



## FULL YEAR RESULTS 2010

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### Highlights

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- **Total revenue increased 9.4%** year-on-year in 2010 to €61.6 million.
- **Net income** rose 12.7% to over 41 million
- **Fee and commission income**, gross and net, **advanced 5.9% and 2.5%, respectively**. **Net interest income soared 151.9%**, driven by higher interest rates on placements, while **net financial operations presented a gain of €3.2 million**, much higher than in 2009.
- **Net operating income** (net income less total costs, including depreciation and amortization) rose 24.2%, from €8.9 million in 2009 to €11.1 million in 2010. **Free cash flow (operating income plus depreciation and amortization)** amounted to **€13.4 million** in 2010, compared to €11.2 million in 2009.
- **Income from ordinary activities** (net commission income less operating expenses, including depreciation and amortization charges) totalled **€5.6 million** compared to €7.2 million the previous year. This decline was **offset by increased activity in fixed income brokerage**, reflected in the aforementioned growth in income from net financial operations, which is not recorded as commissions, but rather as price spreads.
- **Operating expenses** including depreciation and amortization charges amounted to €29.9 million, in line with the target of around €30 million announced by the Company for the year.
- **Net profit** for the full year 2010 was €6 million, 3.7% less than in 2009 due to an extraordinary impairment allowance of €1.1 million after taxes included in "Other income and expenses" which had been recognised in the balance sheet but was recycled to profit and loss at the end of the year.
- As for the main operating data, Renta 4 ended 2010 with **€5.2 billion of assets under management and custody and 156,183 accounts**, both new all-time highs for the Company.
- **Net Money inflow in the year amounted €258 million.**

## Main Figures

<b>Operating Data</b>			
	<b>Dec. 10</b>	<b>Dec.09</b>	<b>%</b>
<b>Customers</b>	<b>156,183</b>	<b>140,655</b>	<b>11.0%</b>
<i>Renta 4 network</i>	46,365	44,652	3.8%
<i>Third party</i>	109,818	96,003	14.4%
<b>Executed orders</b>	<b>2,831,792</b>	<b>2,782,060</b>	<b>1.8%</b>
<b>Total assets under custody (€ mill.)</b>	<b>5,205</b>	<b>4,852</b>	<b>7.3%</b>
<i>Stocks</i>	3,410	3,050	11.8%
<i>Mutual Funds</i>	790	842	-6.1%
<i>Pension Funds</i>	254	190	33.7%
<i>SICAVs</i>	495	501	-1.2%
<i>Others</i>	256	269	-4.8%
<b>Online Channel (retail)</b>			
% Revenues	72.5%	73.2%	- 0.7 p.p
% Orders	83.4%	83.5%	- 0.1 p.p
% International markets	45.2%	44.7%	+0.5 p.p
<b>Earnings Data (€ thousand)</b>			
<b>Commission income</b>	53,670	50,672	5.9%
<b>Net interest income</b>	2,234	887	151.9%
<b>Net financials operations</b>	3,250	832	290.6%
<b>Operating expenses</b>	29,944	27,473	9.0%
<b>Net operating income</b>	11,074	8,914	24.2%
<b>Income from ordinary activity</b>	5,590	7,195	-22.3%
<b>Net profit</b>	6,010	6,239	-3.7%
<b>EPS (€ cents)</b>	0.15	0.15	-3.7%
<b>Earnings Ratios</b>			
% Commissions / Total income	87.1%	90.0%	-2.9 p.p
% Net finc. operations / Total income	5.3%	1.5%	4.8 p.p
% Net profit / Total income	9.8%	11.1%	-1.3 p.p
Cost/income ratio	67.3	69.3	-2.0 p.p
<b>Employees</b>			
<b>Average number employees at Dec. 10</b>	290	277	4.7%
<i>Commercial network</i>	157	153	2.6%
<i>Headquarters</i>	133	124	7.3%
<b>Number of branches</b>	58	57	1.8%
<b>Share</b>			
<b>RIC (Reuters/Bloomberg/ Adrs)</b>	RTA4.MA	R4.SM	RSVXY
<b>Price at 12.31.10 (euros)</b>	4.90	5.25	-6.7%
<b>Market Capitalization at 12.31.10 (euros)</b>	199,396,695	213,639,316	-6.7%
<b>Number of shares issued</b>	40,693,203	40,693,203	

## Consolidated Statement of Income

	Q4 10	Q4 09	%	Ac. 10	Ac. 09	%
<i>€ Thousand</i>						
<b>Total Revenues</b>	<b>16,297</b>	<b>15,031</b>	<b>8.4%</b>	<b>61,593</b>	<b>56,280</b>	<b>9.4%</b>
Fee and commission income	13,458	13,775	-2.3%	53,670	50,672	5.9%
Fee and commission expenses	-4,400	-4,595	-4.2%	-18,136	-16,004	13.3%
<b>Net fee and commissions income</b>	<b>9,058</b>	<b>9,180</b>	<b>-1.3%</b>	<b>35,534</b>	<b>34,668</b>	<b>2.5%</b>
Interest and similar income	1,541	731	110.8%	4,673	4,776	-2.2%
Interest and similar expenses	-674	-628	7.3%	-2,439	-3,889	-37.3%
<b>Net interest income</b>	<b>867</b>	<b>103</b>	<b>741.7%</b>	<b>2,234</b>	<b>887</b>	<b>151.9%</b>
<b>Net financial operations</b>	<b>1,298</b>	<b>525</b>	<b>147.2%</b>	<b>3,250</b>	<b>832</b>	<b>290.6%</b>
<b>Net Income</b>	<b>11,223</b>	<b>9,808</b>	<b>14.4%</b>	<b>41,018</b>	<b>36,387</b>	<b>12.7%</b>
<b>Operating Expenses</b>	<b>-7,613</b>	<b>-7,003</b>	<b>8.7%</b>	<b>-29,944</b>	<b>-27,473</b>	<b>9.0%</b>
Personnel	-3,888	-3,449	12.7%	-15,592	-13,891	12.2%
Other general administrative expenses	-3,112	-3,001	3.7%	-12,027	-11,312	6.3%
Depreciation and amortization	-613	-553	10.8%	-2,325	-2,270	2.4%
<b>NET OPERATING INCOME (1)</b>	<b>3,610</b>	<b>2,805</b>	<b>28.7%</b>	<b>11,074</b>	<b>8,914</b>	<b>24.2%</b>
<b>INCOME FROM ORDINARY ACTIVITY (2)</b>	<b>1,445</b>	<b>2,177</b>	<b>-33.6%</b>	<b>5,590</b>	<b>7,195</b>	<b>-22.3%</b>
Other income and expenses	-2,148	-607	253.9%	-2,661	-398	568.6%
<b>Profit before Tax</b>	<b>1,462</b>	<b>2,198</b>	<b>-33.5%</b>	<b>8,413</b>	<b>8,516</b>	<b>-1.2%</b>
Income tax expenses	-537	-621	-13.5%	-2,403	-2,277	5.5%
<b>NET PROFIT</b>	<b>925</b>	<b>1,577</b>	<b>-41.3%</b>	<b>6,010</b>	<b>6,239</b>	<b>-3.7%</b>

(1) Net Income - Operating Expenses (depreciation & amortization included)

(2) Net Commissions - Operating Expenses (depreciation & amortization included)

## Operating Data

The **sustained pace of commercial activity** maintained by Renta 4 was evident yet again in 2010 in the growth shown by the main operating data, particularly the increase in the number of customer accounts and the amount of net money inflow into the various investment alternatives offered.

**Assets under management and custody** at 31 December 2010 stood at €5.2 billion, up 7.3% on year-end 2009. The **net money inflow** was €278 million, with positive market valuation trends leading to an additional €75 million of total asset value.

**Mutual fund assets under management** at 31 December 2010 stood at €790 million, of which €542 million corresponded to Renta 4's mutual fund manager and €248 million to other fund

managers. The growth in third-party manager funds in 2010 partly offset the fall in funds under management by Renta 4's mutual fund management company, with total declining by 6.1% compared to the overall 15.4% plunge in the Spanish market, according to data published by Inverco.

As for **SICAVs**, Renta 4 ended December with €495 million under management, a touch below the year-earlier figure, but enough for the Company to maintain a 1.95% market share.

**Pension fund assets** ended 2010 at €254 million, 33.7% above the year-earlier figure of €190 million.

The pace of new customer adds remained satisfactory. Thus, the **total number of customer accounts** at December 2010 was 156,183, up 11% year-on-year. Of these, 46,365 (+3.8%) belong to the Renta 4 network and 109,818 (+14.4%) to the third-party network.

The **total number of executed orders** in the various markets grew by 1.8% to over 2.8 million. Especially noteworthy was the 31.4% jump in derivatives trading.

Meanwhile, the penetration of the **online channel among Renta 4's retail customers** was broadly in line with 2009 levels, accounting for 72.5% of total income in this customer segment (-0.7 percentage points) and 83.4% of executed orders, in line with the previous year figure.

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## Revenues

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- **Fourth Quarter 2010 (October-December)**

**"Total Revenues"** amounted to €16.3 million in the fourth quarter of 2010, 8.4% higher than the €15 million obtained in the fourth quarter of 2009.

**"Fee and commission income"** was €13.5 million, 2.3% less than the €13.8 million reported in the same period of 2009. **"Net fee and commission income"** (fee and commission income less fee and commission paid) was down 1.3% year-on-year at €9.1 million.

By business line, **"Brokerage fees"** were €9.5 million, up 13.6% on the €8.3 million recorded in the fourth quarter of 2009. Noteworthy was the good performance by derivatives (growth of over 30%), which were helped by a high volatility environment in the last quarter of the year..

**"Asset management fees"** slumped 41.6% year-on-year to €2.7 million, mostly because of the lower level of success fees achieved last year and because the tough comparative base, due to the fourth quarter was the worst in 2010 but the best in 2009, nearly doubling fee and commissions obtained in any other quarter.

**"Revenue from corporate services"** rose 57.1% to €1.3 million.

**"Net interest income"** totalled €0.9 million in this quarter, while **"Net financial operations"** presented a gain of €1.3 million.

- **Accumulated 2010 (January-December)**

“**Total revenues**” rose 9.4% in 2010 to €61.6 million.

“**Fee and commission income**” was 5.9% higher, at €53.7 million. Net fee and commission income, excluding commissions paid to third parties, rose 2.5% to €35.5 million. Here we would highlight the 13.3% increase in fees and commissions paid, mainly due to the higher customers trading activity in international markets.

By business line, “**Corporate services**” fees and commissions performed best, surging 68% to €5.4 million in 2010 from €3.2 million in 2009. This business line accounted for 10% of total fees and commissions obtained in 2010, after contributing only marginally in previous years.

“**Brokerage fees**” fell 0.6% in the year to €34.6 million on the back of lower market trading volumes traded in the second half of the year.

By product, revenue from derivatives and equities slipped 2.6% due to lower trading volumes in the second half of the year, while revenue from fixed income soared 35.3%.

“**Asset management**” fees and commissions totalled €13.7 million, up 8.1% from the €12.7 million of 2009 and in line with the increase in average assets under management and custody at Renta 4 in 2010.

Meanwhile, “**Net interest income**” amounted to €2.2 million, virtually triple the year-earlier figure. This was due to the slight increase in interest rates during the year that obviously lead to higher interest rates on Company’s placements.

Finally, “**Net financial operations**” presented a gain of €3.2 million in 2010 compared to €0.9 million in 2009. This increase of nearly 300% was partly due to increased activity in fixed-income brokerage, reflected in the growth in income from financial operations, which is not recorded as commissions, but rather as price spreads.

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## Costs

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- **Fourth Quarter 2010 (October-December)**

“**Operating Expenses**”, including depreciation and amortization, rose 8.7% to €7.6 million in the quarter.

“**Personnel expenses**” were 12.7% higher, at €3.9 million. Meanwhile, “**Other general administrative expenses**” amounted to €3.1 million, up 3.7% from the same period in 2009.

Lastly, “**Depreciation and amortization**” increased by 10.8% to €0.6 million.

- **Accumulated 2010 (January-December)**

“**Operating Expenses**” in 2010 totalled €29.9 million, 9.0% higher than the 2009 figure of €27.5 million. This figure was in line with the Company’s guidance for 2010, which called for full-year operating expenses, including depreciation and amortization charges, of approximately €30 million. The increase in costs was mainly caused by the start of new business lines.

By heading, “**Personnel expenses**” were 12.2% higher at €15.6 million. This growth reflects increases in bonus payments and the average number of employees (from 277 and 290 employees), which were warranted to service the growth in business volumes and to build up the new business areas.

“**Other general administrative expenses**” rose 6.3% to €12 million, compared to €11.3 million in 2009. The increase in costs reflected new business developments underway in the IT area and investments made in a large number of offices which relocated and required fitting out, the costs of which are recognised under this heading.

Lastly, “**Depreciation and amortization**” was virtually unchanged from 2009, easing 2.4% to €2.3 million.

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## **Other income and expenses**

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The fourth quarter included an extraordinary impairment charge of €1.6 million for the permanent equity portfolio, classified as available-for-sale financial assets on the balance sheet. This amount, which until then had been subtracted from equity in the Company’s balance sheet, was reclassified to the income statement at the year-end.

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## **Net Operating Income and Income from Ordinary Activity**

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“**Net operating income**” (net income less total costs, including depreciation and amortization) rose 24.2% from €8.9 million in 2009 to €11.1 million in 2010.

“**Income from ordinary activity**” (net fee and commission income less operating expenses, including depreciation and amortization) fell 22.3% from €7.2 million 2009 to €5.6 million in 2010. This decline was offset by net interest income, which includes fixed income brokerage, and reflected the growth in income from net financial operations, under which the income from these is recorded, not as commissions, but rather as price spreads.

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## Market Situation and Outlook

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We expect **market conditions to remain extremely challenging** in 2011.

In this **environment of major changes that are happening in Spain's financial system**, Renta 4 business model, which is based in specialisation, proximity to the customer and independence, has proven to be a solid in recent years and, in our view, should enable us to grow strongly in the coming years.

The **growth in assets under management and custody in 2010**, coupled with the **increase in the number of own network and third-party accounts**, leaves us in a good position in 2011 to **continue generating a high and increasing level of free cash flow** from operations and **improving our cost/income ratio**.

In addition, we expect the **new business lines** implemented in 2010 to make a more meaningful contribution to growth in fees and commissions, margins and profits in 2011.

Our **target for 2011** is to continue achieving at least double-digit growth in net income and keep operating costs, including depreciation and amortization, under control.

## Consolidated Balance Sheet

<i>€ Thousand</i>	Dec. 2010	Dec. 2009
<b>Intangible assets</b>	9,953	9,699
Property and equipment	29,682	29,604
Available-for-sale-financial-assets	31,700	33,116
Participations	540	0
Deferred tax assets	1,241	777
Loans and receivables	4,370	4,409
Other assets	0	0
<b>NON-CURRENT ASSETS</b>	<b>77,486</b>	<b>77,605</b>
Other assets	1,427	2,099
Current tax assets	1,006	1,219
Loans and receivables	277,760	323,206
Financial assets held for trading	344	265
Cash and cash equivalents	59,248	103,612
<b>CURRENT ASSETS</b>	<b>339,785</b>	<b>430,401</b>
<b>TOTAL ASSETS</b>	<b>417,271</b>	<b>508,006</b>

<i>€ Thousand</i>	Dec. 2010	Dec. 2009
Minority interest	1,108	1,091
Valuation adjustments	-2,867	-1,690
Equity	64,344	64,565
<b>EQUITY</b>	<b>62,585</b>	<b>63,966</b>
Financial liabilities	36,058	35,837
Deferred tax liabilities	1,182	1,082
<b>NON-CURRENT LIABILITIES</b>	<b>37,240</b>	<b>36,919</b>
Financial liabilities held for trading	442	355
Financial liabilities	313,538	402,544
Provisions	250	995
Current tax liabilities	3,075	2,815
Accrued expenses and deferred income	141	412
<b>CURRENT LIABILITIES</b>	<b>317,446</b>	<b>407,121</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>417,271</b>	<b>508,006</b>

The equity figure recognised on the balance sheet is presented net of the treasury shares held for the Share Delivery Plan approved at the Extraordinary General Shareholders' Meeting of 22 December 2009 (1.6 million shares representing 4.0% of share capital).

*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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