

renta 4

FULL YEAR RESULTS JANUARY-DECEMBER 2009

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.

Main Figures

Operating Data	2009	2008	%
Customers	140,665	119,704	17.5%
<i>Renta 4 network</i>	44,652	42,874	4.1%
<i>Third party</i>	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%
<i>Stocks</i>	3,050	1,986	53.6%
<i>Funds (mutual, pension and third party)</i>	1,032	687	50.2%
<i>SICAVs</i>	501	463	8.2%
<i>Others</i>	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%
Income from ordinary activity	7,215	3,726	93.6%
Net operating income	8,914	9,848	-9.5%
Net profit	6,239	5,603	11.4%
EPS (€ cents)	0.15	0.14	11.4%
Earnings Ratios			
% Commissions / Total income	90.0%	69.0%	21.0 p.p
% Financ. operations / Total income	1.5%	1.3%	0.2 p.p
% Net profit / Total income	11.1%	8.3%	2.8 p.p
Cost/income ratio	70.1	71.3	-1.2 p.p
Employees			
Average number employees at Dec. 09	277	303	-8.6%
<i>Commercial network</i>	149	154	-3.2%
<i>Headquarters</i>	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.

Consolidated Statement of Income

	Q4 09	Q4 08	%	2009	2008	%
<i>€ Thousand</i>						
Total Revenues	15,031	13,823	8.7%	56,279	67,105	-16.1%
Fee and commission income	13,775	12,571	9.6%	50,672	46,283	9.5%
Fee and commission expenses	-4,595	-3,735	23.0%	-16,004	-11,908	34.4%
Net fee and commissions income	9,180	8,836	3.9%	34,668	34,375	0.9%
Interest and similar income	731	3,964	-81.6%	4,776	19,959	-76.1%
Interest and similar expenses	-628	-3,137	-80.0%	-3,889	-14,700	-73.5%
Net interest income	103	827	-87.5%	887	5,259	-83.1%
Net financial operations	525	-2,712	n.s	832	863	-3.6%
Net Income	9,808	6,951	41.1%	36,387	40,497	-10.2%
Operating Expenses	-7,003	-7,403	-5.4%	-27,473	-30,649	-10.4%
Personnel	-3,449	-3,753	-8.1%	-13,891	-15,644	-11.2%
Other general administrative expenses	-3,001	-3,069	-2.2%	-11,312	-12,702	-10.9%
Depreciation and amortization	-553	-581	-4.8%	-2,270	-2,303	-1.4%
INCOME FROM ORDINARY ACTIVITY (1)	2,177	1,433	51.9%	7,195	3,726	93.6%
NET OPERATING INCOME (2)	2,805	-452	n.s	8,914	9,848	-9.5%
Other income and expenses	-607	-951	-36.2%	-398	-2,077	-80.8%
Profit before Tax	2,198	-1,403	n.s	8,516	7,771	9.6%
Income tax expenses	-621	-42	1378.6%	-2,277	-2,168	5.0%
NET PROFIT	1,577	-1,445	n.s	6,239	5,603	11.3%

(1) Net Commissions - Operating Expenses

(2) Net Income - Operating Expenses

Operating Data

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.

Revenues

- **Fourth Quarter 2009 (October-December)**

Total revenues amounted to €15.0 million, 8.7% higher than the €13.8 million achieved in the same period of last year.

Fee and commission income represented 91.6% of total revenue in the fourth quarter of 2009, rising 9.6% from the same period last year to €13.8 million. Net commissions rose just 3.9%, mostly because of the 23% rise in fees and commissions paid to third parties. This was partly the result of the increasing number of orders executed by our clients in international markets, where Renta 4 operates through local members.

By business line, **Asset Management** was the best performer, helped particularly by some success fees, which were virtually nil in 2008. Fee and commission income totalled €5 million in the fourth quarter of 2009, up 65.2% from the same quarter the year before.

Brokerage commissions fell 10.5% in the quarter to €7.9 million, due to the strong comparative figure registered last year and the lower volatility in markets than in previous quarters.

Fees generated in stocks and derivatives markets fell 11.4% and 23.5%, respectively, but those from fixed income rose 25.5%.

Meanwhile, income from **Corporate Services** rose 18.6% in the fourth quarter, to €0.8 million.

Interest and similar income extended the trend of previous quarters, falling 81.6% as a result of the lower interest rates compared to 2008. Net interest income was 87.5% lower at €0.1 million. Looking ahead to coming quarters, the scale of decline should be smaller, as interest rates peaked in the third quarter of 2008 before beginning to fall, making for easier comparisons.

Net financial operations amounted to €0.5 million in the fourth quarter of 2009, compared to a loss of €2.7 in the same period the previous year caused by distribution of Renta 4's stake in Bolsas y Mercados Españoles (BME) to its shareholders, as described in previous quarters.

- **Full Year 2009 (January-December)**

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.

Costs

- **Fourth Quarter 2009 (October-December)**

Operating expenses in the fourth quarter, including depreciation and amortisation, fell 5.4% to €7.0 million.

Personnel expenses were down 8.1% at €3.4 million. This fall coincided with the reduction in the average number of employees, which at 31 December 2009 was 8.6% lower than at 31 December 2008.

Meanwhile, **General administrative expenses** amounted to €3 million, 2.2% lower than the €3.1 million of the same period of 2008. There were declines across the board in costs except for external advisory and audit services, which were over 50% higher than in the same quarter of 2008.

Lastly, **Depreciation and amortisation** remained at the same levels as previous quarters at €0.6 million, 4.8% less than in the same period the previous year.

- **Full Year 2009 (January-December)**

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.

Other Income and Expenses

Renta 4 posted a net loss in the fourth quarter of 2009 of €0.6 million, 36.2% lower than the loss recorded in the same period the previous year. For the full year 2009, the company also reported a net loss, of €0.4 million, an 80.8% decline from the loss of 2008.

Income from Ordinary Activity and Net Operating Income

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.

Operating income in the fourth quarter of 2009 amounted to €2.8 million, compared to a loss of €0.5 million in the fourth quarter of 2008. This was the best quarter of the year.

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.

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 commissions 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**.

Consolidated Balance Sheet

<i>€ Thousand</i>	Dec. 2009	Dec. 2008
Intangible assets	9,699	9,994
Property and equipment	29,604	30,804
Available-for-sale-financial-assets	33,116	20,326
Deferred tax assets	777	987
Loans and receivables	4,409	12,646
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

<i>€ Thousand</i>	Dic. 2009	Dic. 2008
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.

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.

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