



## THIRD QUARTER RESULTS JULY-SEPTEMBER 2008

### Highlights

- In the first nine months of 2008, Renta 4's net money inflows were €245 million, totalled €3,736 million of **total client assets under management** to €3,736 million at 30 September 2008. This **inflow of new funds** partially offset the negative valuation effect caused by stock market declines, which amounted to €752 million.
- **Total revenue** between January and September rose to €53.3 million, a **year-on-year increase of 0.9%**.
- **Operating costs**, including depreciation and amortisation, **fell 1.8% in the quarter**, against a 9.8% increase for the first half year period.
- **Consolidated profit** at September 08 was €7.0 million, 29.7% less than the figure for the same period of last year, which totalled €10 million.
- **Total number of accounts** reached 111,673 at 30 September, **13.6% more than at the end of last year**, while the **total number of executed orders** in the first nine months was up **6.1% on the same period in 2007**.

### Main figures

€ Thousand	July-September			Accumulated		
	2008	2007	%	2008	2007	%
* Total Assets Under Management (€ Mill.)				3,736	3,575	4.5%
Total Revenues	15,448	15,942	-3.1%	53,320	52,865	0.9%
Net Operating Income	1,612	2,260	-28.7%	10,300	13,589	-24.2%
Consolidated Profit	912	2,016	-54.8%	7,048	10,022	-29.7%
Number of Accounts				111,673	98,304	13.6%
Average Number of Shares (Mill.)				40,693	40,693	

## Consolidated Statement of Income

	Q3 08	Q3 07	%	Ac. 08	Ac. 07	%
<b>Revenues</b>	<b>15,448</b>	<b>15,942</b>	<b>-3.1%</b>	<b>53,320</b>	<b>52,865</b>	<b>0.9%</b>
Fee and commission income	10,321	11,257	-8.3%	33,712	38,113	-11.5%
Interest and similar income	5,020	4,622	8.6%	15,995	12,632	26.6%
Return on equity instruments	107	63	69.8%	3,613	2,120	70.4%
<b>Expenses</b>	<b>-6,084</b>	<b>-6,324</b>	<b>-3.8%</b>	<b>-19,736</b>	<b>-18,758</b>	<b>5.2%</b>
Fee and commission expenses	-2,413	-2,725	-11.4%	-8,173	-9,287	-12.0%
Interest and similar expenses	-3,671	-3,599	2.0%	-11,563	-9,471	22.1%
<b>Net trading income &amp; AFSFA (*)</b>	<b>-546</b>	<b>-18</b>	<b>n.s</b>	<b>-38</b>	<b>1,432</b>	<b>n.s</b>
Personnel	-3,804	-3,798	0.2%	-11,891	-11,336	4.9%
Other general administrative expenses	-2,823	-3,008	-6.2%	-9,633	-9,149	5.3%
Depreciation and amortization	-579	-534	8.4%	-1,722	-1,465	17.5%
<b>NET OPERATING INCOME</b>	<b>1,612</b>	<b>2,260</b>	<b>-28.7%</b>	<b>10,300</b>	<b>13,589</b>	<b>-24.2%</b>
Other income and expenses	-253	203	n.s	-1,126	354	n.s
<b>PROFIT BEFORE TAX</b>	<b>1,359</b>	<b>2,463</b>	<b>-44.8%</b>	<b>9,174</b>	<b>13,943</b>	<b>-34.2%</b>
Income tax expenses	-447	-447	0.1%	-2,126	-3,921	-45.8%
<b>CONSOLIDATED PROFIT</b>	<b>912</b>	<b>2,016</b>	<b>-54.8%</b>	<b>7,048</b>	<b>10,022</b>	<b>-29.7%</b>

(\*) AFSFA: Available-for-sale-financial assets

### Operating data

At 30 September 2008, **client assets under management** totalled €3,736 million, 11.9% lower than at the end of December 2007. This decline was caused by the negative market effect that caused a valuation drop of €752 million in the period. However, net money inflow of €245 million offset 30% of the decline mentioned before.

Meanwhile, according to data published by Inverco, Renta 4's **investment fund assets** amounted €583.4 million, a decrease of 21.5% against the year-end 2007 figure of €742.9 million. This decline was lower than overall Spanish market, which fell 22.3% in the first nine months of the year.

As well, it is important to highlight the increase in the number of **SICAVs** in 2008, which rose from 51 at year-end 2007 to 55, totalled €502 million of assets under management. At September, Renta 4's market share reached 1.8% in this high value market segment, slightly above than at the end of 2007.

**Pension funds** grew 28% on the year-end 2007 figure, to €123 million. Net money inflows at 30 September was already 156% of the total figure reached in full-year 2007 and the number of accounts stood at 9,333, a 78% increase on the same period last year.

The growing trend in **total number of accounts** was maintained in third quarter, to 111,673, an increase of 13.6% against December 2007.

**Total number of executed orders** continued to improve up to September, reaching 1.8 million, 6.1% higher than in the same period last year.

The weight of the **on-line channel** in the retail business segment grew further, accounting for 67% of revenue (+7.0pp) and 81% of orders (+4.0pp).

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## Revenues

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- **Third quarter 2008 (Jul.-Sep.)**

**Total revenue** amounted to €15.4 million, 3.1% less than for the same period last year.

**"Fee and Commission income"** fell 8.3% to €10.3 million. We would highlight that the drop in brokerage commissions was only 6.2%, against an accumulated figure published in first half of the year, which was a decrease of 16%. There are two reasons in order to explain this performance: The comparable base was more favourable than last year and also the high volatility of the financial markets, especially in September, which led our clients to trade more actively.

By market, the fees generated on the stock market fell by 31.3%, which was almost completely offset by the increases in fees from derivatives and fixed income, which showed an aggregate improvement of 78.6%.

Fee and commission income from **"Asset Management"** followed the trend set in previous quarters, dropping by 14.7%, basically due to the lower performance-fee charges.

**"Interest and similar income"** increased by 8.6% year-on-year to €5.0 million, driven by higher interest rates than in 2007.

**"Net trading income and available-for-sale financial assets,** showed a loss of €0.5 million, due mainly to the negative financial markets performance.

- **Accumulated 2008 (Jan.-Sep.)**

Total revenue amounted €53.3 million, 0.9% more than the same period of last year.

**"Fee and Commission income"** was €33.7 million, which is 11.5% lower than the €38.1 million figure reported in the same period of 2007. Net fees and commissions, calculated as the difference between commissions paid and received, stood at €25.5 million, 11.4% less than the previous year. Asset management showed the highest drop (-14.7%), while fees generated by corporate services showed a positive performance (+15.7%).

**"Interest and similar income"** went up 26.6% in the first nine months of the year to €16 million. The net balance between interest received and paid in the period was €4.4 million, which is an increase of 40.2% against the same period in 2007.

**“Return on equity instruments”** (dividends) increased by 70.4% year-on-year to €3.6 million. This improvement was mainly due to the payment of the two dividends in the first half of the year by Bolsas y Mercados (BME), in which Renta 4 maintain a stake of 2.5%.

Finally, it is important to note that despite the negative market conditions that we are suffering in 2008, **“Net Trading Income and AFSFA”** was practically flat (-€0.04 million). This performance contrasts with a positive result of €1.4 million posted in the same period last year, and caused half of the drop in net operating income figure published at September 2008.

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## Costs

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- **Third quarter 2008 (Jul.-Sep.)**

**Operating costs** in the quarter, including depreciation and amortisation, fell by 1.8% to €7.2 million.

**“Personnel costs”**, despite went up by 9.3% in terms of average number of employees, were stable, recording a year-on-year increase of only 0.2%. This is due mainly to the lower provisions for year-end variable remuneration and the improvement of salary mix.

Meanwhile, **“General administrative expenses”** stood at €2.8 million, falling 6.2% year-on-year. There are two main reasons in order to explain this performance.

Firstly, cost control policy applied by the Company at the beginning of the year, which was revised and improved in June.

Secondly, the extraordinary costs arising from the IPO process last year, which started to be recorded in the second half of 2007 and were especially significant on Public Relations and Marketing cost, which fell 57.4% in third quarter 2008.

**Depreciation and amortisation** increased by 8.4%, due to greater investments in equipment and technology for the new branches opened after 30 September 2007.

- **Accumulated 2008 (Jan.-Sep.)**

**Personnel expenses** rose by 4.9% to €11.9 million. This growth has levered off over the course of the year and we expect this trend to continue until the end of the year.

**General administration expenses** went up 5.3% at September 08, due mainly to higher leasing and materials costs caused by the opening of new branches last year. As personnel expenses, we expect in coming quarters to level off the increases published in this figure during previous quarters.

The **implementation of the new cost control policy** approved by the Company at the beginning of the year and improved last June has had a significant impact this quarter and

will continue to make it impact in upcoming ones. **We expect operating costs at year-end 2008 will be around €31 million**, including depreciation and amortisation.

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### **Other income and expenses**

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In third quarter reached a loss of €0.3 million, against a positive result of €0.2 million last year. In accumulated terms, at September 2008 this figure recorded a loss of €1.1million against a positive result of €0.4 million in the same period of last year.

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### **Net operating income**

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**Net operating income** for the quarter reached €1.6 million, down 28.7% on the same quarter in 2007, which totalled €2.3 million. If we exclude the losses in net trading income and available-for-sale financial assets, which are directly related to the negative financial markets performance, the drop in operating income would have been limited to only 5.2%.

Accumulated figure at September for net operating income was €10.3 million, 24.2% lower than last year. For comparative purposes, if we eliminate the aforementioned effect, the decrease would have been limited to 15%.

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### **Market situation and outlook**

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**Conditions in the financial markets** remained **extremely unstable** in the third quarter of the year. This instability was even more pronounced in the last weeks of September and October.

Despite this, **Renta 4's operating performance improved in the third quarter of 2008**, due to the efforts made in **costs control, the diversity of its revenue sources and the commercial activity carried out through its branch network.**

**Renta 4 continues to invest in order to lay the foundations for growth** in the coming years. **The improvements in the savings rates** among families and companies, which is clearly noticed, and the **increasing complexity entailed in making financial investment decisions**, lead us to believe that over the course of the coming years **demand will increase** for the type of services that Renta 4 offers.

## Consolidated Balance Sheet

	Sep. 2008	Dec. 2007
Intangible assets	10,136	10,735
Property and equipment	30,781	30,435
Available-for-sale-financial-assets	57,588	107,921
Deferred tax assets	3,238	1,680
Loans and receivables	2,364	2,216
Other assets	0	0
<b>NON-CURRENT ASSETS</b>	<b>104,108</b>	<b>152,987</b>
Other assets	1,696	2,266
Current tax assets	3,843	3,758
Loans and receivables	321,103	360,248
Financial assets held for trading	5,918	6,937
Cash and cash equivalents	149,030	191,786
<b>CURRENT ASSETS</b>	<b>481,590</b>	<b>564,995</b>
<b>TOTAL ASSETS</b>	<b>585,698</b>	<b>717,982</b>

	Sep. 2008	Dec. 2007
Minority interest	1.099	1,099
Valuation adjustments	-3.290	40,545
Equity	119.540	122,851
<b>EQUITY</b>	<b>117.349</b>	<b>164,495</b>
Financial liabilities	56.798	77,144
Deferred tax liabilities	1.639	19,078
<b>NON-CURRENT LIABILITIES</b>	<b>58.437</b>	<b>96,222</b>
Financial liabilities held for trading	1.618	486
Financial liabilities	404.991	452,082
Provisions	120	120
Current tax liabilities	2.261	3,446
Accrued expenses and deferred income	922	1,131
<b>CURRENT LIABILITIES</b>	<b>409.912</b>	<b>457,265</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>585.698</b>	<b>717,982</b>

The main differences in the balance sheet appear under "Available-for-sale financial assets" that includes the valuation of Renta 4's stake in Bolsas y Mercados (BME), which was trading at €46.60 per share in December 2007 compared to €18.03 at 30 September 2008.

*This interim Report is published in Spanish and English. In the event of any difference between English version and the Spanish original, the Spanish version shall govern*