if applicable, any regulations governing the Board committees, where these are available for consultation, and any amendments made during the financial year. State whether any annual report has been voluntarily drawn up in relation to the activities of each Committee.

The Bylaws, and specifically, Articles 30, 31 y 32 of the Board Regulations set forth the composition and functions of the Executive Committee, the Audit and Control Committee and the Nomination and Remuneration Committee. Likewise, the Board Regulations provide the Committees regulating their own functioning, provided that this is in accordance with the Bylaws and Board Regulations. In addition, the Board Committees have carried out a process of self-evaluation within the general framework of evaluating the performance of the Board.

B.2.6 State whether the composition of the Executive Committee reflects the participation on the Board of the different directorships based on their type:

Yes ✓ No

If not, describe the composition of the Executive Committee

C RELATED OPERATIONS

C.1 Indicate whether the Board in full has reserved the right to approve, after receiving a favourable report from the Audit Committee, or any other Committee entrusted with doing so, the operations which the company carries out with directors, significant shareholders or shareholders represented on the Board, or with persons related to them:

Yes ✓ No

C.2 List any relevant operations involving a transfer of resources or obligations between the company or group companies and the significant shareholders of the company:

C.3 List any relevant operations involving a transfer of resources or obligations between the company or group companies and the Company's managers or Directors:

Name or company name of the managers or directors	Name or company name of the company or entity of its group	Type of relationship	Type of operation	Amount (thousand euro)
Mr. Jesús Sánchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Contractual	Loan Agreement	109
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Contractual	Loan Agreement	624
Mr. José Ignacio García-Junceda Fernández	Renta 4 Servicios de Inversión, S.A.	Contractual	Loan Agreement	182
Mr. Luis Muñoz Seco	Renta 4 Servicios de Inversión, S.A.	Contractual	Loan Agreement	332
Mr. Santiago González Enciso	Renta 4 S.V., S.A.	Contractual	Rendering of services	18
Mr. Francisco de Asís García Molina	Renta 4 S.V., S.A.	Contractual	Beneficiary of services	3
Mr. Miguel Primo de Rivera y Urquijo	Renta 4 S.V., S.A.	Contractual	Beneficiary of services	4
Mr. Pedro Ángel Navarro Martínez	Renta 4 S.V., S.A.	Contractual	Beneficiary of services	3
Mr. Pedro Ferreras Díez	Renta 4 S.V., S.A.	Contractual	Beneficiary of services	2
Mr. Santiago González Enciso	Renta 4 S.V., S.A.	Contractual	Beneficiary of services	1
Mr. Francisco Asís García Molina	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	2
Mr. Pedro Angel Navarro Martínez	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	89
Mr. Pedro Ferreras Díez	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	25
Mr. Eduardo Trueba	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	2
Ms. Sofía Rodríguez-Sahagún Martínez	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	4
Mr. Miguel María Primo de Rivera Urquijo	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	20
Mr. Jesús Sanchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	341
Mr. Santiago Gonzalez Enciso	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	551
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	347
Mr. Jose Ignacio García-Junceda	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	146
Mr. Luis Muñoz Seco	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	194

Name or company name of the managers or directors	Name or company name of the company or entity of its group	Type of relationship	Type of operation	Amount (thousand euro)
Mr. Jesús Sánchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	12
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	33
Mr. José Ignacio García-Junceda Fernández	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	6
Mr. Luis Muñoz Seco	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	17
Mr. Juan Carlos Ureta Domingo	Renta 4 Servicios de Inversión S.A	Contractual	Guarantees received	10.244
Mr. Juan Carlos Ureta Domingo	Renta 4 Servicios de Inversión, S.A	Corporate	Dividends and other benefits distributed	23,974
Mr. Juan Carlos Ureta Domingo	Renta 4 S.V, S.A	Contractual	Beneficiary of services	37

C.4 List any relevant operations between the Company and group other companies which are not eliminated in the process of preparing the consolidated financial statements and which do not form part of the Company's normal trading in relation to their subject and conditions:

Company name of the group company	Brief description of operation	Amount (thousand euro)

C.5 State whether any conflicts of interest involving any members of the Board, pursuant to Article 127 of the Listed Companies Act, have arisen during the financial year.

Sí No ✔

Name or company name of director	Description of situation of conflict of interest

C.6 List the mechanisms provided for detecting, determining and resolving any possible conflicts of interest between the company and/or its group and its directors, managers or significant shareholders.

The Board Regulations and the Internal Code of Conduct regulate the possible conflicts of interest between the company and/or its group and its directors and senior managers.

Article 17 of the Board Regulations states:

"Article 17. Conflicts of interest

1. A conflict of interest exists in those situations where, directly or indirectly, the interests of the Company or of the group companies collide. A personal interest of the director is deemed to exist when the matter affects the same or a person related to the same.

For the purposes of the Regulations, Persons Related to the director are the following:

a) The director's partner or the persons having a similar relationship of affection.

b) The ascendants, descendents and siblings of the director or of the directors' partner (or person having a similar relationship of affection).

c) The partners of the ascendants, descendents and siblings of the director.

d) The companies in which the director, on his/her own behalf or through a representative, falls within one of the situations set forth in Article 4 of Law 24/1988, 28 July of the Securities Market.

As regards the legal person of the director, a Related Person shall be understood to mean the following:

a) Partners who, as regards the legal person of the director, fall within the situations set forth in Article 4 of Law 24/1988, 28 July of the Securities Market

b) Companies, and their partners, forming part of the same group as defined in Article 4 of Law 24/1988, 28 July of the Securities Market

c) Representatives of the physical person, receivers in fact or in law, liquidators and legal representatives having general powers of the legal person of the director.

d)Persons who, in relation to the representative of the legal person of the director, are considered Related Persons pursuant to the above paragraph for the physical person of the director.

2. The situations of conflict of interest shall be governed by the following:

a)Communication: the director shall notify the Board of Directors, through the Chairman or Secretary, of their involvement in any situation of conflict of interest.

b)Abstention: the director may not carry out, directly or indirectly, professional or commercial operations with the Company, unless he/she previously reports the situation of conflict of interests to the Board for approval of the operation. The director must abstain from attending the meetings and from intervening in the deliberation and voting stages regarding those matters in which a conflict of interest has arisen. In the case of proprietary directors, they must abstain from voting on the mattes which could involve a conflict of interests between shareholders proposing their appointment and the Company.

c) Transparency: any situation of conflict of interests of directors shall be reported by the affected party, or by any other means, in the Company's Annual Corporate Governance Report.

d) The provisions of this Article could be developed through any corresponding rules which the Board may issue".

Paragraph VI of the Internal Code of Conduct provides:

"Definition and general principles

6.1 It is the policy of the RENTA 4 Group that when performing these duties, employees provide their professional service with the maximum level of confidentiality, honour and efficiency. Therefore, employees are not permitted to be involved in private activities or in external interests which may endanger the integrity or reputation of the Group.

6.2 A conflict may arise when the activity or interest of a director or employee is incoherent with the interests of the RENTA 4 Group and/or its client.

6.3 The companies which make up the RENTA 4 Group are obliged to obtain information regarding its directors and employees in relation to the possible conflicts of interest in which they are involved, due to their family relationships, personal wealth, or for any other reason, as well as maintaining this information up-to-date.

This activity is governed by two general principles:

a)Independence. The directors and employees shall act at all times with freedom of judgement, royalty to the RENTA 4 Group and to its shareholders, independently of their own or outside interests.

b)Abstention. The directors and employees must abstain from intervening or influencing in the adoption of decisions which may affect persons or entities with which a conflict exists, or from gaining access to confidential information affecting said conflict.

Interests, activities and employment outside the Group.

6.4 The executives and employees of RENTA 4 may not be involved in private activities, nor have interests outside the Group which could give rise to conflicts of interest or which may potentially put at risk the reputation of the companies in the Group

6.5 The directors and employees of the group may not work for another company, except when the Managing Director of the corresponding area and the Committee of Regulatory supervision grant the necessary authorisation.

Financial relationships with clients.

6.6 The directors and employees, in order to avoid possible conflicts of interests, may not maintain financial relationships with clients.

6.7 It is prohibited, as a form of example, but without limitation:

-To make private agreements between the director or employee and the client.

-To borrow or lend money from a client, an exception being made for operations carried out with credit entities on a personal level and unrelated to the professional activity.

Information regarding potential and real conflicts of interest.

6.8 The directors and employees of the RENTA 4 Group shall have an updated and permanent written statement containing:

-Economic or family relationships, or those of other types of clients of the RENTA 4 Group.
-Relationships due to services related to the securities market.
-Relationships with professional investors, such as managers of collective investment funds, pension funds.
-Relationships with significant suppliers, including those providing legal or auditing services.
-Relationships with companies listed on the Stock Exchange or other markets, as well as those entities included within the scope of operation of Royal Decree 629/1993.

6.9 Relationships include the direct or indirect holder of a stake exceeding 5% of the capital in client companies of the RENTA 4 Group, or 1% in companies listed on the Stock Exchange or other markets, as well as those entities included within the scope of Royal Decree 629/1993.

6.10 Relationships include relatives or family members up to the second degree, by blood or affinity (ascendants, descendants, siblings or their partners) with clients or with persons who perform duties of management or direction in the client companies or listed companies. In the event of a reasonable doubt in this respect, the directors or employees are obliged to consult the Committee of Regulatory Supervision.

Likewise, the statement may include relationships other than those set forth hereinabove which in the opinion of an impartial observer could lead to a potential conflict of interest.

C.7 Is more than one of the Group companies listed in Spain?

Yes No ✔

Identify the subsidiary companies listed in Spain:

Subsidiary companies listed

State whether the area of activity and business relationships between them have been clearly and publicly defined, as well as the listed dependent company in relation to the other group companies;

Yes No

Define the possible business relationships between the parent company and the listed subsidiary, and between the latter and other group companies

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and the other group companies:

Mechanisms to resolve possible conflicts of interest

D RISK CONTROL SYSTEMS

D.1 Provide a general description of the risk policy in the Company and/or its group, giving details and evaluating the risks covered by the system, as well as an explanation of the extent to which these systems match the profile of each type of risk.

The Renta 4 Group comprises a group of companies which provide specialist savings and investment services and are independent of any financial or industrial group. For this reason, the evolution of the financial sector is of particular importance and may have a significant effect on the results.

In accordance with the above, the basic risks which are likely to affect the Renta 4 Group, as well as the measures adopted for alleviating their impact should they arise, are those set out hereinbelow:

1. Legal risk

This is the risk assumed by the Renta 4 Group by virtue of possible regulatory breaches or infringements. In particular, the legal risk for Renta 4 may derive from improperly documented or formalised contracts which could lead to sanctions for the Company.

For these purposes, all contractual relations with clients must be documented and formalised pursuant to the law in force.

In addition, and in light of the current policy of commercial expansion, special attention is paid to the training and knowledge of the heads of the commercial network to ensure the proper formalisation of the contracts between clients and suppliers.

2. Credit risk

A credit risk is understood as a client, entity or any counterpart not complying with the undertakings entered into with Renta 4.

To reduce this risk, the following specific proceedings are established to avoid unpaid balances or securities. Notwithstanding this, and exceptionally, individual situations which are properly authorised may be tolerated. These situations shall always be subject to the credit guarantee of the client.

The risk evaluation of the counterpart shall be carried out on the basis of credit ratings of the principal agencies providing such information, selecting those of greater standing and experience.

3. Market risk

This refers to the risks pertaining to the sector in which Renta 4 carries out its activity, that is, investment services.

To control this risk, limits shall be established so that at any time, when faced with market price variations, losses are limited to the predefined maximum. The controls established shall be fixed on the basis of the conditions of the different assets and the importance of the risk inherent to each market. Within this type of risk particular relevance is given to the concept of VaR (Value at Risk or maximum potential loss which a portfolio may suffer in current market conditions), which is included in the risk detection systems.

The Group obtains most of its revenues from brokerage services. The securities market is directly affected by domestic and international economic conditions and the fluctuations in price and volume levels of securities transactions, all of which are beyond the control of the Group. The volatile nature of the stock market may generate an increase in the volume of transactions and an increase in revenues, yet it may also cause a significant decrease affecting the Profit and Loss Account. As a consequence, market fluctuations may have a negative effect on the business and the results of its operations.

4. Operational risk

Operational risk refers to human errors, deficiencies in internal control systems or failures in the systems implemented.

On carrying out a large volume of orders, the Group is exposed to risks associated with human errors and omissions, the malfunctioning of internal control procedures and failures in any of the key technologies the trading system uses.

In order to reduce this risk the company has imposed some minimum requisites on the training of employees, in addition to primary controls in the different employment posts, such that the control routines are integrated into every task performed.

Improvements to the computer systems contribute to the establishment of better controls, and the decreasing number of manual processes reduces human errors.

5. Risk of liquidity

As the name itself indicates, the liquidity risk refers to a cash flow problem, normally due to cash timing differences between the credits and debits in the cash balance.

To control this risk, and to comply with the legal requirements regarding coefficients and payment undertakings with third parties, the liquidity coefficient is calculated and revised on a daily basis.

6. Risk of theft, fraud or embezzlement

This risk refers to the risk of theft, fraud or embezzlement by clients, representatives, employees or directors.

To avoid this risk it is vital to count on upright directors and staff with high ethical and professional values. No director or employee shall be permitted to behave in an illegal manner, or in an improper manner regarding the ethical rules of professional conduct.

As regards the representatives, their selection is carried out on the basis of their accredited professionalism and integrity, but this does not impede the implementation of specific rules of internal audit and control.

All employees and representatives of Renta 4 must be submitted to the Internal Rules of Conduct (IRC), by which the ethical rules of action are established.

In addition, with the purpose of minimising this type of risk, the RENTA 4 Group has an insurance policy to cover the risk.

Furthermore, in relation to clients, situations which could potentially lead to fraud shall not be permitted.

7. Risk of dependence on key technology and communication systems

The activity of the RENTA 4 Group depends, to a great extent, on the performance, reliability and integrity of the telecommunication and information technology systems, as well as the electronic systems supporting them. This is especially so since the development of the on-line trading system, as the group receives purchase and sale orders and provides services through electronic means, including Internet.

In this regard, the Central Services and the offices and branches are connected by communication systems for data transfer.

The business may be seriously affected by viruses, security breaches by "Hackers" and other "web delinquents" who attempt to gain access to information, or by other inappropriate uses of the network resources.

For these purposes, the RENTA 4 Group relies on the technology of encryption and authentification to achieve the necessary security to provide safe transfer of confidential information.

8. Reputational risk

This risk is a consequence of the investment activities, recommendations, publications, etc., which could lead to a deterioration of the image and reputation of the RENTA 4 Group.

For this reason, media relations in general fall within the duties of the Group Chairman, who must value the system in order to satisfy the demand for information requested.

D.2 Indicate whether any of the different types of risk affecting the company and/or its group (operational, technological, financial, legal, reputational, fiscal…) have materialised during the financial year:

Yes No ✓

During the year 2008 no important risk materialised which could have affected the normal functioning of the activities of the RENTA 4 Group, the control systems having performed satisfactorily.

If so, please indicate the circumstances which led to the risk and whether the established control mechanisms proved to be effective.

Risk materialised during the financial year	Circumstances that led to the risk	Effectiveness of control systems

D.3 State whether there is a committee or other governing body in charge of establishing and supervising these control systems:

Yes ✓ No

If so, give details of its duties.

The organisational structure of the RENTA 4 Group has various bodies and committees whose duties and responsibilities include the supervision of the risk identification and control systems.

Name of Committee or Body	Description of functions
UNIT OF RISK CONTROL	This body is directly responsible to the Board of Directors. The Unit of Risk Control carries out its duties over all the entities included within the scope of consolidation of the RENTA 4 Group and is responsible for implementing the established control systems and culture, and for revising the internal control procedures and systems, and monitoring their compliance. In addition, the Unit of Control is in charge of reporting all breaches of the control rules.
AUDIT AND CONTROL COMMITTEE	The Audit Committee is attributed with the following duties: - The supervision of the management of the Company's internal auditing services which safeguard the good performance of the internal information and control systems, particularly in relation to the proper preparation of the financial information of the Company and Group.. - To understand the process of financial information and systems of control and internal risk management associated with the relevant risks of the Company, such that these are properly identified, managed and reported, to safeguard the independence and effectiveness of the internal auditing function, to propose the selection, appointment, re-election and removal of the head of internal auditing, as well as the budget for such service, receiving periodic information regarding the activities and verifying that senior management take the conclusions and recommendations of the reports into account. - To supervise the performance of the duties attributed to the area responsible for the prevention of money laundering and to be aware of the reports and proposals which are presented in this regard.

D.4 Identify and describe the processes for compliance with the different regulations affecting the company and/or its group.

The Group has the specific areas of Internal Auditing, Legal, Fiscal and Human Resources, which in co-ordination with the Unit of Risk Control and Company Management are responsible for applying the law in force relating to each case.

In addition, and pursuant to Article 31. 3 of the Board Regulations, the Audit and Control Committee shall monitor compliance with the internal codes of conduct, the rules of corporate governance and the regulations on financial instruments applicable to the Company.

E GENERAL MEETING

E.1 Indicate, and where applicable, provide details as to whether there are any differences from the minimum regime set forth in the Listed Companies Act (LSA in the Spanish acronym) in relation to the quorum established in the Bylaws relating to the General Meeting

Yes No ✓

	% of quorum other than that established in Art. 102 LSA for general cases	% of quorum other than that established in Art. 103 LSA for special cases listed in Art. 103
Quorum required for 1stcall to meeting		
Quorum required for 2nd call to meeting		

Description of the differences

E.2 Indicate, and where applicable, provide details of any differences from the regime provided in the Listed Companies Act (LSA) in relation to the adoption of corporate resolutions:

Yes No ✓

Describe any differences from the regime set forth in the LSA.

	Reinforced majority other than that established in art. 103.2 LSA for cases listed in art. 103.1	Other cases of reinforced majority
% established by company for the adoption of resolutions		
Describe the differences		

E.3 List shareholders' rights regarding the General Meetings, other than those set forth in the LSA.

The shareholders' rights established in the Bylaws are the same as those set forth in the Listed Companies Act (LSA) and are also established in the General Meeting Regulations.

E.4 Specify any measures adopted to foster shareholder participation in general meetings.

Notwithstanding the high shareholder participation in General Meetings, either by way of physical presence or by proxy representation, article 25.5 of the General Meeting Regulations provides the possibility for shareholders to exercise their voting rights by mail or electronic communication, in the latter case provided that the Board of Directors so agrees, making it public in the calling of the Shareholders General Meeting.

Furthermore, through its web-site (www.renta4si.com), the Group maintains company shareholders permanently informed.

E.5 Indicate whether the Chairman of the Board chairs the General Meeting. If so, list the measures adopted to ensure the independence and proper development of the General Meeting:

Yes ✓ No

Details of measures
As far as verifying the valid constitution of the meeting, the company has the systems necessary for carrying out the computerised control and calculation of the representations, as well as for preparing the list of attendees, present and represented, at the General Meeting. Such information is incorporated in the minutes of the meeting with the calculation of the quorum of constitution and adoption of resolutions (Article 17 of the Regulations of the General Meeting). The same computer systems are also used in the resolution of doubts, clarifications and complaints which may arise regarding the list of attendees. As regards the activity of the Chairman when giving the floor to the shareholders, in accordance with Article 23 of the General Meeting Regulations, the Chairman: a. "may extend, when deemed necessary, the time initially allocated to each shareholder and, in addition, may refuse to give the floor when a matter is deemed sufficiently debated. b. may request that the participants clarify matters which have not been understood, or which have not been sufficiently explained during the intervention.; c. may call the intervening shareholders to order so that they limit their intervention to matters of the General Meeting, and that they abstain from making inappropriate declarations, or from exercising their right in an abusive or obtrusive manner; d. may announce to the participants that the time of their intervention is coming to an end so that they may adjust their intervention and give up the floor when the time granted is at an end. e. may consider the intervention capable of altering the agenda and normal development of the meeting, and may demand that they immediately give up the floor, and if necessary taking it from them.

E.6 Indicate any amendments to the Regulations of the General Meeting during the financial year.

E.7 Indicate the attendance data for the General Meetings held during the financial year of this report:

Attendance data

Date of General Meeting	% attending in person	% by proxy	% remote voting: e-voting	% remote voting: Other	Total
29-04-08	66,86	10,79	0,00	0,00	77,65%
04-12-08	55,33	14,36	0,00	0,00	69,69%

E.8 List briefly the resolutions adopted in the General Meetings held in the financial year of the report and the percentage by which each resolution was passed.

The Ordinary General Meeting held on 29.04.08 adopted the following resolutions, all of them unanimously with the only exception of resolution number 6, which was adopted by majority of 77.6492% of the share capital:

1 .- Examination and approval of the Annual Accounts (Balance, Profit and Loss Account and Annual Report) and Management Report of the company, duly audited, corresponding to the financial year ended 31 December 2007.

2.- Examination and approval of the Annual Accounts (Balance, Profit and Loss Account and Annual Report) and Management Report of the consolidated Group of the Company, duly audited, corresponding to the financial year ended 31 December 2007 .

3.- Examination and approval of the application of the results of the financial year 2007.

4.- Distribution of dividends from the Company ´ s voluntary reserves.

5.- Examination and approval of the management of the Board of Directors during the financial year 2007.

6.- Modification of article 6 of the Bylaws..

7.- Reelection of the Auditors of the Company and the Consolidated Group.

8.- Information about the modifications of the Board Regulations.

9.- Delegation of powers for the filing of resolutions drawn up in the minutes of the meeting, as well as the required filing of the annual financial statements.

10.- Reading and approval of the minutes of the meeting.

By other hand, the Extraordinary General Meeting held on 04.12.08 adopted the following two resolutions, the first of which was adopted unanimously and the second one by majority of 99.99% of the present or represented share capital:

1.- Extraordinary payment of issue premium in kind.

2.- Ratification and appointment of Mr. Francisco García Molina (Independent Director).

E.9 State whether the Company Bylaws establish any restriction on the minimum number of shares required to attend the General Meeting:

Yes No ✓

Number of shares necessary to attend the General Meeting

E.10 Indicate and explain the policies of the company in relation to proxy voting at the General Meeting.

The proxy voting regime at the General Meeting is set forth in Article 14 of the Regulations of the General Meeting, which provides:

"1. Shareholders with right of attendance may delegate their representation by proxy to another person, even if such person is not a shareholder.
The proxy must be conferred in accordance with the terms and scope established by Law, in writing and specific to each General Meeting, except in the case of partners, ascendants or descendants of the party represented or legal representative, stipulated in a public deed as empowered to administer all the shareholder s assets in the national territory.

2. The proxy may also be granted by postal correspondence, remitting a document to the Company expressing the proxy granted and accompanied by the attendance card issued by the Company or entities in charge of keeping the shareholder register. Notwithstanding this, the attendance card may be sufficient when such card provides for proxy through postal correspondence.
The proxy may also be granted by other means or remote communication, provided that such means are expressly permitted by the Board of Directors on the calling of each General Meeting, this being made public in the notice of call and at the Company web-site.

3. The proxy granted by any of the means of remote communication cited must be received by the Company five (5) hours prior to the date and time established for holding the General Meeting on first call. If this is not the case, the proxy shall be deemed invalid.

4. The Chairman and the Secretary of the General Meeting or the person appointed by the same shall have unlimited authority for allowing the validity of the document or the means of accreditation of the proxy, being obliged to consider invalid only that which lacks the necessary minimum requirements and provided this cannot be rectified.

5. In the cases in which the Company directors make a public request to be represented by proxy, the rules of the Listed Companies Act, the Securities Market Act, and the implementing regulations shall be applied. In particular, the document expresing the power must contain or be accompanied by the agenda, as well as the application for instructions for exercising the voting right and the indication of how the proxy representative shall vote in the event that instructions are not given, or are not precise. The delegation may also include those items which, although not on the agenda, may be considered, as they are permitted by Law. The Board may replace the representative director for another member attending the General Meeting when such representative falls within a conflict of interests which may impede the proxy voting.

6. The proxy may be revoked at any time. The attendance of the shareholder at the General Meeting implies the revocation of any delegation, whatever the date may be."

E.11 State whether the company is aware of the institutional investors policy on whether or not to participate in making company decisions.

Yes No ✓

Describe the policy

E.12 Indicate the address and mode of access to corporate governance on the web-site.

www.renta4si.com: see section shareholders-financial-information.

F DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

State the degree of compliance with the recommendations of the Unified Code of Good Governance.

If the company fails to comply with any of such recommendations, state the recommendations, rules, practices or criteria the company applies.

1. The Bylaws of listed companies cannot limit the maximum number of votes held by a single shareholder, nor may they contain any other restrictions which impede the company's takeover through share acquisition in the market.

See sections: A.9 , B.1.22 , B.1.23 y E.1 , E.2.

Compliance ✓ Explanation

2. When the parent Company and a subsidiary are listed separately, they must both define with precision:

a) The type of activity they engage in and any possible business deals between them, as well as between the listed subsidiary and other companies in the group;

b) The mechanisms in place to resolve possible conflicts of interest which may arise;

See sections: C.4 y C.7

Compliance ✓ Partial Compliance Explanation Not applicable

3. Even if not expressly required by company law, operations involving changes to the company structure shall be submitted to the General Shareholders' Meeting for approval or ratification, and especially the following:

a)The conversion of listed companies to holding companies through the subsidiarisation or incorporation to dependant entities of core activities previously carried out by the company itself, even though the latter retains full control of such entities;

b) The purchase or disposal of key operating assets which would effectively alter the company's corporate purpose;

c)Those operations whose effect would be equivalent to the company's liquidation;

Compliance   Partial Compliance   Explanation ✓

It has been decided not to include the present recommendation in order not to reduce the effectiveness of the Board of Directors, as these are operations which may require rapid decision-making processes for reasons of opportunity, and further, because there are sufficient legal mechanisms of protection for the shareholders and the Company, without prejudice to the Board informing the General Meeting about such operations.

4. The detailed proposals of agreements to be adopted at the General Meeting, including the information to which Recommendation 28 refers, shall be made public at the time of publishing the call for the General Meeting.

Compliance ✓   Explanation

5. Separate votes shall be taken at the General Meeting on materially separate items in order for shareholders to be able to express their preference on each item. This rule applies in particular to the following:

a)The appointment or ratification of directors which must be carried out with separate voting on each candidate;

b)In the event of amendments to Bylaws, articles or groups of articles which are materially different.

See section: E.8

Compliance ✓   Partial Compliance   Explanation

6. Companies should allow the splitting of votes so that financial intermediaries legitimised as shareholders on record, but acting on behalf of different clients, may issue votes on their instructions.

See section: E.4

Compliance ✓   Explanation

7. The Board of Directors shall perform its duties with unity of purpose and independence of criteria and grant the same treatment to all shareholders. It shall, at all times, act in the best interests of the company, this to be understood as maximising the company's value over time.

Likewise, the Board shall ensure that the company abides by the laws and regulations in its relations with stakeholders; that it fulfils its obligations and contracts in good faith; that it respects the customs and good practices of the sectors and territories where it carries out its activities; and that it observes any additional principles of corporate responsibility it has voluntarily subscribed to.

Compliance ✓   Partial Compliance   Explanation

8. The core components of the mission of the Board shall consist of approving the company's strategy and the necessary organisation for such, as well as supervising and ensuring that Management fulfils its objectives and respects the company's interests and corporate purpose. To carry out these duties, the Board in full reserves the authority to approve:

a. The general policies and strategies of the company and, more specifically:

i. The strategic or business plan, as well as management targets and annual budgets;
ii. The investment and finance policy;
iii. The definition of the corporate group's structure;
iv. The corporate governance policy;
v. The corporate social responsibility policy;
vi. The policy of remuneration and evaluation of senior management;
vii. The risk control and management policy, as well as the periodic monitoring of internal information and control systems;
viii.The policy on dividends and treasury stock and in particular, the limits to apply.

See section: B.1.10, B.1.13, B.1.14 y D.3

b. The following decisions:

i. At the proposal of the company's Chief Executive, the appointment and removal of senior managers, as well as their severance clauses.

See section: B.1.14.

ii. The remuneration of directors, the additional remuneration for their management duties and other contractual conditions.

See section: B.1.14.

iii. The financial information which listed companies are obliged to disclose periodically.

iv. Investments or operations of any type considered strategic due their large amount or special characteristics, unless their approval corresponds to the General Meeting;

v. The setting up or acquisition of special purpose vehicles or entities with registered addresses in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could impair the transparency of the group.

c. Transactions the company carries out with directors, significant shareholders or shareholders with Board representation, or other parties related thereto ("related-party transactions").

The authorisation of the Board shall not, however, be required for related-party transactions which fulfil the following three conditions:

1. They are carried out through standard contracts which are applied in mass to a large number of clients;

2. They are performed at prices or rates established on a general basis by the party supplying the goods or services in question;

3. Their amount does not exceed 1% of the company's annual revenues.

It is recommended that the Board approve related-party transactions only after having received a favourable report from the Audit Committee or, if appropriate, any other Committee assigned to carry out this task; and that the directors affected, in addition to not exercising or delegating their voting right, shall be absent from the meeting room while the Board deliberates and votes.

It is recommended that these competences attributed to the Board, may not be delegated, except those mentioned in b) and c), which can be delegated to the Executive Committee for reasons of urgency, subject to posterior ratification by the Board in full.

See section: C.1 y C.6

Compliance ✓   Partial Compliance   Explanation

9. The Board should be of such a size as to ensure efficient and participative operation, it therefore being advisable to have no less then five members and no more than fifteen.
See section: B.1.1

Compliance ✔ Explanation

10. The external proprietary and independent directors constitute an ample majority on the Board and the number of executive directors should be the minimum necessary, taking into account the complexity of the corporate group and the shareholding percentage of the executive directors.

See section: A.2 , A.3, B.1.3 y B.1.14.

Compliance Partial Compliance ✔ Explanation

Out of nine directors who currently comprise the Board of Directors, three of them are executives, four independent and two other external directors. Thus, the Board is comprised of six external or non-executive directors, which represent a wide majority of the Board members.

Nevertheless, it is not completely complied with the recommendation for the following reasons: on one hand, because among the external directors there is not any proprietary directors, as long as Mr. Juan Carlos Ureta Domingo, significant shareholder of the Company, is considered an executive director due to his condition of Chairman and Managing Director of the Board; and on the other hand, because two of the external directors are considered other external directors for reasons stated in section B.1.3.

11. In the event of an external director who may not be considered either proprietary or independent, the company must provide an explanation of such circumstance and the director's relations with the company, the managers, or shareholders.

See section: B.1.3

Compliance ✔ Explanation Not applicable

12. Amongst the external directors, the ratio of proprietary directors and independent directors should reflect the composition between the capital represented by proprietary directors on the Board and the remaining company capital.

This criteria of strict proportionality could be relaxed such that the weight of the proprietary directors is greater than would strictly correspond to the total percentage of capital they represent in the following cases:

1. In large cap companies where few or no equity stakes reach the legal threshold for significant shareholdings, yet where there are shareholders with high absolute value shareholdings.

2. In companies with a plurality of shareholders represented on the Board who are otherwise unrelated.

See section: B.1.3 , A.2 y A.3

Compliance ✔ Explanation

13. The number of independent directors represents at least one third of the total number of directors.

See section: B.1.3

Compliance ✔ Explanation

14. The Board shall explain the nature of each director to the General Shareholders Meeting which must make or ratify the appointment. This determination shall subsequently be confirmed or reviewed each year in the Annual Report on Corporate Governance, after verification by the Nomination Committee. The Annual Report on Corporate Governance shall also explain any appointments of proprietary directors representing shareholders with an equity stake inferior to 5% of the capital; and the reasons should also be given for any refusal of a formal request for a place on the Board from shareholders whose equity stake is equal to or superior to others at whose request proprietary directors have been appointed.

See section: B.1.3 y B.1.4

Compliance ✔ Partial Compliance Explique

15. When the number of female directors is few or non-existent, the Board should provide an explanation for this situation and the measures adopted for its correction; and in particular, the Nomination Committee should take steps to ensure that when new vacancies arise:

a)The selection procedures are not implicitly biased against female candidates;

b)The company makes a deliberate effort to include females amongst the potential candidates with the desired professional profile.

See section: B.1.2, B.1.27 y B.2.3.

Compliance ✔ Partial Compliance Explanation Not applicable

16. As the Chairman is responsible for the proper functioning of the Board, he or she will ensure that directors are in possession of sufficient information prior to the Board meetings. Furthermore, the Chairman must foster a healthy level of debate and active participation of directors during the meetings, and ensure that freedom of expression and opinion is protected. Moreover, the Chairman must organise and co-ordinate regular evaluations of the Board and, where applicable, that of the company's Chief Executive or managing director.

See section: B.1 42

Compliance ✔ Partial Compliance Explanation

17. When the Chairman of the Board and the Chief Executive are one and the same person, one of the independent directors shall be authorised to request the calling of Board meetings or the inclusion of new matters in the agenda, to co-ordinate and communicate the concerns of external directors and to take charge of the Chairman's evaluation by the Board.

See section: B.1.21

Compliance Partial Compliance ✔ Explanation Not applicable

An alternative mechanism has been established in the Board Regulations to counter-balance the figure of the Executive Chairman, which is that of the Vice-Chairman or, if there are various, Vice-Chairmen, who must be independent directors and are able, together with other directors, to request that the Chairman call a Board meeting, that new items are included on the agenda and are in charge of the Board's evaluation of the Chairman.

18. The Secretary of the Board shall take steps to ensure that the Board's actions:

a) Abide by the spirit and the letter of the Law and its implementing regulations, including those issued by regulatory bodies;

b) Are in accordance with the company Bylaws and the regulations of the General Shareholders' Meeting, the Board and any others the company may have;

c) Take into account the recommendations of good governance set forth in the Unified Code which the company has adopted.

Furthermore, and with the purpose of ensuring the independence, impartiality and professionalism of the Secretary, his or her appointment and removal shall be proposed by the Nomination Committee and approved by the Board in full. The appointment and removal procedures must be stipulated in the Board regulations.

See section: B.1.34

Compliance ✔ Partial Compliance Explanation

19. The Board should meet as often as necessary to perform its duties effectively, following the Schedule of dates and matters established at the beginning of the financial year, each Board member being able to propose other items on the agenda which were not initially included.

See section: B.1.29

Compliance ✔ Partial Compliance Explanation

20. Directors' absences shall be kept to the bare minimum and shall be quantified in the Annual Report on Corporate Governance. In the event that proxy attendance is necessary, they must provide instructions.

See section: B.1.28 y B.1.30

Compliance ✔ Partial Compliance Explanation

21. When directors or the Secretary express concerns regarding a proposal or, in the case of directors, regarding company performance, and when such concerns are not resolved at the meeting, the member expressing the concerns shall request their inclusion in the minutes.

Compliance ✔ Partial Compliance Explanation Not applicable

22. The Board shall evaluate on an annual basis:

a) The quality and efficiency of the Board's performance;

b) The performance of the Chairman and Chief Executive in carrying out their duties, based on the Nomination Committee's report;

c) The performance of its Committees, based on the reports they provide.

See section: B.1.19

Compliance ✔ Partial Compliance Explanation

23. All directors are entitled to make use of their right to receive any additional information they deem necessary on matters which fall within the Board's competence. Unless the Bylaws or Board Regulations state the contrary, such requests should be addressed to the Chairman or to the Secretary of the Board.

See section: B.1.42

Compliance ✔ Explanation

24. All directors are entitled to obtain the necessary advice for carrying out their duties. The company shall decide the suitable channels for exercising such right, and in special circumstances this may extend to external advice at the company's expense.

See section: B.1.41

Compliance ✔ Explanation

25. Companies shall set up induction courses to rapidly provide sufficient knowledge of the company, as well as about the rules of corporate governance. Directors shall also be offered courses to update their knowledge when circumstances so dictate.

Compliance ✔ Partial Compliance Explanation

26. Companies should demand that directors devote the necessary time and effort for the effective performance of their duties. In consequence:

a) Directors shall inform the Nomination Committee of any other obligations which could interfere with their duty to provide the necessary dedication;

b) Companies should establish rules on the number of directorships the Board members may hold.

See section: B.1.8, B.1.9 y B.1.17

Compliance ✔ Partial Compliance Explanation

27. The proposal for appointment or re-election of directors submitted by the Board to the General Meeting, as well as the provisional appointments by cooption, are to be approved by the Board :

a) At the proposal of the Nomination Committee, in the case of independent directors.

b) Subject to a report of the Nomination Committee in the case of all other directors.

See section: B.1.2

Compliance ✔ Partial Compliance Explanation

28. Through their web-site companies should disclose, and maintain up-to-date, the following information about its directors:

a) Professional profile and background;

b) Other Boards of directors to which they belong, whether or not of listed companies;

c) Indication of type of directorship held. In the case of proprietary directors, the shareholder they represent, or are related to.

d) The date of their first appointment as company director, and subsequent ones in the capacity of company director, and;

e) Shares held in the company and options on the same.

Compliance ✔ Partial Compliance Explanation

29. Independent directors should not serve as such for a continuous period exceeding 12 years.

See section: B.1.2

Compliance ✔ Explanation

30. Proprietary directors shall tender their resignation when the shareholders they represent dispose of all their shares. They shall also do so in the corresponding number when such shareholder reduces the stake to a level requiring an appropriate reduction in the number of proprietary directors.

See section: A.2 , A.3 y B.1.2

Compliance ✔ Partial Compliance Explanation

31. The Board of Directors may not propose the removal of any independent director prior to the expiry of the term set forth in the Bylaws, except where just cause is found by the Board following a report of the Nomination Committee. Specifically, just cause will be considered to include situations where the director has acted in breach of his/her duties, or when they fall within the scope of the circumstances set forth in paragraph 5, Section III of the definitions of this Code.

The removal of independent directors may also be proposed when a public tender offer, merger or similar corporate operation results in changes to the company's capital structure when such changes occur due to the criteria of proportionality set forth in Recommendation 12.

See sections: B.1.2, B.1.5 y B.1.26

Compliance ✓ Explanation

32. 32. Companies should establish rules obliging the directors to report and, if applicable, resign in those cases which could potentially impair the company's good standing and reputation and in particular, they are obliged to inform the Board immediately of any criminal charges brought against them and the progress of any subsequent trial.

In the event that a director is indicted or proceedings are brought against the latter for any of the crimes set forth in Article 124 of the Listed Companies Act, the Board must examine the case as soon as possible and, in light of the particular circumstances, decide whether the director may continue or should be called on to resign. The Board shall also be obliged to disclose and explain all such decisions in the Annual Report on Corporate Governance.

See sections: B.1.43, B.1.44

Compliancee ✓ Cumple parcialmente Explanation

33. All directors should clearly express their opposition when they consider a proposal submitted to the Board may be contrary to the company's interest. In addition, independent directors and other directors not affected by the potential conflict of interest should strongly challenge any decision which might cause harm to shareholders lacking board representation.

When the Board adopts materially significant or reiterated decisions about which the director has expressed serious reservations, such director shall draw the pertinent conclusions, and their decision is to resign, the reasons for such should be set out in the letter hereinbelow referred to.

This Recommendation is also applicable to the Board Secretary, even if he/she is not a member of the Board.

Compliance ✓ Cumple parcialmente Explanation Not applicable

34. Those directors resigning or leaving before the end of the term must state their reasons in a letter sent to all Board members. Even though this is declared to the regulatory authorities as a significant event, the reasons for leaving shall appear in the Annual Report on Corporate Governance.

See sections: B.1.5

Compliance ✓ Cumple parcialmente Explanation Not applicable

35. The company's remuneration policy approved by the Board shall include the following:

a) Amount corresponding to fixed items, with a breakdown where necessary, of attendance allowances of the Board and its Committees, and an estimate of the fixed annual amount such allowances represent;

b) Items of variable remuneration, including, in particular:

i) Types of directors they apply to, with an explanation of the relative weight of variable to fixed items.

ii) Evaluation criteria used in calculating the entitlement to the award of shares or stock options or any variable remuneration;

iii) The main parameters and justification for any system of annual bonuses or other non-cash benefits; and,

iv) An estimate of the total amount of variable remuneration resulting from the proposed remuneration plan, on the basis of the degree of fulfilment of the hypothesis or targets taken as reference.

c)Principal characteristics of the pension schemes (for example, supplementary pensions, life assurance and similar), and an estimate of their amount or equivalent annual cost.

d)Contractual conditions of those carrying out senior management duties such as executive directors, including:

i) Term;

ii) Notice periods; and

iii) Any other clauses relating to engagement premiums, as well as severance payments or "golden parachutes" in the case of early termination of the contract between the company and executive director.

See section: B.1.15

Compliance ✓ Partial Compliance Explanation

36. Executive directors should receive remuneration comprising company shares or shares of other group companies, share options or other share-based incentives, or variable remuneration linked to company performance or pension schemes.

This recommendation does not apply to the award of shares when such award is conditional on directors maintaining the shares until the end of their term

See section: A.3 , B.1.3

Compliance ✓ Explanation

37. The remuneration of external directors shall be that necessary to compensate the dedication, qualification and responsibility the position involves, though it shall not be so high as to jeopardise independence.

Compliance ✓ Explanation

38. The remuneration linked to company performance should be modified in the case of qualifications in the Auditor's report.

Compliance ✓ Explanation Not applicable

39. With regard to variable remuneration, policies should incorporate technical measures to ensure remuneration reflects the professional performance of the beneficiaries, and not solely, the general progress of markets, the company sector or similar circumstances.

Compliance ✓ Explanation Not applicable

40. The Board shall submit a consultative report on the policy of director remuneration to

the General Shareholders' Meeting, as a separate item on the agenda. This report shall be made available to shareholders, either separately, or in any other way the company considers appropriate.
The report will focus on the remuneration policy approved by the Board for the present year and, where applicable, the policy planned for future years. The report shall address all matters referred to in Recommendation 35, except where doing so may involve the disclosure of commercially sensitive information. Mention shall also be made of the most significant changes in the remuneration policy compared to the previous year. The report will further include a general summary of how the remuneration policy was applied in the previous financial year.

The Board shall also provide information regarding the role played by the Remuneration Committee in designing the remuneration policy and further, whether external advice had been sought, and if so, the identity of the same.

See section: B.1.16

Compliance Partial Compliance ✔ Explanation

Art. 24.3 of the Board Regulations establishes that the Board shall prepare an annual report on the remuneration policy of the current year and the application of the remuneration policy in force in the previous financial year. This report shall be made available to shareholders, in the manner the Board deems appropriate, on the calling of the Ordinary General Meeting. Furthermore, in accordance with legal provisions, the Annual Report must include individual details of directors' remuneration during the financial year with a breakdown of the different items.

In addition, pursuant to Recommendation 41 of the Unified Code, which is incorporated in art. 24.4 of the Board Regulations, the Annual Report relating to future financial years shall specify individual details of directors' remuneration during the financial year with a breakdown of the different items, including those linked to the performance of senior management and, where applicable, the granting of shares or options on the same or any other share-based incentives.

41. The Annual Report shall provide details of directors' individual remuneration during the financial year and shall include:

a) A breakdown of the remuneration of each director shall be provided and, where appropriate, the breakdown will include:

i) Attendance allowances and other fixed remuneration corresponding to directors;

ii) Additional remuneration corresponding to the position of Chairman or to members of Board Committees;

iii) Any remuneration paid under profit-sharing or bonus schemes, and the reason for their payment;

iv) Contributions in favour of the director to defined-contribution pension plans; or any increase in the vested rights of the director in the case of defined-benefit schemes;

v) Any compensation agreed or paid on the termination of their duties;

vi) Remuneration received as director in other companies of the group;

vii) Remuneration received by executive directors for carrying out senior management duties;

viii) Any other item of remuneration not included in the above, whatever the nature or paying entity within the group, particularly when this may be considered a related-party transaction or when its omission would distort a true and fair reflection of the total remuneration received by the director.

b) The individual break-down of the possible award to directors of shares or options on the same or any other share-based incentives, providing details of:

i) Number of shares or options awarded during the year and terms of their execution:

ii) Number of options exercised during the year, indicating number of shares involved and exercise price:

iii) Number of options outstanding at the annual close, indicating their price, date and other terms of exercise;

iv) Any amendments made during the year to the terms of exercise of options already granted.

c) Information about the previous year's relation between the remuneration received by executive directors and company profits or other measures of company performance.

Compliance ✔ Partial Compliance Explanation

42. When the company has a Management or Executive Committee (hereinafter, the "Executive Committee"), the structure of participation of the types of different directors shall be similar to the Board itself and its Secretary shall be that of the Board.

See sections: B.2.1 y B.2.6

Compliance ✔ Partial Compliance Explanation Not applicable

43. The Board shall be maintained fully aware of the matters dealt with and the resolutions adopted by the Executive Committee. All Board members shall receive copies of the minutes of the meetings from the Executive Committee.

Compliance ✔ Explique Not applicable

44. 44. In addition to the Audit Committee, which is mandatory pursuant to the Securities Market Act, the Board of Directors will establish an Nomination and Remuneration Committee, or two separate committees.

The rules governing the composition and operation of the Audit Committee and the Nomination and Remuneration Committee or committees shall be set forth in the Board Regulations, and shall include the following:

a) The Board of Directors shall appoint the members of these committees on the basis of the knowledge, skills and experience of directors, and further taking into account the duties of each committee. The Board is in charge of discussing their proposals and reports. At the first Board meeting following the committee meeting, the committees must report their activity and assume responsibility for the work carried out;

b) These committees shall be composed exclusively of external directors and will have a minimum of three members. This is without prejudice to executive directors or senior managers attending meetings, if expressly agreed by the Committee members.

c) The Committee Chairmen shall be independent directors.

d) External advisors may be engaged by committee members when considered necessary for carrying out their duties.

e) Minutes of the meetings shall be drawn up and copies sent to all Board members.

See sections: B.2.1 y B.2.3

Compliance ✔ Partial Compliance Explanation

45. Supervising the compliance with internal rules of conduct and corporate governance rules shall be attributed to the Audit Committee, the Nomination Committee or, should it be the case, separate Compliance or Corporate Governance Committees.

Compliance ✔ Explanation

46. The members of the Audit Committee, particularly its Chairman, shall be appointed on the basis of knowledge and experience in accounting, auditing or risk management.

Compliance ✔ Explanation

47. Listed companies shall have an internal auditing function, under the supervision of the Audit Committee, in order to ensure the proper operation of internal information and control.

Compliance ✔ Explanation

48. The head of internal auditing shall present an annual work plan to the Audit Committee. Furthermore any incidents arising during the implementation shall be reported to such Committee and an activities report must be submitted at the close of each financial year.

Compliance ✔ Partial Compliance Explanation

49. The company's risk management and control policy shall, as a minimum, specify the following:

a) The different types of risk (operational, technological, financial, legal, reputational…) the company is exposed to, including within the financial or economic risks, contingent liabilities and other off-balance sheet risks;

b) The determination of the risk level the company deems acceptable;

c) The measures in place to mitigate the impact of the significant risks identified, should they materialise;

d) The internal information and control systems employed to control and manage the above-mentioned risk, including contingent liabilities and other off-balance sheet risks;

See section: D

Compliance ✔ Partial Compliance Explanation

50. 50. The Audit Committee's duties include the following:

1. In relation to the internal information and control systems:

a) Supervising the preparation and integrity of the company's financial information and, where applicable, that of the group, checking compliance with legal provisions, the proper delimitation of the scope of consolidation and the correct application of accounting principles.

b) Reviewing the internal control and risk management systems periodically for the purpose of identifying, managing and disclosing the principal risks.

c) Ensuring the independence and efficiency of the internal auditing function, proposing the selection, appointment, re-election and removal of the head of the internal auditing service, receiving periodic information on its activities, verifying that senior management bear in mind the conclusions and recommendations of its reports.

d) Establishing and supervising a mechanism which permits employees to report any potentially significant irregularities in the company, particularly those relating to finance or accounting. They may do so confidentially, or if deemed appropriate, anonymously.

2. In relation to the external auditor:

a) Making recommendations to the Board regarding the selection, appointment, re-election and substitution of the external auditor, as well as the terms of his/her engagement.

b) Receiving periodic information from the external auditor on the progress and findings of the audit plan and verifying that senior management bears its recommendations in mind.

c) Ensuring the independence of the external auditor and, for this purpose:

i) The company shall notify the Spanish Securities and Exchange Commission (CNMV) of any change of auditor as a "significant event" with a statement regarding the possible existence of disagreements with the outgoing auditor, and if so, the reasons for such.

ii) The Audit Committee shall ensure that the company and the auditor abide by the regulations in force relating to the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements established to ensure auditors' independence;

iii) The Audit Committee shall investigate the circumstances which giving rise to the resignation of an external auditor.

d) With regard to groups, the Audit Committee shall encourage the auditor to assume responsibility for the audits of the group companies .

See sections: B.1.35, B.2.2, B.2.3 y D.3

Compliance ✔ Partial Compliance Explanation

51. The Audit Committee may call a meeting with any Company employee or director, and may request their attendance without the presence of a senior manager.

Compliance ✔ Explanation

52. The Audit Committee shall report to the Board, prior to the latter making the corresponding decision, on the following items set forth in Recommendation 8:

a) The financial information that listed companies must disclose periodically. The Committee shall ensure that interim statements are prepared following the same accounting criteria as that of the annual statements and, for this purpose, may request that the external auditor carry out a limited review.

b) The creation or acquisition of shares in special purpose vehicles, or those domiciled in territories considered tax havens, as well as any other transactions or operations of a similar nature, whose complexity could impair the group's transparency.

c) Related-party transactions, unless the duty of prior reporting has been attributed to another Committee of supervision and control.

See sections: B.2.2 y B.2.3

Compliance ✔ Partial Compliance Explanation

53. The Board of Directors shall present the annual accounts to the General Shareholders Meeting without reservations or qualifications in the audit report. In the event such reservations or qualifications exist, the Chairman of the Audit Committee and the auditors shall provide the shareholders with a clear account of their content and scope.

See section: B.1.38

Compliance ✔ Partial Compliance Explanation

54. The majority of the Nomination Committee or the Nomination and Remuneration Committee, if a single body, shall be composed of independent directors.

See section: B.2.1

Compliance ✔ Explanation Not applicable

55. In addition to the duties set forth in previous Recommendations, the Nomination Committee shall:

a) Evaluate the competences, knowledge and experience necessary to sit on the Board, define the functions and abilities required of candidates, and assess the time and dedication required to carry out their duties properly.

b) Examine or organise, in the manner deemed appropriate, the succession of the Chairman and of the Chief Executive and, if applicable, make recommendations to the Board in order that the succession may be proceed in a planned and orderly fashion.

c) Report the appointments and removals of senior managers which the Chief Executive proposes to the Board.

d) Report to the Board on the gender diversity issues set forth in Recommendation 14 of this Code.

See section: B.2.3

Compliance ✔ Partial Compliance Explanation Not applicable

56. The Nomination Committee shall consult the company Chairman and Chief Executive, particularly in relation to matters regarding executive directors.

Any director may suggest that the Nomination Committee consider potentially suitable candidates to fill director vacancies.

Compliance ✔ Partial Compliance Explanation Not applicable

57. In addition to the duties set forth in previous Recommendations, the Remuneration Committee shall:

a) Make proposals to the Board of Directors regarding:

i) The remuneration policy of directors and senior management;

ii) The individual remuneration of executive directors and the other terms of their contracts;

iii) The basic terms and conditions of the contracts of senior managers.

b) Supervise compliance with the company's remuneration policy.

See section: B.1.14, B.2.3

Compliance ✔ Partial Compliance Explanation Not applicable

58. The Remuneration Committee shall consult the Chairman or Chief Executive, particularly in relation to matters regarding executive directors or senior managers.

Compliance ✔ Explanation Not applicable

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