



FIRST QUARTER RESULTS

Highlights

- **Total revenue rose 11.0%** year-on-year in the first quarter of 2011 to €16.6 million.
- **Net income went up by 10.1%** to €10.9 million.
- **Fee and commission income**, gross and net, **advanced 5.2% and 1.0%**, respectively.
- **Net interest income soared 315.4%**, driven by higher interest rates on placements, while **net financial operations** totalled €0.9 million, marking year-on-year **growth of 21.2%**.
- **Net operating income** (net income less total expenses, including depreciation and amortization charges) **grew 5.8%** year-on-year to €3 million.
- **Income from ordinary activity** (net fee and commission income less operating expenses, including depreciation and amortization) **amounted to €1.1 million**, compared to €1.8 million in the same period of last year. This decline was offset by increased activity in fixed income brokerage, reflected in the 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 €7.9 million, **year-on-year growth of 11.8%**. In this quarter have been included in this figure some extraordinary expenses linked to then 25th anniversary of the Company and banking license acquisition. It is foreseeable that these costs will happen again in coming quarters.
- **Profit before taxes** reached €2.9 million, **improving by 5.8%** against first quarter 2010.
- **Net profit** for the quarter totalled €2 million, a 3.9% lower than last year.
- Regarding main operating data, Renta 4 ended the quarter with **€5.7 billion of assets under management and custody and 159,294 accounts**, both all-time highs for the Company.
- **Net money inflow in the quarter amounted €276 million**, the same than for all of 2010.
- In the first quarter of the year, after the authorization received from the Bank of Spain, Renta 4 acquired a bank license. Currently, the bank subsidiary is been merging with the parent Company of the holding Group. After the merge, **Renta 4 estimates that banking activities will be launched in the fourth quarter of 2011.**

Main Figures

Operating Data	Mar. 11	Mar. 10	%
Customers	159,294	148,044	7.6%
<i>Renta 4 network</i>	47,328	45,388	4.3%
<i>Third party</i>	111,966	102,656	9.1%
Executed orders	701,000	690,454	1.5%
Total assets under custody (€ mill.)	5,677	5,018	13.1%
<i>Stocks</i>	3,791	3,088	22.8%
<i>Mutual Funds</i>	821	930	-11.7%
<i>Pension Funds</i>	274	247	10.9%
<i>SICAVs</i>	502	500	0.4%
<i>Others</i>	289	253	14.2%
Online Channel (retail)			
% Revenues	75.0%	70.0%	5.0 p.p
% Orders	84.0%	84.0%	0.0 p.p
% International markets	44.7%	41.9%	2.8 p.p
Earnings Data (€ thousand)			
Commission income	14,084	13,382	5.2%
Net interest income	1,001	241	315.4%
Net financials operations	870	718	21.2%
Operating expenses	7,930	7,093	11.8%
Net operating income	2,955	2,793	5.8%
Income from ordinary activity	1,083	1,834	-40.9%
Net profit	2,009	2,092	-3.9%
EPS (€ cents)	0.05	0.05	-3.9%
Earnings Ratios			
% Commissions / Total income	85.0%	89.7%	-4.7 p.p
% Net finc. operations / Total income	5.3%	4.8%	0.5 p.p
% Net profit / Total income	12.1%	14.0%	-1.9 p.p
Cost/income ratio	67.6	66.4	1.3 p.p
Employees			
Average number employees at Dec. 10	295	278	6.1%
<i>Commercial network</i>	164	160	2.5%
<i>Headquarters</i>	131	118	11.0%
Number of branches	58	58	0.0%
Share			
RIC (Reuters/Bloomberg/ Adrs)	RTA4.MA	R4.SM	RSVXY
Price at 12.31.10 (euros)	5.35	5.14	-6.7%
Market Capitalization at 12.31.10 (euros)	217,708,636	213,639,316	-6.7%
Number of shares issued	40,693,203	40,693,203	

Cuenta de resultados consolidada

	Q1 11	Q1 10	%
<i>€ Thousand</i>			
Total Revenues	16,570	14,921	11.0%
Fee and commission income	14,084	13,382	5.2%
Fee and commission expenses	-5,070	-4,455	13.8%
Net fee and commissions income	9,013	8,927	1.0%
Interest and similar income	1,616	821	96.8%
Interest and similar expenses	-615	-580	6.0%
Net interest income	1,001	241	315.4%
Net financial operations	870	718	21.2%
Net Income	10,884	9,886	10.1%
Operating Expenses	-7,930	-7,093	11.8%
Personnel	-4,014	-3,697	8.6%
Other general administrative expenses	-3,343	-2,854	17.1%
Depreciation and amortization	-573	-542	5.7%
NET OPERATING INCOME (1)	2,955	2,793	5.9%
INCOME FROM ORDINARY ACTIVITY (2)	1,083	1,834	-40.9%
Other income and expenses	-86	-83	3.6%
Profit before Tax	2,869	2,710	5.9%
Income tax expenses	-860	-618	39.2%
NET PROFIT	2,009	2,092	-3.9%

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

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

Operating Data

Total client assets under management and custody at 31 March 2011 stood at €5.7 billion, up 13.1% from the previous year and an all-time Company high. **Net money inflow** for the quarter was €276 million, equivalent to the total figure reached for all the year 2010. This strong inflow was boosted by market valuation gains which added €196 million to assets under management.

Mutual fund at 31 March 2011 amounted €821 million of assets under management, €584 million from Renta 4's fund manager business and €237 million from other fund managers. According to data released by Inverco, assets under management at Renta 4's fund manager business increased by 8% to March 2011, while total mutual funds managed in the Spanish Market rose by just 1%.

As for **SICAVs**, at the March close, Renta 4 managed 57 companies with combined assets of €502.4 million. This is a slightly higher than the year-end 2010 figure and translates into a market share in Spain in this business segment of 1.92%.

Pension fund assets ended first quarter 2011 at €274 million, growth of 10.9% on the year-earlier figure of €247 million.

The pace of new customer adds remained satisfactory. The **total number of customer accounts** at the March close was 159,294, up 7.6% year-on-year. Of these, 47,328 (+4.3%) came from Renta 4 network and 111,966 to the third-party network (+9.1%).

The **total number of executed orders** grew by 1.5%, surpassing the 700,000 million mark. Especially noteworthy was the 9.7% jump in stock market trades which mainly includes stocks and ETF trading activities.

Meanwhile, the penetration of the **online channel** among Renta 4's retail customer base was broadly flat year-on-year, accounting for 75.0% of total income in this segment (+2 percentage points) and 84.0% of executed trades, in line with the year before. Here it is worth flagging the growth in trading by Renta 4's clients in international markets, which accounted for 44.7% of revenue in this market segment, 2.8 percentage points more than in the same quarter of last year.

Revenues

- **First Quarter 2011 (January-March)**

Total revenue rose 11% year-on-year to €16.6 million in the quarter.

"Fee and commission income" was 5.2% higher, at €14.1 million. Net fee and commission income, excluding commissions paid to third parties, rose 1% to €9 million. Here we would highlight the 13.8% increase in fees and commission paid, mainly due to increased trading activity by our brokerage customers in international markets, as mentioned above.

By business line, **"Brokerage fees and commissions"** performed best, climbing 16.4% to €9 million in from €8.5 million in first quarter 2010, driven by growth in number of executed orders (+1.5%) and higher volume per trade in equities (+7.4%).

By product the growth was uniform and widespread, standing out commissions from derivative trading, which jumped 24.9% year-on-year. Commissions from equity and fixed income trading rose by 13.0% and 6.5%, respectively.

Meanwhile, **"Asset management fees"** meanwhile totalled €3.8 million, a slight 0.7% less than in the figure recorded in the same period of last year, while fees generated by the **"Corporate services and others"** came to €0.9 million, compared to €1.3 million in March 2010.

"Net interest income" amounted to €1 million, four times the year-earlier figure, driven by the rise in interest rates during the last months as well as higher interest rates on placements.

Lastly, **"Net financial operations"** also performed well, climbing from €0.7 million to €0.9 million in first quarter 2011. This 21.2% increase was partly driven due to the before mentioned increase in fixed income brokerage activity, which is not recorded as commissions, but rather as price spreads.

Costs

- **First Quarter 2011 (January-March)**

Operating expenses totalled €7.9 million at March, 11.8% higher than the figure of €7.1 million recorded the same period of last year.

By heading, **“Personnel”** was 8.6% higher at €4.0 million, reflecting the headcount growth (from 278 to 295 average number of employees) in order to service the growth in business volumes and to build up new business areas.

“General administrative expenses” rose 17.1% to €3.3 million, compared to €2.9 million in 2010, driven by investments made in a number of offices which relocated and required fitting out, coupled with non-recurring advertising and marketing expenditure in connection with the celebration of the Company’s twenty-fifth anniversary.

Lastly, **“Depreciation and amortization”** was broadly unchanged from the same period of last year to €0.6 million.

Net Operating Income and Income from Ordinary Activity

Net operating income (net income less total costs, including depreciation and amortization charges) rose 5.8% from €2.8 million in first quarter 2010 to €3 million in 2011.

Income from ordinary activity (net fee and commissions income less operating expenses, including depreciation and amortization) fell 40.9% from €1.8 million to €1.1 million in first quarter 2011. The decline was partly offset by higher income from fixed-income brokerage activities, which is evident in the growth in net trading income, as this margin is recognized at the price spread rather than as fee and commission income.

Market Situation and Outlook

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**, and the good performance in first quarter 2011, 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 below 10%**, excluding in this figure some extraordinary expenses linked to then 25th anniversary of the Company and banking license acquisition.

Balance de situación consolidado

<i>€ Thousand</i>	Mar. 2011	Dec. 2010
Intangible assets	15,979	9,953
Property and equipment	29,740	29,682
Available-for-sale-financial-assets	34,821	31,700
Participations	1,867	540
Deferred tax assets	1,211	1,241
Loans and receivables	4,569	4,370
Other assets	0	0
NON-CURRENT ASSETS	88,187	77,486
Other assets	2,184	1,427
Current tax assets	1,058	1,006
Loans and receivables	319,301	277,760
Financial assets held for trading	1,838	344
Cash and cash equivalents	105,347	59,248
CURRENT ASSETS	429,728	339,785
TOTAL ASSETS	517,915	417,271

<i>€ Thousand</i>	Mar. 2011	Dec. 2010
Minority interest	1,109	1,108
Valuation adjustments	-1,410	-2,867
Equity	71,909	64,344
EQUITY	71,608	62,585
Financial liabilities	54,885	36,058
Deferred tax liabilities	1,773	1,182
NON-CURRENT LIABILITIES	56,658	37,240
Financial liabilities held for trading	1,109	442
Financial liabilities	384,792	313,538
Provisions	440	250
Current tax liabilities	2,629	3,075
Accrued expenses and deferred income	679	141
CURRENT LIABILITIES	389,649	317,446
TOTAL EQUITY AND LIABILITIES	517,915	417,271

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