

ANNUAL REPORT
2009



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LETTER FROM THE CHAIRMAN





Dear shareholders:

Here we are again, another year later. It is with great pleasure that I present to you Renta 4 Servicios de Inversión's financial statements and management report for 2009.

On the heels of a 2008 that will go down in the record books as an extraordinary year, marked by one of the worst financial crises in history, 2009 will undoubtedly be remembered as the year in which the world's governments and central banks took coordinated and similarly extraordinary emergency measures of an unprecedented scale and scope, in a bid to prevent the financial crisis from snowballing into a global depression.

In light of the results achieved to date, we can attest that these measures have served their purpose, forestalling the worst-case scenario and stimulating a degree of global economic recovery, albeit still timid and uneven in nature. However this relative improvement should not be allowed to mask the many issues that have yet to be tackled in order to fully correct the imbalances caused by the so-called credit bubble. Definitive elimination of the ramifications of these imbalances will unquestionably prove a long and arduous task, inevitably with obstacles and challenges along the way, even though it is safe to say that in all likelihood the worst is behind us.

Against this tremendously challenging backdrop, last year Renta 4's business model once again displayed an ability to generate recurring revenue and sustainable operating profits, thanks to strict cost control, diversified revenue streams and a marketing effort that is 100% client-centred.

The highlights of our business and financial performance in 2009 are as follows:

- Renta 4 generated net profit of €6.2 million, growth of 11.3% on 2008, and income from ordinary activities of 7.2 million, 93.6% higher year-on-year.
- During the year, Renta 4 captured €750 million in net money inflows, to leave assets under management or custody at €4.85 billion at year-end.
- Specifically, assets under management at our mutual fund manager rose by 27.9%. This growth contrasts with a contraction in the overall market last year of 3%. Assets under management in SICAV vehicles also increased by 8.2%, while pension funds under management jumped 44%.
- Fee and commission income rose 9.5%, while income net of commissions paid to third parties climbed 0.9% higher, reflecting faster growth in commission sharing due to increased client trading on international markets and also due to increasing trading by third-party network customers.
- Net interest income narrowed sharply in 2009 due to the drop in interest rates, as this heading reflects the margin on cash placements in highly liquid, short-term fixed income securities.

- The number of customer accounts rose 17.5% during 2009 to 140,665 at year-end. Of these, almost 45,000 are direct clients of the Renta 4 network, while the remainder are third-party network customers that trade using our platform or invest in our products.
- Operating expenses narrowed 10.4% to €27.5 million, including depreciation and amortisation charges. Cost control drove the abovementioned jump in income from ordinary activities, which virtually doubled in 2009.
- Capital plus reserves at year-end amounted to €64 million, leaving the company with a comfortable equity cushion despite the distribution to shareholders of own shares against the share premium account and the new share-based employee and executive compensation plan approved at the AGM held on 22 December 2009.

In 2009, our share price gained 3.7%. This return factors in the two in-kind share distributions to shareholders of April and December of last year. In addition, the total shareholder return includes the dividend of €0.10 per share paid out in November (equivalent to a cash dividend yield of 2%). During 2009, Renta 4 extended its ongoing efforts to keep the investment community abreast of the virtues of its business model and its encouraging performance and outlook. It is still early days to expect to see the fruits of these efforts reflected in the share price, as Renta 4 has only been listed for two years and the addition of a new stock into national and international institutional portfolios is a matter that takes time. That being said, we can say that today, between institutional and retail investors, Renta 4 has over 6,500 shareholders and that a good number of prestigious national and international investors follow our company systematically.

So far this year, the markets have been shaped by the contrasting forces of global economic recovery and pending structural economic reforms. This has meant that the initial widespread optimism triggered by the healthier economic performance in the leading economies has been tempered to an extent by the widely perceived need to forge ahead with the deleveraging process, including with respect to public debt, while simultaneously establishing a new regulatory environment for the bank sector and financial markets. This need for corrections and reforms is possibly even greater in an economy like Spain's and this perhaps explains the Spanish market's under-performance during the first quarter of 2010.



Against this backdrop, the first business indicators available to us for the initial months of the year are promising, reaffirming the validity of our strategy, predicated on making customer service and care the core principal guiding everything that we do. Growth in household savings, growing access on the part of savers to the investment financial markets and the complexity of the markets themselves are the factors driving our business, drivers which we believe will remain growth engines in the years to come.

On the corporate citizenship front we stepped up the efforts of our Foundation, collaborating on a number of initiatives, linked mainly to education. We signed agreements with the A.G.H. Foundation, the Entreculturas Foundation, the Nuevos Caminos Association and the Ciudad Escuela de los Muchachos Association. Through the Entreculturas Foundation we made an extraordinary contribution to a project for the reconstruction of a school affected by the recent earthquake in Haiti. We plan, within our reach, to continue to step up our philanthropic activities which, as we said last year, stem from the deeply-held conviction of the social onus on companies in today's world.

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.



D. Juan Carlos Ureta Domingo
Chairman

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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2.1 CONSOLIDATED BALANCE SHEETS

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

Consolidated balance sheets at December 31

ASSETS	Note	2009	2008
<i>Thousand of euros</i>			
Intangible assets			
Goodwill		8.939	8.969
Other intangible assets		760	1.025
	7	9.699	9.994
Property and equipment	8	29.604	30.804
Available-for-sale financial assets	9	33.116	30.570
Deferred tax assets	19	777	987
Loans and receivables	10	4.409	2.402
NON-CURRENT ASSETS		77.605	74.757
Other assets	13	2.099	1.666
Current tax assets			
Income tax		-	627
Other balances against public bodies		1.219	3.882
	19	1.219	4.509
Loans and receivables			
Due from financial institutions		306.063	301.256
Other receivables		17.143	21.657
	10	323.206	322.913
Financial assets held for trading	11	265	3.329
Cash and cash equivalents	12	103.612	132.658
CURRENT ASSETS		430.401	465.075
TOTAL ASSETS		508.006	539.832

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

Consolidated balance sheets at December 31

EQUITY AND LIABILITIES	Note	2009	2008
<i>Thousand of euros</i>			
Minority interests	14	1,091	1,126
Unrealized gains (losses) reserve	15	(1,690)	(2,295)
Equity	16	64,565	79,335
EQUITY		<u>63,966</u>	<u>78,166</u>
Financial liabilities	17	35,837	36,115
Deferred tax liabilities	19	1,082	1,021
NON-CURRENT LIABILITIES		<u>36,919</u>	<u>37,136</u>
Financial liabilities held for trading	11	355	860
Financial liabilities			
Due to financial institutions		186,808	233,050
Due to customers		215,736	188,894
	17	<u>402,544</u>	<u>421,944</u>
Provisions	18	995	266
Current tax liabilities			
Income tax payable		921	-
Other payables to public bodies		1,894	1,173
	19	2,815	1,173
Accrued expenses and deferred income	13	412	287
CURRENT LIABILITIES		<u>407,121</u>	<u>424,530</u>
TOTAL EQUITY AND LIABILITIES		<u>508,006</u>	<u>539,832</u>

2.2 CONSOLIDATED INCOME STATEMENTS

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

Consolidated income statements for the years ended December 31

	Note	2009	2008
<i>Thousand of euros</i>			
Revenue			
Fee and commission income		48.958	46.312
Interest and similar income		4.776	19.959
Return on equity instruments		413	3.878
	21	54.147	70.149
Expenses			
Fee and commission expenses		(16.004)	(11.908)
Interest and similar expense		(3.889)	(14.700)
	21	(19.893)	(26.608)
Net trading income			
Financial assets and liabilities held for trading	22	(200)	(2.648)
Foreign currency translation differences (net)		1.714	(29)
Employee benefits expenses	23	(13.891)	(15.644)
Other general administrative expenses	24	(11.312)	(12.702)
Depreciation and amortization	7 and 8	(2.270)	(2.303)
NET OPERATING INCOME		8.295	10.215
Gains on sale of available-for-sale financial assets	22	619	(367)
Impairment losses (net)	25	394	(1.490)
Provisions	18	(729)	(146)
Other gains	26	-	1
Other losses	26	(63)	(442)
PROFIT BEFORE TAX		8.516	7.771
Income tax expense	27	(2.277)	(2.168)
CONSOLIDATED PROFIT FOR THE YEAR		6.239	5.603
Attributable to minority interests	14	(52)	28
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		6.291	5.575
EARNINGS PER SHARE (euros)			
Basic earnings per share	16	0,16	0,14
Diluted earnings per share	16	0,16	0,14

STATEMENT OF RECOGNIZED INCOME AND EXPENSE

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

Statement of recognized income and expense for the year ended December 31

	Note	2009	2008
<i>Thousand of euros</i>			
A) PROFIT (LOSS) FOR THE YEAR		6.239	5.603
B) OTHER RECOGNIZED INCOME/EXPENSES			
1. Available-for-sale financial assets			
a) Unrealized gains /(losses)	9	1.510	(61.567)
b) Amounts transferred to income statements	9	(619)	367
2. Income tax	27	(267)	18.360
TOTAL RECOGNIZED INCOME AND EXPENSE (A+B)		6.863	(37.237)
Attributed to the parent company		6.896	(37.265)
Attributed to minority interest		(33)	28

2.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

Consolidated Statements of changes in equity for the year ended December 31, 2009

	Issued capital (Note 16)	Share premium (Note 16)	Reserves (Note 16)	Unrealized gains (losses) reserve (Note 15)	Interim dividend (Note 16)	Profit for the year	Treasury shares (Note 16)	Other equity instruments (Note 16)	Total	Minority interest (Note 14)	Total equity
<i>Thousand of euros</i>											
Balance at January 1, 2009	16.277	35.130	26.560	(2.295)	-	5.575	(5.567)	1.360	77.040	1.126	78.166
Total income and expenses recognized in equity	-	-	-	605	-	6.291	-	-	6.896	(33)	6.863
Other changes in equity											
Appropriation of 2008 results	-	-	5.575	-	-	(5.575)	-	-	-	-	-
Distribution of share premium (Note 16)	-	(3.954)	248	-	-	-	3.694	-	(12)	-	(12)
Distribution of interim dividend (Note 16)	-	-	-	-	(3.997)	-	-	-	(3.997)	-	(3.997)
Transactions with Treasury shares	-	-	84	-	-	-	(16.439)	(668)	(17.023)	-	(17.023)
Share-based payments	-	-	-	-	-	-	-	(23)	(23)	-	(23)
Other movements	-	-	(5)	-	-	-	-	(1)	(6)	(2)	(8)
Total appropriation of results and transactions with shareholders	-	(3.954)	5.902	-	(3.997)	(5.575)	(12.745)	(692)	(21.061)	(2)	(21.063)
Balance at December 31, 2009	16.277	31.176	32.462	(1.690)	(3.997)	6.291	(18.312)	668	62.875	1.091	63.966

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

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

	Issued capital (Note 16)	Share premium (Note 16)	Reserves (Note 16)	Unrealized gains (losses) reserves (Note 15)	Profit for the year	Treasury shares (Note 16)	Other equity instruments (Note 16)	Total	Minority interest (Note 14)	Total equity
<i>Thousand of euros</i>										
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 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

2.5

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)



	Notes	2009	2008
<i>Thousand of euros</i>			
Profit before tax		8,516	7,771
Adjustments to profit			
Depreciation of property and equipment and amortization of intangible assets	7 and 8	2,270	2,303
Loss on sale of available-for-sale financial assets	22	(619)	367
Movements in provisions	18	729	146
Impairment of goodwill	7	30	681
Impairment losses on available-for-sale financial assets	9	-	2
Dividend income	21	(413)	(3,878)
Finance costs		2,714	4,425
Employee benefits expenses (share-based payment plans)	23	(23)	175
Working capital adjustments			
Loans and receivables		(491)	37,335
Other assets and liabilities (net)	13	(305)	(244)
Financial assets and liabilities held for trading (net)	11	2,559	3,982
Current financial liabilities		(26,340)	(4,054)
Tax assets and liabilities		4,008	(3,024)
Other cash flows from operating activities			
Income tax paid	27	(1,356)	(1,283)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(8,721)	44,704
Purchase of property and equipment and intangible assets	7 and 8	(882)	(2,615)
Acquisition of subsidiaries			(302)
Purchase of available-for-sale financial assets	9	(17,915)	(51,326)
Proceeds from sale of property and equipment and intangible assets		77	-
Non-current loans and receivables		(1,809)	(186)
Proceeds from sale of available-for-sale financial assets	9	16,877	20,131
Dividends received		413	3,878
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(3,239)	(30,420)
Payments to shareholders for capital decrease	16	(12)	-
Dividends paid	16	(3,997)	(8,139)
Proceeds from new bank borrowings	17	23,478	10,000
Repayment of bank borrowings		(23,764)	(64,674)
Payment of finance lease liabilities		(2,034)	(2,104)
Tax liabilities		272	(643)
Interest paid		(2,712)	(4,425)
Proceeds from transactions with treasury shares	16	(8,317)	(3,427)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(17,086)	(73,412)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(29,046)	(59,128)
Reconciliation:			
Cash and cash equivalents at January 1	12	132,658	191,786
Cash and cash equivalents at December 31	12	103,612	132,658
Net increase in cash and cash equivalents		(29,046)	(59,128)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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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.

On June 30, 2009 CNMV Circular 12/2008, of December 30, governing the the capital adequacy ratio of investment companies and their consolidated groups went into effect.

At December 31, 2009, the Group met its capital adequacy requirements as required by said law. In addition, Renta 4, Sociedad de Valores, S.A. (subsidiary) must comply with the minimum liquidity requirements, which are determined based on customer balances. At December 31, 2009, the aforementioned subsidiary had met these requirements.

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 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 2009 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, ex-

cept for available-for-sale financial liabilities and the trading portfolio, which were recognized at fair value.

The following are the standards and interpretations which have gone into effect in 2009; these standards and interpretations have not had a material effect on the Company's financial position or on the results of the Group



Standard or interpretation

IFRS 2 - "Share-based payments" – Vesting conditions and cancellations

The standard has been amended in order to clarify the definition of vesting conditions and to define the accounting treatment of cancellations of share-based payment agreements in the event of failure to satisfy a non-vesting condition. Adopting this amendment has had no impact on the Group's financial position or results.

IFRS 7 - "Financial Instruments": Disclosures

The amended standard requires more disclosures on the determination of fair value and liquidity risk. Fair value determination of items measured at fair value must be disclosed by the nature of the assumptions using a three-level hierarchy for each category of financial instrument. Additionally, for fair value measurements in Level 3 of the fair value hierarchy, a reconciliation from the beginning balances to the ending balances is required, as well as for significant transfers between Level 1 and Level 2 of the fair value hierarchy. These amendments likewise clarify the disclosure requirements in respect of liquidity risk. The disclosures of fair value determination of available-for-sale financial assets are provided in Note 9.

IFRS 8 – "Operating segments"

The standard requires disclosure of information on Group operating segments and eliminates the requirements to identify the Group's primary segments (business) and secondary segments (geographic). Adopting this standard has had no impact on the Group's financial position or results. The Group has determined that the operating segments are the same as the business segments identified previously in accordance with IAS 14 "Segment Reporting." The additional disclosures on each segment, including comparative information is provided in Note 6.

Revised IAS 1 – "Presentation of financial statements"

The revised standard separates changes in equity relating to owners and those relating to non-owners. In the statement of changes in equity only transactions with owners are itemized whereas the changes with non-owners are presented in a single line. In addition, the standard introduces the statement of comprehensive income, which includes all the items of recognized income and expenses, whether in one statement or two related statements. The Group has elected to present two statements.

IAS 23 – "Borrowing costs (revised)"

The standard has been revised to require that interest costs on qualifying assets are capitalized. Accordingly, the Group has changed its accounting policy. As per the transitional provisions of the standard this has been applied prospectively. Adopting this amendment has had no impact on the Group's financial position or results.

IAS 27 – "Consolidated and Separate Financial Statements" – Cost of Investments in a Subsidiary, Jointly Controlled Entity or Associate

This standard has been revised so that dividends received are recognized as income even when they relate to reserves prior to acquisition. Adopting this amendment has had no impact on the Group's financial position or results.

IAS 32 – "Financial Instruments": "Presentation" and "IAS 1 – "Puttable financial instruments and obligations arising on liquidation"

The standards have been revised to allow an exception, i.e., puttable financial instruments may be classified as equity if they meet certain requirements. Adopting these amendments has had no impact on the Group's financial position or results.

IAS 39 – "Financial Instruments": "Recognition and Measurement" – Eligible hedged items: Effective for financial years beginning July 1, 2009.

The amendment clarifies that an entity may designate a portion of the changes in fair value or the changes in cash flows of a financial instrument as a hedge. It also addresses the designation of inflation as a hedged item, or a portion of it in special situations. This amendment has had no impact on the Group's financial position or results.

Standard or interpretation

IFRIC 9 “Reassessment of Embedded Derivatives” and IAS 39 “Financial instruments”: Recognition and Measurement

This amendment to IFRIC 9 requires that an entity shall assess whether an embedded derivative is required to be separated from the host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment shall be made on the basis of the circumstances that existed on the later date of: (a) when the entity first became a party to the contract; and (b) a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract. IAS 39 now establishes that if an embedded derivative cannot be reliably measured, the hybrid (combined) contract shall remain classified as at fair value through profit or loss in its entirety. This interpretation has had no impact on the Group's financial position or results.

IFRIC 11: IFRS 2 – “Group and treasury share transactions”

This interpretation requires that transactions in which an employee receives an entity's own equity instruments be accounted for as equity-settled transactions, irrespective of whether the entity has to acquire the equity instruments from a third party or whether shareholders provide the necessary equity instruments. The Group had adopted this accounting policy early.

IFRIC 13 – “Customer Loyalty Programs”

This interpretation requires that credits/points awarded to customers are recognized as a separately identifiable component of the sale transaction in which they are granted. This interpretation has not had an impact on the Group's financial position or results since it does not have customer loyalty programs.

IFRIC 14: IAS 19 – “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”:

This interpretation provides general guidance on how to assess the limit IAS 19 Employee Benefits on the amount of the surplus that can be recognized as an asset. This interpretation has had no impact on the Group's financial position or results.

IFRS improvements

In May 2008 the IASB first published IFRS improvements within the framework of an annual process of improvements aimed at eliminating inconsistencies and clarifying certain standards, including specific transitional provisions for each standard. Adopting the following amendments has led to a change in accounting policies; however, this has had no impact on the Group's financial position or results.

IAS 1 – “Presentation of financial statements”: Assets and liabilities classified as held for trading conform to IAS 39 “Financial Instruments: Recognition and Measurement.” They are not automatically classified as current in the statement of financial position. The Group has changed its accounting policies and has analyzed if management's expectations in respect of the period in which the assets and liabilities will be realized differs from the instrument's classification. This has not led to any reclassifications of financial instruments from current to non-current or vice versa in the statement of financial position.

IAS 16 – “Property, Plant and Equipment Net selling price” is replaced by “fair value less cost to sell.” This change has had no impact on the Group's financial position.

IAS 20 – “Accounting for government grants and disclosure of government assistance”: Loans granted with no or low interest will not be exempt from the requirement to impute interest. The Group does not use this type of loan; hence this change has not had any effect on its financial position.

IAS 23 – “Borrowing costs”: The definition of borrowing costs has been revised to consolidate into a single entry the two entries considered components of “Borrowing costs” (the interest cost calculated using the effective interest rate method pursuant to IAS 39). This change has had no impact on the Group's financial position.

IAS 36 – “Impairment of assets”: When discounted cash flows are used to estimate “fair value less cost to sell” additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate “value in use.” This change has not had any effect on the Group.

IAS 38 – “Intangible Assets”: Advertising and promotional activity are recognized as an expense when the Group has a right to have access to the goods or the service has been rendered. This amendment has no impact for the Group since it does not undertake this type of promotional activity.

The remaining improvement changes have likewise had no effect on the Group's financial position or results.

In addition, the IASB has published the following standards and interpretations approved by the European Union but which are not yet effective, which the Group has early adopted:

Restructured IFRS 1 – “First-time Adoption of IFRS.” Effective from years beginning December 31, 2009.

Restructured IFRS 1 replaces IFRS 1 to facilitate its future application and amendment.

Revised IFRS 3 – “Business combinations” and amendment to IAS 27 “Separate and Consolidated Financial Statements.” Effective from financial years beginning June 30, 2009, including consequential amendments to IFRS 7, IAS 21, IAS 31 and IAS 39.

Standard or interpretation

Revised IFRS 3 introduces significant changes to accounting for business combinations. These changes affect the measurement of non-controlling interests, the initial recognition and subsequent valuation of contingent liabilities and business combinations achieved in stages.

IAS 32 – “Classification of rights issues”: Effective from years beginning January 31, 2010.

IFRIC 12 – “Service Concession Arrangements”: Effective from years beginning March 29, 2009.

IFRIC 15 – “Agreements for the Construction of Real Estate” - Effective from years beginning January 31, 2010.

IFRIC 16 – “Service Concession Arrangements”: Effective from years beginning June 30, 2009.

IFRIC 17 – “Distribution of Non-cash Assets to Owners”: Effective from years beginning October 31, 2009.

IFRIC 18 – “Customer Loyalty Programs”: Effective from years beginning October 31, 2009.



The Group has reviewed these changes and has determined that they will not affect its accounting policies, financial position or results.

In their general meeting held on April 30, 2009, the shareholders approved the 2008 consolidated financial statements of the Renta 4 Group.

The accompanying 2009 consolidated financial statements of the Renta 4 Group were prepared by the Board of Directors of the parent company on March 23, 2010, 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 recognized income and expense, 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) Comparison of information

On June 30, 2009, the Group opted to classify certain debt instrument investments (Note 9) amounting to 10,244 thousand euros, considered to be their fair value in "Available-for-sale financial assets," given that the potential loss from the investment is guaranteed by the Group's main shareholder. To increase the Group's guarantees and the level of protection of minority shareholders, the Audit and Control Committee and Board of Directors decided in their meetings held on July 27, 2009 that it would be sufficient to pledge a maximum of 200,000 shares of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME), owned by the main shareholder, on the basis that this would be a sufficient additional guarantee. With respect to the existing guarantee, the main shareholder

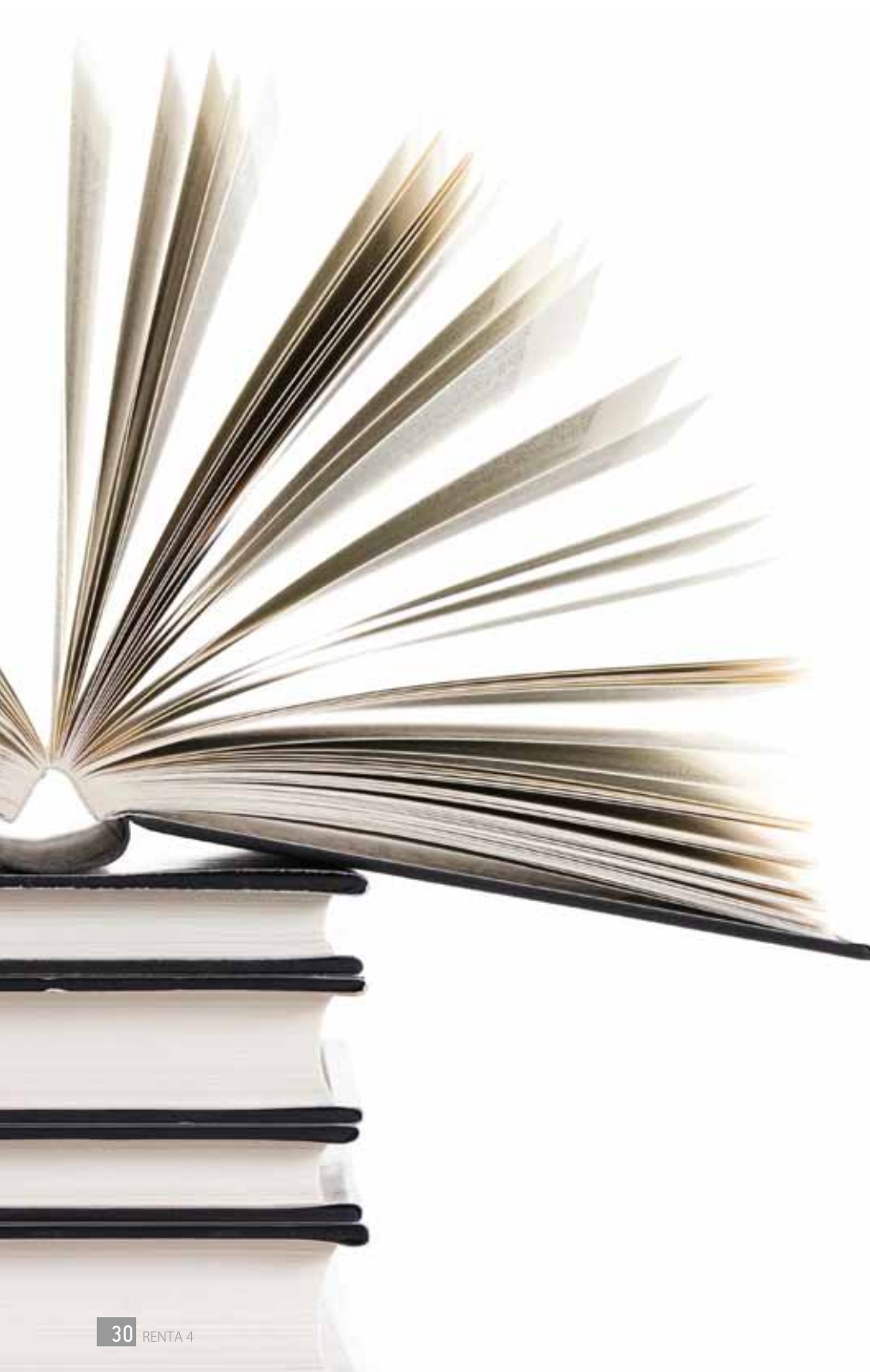
must keep liquid securities on deposit whose value exceeds the investment value. In addition, the Board of Directors was informed at that date that the Audit and Control Committee has commissioned the Group's Steering Committee to verify that the main shareholder directly or indirectly owns sufficient BME shares, or shares other than shares of Renta 4, Servicios de Inversión S.A., to sufficiently cover the guarantee. Moreover, the main shareholder has been asked to inform the Steering Committee of any use (sale or pledge) made of said shares. At December 31, 2009, the Group's main shareholder had pledged 200,000 BME shares; the Steering Committee has certified that the guarantor directly or indirectly owns listed BME shares whose value is sufficient to cover the guarantee.

Due to the classification of the abovementioned investments as "Available-for-sale financial assets" and, to facilitate comparability of the related figures, the December 31, 2008 consolidated balance sheet has been modified, and thus it differs from that presented in the in the consolidated financial statements approved on March 23, 2009. The necessary changes have been made with respect to the consolidated balance sheet included in the 2008 consolidated financial statements.

	Consolidated balance sheet approved at December 31, 2008	Consolidated balance sheet at December 31, 2008 included in these consolidated financial statements	Change
Available-for-sale financial assets	20,326	30,570	10,244
Loans and accounts receivable	12,646	2,402	(10,244)

In addition, the 2008 consolidated cash flow statement includes the following changes with respect to those included in the 2008 consolidated financial statements.

	Consolidated cash flow statement approved at December 31, 2008	Consolidated cash flow statement at December 31, 2008 included in these consolidated financial statements anuales	Change
Payments for purchases of available-for-sale financial assets	(41.082)	(51.326)	(10.244)
Long-term loans and receivables	10.430	186	10.244



d) 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.

e) 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.

f) 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 and the consolidated statement of recognized income and expense, respectively.

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.

g) Standardization of measurement criteria

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

h) 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, 2009 and 2008 is provided in Appendix I.

The individual annual financial statements of the companies included in the consolidation scope are those corresponding to December 31, 2009 and 2008, respectively.

There were no significant changes in the scope of the consolidation in 2009 and 2008.



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, 2009 and 2008 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.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.

g) 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. However, at December 31, 2009, the Group has not financed any acquisition of property and equipment.

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 appor-

tioned 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 its 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 used 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 con-

sidered 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, 2009 and 2008 provisions recognized in the consolidated balance sheets correspond in their to Renta 4, Sociedad de Valores, S.A. and to the parent company 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.

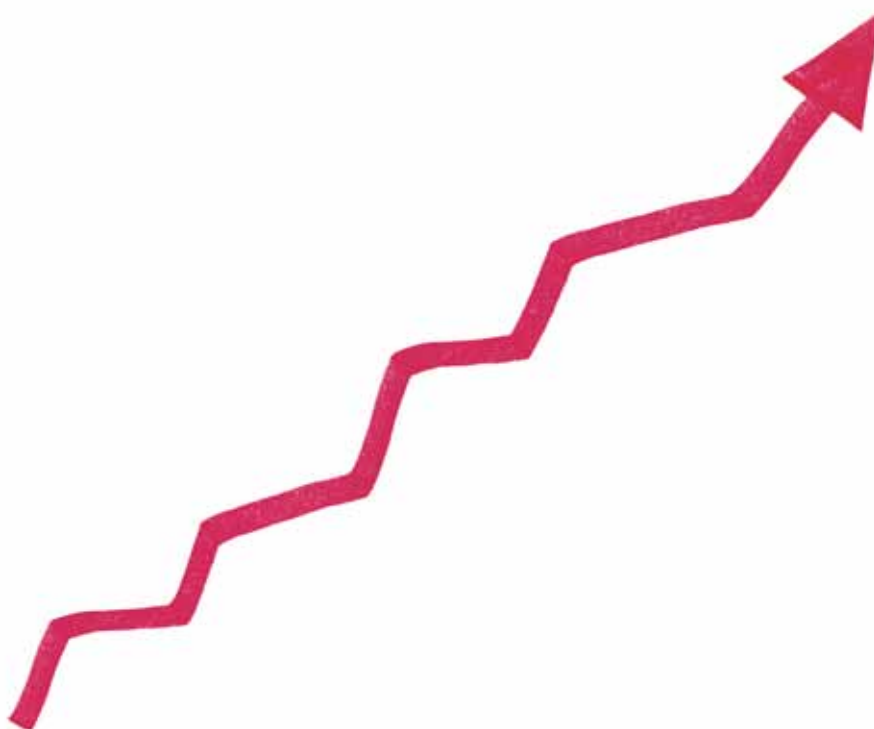
The Group reviews the carrying amounts of deferred tax assets and liabilities recognized, at least at each balance sheet date, and records the corresponding adjustments for deferred taxes which have lapsed or are considered recoverable.

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 two share-based payments plans for its management and employees which grants them the option to acquire shares of Renta 4 Servicios de Inversión S.A. (Group's parent company) (Note 16.f).

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 68.53% 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 2009, 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 for the year, since the settlement of the plans require physical delivery of the shares. The cost incurred or, where applicable, income earned for shares delivered in 2009 and 2008 was 23 and 175 thousand euros in income and costs, respectively, recognized in "Employee benefits expense" of the consolidated income statement of each year (see Note 23).

As this plan will expire the first quarter of 2010, the shareholders of the parent company approved the new share – based payment plan in their general meeting held on December 22, 2009 (Nota 16.g).

At December 31, 2009, the cost accrued by the Group for this new plan amounted to 9 thousand euros.

Other employee benefits

At December 31, 2009, the Group had granted loans to several employees to purchase a total of 289,130 shares of Renta 4 Servicios de Inversión S.A. (2008: 691,250 shares). 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 item in the 2009 and 2008 consolidated income statements was 549 and 77 thousand euros, respectively (see Note 23). In 2009, the early repayment of some of these loans was credited to the consolidated income statement. The amortized cost of these loans at December 31, 2009 amounted to 863 thousand euros (2008: 2,325 thousand euros) and is recognized in "Loans and receivables" in current and non-current assets on the accompanying consolidated balance sheet.

In addition, at December 23, 2009, the Group had granted loans to employees to purchase 762,452 shares of Renta 4 Servicios de Inversión S.A. The acquisition was financed with loans earning interest at Euribor + 1.5%. These loans are repayable annually and mature within five years of the grant date. The principal of these loans totals 3,446 thousand euros. This amount is shown in "Loans and receivables" under non-current assets of the accompanying consolidated balance sheet.





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, 2008 and 2009 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 2009, 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.

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 138 thousand euros in 2009 and 147 thousand euros in 2008 (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 2009 and 2008 related to its defined benefit obligations amounted to 19 and 26 thousand euros, respectively.

The main assumptions used to measure these commitments were:

	2009	2008
Mortality tables	PEMF-2000P	PEMF-2000P
Interest rate	4%	4%
Long-term inflation rate	1.5%	1.5%
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:

	2009	2008
	<i>Thousands of euros</i>	
Pension commitments with retired employees	-	-
Pension liabilities for active employees	587	589
Accrued	228	218
Unaccrued	359	371
Total commitments	228	218
Fair value of plan assets (Plan position account)	230	218
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 discretionary 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 (internation-

al) 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 and contracted CFDs 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 2009, Renta 4, Sociedad de Valores, S.A. contributed 548 thousand euros to this fund (2008: 521 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, related persons and companies owned by the abovementioned related parties. 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.

3.5 APPROPRIATION OF RESULTS

The appropriation of 2009 and 2008 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		4.217
Interim dividend		3.997
		8.214



3.6

SEGMENT INFORMATION

The business segments described below reflect the Group's organizational structure at year end 2009 and 2008 based on the nature of the services rendered and the customer segments to which they are rendered.

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, as well as security depository and custodial services.

The Group carries out its entire activity in Spain. Its customers and the products it offers to them are similar throughout the country.

The Group's financial business focuses mainly on brokerage, asset management, corporate 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). Corporate 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.

The following table presents segment information for 2009 and 2008:

	12.31.09					12.31.08				
INCOME STATEMENT	Brokerage	Asset Management	Corporate Services	Adjustments	Total	Brokerage	Asset Management	Corporate Services	Adjustments	Total
<i>Thousands of euros</i>										
Revenue										
Fees and commissions received										
Internal	6.385	-	-	(6.385)	-	5.968	-	-	(5.968)	-
External	32.624	13.130	3.204	-	48.958	28.172	14.608	3.532	-	46.312
Interest and similar income										
Internal	-	15	6	(21)	-	-	166	370	(536)	-
External	4.675	9	92	-	4.776	18.786	6	1.167	-	19.959
Return on equity instruments (dividends)	-	-	413	-	413	-	-	3.878	-	3.878
Expenses										
Commissions paid										
Internal	-	(6.385)	-	6.385	-	-	(5.968)	-	5.968	-
External	(14.325)	(1.679)	-	-	(16.004)	(11.105)	(803)	-	-	(11.908)
Interest and similar expense										
Internal	(21)	-	-	21	-	(536)	-	-	536	-
External	(2.561)	(1)	(1.327)	-	(3.889)	(12.015)	(1)	(2.684)	-	(14.700)
Trading income – financial assets and liabilities held for trading	-	-	(200)	-	(200)	-	-	(2.648)	-	(2.648)
Foreign currency translation differences (net)	1.714	-	-	-	1.714	(29)	-	-	-	(29)
SEGMENT NET REVENUE	28.491	5.089	2.188	-	35.768	29.241	8.008	3.615	-	40.864
Employee benefits expense	(11.391)	(1.945)	(555)	-	(13.891)	(11.621)	(2.987)	(1.036)	-	(15.644)
Other general expenses	(9.276)	(1.584)	(452)	-	(11.312)	(9.436)	(2.425)	(841)	-	(12.702)
Depreciation and amortization	(1.128)	(2)	(1.140)	-	(2.270)	(1.113)	(2)	(1.188)	-	(2.303)
SEGMENT GROSS PROFIT	6.696	1.558	41	-	8.295	7.071	2.594	550	-	10.215
Gains on sale of available-for-sale financial assets (net)	-	-	619	-	619	-	-	(367)	-	(367)
Impairment of goodwill	-	(30)	-	-	(30)	(567)	(114)	-	-	(681)
Impairment of financial assets	424	-	-	-	424	(807)	-	(2)	-	(809)
Provisions and other profit and loss	(542)	-	(250)	-	(792)	(587)	-	-	-	(587)
PROFIT BEFORE TAX	6.578	1.528	410	-	8.516	5.110	2.480	181	-	7.771
BALANCE SHEET										
Total assets	426.225	4.306	107.412	(29.997)	508.006	467.067	8.475	99.758	(35.468)	539.832
Total liabilities	409.525	2.808	38.199	(6.492)	444.040	435.225	1.256	35.253	(10.068)	461.666
Other information										
Acquisitions of property and equipment	685	-	192	-	877	1.774	-	645	-	2.419

3.7

INTANGIBLE ASSETS

Goodwill

The breakdown of the movement in this consolidated balance sheet heading in 2009 and 2008 is as follows:

	Cost	Unrealized gains (losses) reserve for impairment of assets	Total
<i>Thousands of euros</i>			
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
Others	-	(30)	(30)
Balances at 12/31/09	11.150	(2.211)	8.939

Additions in 2006 related to the acquisitions of Gesdinco Gestión, S.G.I.I.C., S.A. and Padinco Patrimonios, S.A. The difference between cost and the fair value of the net assets acquired has been provisionally allocated as goodwill.

Since Gesdinco Gestión, S.G.I.I.C., S.A. merged with Renta 4, Gestora S.G.I.I.C., S.A. in 2007 in 2007 and Padinco Patrimonios, S.A. 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, 2009 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.A. As a result of this analysis, in 2009 and 2008, 30 thousand and 114 thousand euros were provisioned, respectively, for impairment of goodwill originally allocated to Padinco Patrimonios, S.A. as a result of loss of business.

The breakdown of the rest of goodwill by cash generating unit at December 31, 2009 and 2008, 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
<i>Thousands of euros</i>					
2009					
Renta 4 Burgos, S.A.	596	47	643	1.028	-
Renta 4 Aragón, S.A.	2.231	71	2.302	2.351	-
Renta 4 Huesca, S.A.	586	2	588	1.238	-
	<u>3.413</u>	<u>120</u>	<u>3.533</u>	<u>4.617</u>	-
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	-
	<u>3.980</u>	<u>122</u>	<u>4.102</u>	<u>4.521</u>	<u>567</u>

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

	2009	2008
Period projected (years)	3 years	3 years
Discount rate (period projected)	11 - 13%	11 - 13%
Discount rate less expected growth rate (final value)	12%	12%

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 2009 and 2008 is as follows:

	2009	2008
<i>Thousands of euros</i>		
Computer software		
Cost	1.661	1.656
Accumulated amortization	(1.480)	(1.342)
Net carrying amount	181	314
Other intangible assets		
Cost	949	949
Accumulated amortization	(370)	(238)
Net carrying amount	579	711
Total	760	1.025

At December 31, 2009 and 2008, the value of intangible assets (computer software) does not include any internal development costs.

The movement in this consolidated balance sheet heading in 2009 and 2008 is as follows:

	Balance at 1/1/09	Additions	Disposals	Transfers	Balance at 12/31/09
<i>Thousands of euros</i>					
Cost					
Computer software	1.656	5	-	-	1.661
Other intangible assets	949	-	-	-	949
	2.605	5	-	-	2.610
Accumulated amortization	(1.580)	(270)	-	-	(1.850)
Net carrying amount	1.025	(265)	-	-	760

	Balance at 1/1/08	Additions	Disposals	Transfers	Balance at 12/31/08
<i>Thousands of euros</i>					
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

At December 31, 2009 and 2008, 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, 2009 and 2008 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, 2009 and 2008 is as follows:

	Balance at 01/01/09	Additions	Disposals	Transfers	Balance at 31/12/09
<i>Thousands of euros</i>					
Cost					
Buildings and other construction	25.044	75	-	-	25.119
Machinery, installations and tools	5.784	289	-	-	6.073
Furniture and fixtures	3.840	18	(119)	-	3.739
Transport equipment	136	-	-	-	136
Data processing equipment	4.282	100	(160)	-	4.222
Property and equipment under construction	929	395	-	-	1.324
Other assets	239	-	-	-	239
	<u>40.254</u>	<u>877</u>	<u>(279)</u>	-	<u>40.852</u>
Accumulated depreciation	(9.450)	(2.000)	202	-	(11.248)
Net carrying amount	<u>30.804</u>	<u>(1.123)</u>	<u>(77)</u>	-	<u>29.604</u>



	Balance at 1/1/08	Additions	Disposals	Transfers	Balance at 31/12/08
<i>Thousands of euros</i>					
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
	<u>37,888</u>	<u>2,419</u>	<u>(53)</u>	-	<u>40,254</u>
Accumulated depreciation	(7,453)	(2,047)	50	-	(9,450)
Net carrying amount	<u>30,435</u>	<u>372</u>	<u>(3)</u>	-	<u>30,804</u>

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 395 thousand euros in 2009 (2008: 365 thousand euros).

At December 31, 2009 and 2008 the net carrying amount of property and equipment acquired under finance leases was 16,011 and 16,330 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 month-

ly installments. The lease currently has a 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 finance lease commitments is as follows:

	2009		2008	
	Thousands of euros			
	Current	Non-current	Current	Non-current
Value of the commitment –future minimum payments -	1.946	8.072	2.127	10.922
Interest charges	(207)	(413)	(583)	(1.452)
Finance lease commitments - Present value (see Note 17)	1.739	7.659	1.544	9.470

The breakdown of outstanding payments and present value of these leases at December 31, 2009 and 2008 is as follows:

Future minimum payments	Within 1 year	After one year but not more than five years	More than five years	Total
	<i>Thousands of euros</i>			
2009	1.946	7.771	301	10.018
2008	2.127	8.507	2.415	13.049
Valor actual				
2009	1.739	7.372	287	9.398
2008	1.544	7.143	2.327	11.014

At December 31, 2009 and 2008 the Group had not recognized any impairment losses on its property and equipment.

At December 31, 2009 and 2008, 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	2009	2008
<i>Thousands of euros</i>		
Debt securities	11.450	10.244
Investments in UCITS	13.980	14.275
Shares and other participations	9.314	7.679
Impairment losses	(1.628)	(1.628)
Total	<u>33.116</u>	<u>30.570</u>

In 2009 and 2008, none of the financial instruments included in this portfolio was transferred or reclassified.

The movement in this balance sheet heading in 2009 and 2008 is as follows:

	2009	2008
<i>Thousands of euros</i>		
Balance at January 1	30.570	107.921
Additions	17.915	51.326
Disposals	(16.260)	(67.475)
Revaluation	1.510	(61.567)
Amounts taken to the consolidated income statement	(619)	367
Impairment losses (Note 25)	-	(2)
Balance at December 31	<u>33.116</u>	<u>30.570</u>

Impairment losses relate to irreversible losses amounting to 1,628 thousand euros from "Shares and other participations" which have therefore been charged to the 2009 and 2008 consolidated income statement.

"Debt securities" relate primarily to private fixed-income bonds amounting to 10,244 thousand euros (Note 2.c), which have not been impaired due to the guarantee given for this investment by the parent company's main shareholder (Note 28). The aforementioned issuers are currently undergoing bankruptcy proceedings and a payments moratorium has been approved. Payment agreements are being negotiated with these issuer's creditors. The Group is monitoring the progress of these negotiations so that the relevant decisions can be made with respect to the related guarantee once the process has been resolved.

The breakdown of “Investments in UCITS” at December 31, 2009 and 2008 is as follows:

	2009	2008
<i>Thousands of euros</i>		
Renta 4 CTA Trading F.I.	5.000	-
Renta 4 Renta Fija Euro F.I. (antes Renta 4 Eurocash, F.I.)	5.415	7.056
Renta 4 Minerva IICICIL	1.020	6.710
Renta 4 Pegasus F.I.	260	-
Renta 4 Premier F.I.	202	-
Spanish RMBS Fund F.I.L.	297	-
Renta 4 Valor F.I.	306	-
Renta 4 Retorno Dinámico F.I.	301	-
Eurofinatel SICAV	-	250
Alhambra F.I.	-	256
Carmignac Patrimoine A.	265	-
Renta 4 Atalaya F.I.	287	-
Otros	627	3
	13.980	14.275

The breakdown of “Shares and other participations” at December 31, 2009 and 2008 is as follows:

	12.31.09	12.31.08
<i>Thousands of euros</i>		
Quoted		
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	4.050	3.272
BBVA	2.587	1.732
Unquoted		
Pavis Corporation	1.628	1.628
Inversiones Orisba Internacional, S.A.	90	90
Sociedad Gestora del FGGI, S.A.	15	13
ICESA	83	83
ICN	496	496
Interesa Consultores, S.A.	245	245
Other participations	120	120
	9.314	7.679

The following is a breakdown of the fair value of available-for-sale financial assets classified on the basis of the valuation method applied. The three-level fair value hierarchy is as follows:

- **Level 1:** Financial instruments whose market value has been obtained from quoted prices on active markets.
- **Level 2:** Financial instruments whose fair value has been calculated using valuation techniques which reference quotations of similar instruments or inputs based on observable market data.
- **Level 3:** Financial instruments whose fair value has been calculated using valuation techniques in which one of the inputs is not based on observable market data.

In addition, financial instruments measured at cost have also been disclosed:

	12.31.09			
	Cost	Level 1	Level 2	Level 3
Debt securities	10.244(*)	-	1.206	-
Investments in UCITS	626 (**)	13.354	-	-
Shares and other participation units	1.049	8.265	-	-
	<u>11.919</u>	<u>21.619</u>	<u>1.206</u>	-

(*) Private fixed-income bonds, unimpaired due to the guarantee given on this investment by the main shareholder of the parent company (Note 28).

(**) Participations acquired in the forth quarter of 2009 whose net asset value is not published daily.

In 2009 the Group acquired 186,473 shares of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and it also sold 184,399 shares recognizing a gross gain of 1,018 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, in 2009 other available-for-sale securities, primarily investments in UCITS, were sold which led to a loss of 399 thousand euros. This loss was recognized in "Loss on sale of available-for-sale financial assets" in the accompanying consolidated income statement" (Note 22).

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 consolidated 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."

At December 31, 2009, 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:

	2009	2008
	<i>Thousands of euros</i>	
Fair value of shares pledged	9.520	9.874
Pledged treasury shares	4.273	-
Outstanding loan balance (Note 17.1)	13.643	9.865
Final maturity of the loan (Note 17.1)	January 2015	February 2014

In 2009 the Group received of dividends from Bolsas y Mercados Españoles Sociedad Holding de Mercados y Sistemas Financieros, S.A. for an amount of 355 thousand euros (2008: 3,490 thousand euros).

3.10 LOANS AND RECEIVABLES

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

Non-current	2009	2008
<i>Thousands of euros</i>		
Other receivables	4.409	2.402
Current	4.409	2.402
Due from financial intermediaries	306.063	301.256
Other receivables	17.143	21.657
	<u>323.206</u>	<u>322.913</u>

No financial instruments classified in this category were transferred or reclassified in 2009 and 2008.



Due from financial institutions

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

Current	2009	2008
<i>Thousands of euros</i>		
Balances for sale of securities on own account pending settlement	19	275
Term deposits	86.691	241
Reverse repos	211.766	290.562
Guarantees of transactions with international derivatives (global accounts)	5.110	6.545
Other accounts	2.156	2.715
Accrued interest pending maturity	321	918
	306.063	301.256

The breakdown of "Time deposits" at December 31, 2009 is as follows:

Entity	Type	Date of maturity	Total
<i>Thousands of euros</i>			
Banco Pastor	1,53%	15/03/2010	12,000
Caixa Laietana	2,45%	16/03/2010	4,150
Cajamar	1,53%	18/03/2010	4,000
Cajamar	2,03%	18/03/2010	1,000
Cajastur	1,20%	04/04/2010	10,000
Caixanova	2,80%	04/04/2010	7,000
Caja Canarias	2,40%	04/04/2010	4,000
Caja Canarias	2,55%	04/04/2010	4,000
Caja Madrid	1,21%	06/04/2010	10,000
Caja Baleares	2,02%	15/04/2010	8,000
Banco Popular	1,99%	15/04/2010	4,800
CAM	1,49%	10/05/2010	4,000
CAM	2,50%	11/02/2010	2,000
Barclays	1,52%	11/02/2010	3,500
Caja Círculo	2,24%	26/05/2010	5,000
Bancaja	2,00%	10/01/2010	3,000
Banco Caixa Geral	0,65%	31/05/2010	241
			86.691

The breakdown of assets acquired under resale agreements ('reverse repos') in 2009 and 2008 is as follows:

	Final	Interest rates		
Public debt securities	maturity	Minimum	Maximum	Thousands of euros
December 31, 2009	March 2010	0.27%	0.50%	211,766
December 31, 2008	March 2009	1.90%	3.75%	290,562

At December 31, 2009 and 2008, part of these assets has been sold under repurchase agreements as follows:

	Final	Interest rate		Miles
12.31.09	maturity	Minimum	Maximum	de euros
To financial institutions (Note 17)	January 2010	0,10%	0,45%	164.265
To customers (Note 17)	January 2010	0,25%	0,40%	33.876
12.31.08				
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

Other receivables

The breakdown of this heading in the accompanying consolidated balance sheet at December 31, 2009 and 2008 is as follows:

Non-current	2009	2008
<i>Thousands of euros</i>		
Other non-current loans and advances	4.211	2.215
Other assets	198	187
	4.409	2.402
Current	2009	2008
<i>Thousands of euros</i>		
Loans and advances to customers for transactions with securities	10.332	13.665
Other current loans and advances	3.969	2.649
Impairment of receivables (doubtful debts)	5.294	7.902
Impairment allowances	(2.518)	(2.710)
Accrued interest	66	151
	17.143	21.657

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

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

	2009	2008
<i>Thousands of euros</i>		
Amortized cost of loans to employees to acquire shares of the parent company (Note 4.n)	4.309	2.325
Other loans and advances to Group employees	8	88
CIS and pension fund management fees and commissions receivable	2.793	1.208
Other	1.070	1.243
	8.180	4.864

The movement in impaired losses on loans and advances to customers at December 31, 2009 and 2008 is as follows:

	Impaired loans and advances	Unrealized gains (losses) reserves for impairment of assets	Net carrying amount
<i>Thousands of euros</i>			
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
Increases	5.286	(1.403)	3.883
Decreases	(8.159)	1.827	(6.332)
Transfers to assets written off (memorandum accounts)	214	(170)	44
Other	51	(62)	(11)
Balance at December 31, 2009	5.294	(2.518)	2.776

The balance of "Impaired loans and advances" relates to amounts pending collection from customers which are 3 to 60 months past due.

As explained in Note 4.h), the Group had included securities deposited with the Group in its customers' name as of guarantee these receivable balances, as well as the amounts seized from the sale of securities which are on deposit with the courts as the related lawsuits have not been definitively resolved. At December 31, 2009, the value of the guarantee was 2,714 thousand euros (2008: 5,927 thousand euros).

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

2009

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	5.129	213.990	29.749	57.195	-	-	306.063
Other loans and advances	2.863	11.048	406	50	-	2.776	17.143
NON-CURRENT				Between 1 and 5 years	More than 5 years	Total	
Thousands of euros							
Other loans and advances				3.838	571	4.409	

2008

CURRENT	Upon demand	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Expired	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	1.431	2.402	

ASSETS AND LIABILITIES HELD FOR TRADING (TRADING PORTFOLIO)

3.11

The breakdown of these asset and liability headings of the consolidated balance sheets at December 31, 2009 and 2008 is as follows:

	Assets		Liabilities	
	2009	2008	2009	2008
<i>Thousands of euros</i>				
Shares	33	2,494	-	-
Derivatives (customer positions in global accounts) (Note 4.o)	232	835	232	835
Derivatives held for trading (Note 17.1)	-	-	123	25
	<u>265</u>	<u>3,329</u>	<u>355</u>	<u>860</u>

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, 2009 and 2008 is as follows:

	2009	2008
	<i>Thousands of euros</i>	
Cash	69	99
Bank of Spain	97	70
Demand deposits	103.446	132.489
	<u>103.612</u>	<u>132.658</u>

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, 2009 and 2008, the amounts of these deposits were 82,734 and 112,983 thousand euros, respectively. In addition, Renta 4 S.A. Sociedad de Valores (Group company) has time deposits which may be canceled at at time under the current contractual terms amounting to 86,450 thousand euros at December 31, 2009. In the event of early cancellation, the maximum amount payable on these deposits would be the interest accrued at the cancellation date.
- 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, 2009 and 2008 were 8,080 and 16,290 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.



OTHER ASSETS AND OTHER LIABILITIES

3.13

The breakdown of these headings in the accompanying consolidated balance sheet at December 31, 2009 and 2008 is as follows:

	2009	2008
<i>Thousands of euros</i>		
Assets:		
Prepayments and accrued income	2,012	1,661
Other assets	87	5
	<u>2,099</u>	<u>1,666</u>
Liabilities		
Accrued expenses and deferred income	163	112
Remuneration payable to personnel	249	175
	<u>412</u>	<u>287</u>

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

	2009	2008
<i>Thousands of euros</i>		
Assets:		
Prepaid expenses	775	846
Expenses pending collection	171	126
Custody and marketing fees and commissions pending collection	508	507
Other	558	182
	<u>2,012</u>	<u>1,661</u>
Liabilities:		
MEFF membership fee and levy	111	80
Other	52	32
	<u>163</u>	<u>112</u>

"Remuneration payable to personnel" mainly relates to the 245 thousand and 132 thousand euros of estimated variable remuneration for 2009 and 2008, respectively, recognized under "Employee benefits expense" (see Note 23).

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

2009	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Total
<i>Thousands of euros</i>					
Other assets	1.679	76	114	230	2.099
2008					
Other assets	892	140	210	424	1.666



MINORITY INTERESTS

3.14

The following table presents the breakdown of the movement in this consolidated balance sheet heading in 2009 and 2008 and the profit or loss attributable to minority interests.

2009

	% share at 12.31.09	Balance at 12.31.08	Profit (loss) for the year	Other	Balance at 12.31.09
<i>Thousands of euros</i>					
Carterix, S.A. (antes Renta 4 Marruecos, S.A.)	0,09	1	-	-	1
Renta 4 Guipúzcoa, S.A.	85,00	1.074	(54)	21	1.041
Renta 4 Inversiones de Valladolid, S.A.	1,01	8	-	-	8
Renta 4 Lérida, S.A.	18,34	17	-	(1)	16
Renta 4, Sociedad de Valores, S.A.	0,01	8	1	(5)	4
Rentsegur Correduría de Seguros, S.A.	27,50	18	1	2	21
		<u>1.126</u>	<u>(52)</u>	<u>17</u>	<u>1.091</u>

2008

	% share at 12.31.08	Balance at 12.31.07	Profit (loss) for the year	Other	Balance at 12.31.08
<i>Thousands of euros</i>					
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.	27,50	15	3	-	18
		<u>1.099</u>	<u>28</u>	<u>(1)</u>	<u>1.126</u>

3.15 UNREALIZED GAINS (LOSSES) RESERVE

The breakdown of the movement in this heading of the accompanying consolidated balance sheet at 2009 and 2008 is as follows:

	2009	2008
	<i>Thousands of euros</i>	
Investments in UCITS	(887)	(1.030)
Shares	(803)	(1.265)
	<u>(1.690)</u>	<u>(2.295)</u>



EQUITY AND EARNINGS PER SHARE

3.16

Issued capital

At December 31, 2009, 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 2009 and 2008 was as follows:

	2009		2008	
	Number of shares	Percentage stake	Number of shares	Percentage stake
D. Juan Carlos Ureta Domingo	14.135.819	34,738%	13.855.447	34,049%
Cartera de Directivos 2003, S.A.	1.686.872	4,145%	3.249.608	7,986%
Vasco Madrileña de Inversiones, S.L.	987.014	2,426%	1.649.686	4,054%
Sociedad A.R. Santamaría, S.L.	663.000	1,629%	700.000	1,720%
D ^a . Matilde Estades Seco	835.793	2,054%	808.534	1,987%
Surikomi, S.A.	1.917.689	4,713%	1.880.088	4,620%
Others (including treasury shares, Note 16.g)	20.467.016	50,295%	18.549.840	45,585%
	<u>40.693.203</u>	<u>100,00%</u>	<u>40.693.203</u>	<u>100,00%</u>

At December 31, 2009, in addition to the direct holding shown in the preceding table, the Company's main shareholder owns 15.75% indirectly (2008: 21.01%), giving him a total ownership interest in the Company of 50.49% (2008: 55.06%).

In 2009 and 2008, no shareholders resolutions were passed in connection with the Company's share capital.

The Company's shares are quoted on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since November 14, 2007 under ISIN code ES0173358039 given by the National Numbering Agency. The listed price of the shares at December 31, 2009 was 5.25 euros (2008: 5.27 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.

In their ordinary general meeting held on April 30, 2009, the shareholders of the parent company agreed to distribute a share premium through the delivery of treasury shares in the proportion of one new Renta 4 share for every five old shares. As a result of this exchange, 12 thousand euros in cash (fractions) were paid and 788,430 parent company shares were delivered. Consequently, this delivery of shares generated a gain of 248 thousand euros (due to the difference between the daily listed price of the delivered shares on May 11, 2009 and the carrying amount of these shares in the Group's accounting records). This gain was recognized in "Reserves" on the accompanying consolidated balance sheet.

In their extraordinary general meeting held December 22, 2009, the parent company approved the distribution to their shareholders of a share premium by delivery of Renta 4 shares from its investment portfolio. The exchange is 1 new Renta 4 share for every 50 old share. As a result of this exchange, on January 6, 2010, 15 thousand euros were paid in cash (fractions) and 756,957 treasury shares of the parent company were delivered. The subsequent derecognition of "Treasury shares" was recognized in January 2010, date on which the shares were delivered.

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, 2009 and 2008 is as follows:

	2009	2008
<i>Thousands of euros</i>		
Legal reserve	3.415	3.415
Other reserves	29.047	23.145
	<u>32.462</u>	<u>26.560</u>

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

Sociedad	2009	2008
<i>Thousands of euros</i>		
Renta 4 Servicios de Inversión, S.A.	22.785	20.237
Renta 4, Sociedad de Valores, S.A.	10.091	7.171
Renta 4 Burgos, S.A.	(2.473)	(2.473)
Renta 4 Aragón, S.A.	(1.047)	(1.047)
Renta 4 Vizcaya, S.A.	(361)	(361)
Other	52	(382)
	<u>29.047</u>	<u>23.145</u>

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, 2009 and 2008 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 2009, 2008 and 2007 and the estimated fair value of the shares to be granted (listed price). 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 or, where applicable, income for 2009 and 2008 was 23 and 175 thousand euros, respectively (see Note 23).

In 2009, Group employees exercised their rights to acquire 178,176 shares of the 259,972 allocated to the plan (2008: 201,458 of the 259,972 allocated). The delivery and issue of these shares increased equity in 2009 by 84 thousand euros (2008: 991 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".

In their extraordinary general meeting held December 22, 2009, the parent company approved the new share-based payment plan.

This plan is called "Plan 2009" and is the continuation of the Group's former share-based payment plan. The principal terms of the plan are as follows:

- No. of shares: 1,627,728 shares representing 4% of the parent company's share capital.
- Term: 5 years, the first shares being delivered on January 15, 2011 and the remaining shares on that same date the four following years.
- Beneficiaries: The plan is available to all Group directors, managers, and employees; each year the Appointments and Remuneration Committee of the parent company's Board of Directors proposes the beneficiaries on a case-by-case basis. Entitlement is not contingent upon minimum seniority.

The Appointments and Remuneration Committee will meet at the end of 2010 to decide on the beneficiaries of the first delivery of shares offered by the plan, and each year end following for the remaining deliveries.

- Economic terms and conditions: the exercise price for the plan's beneficiaries is 6 euros per share.

At December 31, 2009, the cost accrued for this new plan amounted to 9 thousand euros.



Treasury shares

The movement in this heading in 2009 and 2008 is as follows:

	2009	2008
<i>Thousands of euros</i>		
Balance at January 1	(5.567)	(1.915)
Shares given to employees (2005-2009 plan)	836	487
Shares delivered from share premium distribution	3.694	-
Shares awarded from the new plan (2010-2014 plan)	(8.952)	-
Purchases	(8.574)	(4.682)
Sales	251	543
Balance at December 31	<u>(18.312)</u>	<u>(5.567)</u>

This heading includes the following shares at December 31:

	<i>Nº of shares</i>	
	2009	2008
Shares pending delivery (2005-2009 plan)	259.968	519.936
Shares pending delivery (2010-2014 plan)	1.627.728	-
Other	1.591.105	665.717
	<u>3.478.801</u>	<u>1.185.653</u>

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 share 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, 2009 and 2008 entailed 259,968 and 519,936 shares, respectively, of the total 1,299,844 shares included in the agreement.

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).

On December 22, 2009, the parent company signed an agreement with Banco Madrid, S.A. linked to the new five-year share-based payment plan (Note 16.f) that will be offered to Renta 4 Group directors, managers and

employees. By virtue of this agreement, Banco de Madrid agrees to acquire 1,627,728 shares of Renta 4 Servicios de Inversión, S.A. In addition, this agreement grants the parent company a call option on one fifth of the shares at 6 euros per share over the next five years. The first option expires on January 15, 2011. The counterparty likewise receives a put option under the same terms, amounts and maturities as those stipulated for the Company's purchase option.

The purchase and selling price of the shares on any of the options granted is 5.50 euros per share; thus, the total sale price of the shares is 8,952,504 euros.

As a cross option exists for the same price, either the Company will exercise its call option or the counterparty its put option and accordingly, the value of the shares are shown as a reduction of the Group's capital and reserves and the corresponding financial liability with Banco de Madrid is recognized (Note 17).

To meet its obligations with Banco de Madrid, the parent company has pledged:

- 813,864 shares of Renta 4 Servicios de Inversión, S.A.
- 429,176.62 participation units in Renta 4 Fija Euro, F.I. (investment fund)

In addition, own equity instruments were sold in 2009; the 6 thousand euro gain was recognized in "Reserves."

Interim dividend

On November 11, 2009, the Board of Directors of the parent company decided to pay an interim dividend of 0.10 euros per share, for a total amount of 3,997 thousand euros, charged against 2009 profit. Payment was made on November 30, 2009.

The following statement prepared by the directors substantiates that there is sufficient liquidity to distribute the interim dividend and that the amount does not exceed the profit earned from the end of the previous year, less the amounts to be allocated to mandatory reserves and the related estimated tax payable.





Projected distributable parent company profits for the year

	Thousands of euros
Profit after tax at October 31, 2009	5.285
Less: minimum legal reserve requirement	-
Projected distributable profit for the year	5.285
Projected cash for one year from the date of the agreement	
Cash at the date of the agreement	5.901
Projected cash a year after the date of the agreement	5.000

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:

	2009	2008
Net profit attributable to equity holders of the parent (in thousands of euros)	6.291	5.575
Weighted average number of ordinary shares for basic and diluted earnings per share	39.708.750	39.797.140
Basic earnings per share (euros)	0,16	0,14
Diluted earnings per share (euros)	0,16	0,14

FINANCIAL LIABILITIES

3.17

The breakdown of these liability headings of the accompanying consolidated balance sheet at December 31, 2009 and 2008 is as follows:

NON-CURRENT LIABILITIES	2009	2008
<i>Thousands of euros</i>		
Financial institutions		
Loans (Note 17.1)	19.184	24.038
Implicit interest-liabilities (Note 17.1)	8.952	1.299
Finance lease agreements (Note 8)	7.659	9.470
	<u>35.795</u>	<u>34.807</u>
Other deposits		
Bills of exchange payable (Note 17.2)	-	1.266
Other financial liabilities		
Guarantees	42	42
	<u>35.837</u>	<u>36.115</u>
CURRENT LIABILITIES	2009	2008
<i>Thousands of euros</i>		
Financial institutions		
Loans (Note 17.1)	17.858	12.414
Implicit interest-liabilities (Note 17.1)	1.300	876
Finance lease agreements (Note 8)	1.739	1.544
Purchases pending settlement	1.000	1.187
Repos (Note 10)	164.265	216.491
Other balances	632	451
Unmatured accrued interest	14	87
	<u>186.808</u>	<u>233.050</u>
Other deposits		
Repos (Note 10)	33.876	55.844
Temporary balances relating to transactions with securities	160.721	115.653
Guarantees of transactions with international derivatives (in cash)	17.912	15.710
Bills of exchange payable (Note 3)	1.330	665
Other balances	1.893	917
Unmatured accrued interest	4	105
	<u>215.736</u>	<u>188.894</u>
	<u>402.544</u>	<u>421.944</u>

Financial institutions:

Purchases pending settlement at December 31, 2009 and 2008 were canceled, principally during the first few days of January 2010 and 2009, respectively.

The breakdown of loans and credit facilities signed by Group companies at December 31, 2009 is as follows:

				12.31.09
		Final maturity	Limit	Amount drawn down
<i>Thousands of euros</i>				
BBVA	3-month Euribor + 0.60%	06/30/2010	3,000	328
BBVA (1)	6-month Euribor +1.5%	12/31/2012	3,000	3,000
Barclays	1-month Euribor +2.00%	10/09/2012	3,000	2,833
B. Sabadell	1-year Euribor +0.75%	07/31/2010	3,000	384
Caixa Cataluña (2)	1-year Euribor +0.32%	02/28/2014	3,000	1,673
Caja Astur	6-month Euribor +0.60%	06/09/2011	2,500	765
Caixa Nostra	1-year Euribor +1,0%	05/31/2011	3,000	917
CAM	3-month Euribor +1.50 %	09/11/2012	2,000	1,946
Caja Cantabria	1-year Euribor +0.75%	02/22/2010	1,000	38
Caja Cataluña	1-year Euribor + 0.50%	03/31/2013	3,000	1,333
BBVA	3-month Euribor +0.60%	06/30/2010	3,000	328
B.Sabadell	3-month Euribor +0.75%	07/01/2010	3,000	450
B.Pastor	1-year Euribor +1.75%	07/31/2012	3,500	2,602
Banco Gallego	1-year Euribor +0.75%	10/18/2010	1,000	183
Bancaja	3-month Euribor +0.65%	11/10/2010	2,000	397
Caixa Galicia	1-year Euribor +0.5%	08/01/2011	2,000	712
Cajamar	1-year Euribor +0.5%	05/09/2011	1,000	304
CajAstur	6-month Euribor +0.75%	03/27/2012	3,000	1,434
Cajamar	1-year Euribor +0.75%	06/16/2012	1,500	768
Banesto	3-month Euribor +0.65%	03/07/2010	2,000	177
Bancaja	3-month Euribor +0.7%	04/10/2012	2,000	986
Barclays	1-month Euribor +0.8%	03/27/2012	3,000	1,426
BBVA	1-year Euribor + 1.20%	07/31/2010	3,500	3,500
Banca March	3-month Euribor +1.15%	01/01/2014	3,000	2,498
Caja Canarias	Fixed rate (3.285%)	05/01/2014	2,000	1,752
Banco Popular	5% until 2010/euribor + 1.8% beyond	04/03/2014	3,000	2,642
Bankpyme (5)	1-year Euribor +1.75%	02/12/2014	2,000	1,691
Credit line from Caja Madrid	4.752%	02/01/2010	2,000	1,975
Subtotal			69,000	37,042
Implicit financial liabilities (3)	3-month Euribor +0.75%	14/01/2010	6,499	1,300
Implicit financial liabilities (4)	3-month Euribor +1.50%	15/01/2015	8,952	8,952
				47,294

(1) Loans secured with 180 thousand 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
<i>Thousands of euros</i>			
Swap	1,806	03/01/07	03/01/2014
Purchase of cap	1,806	03/01/07	03/01/2014
Sale of floor	1,806	03/01/07	03/01/2014

The fair value of these financial contracts of 85 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, 2009 (25 thousand euros at December 31, 2008) (see Note 11).

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

(4) Amount corresponding to implicit financial liability pending payment for the repurchase of shares of the parent, acquired through a financial intermediary (Note 16.g), guaranteed by 813,864 parent company shares and 429,176.63 participation units of Renta 4 Renta Fija Euro, FI.

(5) Loans secured by a deposit of Caja de España debentures Bankpyme (psr value 1 million euros).



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

12.31.08				
		Final maturity	Limit	Amount drawn down
Thousands of euros				
BBVA	3-month Euribor + 0.60%	06/30/2010	3,000	968
Banco Pastor	1-year Euribor +1.00%	06/30/2009	6,000	664
B. Sabadell	1-year Euribor +0.75%	07/31/2009	3,000	384
Barclays	1-year Euribor +0.65%	07/15/2009	1,200	152
B. Sabadell	1-year Euribor +0.75%	07/31/2010	3,000	1,024
Caixa Cataluña (2)	1-year Euribor +0.32%	02/28/2014	3,000	2,047
Caja Astur	6-month Euribor +0.60%	06/09/2011	2,500	1,281
Caixa Nostra	1-year Euribor +1.60%	05/31/2011	3,000	1,536
Caixa Cataluña (1)	1-year Euribor +0.32%	04/30/2012	5,000	2,865
Caja Cataluña	3-month Euribor +0.50%	06/30/2009	3,000	327
Caja Cantabria	1-year Euribor +0.75%	02/22/2010	1,000	252
Caja Cataluña	1-year Euribor + 0.50%	03/31/2013	3,000	1,716
BBVA	3-month Euribor +0.60%	06/30/2010	3,000	968
Caixa Geral	3-month Euribor +0.75%	07/01/2010	3,000	1,050
Banco Simeón	1-year Euribor +0.75%	10/28/2009	4,000	893
Banco Gallego	1-year Euribor +0.75%	10/18/2010	1,000	392
Bancaja	3-month Euribor +0.65%	11/10/2010	2,000	820
Caixa Galicia	1-year Euribor +0.5%	08/01/2011	2,000	1,117
Cajamar	1-year Euribor +0.5%	05/09/2011	1,000	511
Banesto	3-month Euribor +0.65%	03/02/2009	1,000	89
CajAstur	6-month Euribor +0.75%	03/27/2012	3,000	2,036
Cajamar	1-year Euribor +0.75%	06/16/2012	1,500	1,066
Banesto	3-month Euribor +0.65%	03/07/2010	2,000	873
Bancaja	3-month Euribor +0.7%	04/10/2012	2,000	1,390
Barclays	1-month Euribor +0.8%	03/27/2012	3,000	2,031
Banco de Madrid (4)	1-year Euribor +1.25%	02/15/2014	7,000	7,000
Banca March	3-month Euribor +1.15%	01/01/2014	3,000	3,000
Implicit financial liabilities (3)	3-month Euribor +0.75%	01/14/2010	6,499	2,175
				38,627

(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
Thousands of euros			
Swap	2,166	03/01/07	03/03/2014
Purchase of cap	2,166	03/01/07	03/03/2014
Sale of floor	2,166	03/01/07	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 by 745,648,8549 participation units in RENTA 4 MINERVA, F.I. (Note 9.)

Other deposits

The balance of "Bills of exchange payable" corresponds to the amount pending payment at December 31, 2009 and 2008 for the acquisitions of Gesdinco Gestión, S.G.I.I.C., S.A. and Padinco Patrimonios, S.A., as shown below.

	12.31.09		31.12.08	
	Non-current	Current	Non-current	Current
<i>Thousands of euros</i>				
Nominal value of the debt (Note 3)	-	1.396	1.396	698
Financial charge	-	(66)	(130)	(33)
Bills of exchange payable	-	1.330	1.266	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, 2009 and 2008 (in thousands of euros) is as follows:

2009	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 institutions	1.000	167.442	4.455	3.997	9.914	186.808	33.727	2.068	35.795
Due to customers	178.633	35.773	-	-	1.330	215.736	-	-	-
2008									
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 institutions	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



3.18

PROVISIONS

The breakdown of the movement in this heading in 2009 and 2008 is as follows:

	<i>Thousands of euros</i>
Balance at December 31, 2007	120
Net allowances	146
Balance at December 31, 2008	266
Net allowances	729
Balance at December 31, 2009	995

At December 31, 2009, the Group had recognized the following provisions:

	<i>Thousands of euros</i>
Litigations relating to Renta 4 Sociedad de Valores, S.A.'s business activities	745
Other	250
	<u>995</u>

At December 31, 2009, the Group company Renta 4 S.A., Sociedad de Valores has ongoing litigations which have not been provisioned, since it is not expected that the final outcome will result in any loss for the Company or the Group.



3.19 TAX ASSETS AND LIABILITIES

The breakdown of these headings of the accompanying consolidated balance sheet at December 31, 2009 and 2008 is as follows:

Tax assets	2009	2008
<i>Thousands of euros</i>		
Deferred tax assets		
Deferred tax assets (Note 27)	777	987
Current tax assets		
VAT receivable from the Treasury	1,219	3,882
Income tax receivable from the Treasury	-	627
	<u>1,219</u>	<u>4,509</u>

"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	2009	2008
<i>Thousands of euros</i>		
Deferred tax liabilities		
Deferred tax (Note 27)	1,082	1,021
	<u>1,082</u>	<u>1,021</u>
Current income tax liabilities		
Income tax payable (Note 27)	921	-
Other tax liabilities (other payables to public bodies)		
Withholdings from managed fund unit holders for redemption of investments in managed funds	395	218
Personal income tax withholdings (IRPF)	403	511
Business tax (I.A.E.)	42	32
Value added tax (VAT)	-	77
Personal income tax withheld from rental income	11	12
Personal income tax withheld from dividends	817	86
Social security costs	226	237
	<u>1,894</u>	<u>1,173</u>

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
<i>Thousands of euros</i>				
2009				
Current	932	287	-	1,219
Non-current	-	-	777	777
2008				
Current	3,882	627	-	4,509
Non-current	-	-	987	987



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
<i>Thousands of euros</i>						
2009						
Current	1,894	-	921	-	-	2,815
Non-current	-	-	-	14	1,068	1,082
2008						
Current	1,173	-	-	-	-	1,173
Non-current	-	-	-	60	961	1,021

3.20 COMMITMENTS AND CONTINGENT LIABILITIES

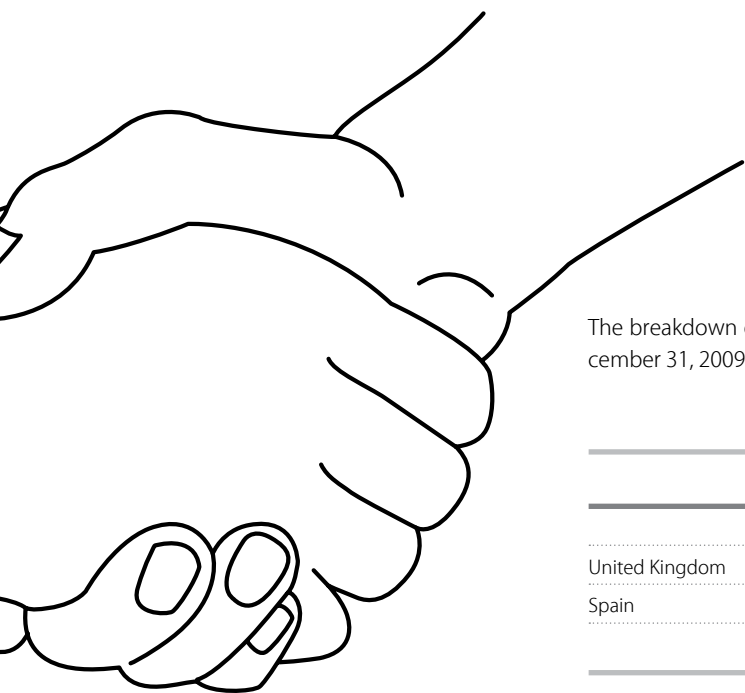
The Group provides securities administration and custody services to its customers. Third-party commitments assumed by the Group related to this service at December 31, 2009 and 2008 are as follows:

	2009	2008
<i>Thousands of euros</i>		
Securities administration and custody		
Deposited securities (third-party securities)	4,611,802	4,198,170
Of which:		
Recorded in the name of customers	3,905,016	3,787,671
Recorded in global custody accounts	706,786	410,499
Customer investments in mutual funds (global accounts)	169,740	88,604
Guarantees deposited by third parties in other entities in connection with short selling	158	457
	<u>4,781,700</u>	<u>4,287,231</u>
Risks		
Guarantees and deposits given	9,359	3,359
	<u>9,359</u>	<u>3,359</u>

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, 2009 and 2008 by domicile of the global custody account is as follows:

	2009	2008
	<i>Thousands of euros</i>	
United Kingdom	295.931	139.190
Spain	410.855	271.309
	706.786	410.499

The breakdown of "Securities deposited" by type of instruments at December 31, 2009 and 2008 is as follows:

	2009	2008
	<i>Thousands of euros</i>	
Third-party own instruments		
Equity instruments	3.982.061	3.530.945
Debt instruments	629.741	667.225
	4.611.802	4.198.170

"Guarantees and deposits given" includes the following:

	2009	2008
	<i>Thousands of euros</i>	
Contribution to collective deposits to the market		
MEFF	3.000	3.000
SCLV (Iberclear)	6.000	-
Other	359	359
	9.359	3.359

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, 2009 and 2008 is as follows:

INCOME	2009	2008
<i>Thousands of euros</i>		
Fee and commission income		
Brokerage and order execution fees and commissions	32.624	31.508
UCITs and pension fund management, subscription and redemption fees and commissions	12.234	10.763
Portfolio management fees	896	509
Securities underwriting and placement fees	-	71
Securities deposit and custody service fees and commissions	2.062	1.969
Other fees and commissions received	1.142	1.492
	48.958	46.312
Interest and similar income		
Other interest income on public debt	2.170	11.660
Other	2.606	8.299
	4.776	19.959
Returns on equity instruments		
Dividends	413	3.878
TOTAL	54.147	70.149

EXPENSES	2009	2008
<i>Thousands of euros</i>		
Fees and commissions paid		
Brokerage and other commissions paid	16.004	11.908
Interest and similar expense		
Interest on liabilities with financial intermediaries	2.200	5.052
Interest on public debt securities (repos)	1.592	9.521
Other	97	127
	3.889	14.700
TOTAL	19.893	26.608

3.22

TRADING INCOME

The breakdown of this heading in the accompanying consolidated income statement for the years ended December 31, 2009 and 2008 is as follows:

	2009	2008
	<i>Thousands of euros</i>	
Financial assets and liabilities held for trading (net)	(200)	(2,648)
Available-for-sale financial assets	619	(367)



In 2009, the 1,018 thousand euro gain from available-for-sale financial assets arising primarily from the disposal of BME 184,339 shares and from the disposal of other securities, mainly, investments in UCITS, generated a net loss of 399 thousand euros (Note 9).

In 2008, 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, 2009 and 2008 is as follows:

	2009	2008
<i>Thousands of euros</i>		
Wages and bonuses paid to current personnel	10.974	12.468
Employer social security contributions	2.334	2.494
Allocations to defined benefit plans (Note 4.n)	19	26
Allocations to defined contribution plans (Note 4.n)	138	147
Allocations to EPSV plans (Note 4.n)	-	24
Severance benefits	325	-
Expense of share-based payments (Notes 4.n and 16.d)	(23)	175
Other employee benefits expense	124	310
	13.891	15.644

"Wages and bonuses paid to current personnel" includes the estimate of the expense of variable remuneration in 2009 of 387 and 60 thousand euros in 2008 (given that the bonus paid in that year is lower than the amount provided for in 2007), 245 thousand of which was pending payment at December 31, 2009 (2008: 132 thousand euros)(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 549 thousand euros (income) and 77 thousand euros (expense) in 2009 and 2008, respectively. (see Note 4.n)

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



	2009		2008	
	Hombres	Mujeres	Hombres	Mujeres
<i>Thousands of euros</i>				
Management personnel	14	-	14	-
Technicians	89	46	97	53
Administrative staff	90	38	96	42
	193	84	207	95

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, 2009 and 2008 is as follows:

	2009	2008
	<i>Thousands of euros</i>	
Marketing and advertising	1.016	1.738
Rent paid for commercial premises	1.488	1.480
Data processing, technology and telecommunications expenses	3.001	3.383
Other expenses	5.807	6.101
	<u>11.312</u>	<u>12.702</u>

"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 2009 and 2008 by Renta 4, Sociedad de Valores, S.A. (subsidiary) of 548 and 521 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, 2009 and 2008 is as follows:

	2009	2008
<i>Thousands of euros</i>		
Loans and advances to customers (Note 10.2)		
Allowances	(1.403)	(1.766)
Recoveries	1.827	959
	424	(807)
Available-for-sale financial assets (Note 9)	-	(2)
Goodwill (Note 7)	(30)	(681)
	<u>394</u>	<u>(1.490)</u>



OTHER GAINS AND LOSSES

3.26

The breakdown of the balance of this heading in the accompanying consolidated income statement for the years ended December 31, 2009 and 2008 is as follows:

	2009	2008
	<i>Thousands of euros</i>	
Other losses		
Other	(63)	(442)
	<u>(63)</u>	<u>(442)</u>

At December 31, 2009, "Other" relates primarily to operating losses of Renta 4, Sociedad de Valores, S.A.

Other gains

	2009	2008
	<i>Thousands of euros</i>	
Gains on disposal of property and equipment	-	1



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
Sistemas de Inversiones 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 (formerly 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 Equities, S.A. (antes Renta 4 Tarragona, S.A.)	Madrid
Renta 4 Inversiones de Valladolid, S.A.	Madrid
Renta 4 Lérida, S.A.	Madrid
Padinco Patrimonios, S.A.	Madrid
Renta 4 Corporate, 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, 2009 and 2008, 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 2009 and 2008 is as follows:

	2009	2008
<i>Thousands of euros</i>		
Consolidated profit before taxes	8.516	7.771
30% tax rate	2.555	2.331
Adjustments to prior year income tax expense	(199)	278
Deductions	(64)	(588)
Adjustment of deferred taxes arising from change in tax rates	(2)	(35)
Effect of non-deductible/taxable items	(13)	182
Income tax expense	2.277	2.168
Adjustments to prior year income tax expense	24	-
Effect of deferred taxes	(24)	(1.497)
Current tax payable	2.277	671
Withholdings and prepayments	(1.356)	(1.283)
Tax payable (Note 19)	921	(612)

In addition, taxes have been recognized with a charge/(credit) to equity, related to the valuation of available-for-sale financial assets of 267 and (18,360) thousand euros in 2009 and 2008, respectively.

Based on the tax returns filed by the Group and the estimates of tax payable for 2009 and 2008, the Group has the following loss carryforwards that it may apply against future tax profits:

Year generated	2009	2008	Last year to apply
<i>Thousands of euros</i>			
2005	1	1	2020
2004	413	417	2019
2003	10	10	2018
2002	1	1	2017
2001	139	139	2016
2000	66	66	2015
1999	4	4	2014
	634	638	



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		
2009		
Unrealized gains (losses) reserve for available-for-sale financial assets	2.396	719
Other	193	58
	2.589	777
2008		
Unrealized gains (losses) reserve for available-for-sale financial assets	3.290	987
	3.290	987

Deferred tax liabilities	Temporary differences	Temporary differences
Thousands of euros		
2009		
Valuation for tax purposes of assets held under finance leases	3.606	1.082
	3.606	1.082
2008		
Valuation for tax purposes of assets held under finance leases	3.336	1.001
Other	67	20
	3.403	1.021

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

	2009		2008	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Thousands of euros				
Balance at January 1	987	1.021	1.680	19.078
Increases	58	95	987	99
Decreases	(268)	(34)	(1.680)	(18.156)
Balance at December 31	777	1.082	987	1.021

RELATED PARTIES

3.28

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 the companies owned by the Directors 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 2009 and 2008 were as follows:

2009					
Income and expenses	Significant shareholders (*)	Directors and executives	Related parties or Group companies	Other related parties	Total
<i>Thousands of euros</i>					
Leases	-	18	-	-	18
Services received	-	-	-	48	48
Expenses	-	18	-	48	66
Services rendered	6	119	-	-	125
Income	6	119	-	-	125

2009

Other transactions	Significant shareholders (*)	Directors and executives	Related parties or Group companies	Other related parties	Total
Thousands of euros					
Financing, loans and capital contribution agreements (borrower)	-	3.126	-	-	3.126
Amortization or cancelation of loans and borrowing facilities	-	124	-	-	124
Other transactions	352	133	-	-	485
Dividends paid	1.433	3.117	-	-	4.550
Guarantees and sureties (Note 2.c)	-	10.244	-	-	10.244

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

2008

Other transactions	Significant shareholders (*)	Directors and executives	Related parties or Group companies	Other related parties	Total
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
Guarantees and sureties (Note 2.c)	-	10.244	-	-	10.244

(*) Main shareholders who are also directors or executives are included in the "Directors and executives" column.

In addition, at December 31, 2009 securities belonging to related parties amounting to 89,396 thousand euros (December 31, 2008: 81,648 thousand euros) are deposited with the Group company Renta 4, S.A., S.V.

At December 31, 2009 and 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 9.

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
<i>Thousands of euros</i>		
2009		
Wages and salaries (includes pension plan contributions)	839	474
Share-based payments (includes withholdings (IRPF) paid on account)	104	36
Total	943	510
2008		
Wages and salaries (includes pension plan contributions)	1,034	669
Share-based payments (includes withholdings (IRPF) paid on account)	126	36
Total	1,160	705



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 (General Manager Renta 4 S.V) and Jesús Sanchez-Quñones (General Manager)

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 2009 was 62 thousand euros (2008: 64 thousand euros).

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 2009 and 2008 amounted to 0.3 and 1 thousand euros, respectively.

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%	-
	Basil Capital SICAV, S.A.	less than 0.01%	-
	Blue Note SICAV, S.A.	less than 0.01%	Board member
	Calainvest – 98 SICAV, S.A.	less than 0.01%	-
	Arbitrage Capital SICAV, S.A.	-	Secretary - Board Member
	Mercor Global Plus 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 Systematic 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 SGLIC, S.A.	-	Director
	Nueva Pridera, S.L.	99%	Director
	Oficina de Gestión de Firmas, S.L.	20%	Chairman

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, 2009 and 2008 is as follows:

	2009	2008
	<i>Thousands of euros</i>	
Managed portfolios	225.120	202.564
UCITs	1.229.694	934.241
Pension funds	189.008	131.253
Total	<u>1.643.822</u>	<u>1.268.058</u>

Fee and commission income and expenses related to the activities referred to above in 2009 and 2008 are broken down in Note 21.

At December 31, 2009 the Group managed 1,773 individual customer portfolios (December 31, 2008: 1,999 portfolios managed).

Customer service

In 2009 and 2008, 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 23 complaints and claims in 2009 and 25 in 2008, all of which were accepted and processed. Of these, 78% and 84%, 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:

	2009	2008
<i>Thousands of euros</i>		
Management personnel	12	14
Technicians	131	144
Administrative personnel	126	132
	269	290

- A list of the Company's branches in 2009 and 2008 is provided in Appendix II.
- A list of the Company's agents at December 31, 2009 and 2008 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, 2009 and 2008, 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 2009 consolidated annual financial statements amounted to 125 thousand euros (2008: 125 thousand euros).

These external auditors were paid 150 thousand euros in additional fees for performing other types of services (2008: 133 thousand euros).

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 risk 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, SGIC 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 2009, the Control Unit carried out a total of 53 actions (2008: 48), 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 2009 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 discretionary 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	2009	2008
<i>Thousands of euros</i>			
Loans and receivables	10	323.206	322.913
Cash and cash equivalents	12	103.543	132.559
		426.749	455.472

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 with ratings between BBB and AA. The maximum exposure to any counterparty is 29 million euros (at 31 December, 2008: 14 million euros). The foreign institutions with which the Group conducts business in international markets are Goldman Sachs, Merrill Lynch, BNP Paribas, HSBC and JP Morgan with A, A, AA, AA- and Aa1, 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 and long-term deposits with financial intermediaries with at least a BBB 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.

The Group's largest counterparty, with which it maintains time deposits, cash or cash equivalents and assets acquired under resale agreements at December 31, 2009 totaling 71 million euros, is a credit institution with an A3 rating.

Interest rate risk

The Directors consider that the Group's exposure to interest rate risk is insignificant. Therefore, they do not 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, 2009 and 2008 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 (460 and 350 thousand euros on average borrowings of 46,000 and 35,000 thousand euros for 2009 and 2008 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, 2009 and 2008 was as follows:

	2009	2008
<i>Thousands of euros</i>		
Trading portfolio (maximum potential loss)	1	43
Available-for-sale investments (maximum potential loss)	551	846
VaR (% of the portfolio)	0,28% (*)	0,31%

(*) Includes own securities and excludes private fixed-income bonds guaranteed by the shareholder (see Note 2 c), as well as investments in IICIL.

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).

This company has met the abovementioned capital adequacy ratio at December 31, 2009 and 2008.

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 serv-

ices 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 103,446 thousand euros (Note 12) (2008: 132.658 thousand, time deposits amounting to 86,450 thousand euros, trade portfolio financial asset positions amounting to 33 thousand euros, and the liquid listed available-for-sale portfolio amounting to 20,195 thousand euros (trade portfolio financial assets and available-for-sale financial assets amounting to 23,655 thousand euros in 2008).

Concentration of credit risk:

As shown in statement RP60 sent to the CNMV at December 31, 2009, the Group had two counterparty risks which exceeded 10% of the Group's consolidated equity.

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, 2009 and 2008 the breakdown of consolidated equity suitable for meeting solvency requirements and the minimum equity required is as follows:

	2009 (*)
<i>Thousands of euros</i>	
Eligible capital	
Paid-in capital	16.277
Treasury shares	(18.312)
Premiums	31.176
Other instruments eligible as capital	668
Eligible reserves	
Reserves (including unrealized gains/losses reserve)	26.162
Reserves to be filtered through unrealized gains and losses reserve	1.690
Minority interest	1.072
Unrealized gains (losses) reserve eligible for meeting basic capital requirements	(1.672)
Deductions from basic capital	
Intangible assets	(5.089)
Basic capital	51.972
Tier 2 basic capital	-
Deductions from tier 2 basic capital	(5.818)
Total eligible basic capital	46.154
Capital requirements	
Credit, counterparty, dilution and settlement risk (standard method)	11.246
Price and foreign currency risk	266
Operational risk	6.490
Total /required capital	18.002
Surplus capital	28.152

(*) Information presented as per CNMV Circular 12/2008 which may not always agree with information presented as required under IFRS (Note 32)

	2008 (*)
<i>Thousands of euros</i>	
Capital	16.277
Accumulated reserves	58.506
Reserves in consolidated companies	3.859
Intangible and fictitious assets	(9.110)
Revaluation reserves	-
Loans to third parties to acquire Group shares	(1.464)
Instruments eligible for inclusion in suitable equity held by the consolidated group	(4.478)
Suitable equity	63.590
Minimum equity required as per prevailing legislation	12.313
Surplus	51.277

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

At December 31, 2009 and 2008, the equity considered eligible for meeting minimum requirements of the Group for which the company is parent exceeded that required under these regulations.

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; however, this does not lead to differences in consolidated profit (loss) at December 31, 2009:

	Notes	12.31.09
<i>Thousand of euros</i>		
Consolidated equity in accordance with Circular 7/2008		59.355
Goodwill amortized from 2005 to 2007 in accordance with Circular 5/1990	(a)	6.678
Impairment losses recognized in previous years under IFRS (2005-2008)	(a)	(2.067)
Consolidated equity under IFRS		63.966

	Notes	12.31.08
<i>Thousand of euros</i>		
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 2,067 euros was impaired from financial year 2005 to 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.A. amounting to 1,194 thousand euros.



3.33

EVENTS AFTER THE BALANCE SHEET DATE

No significant event has taken place from December 31, 2009 to the date the consolidated financial statements of the parent company were approved by the Board of Directors that could have an effect on these consolidated financial statements.



I

Breakdown of equity investments in Group companies at December 31, 2009 and 2008

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

appendix

12 / 31 / 2009

12 / 31 / 2008

Company	Head office	Line of business
Carterix, S.A.	Madrid	Computer and IT services
Renta 4 Aragón, S.A.	Madrid	Financial services
Sociedad de Estudios e Inversiones, S.A.	Benidorm	Financial services
Renta 4 Burgos, S.A. (***)	Madrid	Financial services
Renta 4 Gestora, S.G.I.I.C., S.A.	Madrid	CIS management company
Renta 4 Guipúzcoa, S.A. (*)	San Sebastián	Financial services
Renta 4 Huesca, S.A.	Madrid	Financial services
Renta 4 Inversiones de Valladolid, S.A.	Madrid	Advisory and consulting
Renta 4 Lérida, S.A.	Madrid	Advisory and consulting
Renta 4 On Line, S.A. (****)	Madrid	Financial services
Renta 4 Pensiones, E.G.F.P., S.A.	Madrid	Pension fund management
Renta 4, Sociedad de Valores, S.A.	Madrid	Stockbroking
Renta 4 Equities (antes Renta 4 Tarragona, S.A.)	Madrid	Financial services
Renta 4 Corporate, S.A.	Madrid	Advisory and consulting
Renta 4 Vizcaya, S.A.	Bilbao	Financial services
Rentsegur, Correduría de Seguros, S.A.	Madrid	Insurance brokerage
Padinco Patrimonios, S.A.	Madrid	Dormant
Carterix, S.A.	Madrid	Computer and IT services
Renta 4 Aragón, S.A.	Madrid	Financial services
Sociedad de Estudios e Inversiones, S.A.	Benidorm	Financial services
Renta 4 Burgos, S.A.	Madrid	Financial services
Renta 4 Gestora, S.G.I.I.C., S.A.	Madrid	CIS management company
Renta 4 Guipúzcoa, S.A.	San Sebastián	Financial services
Renta 4 Huesca, S.A.	Madrid	Financial services
Renta 4 Inversiones de Valladolid, S.A.	Madrid	Financial services
Renta 4 Lérida, S.A.	Madrid	Advisory and consulting
Renta 4 On Line, S.A.	Madrid	Financial services
Renta 4 Pensiones, E.G.F.P., S.A.	Madrid	Pension fund management
Renta 4, Sociedad de Valores, S.A.	Madrid	Stockbroking
Renta 4 Tarragona, S.A.	Tarragona	Financial services
Renta 4 Corporate, S.A.	Madrid	Advisory and consulting
Renta 4 Vizcaya, S.A.	Bilbao	Financial services
Rentsegur, Correduría de Seguros, S.A.	Madrid	Insurance brokerage
Padinco Patrimonios, S.A.	Madrid	Dormant

(*) Although the Renta 4 Group's percentage of ownership interest in this company would not grant it the majority of voting rights, Renta 4 Guipúzcoa, S.A. performs commercial representation activities for the Renta 4 Group as part of its own line of business. Consequently, all of Renta 4 Guipúzcoa's revenue is generated from commissions paid to it by Renta 4 for the business Renta 4 Guipúzcoa procures for the Group. Therefore, Renta 4 considers that its relationship with Renta 4 Guipúzcoa, S.A. enables it to control its financial and operating policies (IAS 27.13) and thus it is accounted for using the equity method.

% shareholding			Thousands of euros (*)			
Direct	Indirect	Total	Capital	Reserves	Unrealized gains (losses) reserve	Profit/(loss)
5,00	94,92	99,92	782	(10)	-	(12)
99,96	-	99,96	62	10	-	-
-	99,99	99,98	42	(19)	-	-
99,97	-	99,97	69	11	-	-
99,99	-	99,99	2.374	2.700	(120)	941
-	15,00	15,00	60	1.179	21	(64)
99,94	-	99,94	3	(1)	-	-
85,00	14,00	99,00	60	709	-	(2)
81,66	-	81,66	90	(3)	-	-
99,00	-	99,00	60	(15)	-	-
99,99	-	99,99	2.416	89	1	250
99,99	-	99,99	6.105	20.862	-	1.525
-	99,89	99,89	15	-	-	(98)
100,00	-	100,00	92	107	-	(102)
-	99,99	99,99	391	(363)	-	-
-	72,49	72,49	75	(50)	-	4
100,00	-	100,00	105	72	-	(3)
5,00	94,92	99,92	782	(36)	-	26
99,96	-	99,96	62	10	-	-
-	99,99	99,98	42	(19)	-	(1)
99,97	-	99,97	34	12	-	(1)
99,99	-	99,99	2.374	2.319	(3)	381
-	15,00	15,00	60	1.179	-	28
99,94	-	99,94	3	-	-	-
85,00	14,00	99,00	60	710	-	(1)
81,66	-	81,66	90	(2)	-	(1)
99,00	-	99,00	15	(25)	-	-
99,99	-	99,99	1.815	196	29	(107)
99,99	-	99,99	6.105	20.469	-	3.471
-	99,89	99,89	15	(13)	-	(76)
100,00	-	100,00	92	(40)	-	147
-	99,99	99,99	391	(363)	-	-
-	72,49	72,49	75	(62)	-	12
100,00	-	100,00	105	66	-	7

(**) This item was recognized as an interim dividend.

(***) There is uncalled share capital amounting to 34 thousand euros which has not been deducted from capital.

(***) There is uncalled share capital amounting to 45 thousand euros which has not been deducted from capital.

(*) 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, 2009 and 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 / 2009

Pº DE GRACIA, 77, PRINCIPAL - 08008 BARCELONA (BARCELONA)
C/PROGRESO, 38 - 36202 VIGO (PONTEVEDRA)
PZA. DE LA AURORA, 5 - 30001 MURCIA (MURCIA)
C/ TERESA HERRERA, Nº 8, BAJO - 15004 A CORUÑA (A CORUÑA)
CL. TESIFONTE GALLEGO Nº 16, ENTREPLANTA - 02002 ALBACETE (ALBACETE)
AVDA. FEDERICO SOTO, 22, ENTLO. - 03001 ALICANTE (ALICANTE)
PASEO DE ALMERÍA, Nº 81, 1º IZQDA - 04001 ALMERÍA (ALMERÍA)
PASEO MARQUÉS DEL PUERTO, 6 - 48009 BILBAO (BILBAO)
PLAZA DE ESPAÑA, 5 - 11004 CÁDIZ (CÁDIZ)
C/ JUAN HERRERA 2, ENTRESUELO 5 - 39002 SANTANDER (CANTABRIA)
PLAZA DE LA PAZ, Nº 5, ENTRESUELO - 12001 CASTELLÓN (CASTELLÓN)
CRTA. BARCELONA, 2 EDIF. VERTEX 3º, 1º - 17001 GIRONA (GIRONA)
PLAZA ISABEL DE CATÓLICA, 1 - 18009 GRANADA (GRANADA)
AVDA. RAFAEL CABRERA, 1, 1ª PTA. OF 8 - 35002 LAS PALMAS DE GRAN CANARIA (GRAN CANARIA)
RAMBLA FERRA, 45 - 25007 LLEIDA (LLEIDA)
CALLE ORDOÑO II, Nº 11, 1º - 24001 LEÓN (LEÓN)
VARA DEL REY, 24 - 26002 LOGROÑO (LA RIOJA)
PLAZA DE SANTO DOMINGO, 5, 3ª PTA. - 27001 LUGO (LUGO)
PLZA. CONSTITUCIÓN, 2, 4º - 29005 MÁLAGA (MÁLAGA)
PASEO DE MALLORCA, 32 - 07012 PALMA DE MALLORCA (BALEARES)
CL. TORO, 76 - 37002 SALAMANCA (SALAMANCA)
C/ COLLADO, Nº15, 1º A - 42002 SORIA (SORIA)
C/ SAN CLEMENTE, 24 - 38003 SANTA CRUZ DE TENERIFE (TENERIFE)
C/ MAS DEL RIVERO, 17 - 45005 TOLEDO (TOLEDO)
C/ COLÓN, Nº 31, 1º, PTA 3 - 46004 VALENCIA (VALENCIA)
PLAZA SANTA ANA, 2, 2º B - 47001 VALLADOLID (VALLADOLID)
C/ SAN PEDRO ALCÁNTARA Nº2, 1º, 2 - 10002 CÁCERES (CÁCERES)
RAMBLA NOVA, 90 - 43001 TARRAGONA (TARRAGONA)
C/ CAMPANA, 6 3º IZQ - 41002 SEVILLA (SEVILLA)
RONDA DEL PILAR, 2 BJO IZQUIERDA - 06002 BADAJOZ (BADAJOZ)
PASEO DE LA INDEPENDENCIA Nº4, PRINCIPAL A DCHA - 50004 ZARAGOZA (ZARAGOZA)
AVDA. DEL CID, 1, 1º A-B - 09005 BURGOS (BURGOS)
C/ CAVIA, 8, BAJO - 22005 HUESCA (HUESCA)
PASEO SARASATE, 16, ENTREPLANTA - 31001 PAMPLONA (NAVARRA)
C/ COLÓN, EDIFICIO JOEN, Nº45, 1º, 1 46400 - 46400 CULLERA (VALENCIA)
RONDA DE TEJARES Nº6, OFICINA 6 - 14001 CÓRDOBA (CÓRDOBA)
C/ SAN PRUDENCIO Nº8ª, PISO 3º - 01005 VITORIA (ÁLAVA)
AVDA. RAFAEL GONZÁLEZ NEGRÍN Nº 17, 1º - 35500 ARRECIFE (LAS PALMAS)
C/ RUA DO PROGRESO, Nº127, LOCAL 2ª PB - 32003 OURENSE (OURENSE)
CALLE VALENCIA, 6 - 28945 FUENLABRADA (MADRID)
C/RAMÓN Y CAJAL Nº5, 1ªA - 13001 CIUDAD REAL (CIUDAD REAL)
PLAZA DE SANTA TERESA, Nº 14, 2º IZQUIERDA Y DERECH - 05001 ÁVILA (ÁVILA)
AVENIDA FERNÁNDEZ LADREDA, Nº 11, 1º A - 40001 SEGOVIA (SEGOVIA)
AVENIDA DE MADRID, 56 B - 1º A - 23008 JAÉN (JAÉN)
PLAZA DE SANTO DOMINGO, Nº1, 1ªPTA, APT.D - 19001 GUADALAJARA (GUADALAJARA)
C/IGNACIO MARTÍNEZ DE AZCOITIA, Nº 5 - 34001 PALENCIA (PALENCIA)
C/ PELAYO, 4, 2º - 33003 OVIEDO (ASTURIAS)
PASEO DE SANTA FE, Nº 1, BAJO - 21003 HUELVA (HUELVA)
C/ FLORES DE SAN TORCUATO Nº14 - 49014 ZAMORA (ZAMORA)
C/HOSPITAL, Nº 5 - 03203 ELCHE (ALICANTE)
C/ RAMÓN Y CAJAL, Nº 10, BAJO - 44001 TERUEL (TERUEL)
CALLE MAYOR, 40 - 08221 TERRASSA (BARCELONA)
C/ CERVANTES, Nº 2. 1º - 16004 CUENCA (CUENCA)

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 – JAÉN
 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 – 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/ RAMÓN 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 (ÁLAVA)
 C/ TERESA HERRERA, Nº 8, BAJO 15004 – A CORUÑA
 C/HOSPITAL, Nº 5 03203 – ELCHE (ALICANTE)
 C/IGNACIO MARTÍNEZ DE AZCOITIA, Nº 5 34001 – PALENCIA
 C/PROGRESO, 38 36202 – VIGO (PONTEVEDRA)
 C/RAMÓN Y CAJAL Nº5, 1ªA 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 GALLEG0 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 CONSTITUCIÓN, Nº1ª, ENTREPLANTA 06004 – BADAJOZ
 PLAZA DE LA PAZ, Nº 5, ENTRESUELO 12001 – CASTELLÓN
 PLAZA DE SANTA TERESA, Nº 14, 2º IZQUIERDA Y DERECH 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
 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, 2009 and 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 / 2009

AGUIRRE BASSET ALFONSO
ARCOS BARAZAL, S.A.
BOSS ESTUDIO EMPRESARIAL, S.L.
CENTENNIAL SERVICIOS COMERCIALES
DE LA FUENTE ARTEAGA JORGE
DÍAZ PÉREZ GONZALO (1)
DRACMA FINANZAS, S.L.
GALLO LÓPEZ FÉLIX ALFONSO
LAJAC S.A.
LERIDA TURBIARAN JOSÉ ANTONIO
MORENO PÉREZ VÍCTOR
PRIMO DE RIVERA ORIOL FERNANDO
RENPROA SL
RENTA 4 GUIPÚZCOA S.A.
VARGAS ESCOBAR, RAFAEL
VEGA-HAZAS JUAN MARÍA
YELSEN ASESORES, S.L.
ALBAJAR GIMÉNEZ, MANUEL
BORRAS-VÁZQUEZ-CAMESELLE-ARTAI CORREDURÍA DE SEGUROS, S.A.
FORET USSIA, JOSÉ LUIS
LÓPEZ MIGUEZ, ANTONIO
BABALITA, S.A.
MISUIN GESTIÓN, S.L.
PERIGOT CAMPOS, RICARDO
ARETIO CAÑADA, SUSANA (2)
LÓPEZ LÓPEZ, ANTONIO CEFERINO
HORIZON CAPITAL S.L.
ECHEVARRÍA BARBERENA, MERCEDES
YIDOSA, S.A.
ESPINOSA PARTNERS ASESORES, S.L.
VINDEL BERENGUEL, LUIS MIGUEL
NUEVA PRIDERA S.L.
DARWIN SYSTEMS, S.L.
GALOBASAN, S.L. (3)
INFORMADSA FINANCIEROS, S.L.
AES GESTIÓ DE PATRIMONIS, S.L
RIVERA CASTILLEJO, MIGUEL
SANFELIU CARRASCO, MARÍA DEL MAR
KRATSCHMER, IVO
SOFABOYCO, S.L. (4)
BAUCISA SISTEMAS, S.L. (5)

- (1) No longer a representative as of 09/30/09 - Pending registration with the Mercantile Register and the CNMV
- (2) No longer a representative as of 12/01/09 – CNMV notified as of 01/26/2010
- (3) No longer a representative as of 12/31/2009 - Pending registration with the Mercantile Register and the CNMV
- (4) Representative as of 10/01/2009 - Pending registration with the Mercantile Register and the CNMV
- (5) Representative as of 12/01/2009 – CNMV notified as of 01/26/2010
- (6) Representative as of 12/31/2009 - Pending registration with the Mercantile Register and the CNMV
- (7) Representative as of 10/23/2009 Pending registration with the Mercantile Register and the CNMV

PEDRO GALLEGU HEREDERO (6)

DAVID JOFRE TEJADA (7)

AGUIRRE BASSET, ALFONSO

ALBAJAR GIMÉNEZ, MANUEL

ARCOS BARAZAL S.A.

ARETIO CAÑADA, SUSANA

BABALITA, S.L.

BORRAS-VÁZQUEZ-CAMESELLE-ARTAI CORREDURÍA DE SEGUROS, S.A.

BOSS ESTUDIO EMPRESARIAL, S.L.

CENTENNIAL SERVICIOS COMERCIALES Y ASESORAMIENTO S.L.

DARWIN SYSTEMS, S.L.

DE LA FUENTE ARTEAGA, JORGE

DEL VALLE PETERSFELDT, JAVIER

DÍAZ PÉREZ, GONZALO

DRACMA FINANZAS, S.L.

ECHEVARRÍA BARBERENA, MERCEDES

FORET USSIA, JOSÉ LUIS

GALLO LÓPEZ, FÉLIX ALFONSO

GALOBASAN, S.L.

GESTIÓ DE PATRIMONIS, S.L.

HOLBER PARTNERS, S.L.

HORIZON CAPITAL, S.L.

INFORMADSA FINANCIEROS, S.L.

LAJAC S.A.

LÉRIDA TURABIAN, JOSÉ ANTONIO

LÓPEZ LÓPEZ, ANTONIO CEFERINO

LÓPEZ MINGUEZ, ANTONIO

MISUIN GESTIÓN, S.L.

MORENO PÉREZ, VÍCTOR

NUEVA PRIDERA, S.L.

PERIGOT CAMPOS, RICARDO

PRIMO DE RIVERA ORIOL, FERNANDO

RENPROA S.L.

RENTA 4 GUIPÚZCOA S.A.

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 2009 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 2009 consolidated annual financial statements approved at the meeting held March 23, 2010 and prepared in accordance with the accounting principles applied, give a true and fair view of the consolidated eq-

uity, 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.



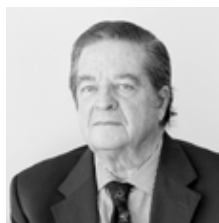
D. Juan Carlos Ureta Domingo
Chairman



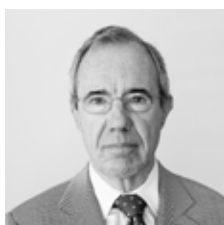
D. Jesús Sánchez-Quñones
Board member



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

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4.1

ECONOMIC ENVIRONMENT AND FINANCIAL MARKETS

Even though 2009 was one of the worst years since the Great Depression in terms of GDP growth rates, the change in expectations reflected in securities markets during the year was a determining factor to bring about an inflection in the crisis in the second quarter.

Global stock markets ended 2009 with generalized gains, albeit far from the levels reached prior to the crisis, and the rebound was accompanied by a substantial reduction in volatility. Almost 15 trillion dollars in capitalization were recovered by global stock markets in only 8 months, according to data published by the Global Federation. The recovery from the profound crisis into which the international economy had fallen started earlier and with greater intensity than the majority had expected. The combination of extraordinary measures taken by the world's governments to stimulate demand and support the financial system, together with the surprising dynamism and resistance displayed by the so-called emerging economies, succeeded in bringing about a progressive stabilization of financial conditions and the general macroeconomic situation. The consequence was a decrease in the level of uncertainty with respect to the economy and financial markets.

Compared to the expectations prevalent a few months ago, the latest revised macroeconomic forecasts published by international organizations assume that on an international scale, the most acute phase of the financial and economic crisis has passed. Signs of improvement in the economic environment are observable, and the outlook for global GDP and commerce is more optimistic.

Naturally, these forecasts are not the same for all geographical areas, but the general prospects are encouraging for the first time in many months. Thus, while the OECD pre-

dicted an average decrease of -3.5% in GDP for all its members in 2009, the forecasts for 2010 and 2011 are increases of 1.9% and 2.5% respectively.

As an example of the scale of government intervention in the economy, according to the EC's last report on outlook in autumn 2009, total amounts committed by EU governments to avoid a collapse of the banking system since the onset of the crisis are equivalent to 12.7% of the area's GDP. This is counting funds effectively deployed as compared to a total amount approved for various measure which is of the order of 31.4% of GDP.

The positive effects of these measures and other initiatives using public money started to be felt in the change of direction. However, the stubborn contraction in private sector credit, the depression of investment levels, and the continuing growth in family savings rates in a context of continued and increasing job destruction, has led experts to recommend the maintenance of tax stim-



New York



London



Moscow



Tokyo

uli while the foundations of the recovery are strengthened.

The international currency markets experienced tensions again, to the extent that the US Treasury felt obliged to intervene (timidly) in defense of the dollar. Starting in February 2009, the euro appreciated by more than 20% against the dollar, reaching the level of 1.50 dollars per euro. The weakness of the US dollar allowed the American export sector to moderate the drop in internal activity assailing the world's largest economy.

With respect to emerging economies with a growing share of global activity in recent years, especially China and India in Asia, and Brazil in Latin America, there is wide consensus on the relevant role they will play in overcoming the crisis, given their lower exposure to the traumas caused by the financial catastrophe.

Some internal indicators of the US economy, related to the slowing down in the deterioration of residential real estate and an

increase in car sales, encourage a degree of optimism with respect to the continued improvements in annualized quarterly GDP figures. However, the marked depression in investments (with drops close to -20%) and industrial production raise doubts as to the intensity of these early signs of a positive reaction in the economy. Undoubtedly, the worst news came from the employment market: the jobless rate has already surpassed 10% of the active population.

In the European Union, both the ECB and EC recognize signs of reactivation in the economy and attribute this to the impact of huge stimulus packages, to the extent that voices can be heard suggesting that the ECB start a very slow and progressive tightening of interest rates, in order to avoid inflationary pressures in the medium term. It is clear that this tightening has not materialized yet, and the continuing deterioration of employment, with an unemployment rate close to 10%, indicates the recovery in activity is still insufficient to generate healthy potential growth. For both of these

reasons, it is likely that significant withdrawal of public support will be postponed until well into 2010.

As far as Spain is concerned, expectations point to a scenario in which recovery will be more drawn out in time and less "shiny." We share many of the features of the crisis the other developed economies are experiencing, but the collapse of a basic sector of economic activity in the last few years (real estate - construction) and the need to restructure the financial sector seriously hamper the possibilities of returning to growth quickly and correcting the strong adjustment our labor markets are suffering. Estimates for the Spanish economy, following a -3.6% drop in GDP for 2009, point to a decrease of about -0.5% in 2010. The marked deterioration in labor markets and growing budget shortfalls are the most important factors to consider when evaluating our prospects for recovery. The trend of both imbalances is worrying, and will condition the options for potential growth in the medium term.

4.2 SECTOR TRENDS

Following the enormous tensions experienced by financial markets and the economy in 2008 and the beginning of 2009, the containment of the financial and banking crisis, and progressively improving expectations about the global economy, was welcomed by stock exchanges, debt markets, and markets for financial instruments, as reflected by the sharp rebounds.

Thus, the good performance of stock markets, sovereign debt markets, and corporate bond markets provided solid support as part of the current recovery from the crisis, further strengthened by a progressive return of confidence and maintenance of tax policies and extremely expansionist monetary policies.

In Spain's case, the main stock market indicator, the IBEX-35, led the annual increases among the principal global stock markets, increasing by close to 30% in 2009, one of the best performances recorded for the decade. The recovery from the lows reached in March 2009 is close to 75%, with the capitalization of the Spanish stock market regaining the one trillion euro level in September 2009, 11 months after having dropped below this level as a consequence of the crisis.



Corporate activity of listed companies worldwide has begun to recover from the difficult conditions experienced by financial markets in the previous year, opening up very favorable perspectives for 2010 and later. As a consequence of increased difficulties in accessing bank financing the tendency is to increase the importance of financing in the form of capital. In Spain, three new non-financial companies were quoted on the stock exchange in 2009. One of them, the San José group, was listed via simple admission to trading, and the other two via the alternative stock exchange (MAB).

The recovery of stock markets and the ongoing credit restrictions encouraged more companies to consider the stock exchange as an attractive financing instrument. Funds raised by companies through capital increases amounted to approximately 10,000 million euros. The number of companies going to the stock markets in search of financing increased, as did the number of cash transactions, which doubled. Nevertheless, there were few public share offerings, totaling some 7,000 million euros.

The drop in earnings of listed companies slowed down in 2009. In the first nine months they decreased by 13%. It seems that most sectors and companies have passed a clear turning point, and that earnings reflected resilience in the face of adverse conditions. Shareholder remuneration in the form of dividends or distributions of reserves once again beat historic records, amounting to more than 30,000 million euros up to November, 14.2% more than in the same period for 2008. This reflected the effort made by companies to encourage shareholder loyalty and transmit confidence in future earnings, maintaining attractive levels of dividend yields for listed companies in spite of the sharp rise in stock prices.

The Alternative Stock Market (MAB in Spanish) for expanding companies, operated by

BME and designed to facilitate access to securities markets for small- and medium-sized companies, ended what was in effect its first year of operations with two listed companies: Zinkia and Imaginarium.

It is especially worth noting the excellent relative performance of Latin American economies in the variable income sector, reflected in the performance of Latibex, the Spanish Stock Exchange euro-denominated market for Latin American securities. The Latibex All Share index rose by approximately 100% in 2009.

The earnings strength of many companies and sectors worldwide during the crisis eroded the reluctance of investors, whose increasing demand boosted corporate bond issues, especially those of the larger companies. In Europe, corporate bond issue ended 2009 with a historic record, volume surpassed 250,000 million euros and the share for Spanish companies was noteworthy.

The easing of tensions in the financial and banking sectors, together with the change in market expectations, further calmed bond markets which benefited from historically low key interest rates in 2009. In the case of the US Federal Reserve, rates were held at historically low levels of between 0 and 0.25% throughout 2009, while the European Central Bank cut rates on four occasions until reaching the 1% level. In addition, low rates have been accompanied by extraordinary liquidity provision measures for the financial system.

Sovereign debt continued enjoying investor interest and most countries could generally continue to finance their massive support programs for the economy on good terms. Though 10 year bonds started the year with sharp price drops and corresponding spikes in yield, the second half of the year saw a change in the tendency due to the absence of inflationary pressures.



In this context, transactions in corporate debt markets again achieved historic records in 2009: accumulated volume up to November was 61.5% greater than for the same period in 2008. The outstanding balance amounts to 881,049 million euros, corresponding to an 8.3% increase, and net financing, which did not stop growing in spite of the crisis and the immense volume of sovereign debt issued, reached 61,444 million euros, 12.4% above the figure for the first 11 months of 2008. In addition to performing more satisfactorily, the corporate debt market cooperated efficiently in channeling some of the anti-crisis measures taken by the government, especially with respect to the Fund for the Acquisition of Financial Assets (FAAF in Spanish, Fondo de Adquisición de Activos Financieros) which was constituted as a Member of the Corporate Debt Market (Miembro del Mercado de Deuda Corporativa in Spanish) and which acquired the assets in this market together with the guarantees issued by the Treasury for certain bank entity issues.

The Spanish Futures and Options market experienced another record year in 2009 in terms of activity and in an environment of less volatility, which made the level of activity even more important. The number of traded contracts approached the 95 million mark, another historic record. The market for derivative products found itself in the center of the debate on new regulation for the financial sector in 2009. The fact that an extraordinarily significant volume of these products are traded bilaterally and are not subject to trading regulations or standardized conditions (known as the OTC market, where OTC stands for "over the counter") alerted to the potential systemic risk accumulated in these markets and the need to be aware of this risk as well as limiting it. The regulators' response was two-pronged. First, more and more OTC derivative trading should be moved to a central clearing-house; second, an increasing number of OTC derivatives should be traded on stock exchanges as standardized products.

The warrants market inaugurated a new platform in February for contracting warrants, certificates, and other products. This was a significant advance as it increases the capacity for handling transactions and improves efficiency.

UCITs slowly found a path to recovery worldwide, supported by the good performance of the stock and debt markets. In

Spain, the volume of the wealth managed by these institutions was similar to the levels seen at the end of 2008, with net subscriptions of investments in the last months of the year.

The Exchange Traded Funds (ETFs) sector consolidated in the Spanish market, with 32 funds offering a wide range of investment possibilities and which managed assets on the Spanish Stock Exchange totaling more than 13,100 million euros.

Among the remaining sectors of the Alternative Stock Market (MAB), the sector dedicated to SICAVS consolidated completely, with more than 3,300 companies listed at year end. In February, the UCITS hedge fund sector was launched with the listing of the first UCIT hedge fund, Nordinvest, Sil.



4.3

PERFORMANCE OF RENTA 4 S.I., S.A. HIGHLIGHTS



Renta 4 reported a net profit in 2009 of €6.2 million, 11.3% more than the €5.6 million reported in 2008. Driving this increase were higher fee and commission income and tight costs control. Net profit amounted to €1.6 million in the fourth quarter of 2009, a 37% higher than the third quarter.

Income from ordinary activity (net commissions minus operating expenses, including depreciation and amortisation) for the year amounted to €7.2 million, an increase of 93.6% from the €3.7 million recorded in 2008.

Total client assets under management rose 42.6% in 2009 to €4,852 million, marking a new record for the Company. This increase was underpinned by the €750 million of net money inflows and the positive market effect in the year.

Operating data performed positively during the year, with a 17.5% increase in the number of accounts, 6.5% more orders executed and a stronger contribution from the online channel.

Fee and commission income rose 9.5%, mainly thanks to the positive contribution by the asset management business, which posted a 16.5% improvement.

Operating expenses fared better than the company had forecast in its cost-control programme, with a cumulative decline of 10.4% in 2009 to €27.5 million from €30.6 million in 2008 and the €28 million estimated at the beginning of 2009.

Renta 4's shareholders' were remunerated in 2009, via payment of issue Premium in kind and cash dividend, with a yield of 5.9% according with the share price at 31 December.

	2009	2008	%
<i>Thousand of euros</i>			
Operating Data			
Customers	140.665	119.704	17,5%
Renta 4 network	44.652	42.874	4,1%
Third party	96.003	76.830	25,0%
Executed orders	2.782.060	2.613.488	6,5%
Total assets under custody (€ mill.)	4.852	3.402	42,6%
Stocks	3.050	1.986	53,6%
Funds (mutual, pension and third party)	1.032	687	50,2%
SICAVs	501	463	8,2%
Others	269	266	1,1%
Online Channel (retail)			
% Revenues	73,2%	68,3%	4,9 p.p
% Orders	83,5%	81,3%	2,2 p.p
% International markets	44,7%	40,9%	3,8 p.p
Earnings Data (€ thousand)			
Commission income	50.672	46.283	9,5%
Net interest income	887	5.259	-83,1%
Dividends and net financial operations	832	863	-3,6%
Operating expenses	27.473	30.649	-10,4%
Net operating income	8.295	10.215	-18,8%
Net profit	6.239	5.603	11,4%
EPS (€ cents)	0,16	0,14	11,4%
Employees			
Average number employees at Dec. 09	277	303	-8,6%
Commercial network	149	154	-3,2%
Headquarters	128	149	-14,1%
Number of branches	57	57	0,0%
Share			
RIC (Reuters/Bloomberg)	RTA4.MC	R4.SM	
Price at 12.31.09 (euros)(*)	5,25	5,07(*)	+3,7%
Market Capitalization at 12.31.09 (euros)(*)	213.639.316	206.111.073(*)	+3,7%
Number of shares issued	40.693.203	40.693.203	

(*) Share price at the beginning of 2009 has been adjusted by two extraordinary shareholders payment of issue premium in kind made along the year

	2009	2008	%
Thousand of euros			
Total Revenues	55.661	67.472	-17,5%
Fee and commission income	50.672	46.283	9,5%
Fee and commission expenses	-16.004	-11.908	34,4%
Net fee and commissions income	34.668	34.375	0,9%
Interest and similar income	4.776	19.959	-76,1%
Interest and similar expenses	-3.889	-14.700	-73,5%
Net interest income	887	5.259	-83,1%
Net financial operations	213	1.230	-82,7%
Net Income	35.768	40.864	-12,5%
Operating Expenses	-27.473	-30.649	-10,4%
Personnel	-13.891	-15.644	-11,2%
Other general administrative expenses	-11.312	-12.702	-10,9%
Depreciation and amortization	-2.270	-2.303	-1,4%
NET OPERATING INCOME	8.295	10.215	-18,8%
Other income and expenses	221	-2.444	-109,0%
Profit before Tax	8.516	7.771	9,6%
Income tax expenses	-2.277	-2.168	5,0%
NET PROFIT	6.239	5.603	11,4%

Total client assets under management by Renta 4 at 31 December 2009 stood at €4,852 million, up 42.6% from the year before and the highest level ever reached by the Company in its nearly 25 year history. Of the increase, €750 million were net money inflows and €699million came from the positive market effect deriving from the good performance of financial markets last year.

According to data released by Inverco, Renta 4's investment fund manager recorded a 27.9% increase in assets managed in 2009 to €722 million. This increase contrasts with the 3% decline in the overall size of the market. As a result, Renta 4's investment fund manager's market share rose from 0.34% to 0.44%. Also worth highlighting was the extension of the product range thanks to the inclusion and launch of five new mutual funds in the year, which rounded off the existing offer and takes the fund manager's total funds to 36.

As for SICAVs, Renta 4 ended 2009 with 60 companies managed, up from 57 in 2008. Assets under management in SICAVs rose 8.2% to €501 million. As has been the case for several years now, the Company's market share rose in this business segment in 2009, to 1.95%.

Pension fund assets grew by 44% to €190 million at December 2009 from €132 million at December 2008. Noteworthy in this business segment is the agreement entered into in January 2010 with the Spanish newspaper and magazine distributors association, Confederación Española de Vendedores de Prensa (COVEPRES), whereby Renta 4 will manage the pension fund of the association's members.

The total number of accounts ended 2009 at 140,665, up 17.5% from the 119,704 at the end of 2008. Of these, 44,652 belonged to the Renta 4 network and 96,003 to the third-party network.

The total number of orders executed topped 2.8 million, 6.5% more than the year before. This growth partially offset the 7.5% decline in cash trades. Compared to 2008, cash trades involving equities, which generate higher commissions, increased by 2.7%, while those involving fixed-income securities dropped 8.7%.

Meanwhile, the weight of the online channel in the retail business segment grew further in 2009, reaching 73.2% of revenue

(+4.9pp) and 83.5% of orders (+2.2pp). Worth highlighting is that of accumulated revenues from the online channel at December of last year, 44.7% came from international markets, a 3.8pp increase from the 40.9% weight in 2008.

Total revenues amounted to €56.3 million, 16.1% less than the amount recorded in the same period of 2008. Net income was only 10.2% lower, mainly because of the decline in net interest income caused by the low interest rate environment. Stripping out net interest income, net income was 0.7% higher in the period.

Fee and commission income rose 9.5% in the full year to €50.7 million and represented 90% of total revenues. Net commissions (i.e. excluding commissions paid to third parties) rose 0.9% to €34.7 million.

By business line, Brokerage commissions were 9.1% higher in 2009 at €34.3 million. By product, fees generated in stock markets advanced 8.6% and from fixed income by 33.3%, while fees generated from derivatives fell slightly, by 5.2%, compared to 2008. This effect was partly the result of lower market volatility in 2009 compared to 2008, which explains why the use of derivatives was not as great.

Commissions from Asset Management totalled €13.1 million in 2009. The increase in assets managed in the year, coupled with the success fees recorded, drove a 16.5% increase in this line from the €11.3 million recorded in 2008.

Meanwhile, income from Corporate Services declined 9.3% in 2009, to €3.2 million from €3.5 million in 2008.

Interest and similar income plunged 76.1% in the year, to €4.8 million from €20 million. Net interest income contracted 83.1%, falling from €5.3 million in 2008 to €0.9 million in 2009. Understandably, this decline is explained by the fact that interest rates were at record lows in 2009, but at record highs in 2008.

Lastly, Net financial operations totalled €0.8 million, 3.6% less than the €0.9 million of 2008. The disposal of Renta 4's stake in Bolsas y Mercados Españoles (BME) had two opposing effects in 2008, which virtually netted each other out but skewed comparisons throughout 2009. In the early part of 2009, the Company did not receive



any dividends from this stake, compared to €3.3 million in 2008. In the fourth quarter of 2008, Renta 4 had to recognise a loss on the disposal among shareholders, which was not repeated in the fourth quarter of 2009. Looking ahead, volatility in this income statement item should be far smaller.

Operating expenses for the year totalled €27.5 million, a reduction of 10.4% from the previous year's figure of €30.6 million. This figure was lower than in the company's guidance at the beginning of the year, which included among the targets of its cost-cutting programme an amount of operating expenses, including depreciation and amortisation of around €28 million.

Personnel expenses fell 11.2% in 2009 to €13.9 million. This decrease was the result of the reduction in the average number of employees from 303 at the end of 2008 to 277 at the end of 2009.

General administrative expenses were 10.9% lower at €11.3 million compared to €12.7 million in 2008. The most significant declines were recorded in repairs and advertising expenses, which were down a combined 35.7% in the year, while contributions and taxes rose 33.8% from 2008.

Lastly, Depreciation and amortisation remained broadly at the same levels as in 2008, falling 1.4% to €2.3 million.

Income from Ordinary Activity (net commissions minus operating expenses, including depreciation and amortisation) grew by 93.6% to €7.2 million 2009 from €3.7 million in 2008.

For the full year 2009, operating income totalled €8.9 million, just 9.5% less than the €9.8 million recorded in 2008. The entire decrease is explained by the smaller contribution of net interest income.



ASSETS	2009	2008
<i>Thousand of euros</i>		
Intangible assets	9.699	9.994
Property and equipment	29.604	30.804
Available-for-sale-financial-assets	33.116	30.570
Deferred tax assets	777	987
Loans and receivables	4.409	2.402
Other assets	0	0
NON-CURRENT ASSETS	77.605	74.757
Other assets	2.099	1.666
Current tax assets	1.219	4.509
Loans and receivables	323.206	322.913
Financial assets held for trading	265	3.329
Cash and cash equivalents	103.612	132.658
CURRENT ASSETS	430.401	465.075
TOTAL ASSETS	508.006	539.832

EQUITY AND LIABILITIES	2009	2008
<i>Thousand of euros</i>		
Minority interest	1.091	1.126
Valuation adjustments	-1.690	-2.295
Equity	64.565	79.335
EQUITY	63.966	78.166
Financial liabilities	35.837	36.115
Deferred tax liabilities	1.082	1.021
NON-CURRENT LIABILITIES	36.919	37.136
Financial liabilities held for trading	355	860
Financial liabilities	402.544	421.944
Provisions	995	266
Current tax liabilities	2.815	1.173
Accrued expenses and deferred income	412	287
CURRENT LIABILITIES	407.121	424.530
TOTAL EQUITY AND LIABILITIES	508.006	539.832

The decline in the Equity figure at 31 December is due to the treasury shares held for the Share Delivery Plan approved at the Extraordinary General Shareholders' Meeting held 22 December 2009 (1.9 million shares representing 4.6% of share capital) and the payment of an issue premium in kind via delivery of own shares (0.8 million shares representing 2% of share capital), carried out in January 2010.

4.4

MARKET SITUATION AND OUTLOOK

Market conditions improved considerably throughout 2009, with a sharp growth in household saving rate and greater demand for specialised investment services by savers.

This propitious environment, together with the sharp increase in total client assets under management in 2009, allows us to forecast a significant increase in net fees and com-

missions income in 2010. Barring dramatic changes in market conditions, we estimate this growth will be above 15%.

Based in previous assumptions, Renta 4's target for 2010 will be to improve the cost/income ratio despite the launch of new branches and business lines.

Therefore, Renta 4 foresees to increase again the income from ordinary activity (net commissions minus operating expenses) in 2010.



R&D ACTIVITIES

4.5



As in previous years, R&D efforts in 2009 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 to disclose to shareholders the following information which, in compliance with this article, has been included in the management reports accompanying the 2009 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, 2010.



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, 2009, 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 14,135,819 shares and indirectly 6,410,071 shares, giving him a total shareholding of 50.490% of share capital.

Mr. Ureta Domingo indirectly owns 6,410,071 of the abovementioned shares; his total ownership interest is currently 15.753% through the following entities or private individuals:

- Sociedad Vasco Madrileña de Inversiones, S.A, owner of 987,014 shares, representing 2.426% of share capital.
- Cartera de Directivos 2003, S.A, owner of 1,686,872 shares, representing 4.145% of share capital.
- Sociedad de Inversiones Santamaría, S.L., owner of 663,000 shares, representing 1.629% of share capital.
- Recarsa, S.A, owner of 225,666 shares, representing 0.555% of share capital.
- Asecosa, S.A, owner of 94,037 shares, representing 0.231% of share capital.
- Surikomi, S.A., owner of 1,917,689 shares, representing 4.713% of share capital.
- Matilde Estados Seco, owner of 835,793 shares, representing 2.054% 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, govern 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 af-

fects 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 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.

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 mecha-

nisms 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



ty 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 December 22, 2009, 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. This authorization is granted for a period of 5 years, i.e. to December 21, 2014.

Herewith follows the portion referring to the general shareholders meeting:

"1.1.- To annul the unused portion of the authorization granted by the Ordinary General Shareholders Meeting of April 30, 2009 for the acquisition of treasury shares either directly by the Company through the Group's investees.

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.

Accordingly, the Board of Directors is authorized to acquire directly or indirectly a maximum of 1,627,728 treasury shares and deliver them, in exchange for specific compensation, to its employees, executives or directors and to the employees, executives or directors of the Renta 4 Group's investees.

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 at once or several times. In this event, the minimum acquisition price or compensation shall be equal to the nominal value of the acquired treasury shares and the maximum acquisition price or compensation shall be the listed price, provided that it does not exceed 5 euros and five cents (€5.5). Acquisitions of treasury shares shall be governed by the standard rules and practices of securities markets.

In addition, 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 are authorized to acquire treasury shares at once or several times for any other purpose.

In the latter case, 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

75.2 of the Spanish Corporation Law, the acquisition of treasury shares will be limited to 10% of issued capital.

Both express authorizations are granted for a five-year period beginning December 22, 2009, that is, up to December 21, 2014.

The shares acquired by virtue of these authorizations 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 the aforementioned authorizations have 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.

1.2- A restricted reserve shall be created in equity on the acquiring company's balance sheet equal to the value of treasury shares held or shares of the parent company that are included in assets, as stipulated in paragraph 3 of Article 79 of the Spanish Companies Law.

1.3.- The chairman, Juan Carlos Ureta Domingo, and the Secretary of the Company's Board of Directors, Pedro Ramón y Cajal Agüeras, are authorized, individually or in the other's place, as either joint and several or as sole signatories, to grant those public and private documents necessary to execute the aforementioned agreements, as well as their notarization and full or partial inscription in the Mercantile Register, including any deeds needed to ratify, rectify, clarify or correct those previously filed".





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, wrongful 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

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 2009.

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 2009.

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.



Annual report on the customer service department for 2009

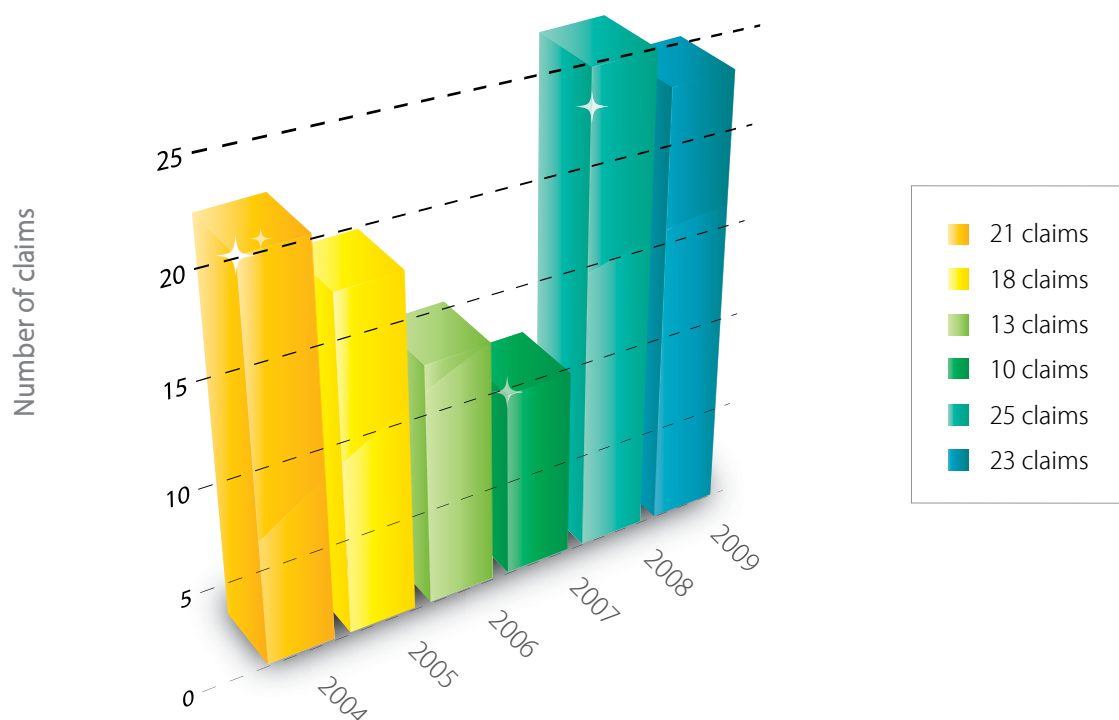
Outcome of claims

In 2009, Renta 4's CSD handled a total of 23 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 2009 the CSD received one inquiry, relating 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 and a subsequent decrease again in 2009.

Consequently, in 2009 the number of claims processed by Renta 4's CSD decreased from 25 claims in 2008 to 23 claims in 2009.



In this respect, the CSD considers that the number of claims processed in 2009 was not significant compared to Renta 4's total 44,652 customers at December 31, 2009 (excluding the third-party network).

Claims by type of ruling

As can be seen in Table 1 below, in 2009, of the claims accepted for processing, in 18 instances the CSD ruled against the customers (78% of all claims received and resolved), and in 5, the CSD recommended that the Company and the client reach an agreement, which represented 22% of total claims.

TABLE 1

Classification by ruling	Claims in 2009		Claims in 2008		Claims in 2007		Claims in 2006		Claims in 2005		Claims in 2004	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Against the customer	18	78%	21	84%	6	60%	10	77%	17	94%	19	90%
In favor of the customer	0	0%	3	12%	3	30%	3	23%	0	0%	2	10%
CSD agreement proposal	5	22%	1	4%	0	0%	0	0%	1	6%	0	0%
Filed	0	0%	0	0%	1	10%	0	0%	0	0%	0	0%
TOTAL	23	100%	25	100%	10	100%	13	100%	18	100%	21	100%

In the instances in which the CSD encouraged the parties to reach an agreement, Renta 4 agreed upon an economic settlement in all, totaling 60,815.02 euros (2008:37,592.80; 2007: 4,280.00; and 2006: 960.84).

Nevertheless, the CSD has estimated the total cost and amounts pertaining to claims filed by customers in 2009 to be approximately 200,000 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 2009		Claims in 2008		Claims in 2007		Claims in 2006		Claims in 2005		Claims in 2004	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Transactions with securities, order execution	10	44%	6	24%	6	60%	4	31%	2	11%	2	10%
Commissions - Rates	5	22%	2	8%	0	0%	6	46%	4	22%	12	57%
Mutual funds	4	17%	9	36%	1	10%	2	15%	5	28%	2	10%
Action of representative	1	4%	0	0%	0	0%	0	0%	3	17%	3	14%
Other	3	13%	8	32%	3	30%	1	8%	4	22%	2	10%
TOTAL	23	100%	25	100%	10	100%	13	100%	18	100%	21	100%

In the content classification, claims related to “Transactions with securities and order execution” accounted for the largest number in 2009, representing 44% of total claims. “Transactions with securities and order execution” include claims relating to any type of discrepancy.

In addition, “Investment funds/Pension plans” includes claims relating to the inscription, repayment and transfer of investment fund and pension plan contracting and marketing procedures, as well as to investment management and policies. There were four claims under this classification, representing 17% of total claims. The number of claims of this type decreased with respect to 2008.

With regard to claims relating to this heading, the CDS would like to underscore the CMNV’s resolution concerning one of the claims received in relation to the RENTA 4 RENTA FIJA EURO (formerly RENTA 4 EUROCASH, FI). Once received, the claim was analyzed within the stipulated period and the CSD ruled against the investor. The investor was subsequently informed of his/her legitimate right to file a claim with a higher competent body, such as the CNMV or the court system.

The investor exercised this right and filed a claim with the regulator, alleging that Renta 4 Gestora, SGIC, S.A. had not periodically informed him/her of the fund’s performance, and specifically, of changes in its net asset value in 2008. The investor likewise claimed that the fund did not meet his/her expectations in terms of return, given that the investment was supposed to be an UCIT which performed as a short-term fixed-income investment.

The CNMV analyzed the claim and asked for feedback from Renta 4 Gestora, SGIC, S.A., which reiterated what the CSD had already explained when it sent its original reply to the investor.

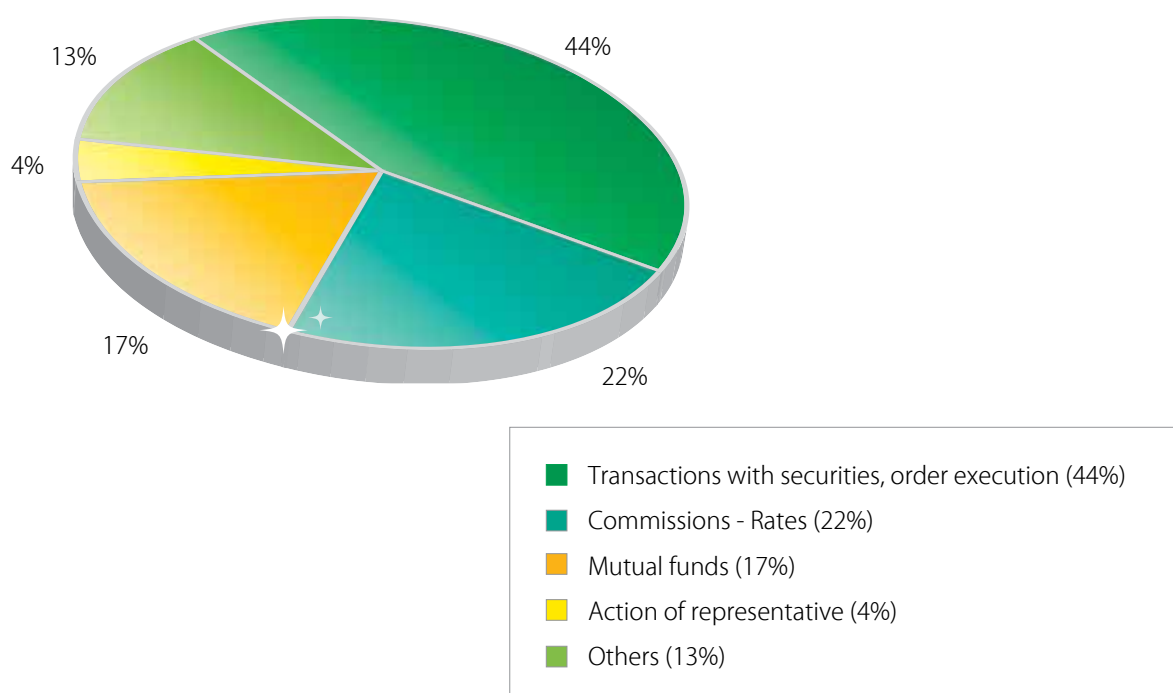
Following its analysis, the CNMV issued a conclusive resolution. With regard to Renta 4 Gestora, SGIC, S.A.'s failure to send periodic information, the regulator considered that the investor had not sufficiently documented, arguing that no mention of the investor's dissatisfaction with this aspect of service had been mentioned in the original claim.

Lastly, the CNMV addressed the second part of the claim relating to the fund's negative performance as a short-term fixed-income investment. The regulator again ruled in favor of Renta 4 Gestora, SGIC, S.A., fully accepting its premise that the investment is in fact an investment fund. In this regard, it argued that while in principle the investment could be considered an UCIT with moderate risk, in terms of other UCITS exposed to equity securities, RENTA 4 EUROCASH, FI was not a guaranteed fund, as can be clearly seen from its prospectus. The regulator likewise point out that the assets in which the fund invested entailed certain inherent risks (i.e. credit risk, market risk) which were expressly stated in the fund's prospectus. Lastly, the CSD wishes to underscore that the CNMV's resolution is binding for both parties, and that the investor still has the option of filing a judicial claim with the courts. In any event, the courts tend to uphold the resolutions of the regulator. At the date of this report, no citation or claim has been received within one year from the date the above resolution was communicated that would indicate the investor's desire to pursue the claim in a court of law.

"Commissions – Rates" relates to claims in connection with commissions charged to customer accounts for services rendered. There were five claims of this type in 2009, accounting for 22% of total claims. Unlike in earlier headings, claims relating to commissions and rates increased in 2009; however, the percentage of such claims was not as high as those registered from 2004 to 2006.

Lastly, "Other" includes a total of 3 claims, representing 13% of total claims. This category includes claims that cannot be classified into any of the other categories.

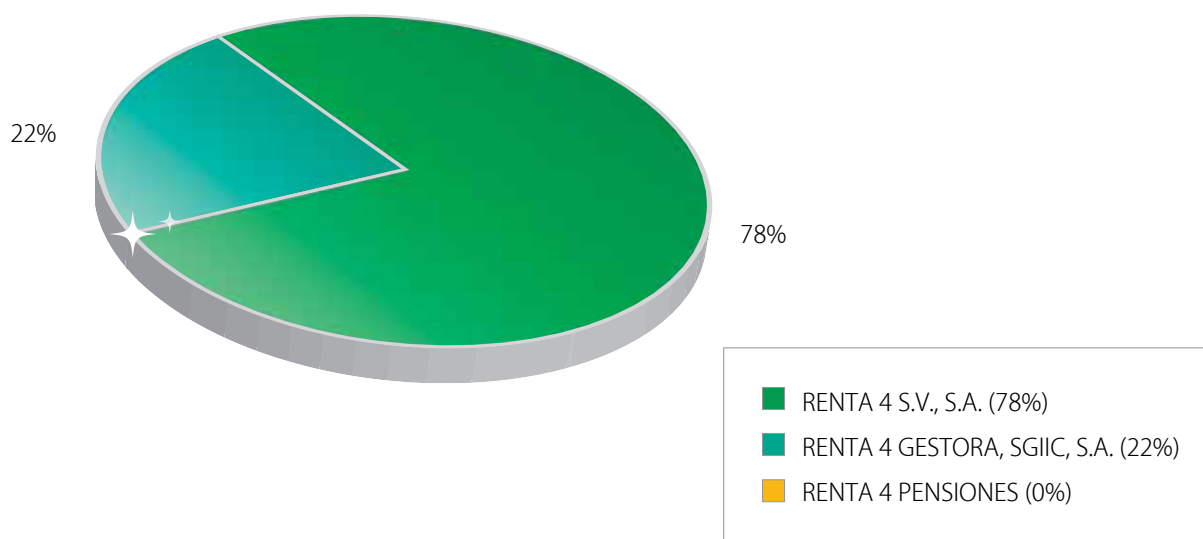
GRAPH 2 claims 2008 by content



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 (18), followed by Renta 4 Gestora SGIIC, S.A. (3). The obudsman for Renta 4 Pensiones, S.A. has not received any claim in 2009.

GRAPH 2 claims 2008 by companies



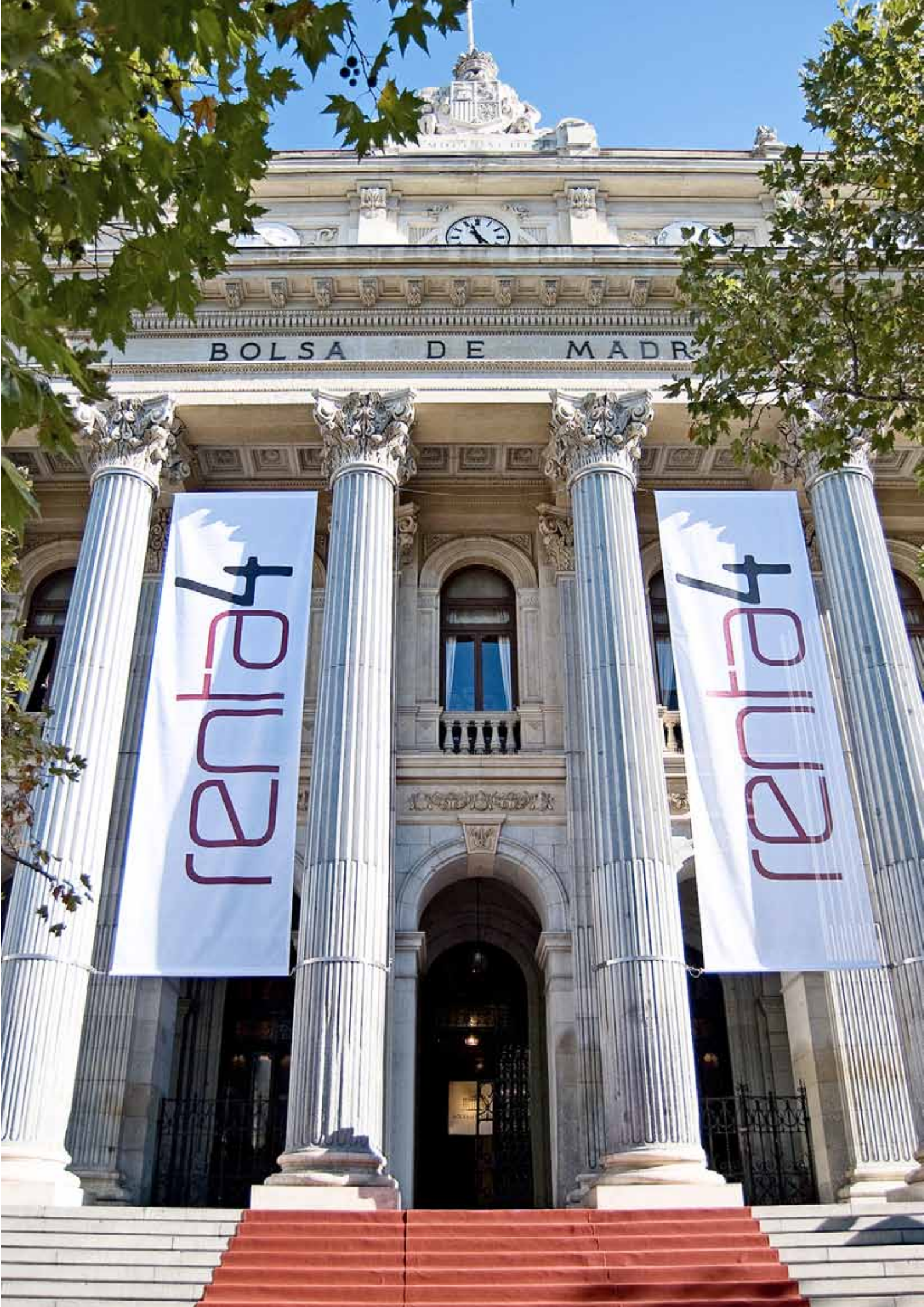
CONCLUSIONS

In conclusion, the CSD considers that, although the total number of complaints (23) received in 2009 was lower in 2009 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.

4.8

EVENTS AFTER THE BALANCE SHEET DATE

On March 23, 2010, 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, 2009 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.



BOLSA DE MADRID

70 años

70 años



ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES
FINANCIAL YEAR 2009

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

FORM FOR ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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)	14.135.819	6.410.071	50,490
Mr. Pedro Ángel Navarro Martínez(2)	88.239	59.575	0,363
Mr. Pedro Ferreras Díez	29.807	0	0,073
Ms. Sofía Rodríguez Sahagún	9.993	0	0,025
Mr. Eduardo Trueba Cortes	7.917	0	0,019
Mr. Jesús Sánchez Quiñones González	311.383	0	0,765
Mr. Miguel Primo de Rivera y Urquijo	15.244	0	0,037

Name or company name of Company Director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr. Francisco de Asís García Molina(3)	7,315	35,000	0,104
Mr. Santiago González Enciso(4)	498,270	694,365	2,931

(*) 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	987,014	2,426%
(1) Cartera de Directivos 2003, S.A	1,686,872	4,145%
(1) Surikomi S.A	1,917,689	4,713%
(1) Sociedad de Inversiones Santamaría S.L	663,000	1,629%
(1) Recarsa, S.A	225,666	0,555%
(1) Asecosa S.A	94,037	0,231%
(1) Matilde Estados Seco	835,793	2,054%
(2) Kursaal 2000 SICAV, S.A	59,575	0,146%
(3) Help Inversiones SICAV, S.A	35,000	0,086%
(4) I.G.E., S.L	233,325	0,573%
(4) Matilde Fernández de Miguel	323,340	0,795%
(4) Cristina Gonzalez Fernández	27,540	0,068%
(4) Ignacio Gonzalez Fernández	27,540	0,068%
(4) María Gonzalez Fernández	27,540	0,068%
(4) Santiago Gonzalez Fernández	27,540	0,068%
(4) Matilde Gonzalez Fernández	27,540	0,068%

% of total voting rights held by The Board of Directors	54,808%
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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
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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 50.490%

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
1.591.105	1.887.696	8,549%

(*)Through:

Name or company name of direct shareholder	Number of direct shares
Banco de Madrid, S.A.	1.887.696
Total:	1.887.696

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
14/05/09	372,337	35,800	1.003
22/12/09	753,095	0	1.851
23/12/09	764,167	0	1.878

Gain/Losses from sale of treasury stock during the financial year	331.751
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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 22 December 2009 the following resolution was passed in the terms transcribed below:

"To avoid partially, as far as it has not been used, the authorisation conferred by the Ordinary General Meeting held on 30 April 2009 for the acquisition of own shares directly by the Company or through participated companies of the Renta 4 Group.

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.

Firstly, the Board of Directors may acquire directly or indirectly a maximum of 1.627.728 shares of Renta 4 to exchange, for specific consideration, to its employees, directors or managers of the participated companies of the Renta 4 Group.

To this effect, 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. In such case, the minimum price shall be equal to the face value of the own shares acquired and the maximum price shall be the trading price of the treasury stock acquired on the Stock Exchange in the moment of acquisition, provided that it is not higher than Euro 5.5.

Additionally, 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 acquire own shares for any other purpose once or various times.

In the latter case, 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 Article 75.2 of the Spanish Companies Act, the limit of treasury stock acquisition shall be 10% of the share capital.

This authorisation is granted for a term of five years commencing 22 December 2009, that is, until 21 December 2014.

The shares acquired under these authorisations 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.

12- 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..

13.- 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

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

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

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

[illegible]

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 de 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 (Consortio 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 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 Kojpe. 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.
MS SOFÍA RODRÍGUEZ SAHAGÚN	Graduate in Law and Business Management, ICADE. She began her professional career in the Spanish Commercial Office in New York (ICEX). In 1988, she joined Renta 4 as Senior Manager of the Business Division and later she worked as consultant in McKinsey & Company. Afterwards, she also worked for Openbank in different positions. In 1998 she joined ING DIRECT Spain as Assistant General Manager, responsible for the areas of Strategy and Marketing. In 2000, she moved to the United States for personal reasons, where she took part in the creation of AOL Spain. From 2002 to 2006 she was Senior Manager of IKEA, responsible of the division of Strategy and Marketing of such company in Spain and Portugal. In May 2006, she returns to ING DIRECT Spain as General Manager of the "Cuenta Naranja". Likewise, she was member of the ING Group companies platform in representation of ING DIRECT in Spain. From October 2008, she is Senior Manager of Vodafone in charge of the Brand and Client area and has become member of its Executive Committee.

Total number of independent directors	5
% of total number of Board members	55,122

OTHER EXTERNAL DIRECTORS

Name or company name of director	Committee proposing appointment
MR MIGUEL PRIMO DE RIVERA Y URQUIJO	NOMINATION AND REMUNERATION COMMITTEE
Total number of other external directors	1

% 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.

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
Ms Sofía Rodríguez Sahagún	October 2009	Other external director	External independent director

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
------------------	--------------------

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 RODRIGUEZ 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	590
Variable remuneration	0
Allowances	2
Allocations pursuant to the Bylaws	0
Share options and/or other financial instruments	85
Other	0
TOTAL:	677

Other benefits	Data in thousand euro
Advances	0
Loans granted	0
Pension Plans and Funds: Contributions	1
Pension Plans and Funds: Commitments	0
Life assurance premiums	0
Guarantees constituted by the company in favour of the directors	0

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	243
Variable remuneration	0
Allowances	2
Allocations pursuant to the Bylaws	0
Share options and/or other financial instruments	19
Other	0
TOTAL:	264

Other benefits	Data in thousand euro
Advances	0
Loans granted	0
Pension Plans and Funds: Contributions	1
Pension Plans and Funds: Commitments	0
Life assurance premiums	0
Guarantees constituted by the company in favour of the directors	0

c) Total remuneration by type of directorship:

Type of director	By company	By group
Executives	321	265
External Proprietary		
External Independent	285	---
Other External	72	---
Total	678	265

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

Total director remuneration (in thousand euro)	943
--	-----

Total director remuneration/benefits attributed to the controlling company (as a %)	14,99%
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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)	510
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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
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	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
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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	2,2

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 Nomination Committee 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)	150	-	150
Amount from non-audit work / total amount invoiced by the auditing firm (as a %)	75,8	54,5	-

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	5	5
Number of years audited by current auditing firm / number of years the company accounts have been audited (as a %)	5 / 9 (55,55%)	5 / 9 (55,55%)

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.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	AMER 2000 SICAV, S.A.		Secretary-Director
Mr. Jesús Sánchez-Quiñones González	AVILUGAM SICAV, S.A.	Less than 0.01%	Chief Executive Officer

Name or company name of Director	Corporate name of the company	% share	Position or Duties
Mr. Jesús Sánchez-Quiñones González	BACESA SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	BASIL CAPITAL SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	BLUE NOTE SICAV, S.A.		Director
Mr. Jesús Sánchez-Quiñones González	CALAINVEST-98 SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	ARBITRAGE CAPITAL SICAV, S.A.		Secretary-Director
Mr. Jesús Sánchez-Quiñones González	MERCOR GLOBAL PLUS SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	CORTIGOSO INVERSIONES SICAV S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	DIDIME INVERSIONES SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	EDUMONE SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	EURO 21 DE INVERSIONES SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	EUROFINATEL SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	EVELSA JP INVERSIONES SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	GLOBAL SYSTEMATIC INVESTMENT SICAV, S.A.	Less than 0.01%	Director
Mr. Jesús Sánchez-Quiñones González	GUATEN DE INVERSIONES SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	HELP INVERSIONES SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	HOLDILAN SICAV, S.A.	Less than 0.01%	Director
Mr. Jesús Sánchez-Quiñones González	HORIZON RETORNO SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	INVERSIONES FINANCIERAS GALOIS SICAV, S.A.	Less than 0.01%	Secretary non member of the Board
Mr. Jesús Sánchez-Quiñones González	INV. FIN. ISLAS OCCIDENTALES SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	KURSAAL 2000 SICAV, S.A.		Chief Executive Officer
Mr. Jesús Sánchez-Quiñones González	LENDIA DE INVERSIONES SICAV, S.A.	Less than 0.01%	Chief Executive Officer
Mr. Jesús Sánchez-Quiñones González	MERCOR GLOBAL SICAV, S.A.		Secretary-Director
Mr. Jesús Sánchez-Quiñones González	MOPANI INVERSIONES SICAV, S.A.		Secretary-Director
Mr. Jesús Sánchez-Quiñones González	MOTA DEL ESCRIBANO SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	NUMIDE INVERSIONES SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	OBIS INVERSIONES FINANCIERAS SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	OTAGO INVERSIONES SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	PRIVALIA SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	QUALIFIED INVESTOR SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	RAVISTAR SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	RENTA 4 GESTION DE CARTERAS SICAV, S.A.	Less than 0.01%	Chief Executive Officer
Mr. Miguel Primo de Rivera y Urquijo	PRIDERA, S.L.		Sole Administrator
Mr. Miguel Primo de Rivera y Urquijo	SCH GESTIÓN DE CARTERAS SGIIC, S.A.		Director

Name or company name of Director	Corporate name of the company	% share	Position or Duties
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; and
 - d. 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
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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
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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	INDEPENDENT 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	INDEPENDENT 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. NOMINATION AND 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	<p>The Audit and Control Committee has the following advisory and consulting powers:</p> <ul style="list-style-type: none"> 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	<p>The Nomination and Remuneration Committee has the following advisory and consulting powers:</p> <ul style="list-style-type: none"> 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. Francisco de Asís García Molina	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	22
Mr. Francisco de Asís García Molina	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	1
Mr. Pedro Ángel Navarro Martínez	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	28
Mr. Pedro Ángel Navarro Martínez	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	17
Mr. Pedro Ferreras Díez	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	6
Mr. Eduardo Trueba Cortés	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	1
Ms. Sofía Rodríguez-Sahagún Martínez	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	2
Mr. Miguel María Primo de Rivera Urquijo	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	35
Mr. Miguel María Primo de Rivera Urquijo	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	4
Mr. Jesús Sanchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Contractual	Financing Loans	128
Mr. Jesús Sanchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	2
Mr. Jesús Sanchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	12
Mr. Jesús Sanchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	62
Mr. Santiago Gonzalez Enciso	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	27
Mr. Santiago Gonzalez Enciso	Renta 4 Servicios de Inversión, S.A.	Contractual	Beneficiary of services	18

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. Santiago Gonzalez Enciso	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	99
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Contractual	Financing Loans	1.365
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	1
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	65
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	63
Mr. José Ignacio García-Junceda Fernández	Renta 4 Servicios de Inversión, S.A.	Contractual	Financing Loans	1.006
Mr. José Ignacio García-Junceda Fernández	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	12
Mr. José Ignacio García-Junceda Fernández	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	29
Mr. Luis Muñoz Seco	Renta 4 Servicios de Inversión, S.A.	Contractual	Financing Loans	624
Mr. Luis Muñoz Seco	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	35
Mr. Luis Muñoz Seco	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	35
Mr. Juan Carlos Ureta Domingo	Renta 4 Servicios de Inversión S.A	Contractual	Financing Loans	3
Mr. Juan Carlos Ureta Domingo	Renta 4 Servicios de Inversión S.A	Contractual	Rendering of services	3
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	2.799

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)
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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.

Yes

No 

Name or company name of director	Description of situation of conflict of interest
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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, descendants and siblings of the director or of the directors' partner (or person having a similar relationship of affection).
- c) The partners of the ascendants, descendants 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 matters 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, loyalty 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 authentication 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 2009 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	<p>This body is directly responsible to the Board of Directors.</p> <p>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.</p> <p>In addition, the Unit of Control is in charge of reporting all breaches of the control rules.</p>
AUDIT AND CONTROL COMMITTEE	<p>The Audit Committee is attributed with the following duties:</p> <ul style="list-style-type: none"> - 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 1st call 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.

% established by company for the adoption of resolutions

Describe the differences

§. 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.

§. 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.

§. 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.

§. 6 Indicate any amendments to the Regulations of the General Meeting during the financial year.

§. 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	Other	Total
30-04-09	62,47	10,06	0,00	0,00	72,53%
22-12-09	41,12	33,75	0,00	0,00	74,87%

§. 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 30.04.09 adopted the following resolutions, all of them approved for a majority superior to 90% of the present or represented share capital in the meeting:

1º.- Examination and approval, if the case may be, of the Annual Accounts and Management Report of the Company, as well as the consolidated Annual Accounts and Management Report with its subsidiaries, corresponding to the financial year ended 31 December 2008

2º.- Examination and approval, if the case may be, of the application of the results of the financial year 2008.

3º.- Examination and approval, if the case may be, of the management of the Board of Directors during the financial year 2008.

4º.- Extraordinary payment of issue premium in kind.

5º.- Authorization to the Board of Directors to acquire Company's own shares, either directly or through Group companies.

6º.- Reelection of the Auditors of the Company and the Consolidated Group.

7º.- 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.

By other hand, the Extraordinary General Meeting held on 22.12.09 adopted unanimously the following resolutions:

1º.- Approval of a remuneration system consisting on a share delivery plan for directors, senior executives and other employees of the Company and participated companies.

2º.- Authorization to the Board of Directors to acquire Company's own shares, either directly or through Group companies, according to section 75 of the Spanish Companies Act, to be delivered to directors, senior executives and employees, as well as for any other purpose

3º.- Extraordinary payment of issue premium in kind

4º.-Delegation of powers to formalize, execute, interpret and correct all the resolutions adopted by the General Shareholders Meeting.

§. 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

§. 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 expressing 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."

Ε. 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

Ε. 12 Indicate the address and mode of access to corporate governance on the web-site.

www.renta4si.com: see section Information for Shareholders and Investors.

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 and 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 and 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 sections: 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 sections: 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 sections: B.1.10, B.1.13, B.1.14 and 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 sections: B.1.14.

- ii. The remuneration of directors, the additional remuneration for their management duties and other contractual conditions.

See sections: 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 sections: C.1 and 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 than five members and no more than fifteen.

See sections: 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 sections: A.2 , A.3, B.1.3 and B.1.14.

Compliance Partial Compliance  Explanation


Out of nine directors who currently comprise the Board of Directors, three of them are executives, five independent and one other external director. 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 one of the external directors is 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 sections: B.1.3

Compliance  Explanation No 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 sections: B.1.3 , A.2 and A.3

Compliance  Explanation


13. The number of independent directors represents at least one third of the total number of directors.

See sections: 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 sections: B.1.3 and B.1.4

Compliance  Partial Compliance Explanation

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 sections: B.1.2, B.1.27 and 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 sections: 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 sections: 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 sections: 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 sections: 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 sections: B.1.28 and 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 sections: 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 sections: 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 sections: 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 sections: B.1.8, B.1.9 and 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 sections: 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 sections: 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 sections: A.2, A.3 and 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 and B.1.26

Compliance  Explanation

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

Compliance  Partial Compliance 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  Partial Compliance 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  Partial Compliance 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 sections: B.1.15

Compliance 	Partial Compliance	Explanation
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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 sections: A.3 , B.1.3

Compliance 	Explanation
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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
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38. The remuneration linked to company performance should be modified in the case of qualifications in the Auditor’s report.

Compliance 	Explanation	No applicable
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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	No applicable
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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 sections: 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 and 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  Explanation Not applicable

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 and 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 sections: D

Compliance  Partial Compliance Explanation

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.

2º 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 and 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 and 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 sections: 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 sections: 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 sections: 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 sections: 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



SERVICIOS DE INVERSIÓN, S.A. AND SUBSIDIARIES

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