



THIRD QUARTER 2011 RESULTS

Highlights

Third quarter 2011 results

Operating profit rose 8.7% and revenue 3.7%, while the net money inflow was double the amount of the full year 2010

- Net profit for the nine-month period totalled €3.6 million. Profit before tax excluding net financial operations was €5.4 million, while net operating income totalled €5.8 million.
- Income from ordinary activity in third quarter amounted to €2.2 million, more than **twice the figure obtained in each for the first two quarters** of the year. Net interest income also fared well in the quarter, at €0.6 million. However, the poor quarterly performance in the proprietary book -the direct result of marking the securities in the portfolio to market prices as of 30 September 2011- led to a 29.7% year-on-year drop in net profit for the nine-month period. Stripping trading income out of both periods reveals bottom-line growth of 8,7% year-on-year.
- All the operating variables have performed satisfactorily throughout the year, with the pace of growth picking up in the third quarter.
- Net money inflow in the first nine months of the year was **€558 million**, twice the intake for all of 2010. The number of **customer accounts open** at the September close was 174,610, **up 15%** on the year-end 2010 figure. Of these, 48,158 belonged to the Renta 4 network and the remainder to the third-party network.
- During the first 9 months of 2011 net **asset inflow totalled €558 million**, double the amount of the full year 2010. The number of **client accounts at 30th September 2011** rose to 174.610 constituting a

rise of 15% versus the end of 2010. Accounts linked to the Renta 4 branch network summed 48,158; the rest is attributable to third parties.

- The growth in the customer base drove growth in total revenue for the nine-month period, as well as fee and commission income, gross and net, and ordinary income excluding, as detailed above, the atypical losses of the proprietary book.
- Total revenue (gross fee and commission income and gross interest income) rose by 3.7% in 9M11 to €47 million. Gross fee and commission income increased by 31% in 3Q11 versus the same period of 2010 and by 3.6% in 9M11. Net fee and commission income rose by 33.3% in the third quarter respective 3Q10 and 3.3% in 9M11, respectively. The financial margin rose by 84.2% compared to 9M10.
- Operating expenses, including depreciation and amortization charges, rose by 7.2% in 9M11 driven mainly by certain non-recurring expenses incurred to acquire the banking licence, as well as the costs inherent to the transformation process of becoming a bank.
- Based on the information available to date and the healthy performance in asset inflow and account openings, we expect all the key operating variables to continue to perform well throughout the fourth quarter.
- Moreover, with respect to the **proprietary book**, and underpinned by the gradual return to normal business of the financial markets, we are anticipating a significant improvement in net financial operations in the fourth quarter.
- On 27 October 2011, the Board of Directors of Renta 4 Servicios de Inversión S.A. agreed a **cash dividend of €0.05 per share**, which will be paid out on the 7th of December 2011.

Main Figures

Operating Data	Sept. 11	Sept. 10	%
Customers	174,610	151,692	14.6%
<i>Renta 4 network</i>	48,158	45,985	5.8%
<i>Third-party network</i>	126,452	105,707	18.5%
Total assets under custody (€ mn)	5,347	5,093	5.0%
<i>Stocks</i>	3,488	3,292	6.0%
<i>Mutual funds</i>	822	808	1.7%
<i>Pension funds</i>	272	240	13.3%
<i>SICAVs</i>	438	509	-14.0%
<i>Other</i>	327	244	34.0%
Online channel (retail)			
% Revenue	73.0%	71.0%	2.8pp
% Orders	84.0%	84.0%	0.0pp
% International markets	50.0%	42.4%	9.0pp
Earnings Data (€ thousand)			
Commission and fee income	41,676	40,212	3.6%
Net interest income	2,518	1,367	84.2%
Net financial operations	-106	1,952	-105.4%
Operating expenses	23,943	22,331	7.2%
Net operating income	5,820	7,464	-22.0%
Income from ordinary activity	3,408	4,145	-17.8%
Net profit	3,573	5,085	-29.7%
EPS (€ cents)	0.09	0.12	-29.7%
Earnings ratios			
% Commissions / Total income	88.7%	88.8%	0.0pp
% Net finc. operations / Total income	-0.2%	4.3%	-4.5pp
% Net profit / Total income	7.6%	11.2%	-3.6pp
Employees			
Average number employees at Sept. 11	298	287	3.8%
<i>Commercial network</i>	163	162	0.6%
<i>Centralised Services</i>	135	125	8.0%
Number of branches	58	57	1.8%
Share data			
RIC (Reuters/Bloomberg/ADRs)	RTA4.MA	RTA4.MA	
Price at 30.09.11 (euros)	4.95	4.91	0.8%
Market capitalization at 30.09.11 (euros)	201,431,355	199,803,627	0.8%
Number of shares issued	40,693,203	40,693,203	

Consolidated Statement of Income

	Q3 11	Q3 10	%	9M11	9M10	%
€ thousand						
TOTAL REVENUES	14,302	13,957	2.5%	46,968	45,296	3.7%
Fee and commission income	15,187	11,582	31.1%	41,676	40,212	3.6%
Fee and commission expenses	-5,160	-4,057	27.2%	-14,325	-13,736	4.3%
Net fee and commission income	10,027	7,525	33.3%	27,351	26,476	3.3%
Interest and similar income	1,751	1,292	35.5%	5,399	3,132	72.4%
Interest and similar expense	-1,159	-583	99.1%	-2,881	-1,765	63.2%
Net interest income	592	710	-16.6%	2,518	1,367	84.2%
Net financial operations	-2,635	1,083	-343.3%	-106	1,952	-105.4%
Net income	7,984	9,318	-14%	29,763	29,795	-0.1%
Operating expenses	-7,844	-7,341	6.7%	-23,943	-22,331	7.2%
Personnel expenses	-4,029	-3,820	5.5%	-12,523	-11,704	7.0%
Other general administrative expenses	-3,208	-2,926	9.6%	-9,661	-8,915	8.4%
Depreciation and amortization	-607	-595	2.0%	-1,759	-1,712	2.8%
NET OPERATING INCOME (1)	140	1,977	-92.9%	5,820	7,464	-22.0%
Income from ordinary activity (2)	2,183	184	1086.4%	3,408	4,145	-17.8%
Other income and expenses	208	110	89.1%	-494	-513	-3.7%
NET OPERATING INCOME (excluding net finc. operations)	3,019	1,004	200.7%	5,432	4,999	8.7%
Profit before tax	384	2,087	-83.3%	5,326	6,951	-23.4%
Income tax expense	-289	-661	-56.3%	-1,753	-1,866	-6.1%
NET PROFIT	59	1,426	-95.9%	3,573	5,085	-29.7%

(1) Net income – operating expenses (including depreciation and amortization)

(2) Net fee and commission income – operating expenses (including depreciation and amortization)

Operating Data

Total client **assets under management and custody** at 30th of September 2011 stood at €5.35 billion, up 2.7% on year-end 2010 and 5.0% on September 2010.

Assets under management in mutual funds stood at €822 million, of which €629 million come from Renta 4's own fund management business. According to data released by Inverco, assets under management at Renta 4 Gestora (fund management business) increased by 17.0% to September 2011, the fourth-best performance among the top 50 fund managers in Spain in the first nine months of 2011, while total mutual funds managed in the Spanish market contracted by 6.4%.

As for **SICAVs**, at the end of September Renta 4 managed 53 companies with combined assets under management of €438 million representing a decline of 14% and gave the company a market share of 1.7%. The lower assets under management in this segment are mainly attributable to the mark to market of the assets in the respective portfolios and specifically the performance of equity markets.

Pension fund assets ended September at €272 million, up from €254 million at year-end 2010 and up by 13.3% from the September 2010 balance.

The **total number of customer accounts** surpassed the 174,000 mark for the first time in September 2011; rising 14.6% compared to September 2010 balance to 174,610. Of these, 48,158 belonged to the Renta 4 branch network and 126,452 to third-party networks.

Meanwhile, the **online channel** continued to increase its penetration of the retail business segment, accounting for 73.0% of total revenues generated, 2.8 percentage points more than in 9M10. It is worth noting that half of total revenue from the online channel in 3Q11 came from international markets, while the number of users availing of this channel through September was already equivalent to 84% of total transactions in all of 2010.

Revenue

- **Third quarter 2011 (July - September)**

Total revenue amounted to €14.3 million, 2.5% higher than the €14.0 million obtained in the third quarter of 2010. Net of commission and fee expense and interest expense, however, **declines by 14%** year-on-year, with **gross income** decreasing from €9.3 million to €8 million.

"Fee and commission income" was 31.1% higher than in 3Q10 at €15.2 million. Net fee and commission income, meanwhile, rose 33.3% to €10.0 million.

By business line, **"Brokerage fees and commissions"** were €10.6 million, underpinned by the spike in trading volumes in the global equity and broader financial markets during the quarter.

Meanwhile, **"Asset management and advisory fees"** **declined by 14.1%** to €3.0 million, driven mainly by mark to market valuation of managed accounts and SICAVs.

"Net financial margin" fell by 16.6% year-on-year to €0.6 million (from €0.7 million in the third quarter of 2010).

Lastly, **"Net financial operations income"** amounted to a loss of €2.6 million, compared to a gain of €1.1 million in 3Q10.

9M11 (January-September)

Total revenue rose 3.7% year-on-year to €47.0 million in the first nine months of 2011. Net income, however, decreased by 0.1% to €29.8 million.

“Fee and commission income” was 3.6% higher than in the first nine months of 2010, at €41.7 million. Net fee and commission income, i.e., excluding commissions paid to third parties, was 3.3% higher at €27.4 million.

By business line, “Brokerage fees and commissions” rose 9.9% to €28.6 million. By segment, commissions from equity trading were flat, while commissions from fixed-income brokerage activities jumped 39.7%. Elsewhere, brokerage fees from derivative trading rose 28.4% year-on-year.

“Asset management and advisory fees” declined by 6.6% to €9.4 million, due to lower mark to market valuations of the respective portfolios.

“Net financial margin” soared 84.2% to €2.5 million from €1.4 million in the first nine months of last year.

Lastly, “Net financial operations” amounted to a loss of €0.1 million in 9M11, compared to a gain of €1.9 million a year earlier. This was mainly due to the downgrades of sovereign debt ratings, growing uncertainty over the global economic outlook and the slump in equity markets.

Costs

- Third quarter 2011 (July - September)

Operating expenses, including depreciation and amortization, rose 6.7% to €7.8 million in the third quarter.

“Personnel expenses” were 5.5% higher at €4.0 million compared to €3.8 million in the third quarter of 2010. This growth was mainly driven by a 3.8% increase in the average number of employees.

Meanwhile, “Other general administrative expenses” were 9.6% higher, at €3.2 million.

Lastly, “Depreciation and amortization” was broadly unchanged year-on-year, climbing just 2.0% to €0.6 million.

9M11 (January-September)

Operating expenses totalled €23.9 million in 9M11, up 7.2% from €22.3 million in the first nine months of 2010. This figure is in line with the Company's guidance for 2011, which calls for growth in full-year operating expenses, including depreciation and amortization, of less than 10%, mainly driven by the bank transformation process, as noted earlier.

“Personnel expenses” were 7.0% higher in the first nine months of 2011 at €12.5 million, in part driven by the growth in the average number of employees from 287 in September 2010 to 298 in September 2011.

“Other general administrative expenses” rose 8.4% to €9.7 million, compared to €8.9 million in the first nine months of 2010.

Lastly, “Depreciation and amortization” was broadly unchanged year-on-year, rising 2.8% to €1.8 million.

Other income and expenses

Renta 4 reported a net loss in the nine-month period of €0.49 million, compared to a loss of €0.51 million in 9M10 (-3.7% year-on-year).

Net operating income and income from ordinary activity

Income from ordinary activity (net fee and commission income less operating expenses, including depreciation and amortization) rose to €2.2 million in the third quarter from €0.18 million a year earlier, but was down 17.8% year-on-year in the nine-month period, at €3.4 million.

Market situation and outlook

Renta 4 has been experiencing **notable growth in new accounts and net asset inflow**.

The **preliminary data available for the fourth quarter** point to continued growth in all the core business variables for the latter end of the year. This bodes for **healthy operating results for the full year**.

With respect to the **proprietary book**, and underpinned by the gradual normalization of financial markets, **we are anticipating a significant improvement in financial operations income in the fourth quarter**.

On 27 October 2011, the Board of Directors of Renta 4 Servicios de Inversión S.A. agreed a **cash dividend of €0.05 per share**, which will be paid out on **December 7th, 2011**.

Consolidated Balance Sheet

<i>€ thousand</i>	Sept. 2011	Dec. 2010
Intangible assets	16,873	9,953
Property, plant and equipment	29,687	29,682
Available-for-sale financial assets	39,210	31,700
Investments	2,043	382
Deferred tax assets	1,317	1,241
Loans and receivables	4,182	4,370
Other assets	0	0
NON-CURRENT ASSETS	93,312	77,328
Other assets	2,544	1,427
Current tax assets	1,178	1,006
Loans and receivables	293,143	277,760
Financial assets held for trading	1,776	344
Cash and cash equivalents	96,850	59,248
CURRENT ASSETS	395,491	339,785
TOTAL ASSETS	488,803	417,113

<i>€ thousand</i>	Sept. 2011	Dec. 2010
Non-controlling interests	1,083	1,108
Valuation adjustments	-2,940	-2,867
Equity	71,261	64,344
TOTAL EQUITY	69,404	62,585
Financial liabilities	49,743	36,058
Deferred tax liabilities	1,182	1,182
NON-CURRENT LIABILITIES	50,925	37,240
Financial liabilities held for trading	2,166	442
Financial liabilities	363,478	313,538
Provisions	440	250
Current tax liabilities	1,808	2,917
Other liabilities	582	141
CURRENT LIABILITIES	368,474	317,288
TOTAL EQUITY AND LIABILITIES	488,803	417,113

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