



## ANNUAL REPORT 2012

### HIGHLIGHTS

- Renta 4 closed the business year 2012 with a **net profit of 5.49 million Euros**, exceeding by **+19.6%** the result of 2011.
- During 2012 all **business and operational numbers** were positive:

**Gross Commission Income** rose by 19.2% and net commissions ascended by 1.5% compared to the year before.

The **financial margin** closed with 3.6 million Euros, 0.5% above 2011, after accounting with effect of 2012 the interest payable in 2013 and 2014 of the voluntary early conversion of the convertible bonds to shares.

The **result of financial operations** exceeded the 2011 result by 52.1% and closed at 2.9 million Euros.

**Net asset inflow** during the period totalled 954 million Euros compared to 633 million Euros in 2011.

**Assets under management or care** ascended to 6.731 billion Euros and **assets originated from the proprietary network** exceeded **3 billion Euros** with almost **50.500 clients**.

- This positive development of all business variables, fostered by equally positive numbers of financial margin and the results of financial operations, consequently led to a **result of ordinary business reaching 7.6 million Euros** at the end of 2012, 16.1% above the year before.
- 2012 was the **first full year of Renta 4 operating as Bank specialized in asset management and capital markets** and the start of our activity in Chile.

## Main Variables

Operational Data	Dec. 12	Dec. 11	%
<b>Number of Clients</b>	<b>269.684</b>	<b>179.311</b>	<b>50,4%</b>
<i>of Proprietary Network</i>	50.489	48.574	3,9%
<i>of Third Party Network</i>	219.195	130.737	67,7%
<b>Total Assets (million Euros)</b>	<b>6.731</b>	<b>5.568</b>	<b>20,1%</b>
<i>Equities</i>	3.853	3.609	6,8%
<i>Investment Funds (proprietary and third party)</i>	1.058	817	29,5%
<i>Pension Funds</i>	922	292	215,8%
<i>SICAVs</i>	447	481	-7,1%
<i>Others</i>	451	369	22,2%
<b>Assets Proprietary Network (Euro bn)</b>	<b>3.097</b>	<b>2.852</b>	<b>8,6%</b>
<b>Assets Third Party Network (Euro bn)</b>	<b>3.634</b>	<b>2.716</b>	<b>33,8%</b>
<b>Financial Indicators (Euro million)</b>			
<b>Commissions Received</b>	65.829	55.217	19,2%
<b>Financial Margin</b>	3.624	3.606	0,5%
<b>Result of Financial Operations</b>	2.872	1.888	52,1%
<b>Cost of Operation</b>	33.790	32.177	5,0%
<b>Gross Margin</b>	<b>42.907</b>	<b>41.843</b>	<b>2,5%</b>
<b>Result of Ordinary Operation</b>	7.660	6.600	16,1%
<b>Net Profit</b>	<b>5.489</b>	<b>4.588</b>	<b>19,6%</b>
<b>EPS</b>	<b>0,14</b>	<b>0,12</b>	<b>16,7%</b>
<b>Employees</b>			
<b>As of 31 December</b>	323	300	7,7%
<i>Branch Network</i>	174	163	6,8%
<i>Central services</i>	149	137	8,8%
<b>Number of Offices</b>	58	58	
<b>Share</b>			
<b>Ticker (Reuters/Bloomberg/Adrs)</b>	RTA4.MA	RTA4.MA	RSVXY
<b>Share Price (€)</b>	4,69	5,02	-6,57%
<b>Capitalisation (€)</b>	190.851.122	204.279.879	-6,57%
<b>Number of Shares Issued</b>	40.693.203	40.693.203	

## Consolidated Profit And Loss Accounts

	4 Q 2012	4 Q 2011	variation %	FULL YEAR 31/12/2012	FULL YEAR 31/12/2011	variation %
Interest and similar income	2,328	2,269	2.6%	8,090	7,668	5.5%
Interest expense and similar charges	-1,620	-1,181	37.2%	-4,466	-4,062	9.9%
<b>NET INTEREST INCOME</b>	<b>708</b>	<b>1,088</b>	<b>-34.9%</b>	<b>3,624</b>	<b>3,606</b>	<b>0.5%</b>
Return on equity instruments	113	128	-11.7%	364	396	-8.1%
Share of profit (loss) of entities accounted for using the equity method	-649	-404	60.6%	-1,044	-519	101.2%
Fee and commission income	18,129	14,558	24.5%	65,829	55,217	19.2%
Fee and commission expenses	-7,939	-5,272	50.6%	-29,475	-19,597	50.4%
Gains or losses on financial assets and liabilities (net)	1,151	2,262	-49.1%	2,872	1,888	52.1%
Exchange differences (net)	370	271	36.5%	1,444	1,103	30.9%
Other operating income	59	105	-43.8%	406	405	0.2%
Other operating expenses	-621	-606	2.5%	-1,113	-656	69.7%
<b>GROSS MARGIN</b>	<b>11,321</b>	<b>12,130</b>	<b>-6.7%</b>	<b>42,907</b>	<b>41,843</b>	<b>2.5%</b>
Administrative expenses:	-7,786	-7,616	2.2%	-31,050	-29,800	4.2%
a) Personnel expenses	-4,711	-4,189	12.5%	-17,931	-16,712	7.3%
b) Other administrative expenses	-3,075	-3,427	-10.3%	-13,119	-13,088	0.2%
Depreciation and amortisation	-717	-618	16.0%	-2,740	-2,377	15.3%
Provision expenses (net)	0	0		0	-190	-100.0%
Impairment losses on financial assets (net)	-1,356	-2,622	-48.3%	-1,457	-2,876	-49.3%
<b>OPERATING PROFIT</b>	<b>1,462</b>	<b>1,274</b>	<b>14.8%</b>	<b>7,660</b>	<b>6,600</b>	<b>16.1%</b>
<b>PROFIT(LOSS) BEFORE TAX</b>	<b>1,462</b>	<b>1,247</b>	<b>17.2%</b>	<b>7,660</b>	<b>6,600</b>	<b>16.1%</b>
Income tax	-429	-259	65.6%	-2,171	-2,012	7.9%
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>1,033</b>	<b>1,015</b>	<b>1.8%</b>	<b>5,489</b>	<b>4,588</b>	<b>19.6%</b>
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>1,033</b>	<b>1,015</b>	<b>1.8%</b>	<b>5,489</b>	<b>4,588</b>	<b>19.6%</b>
a) Profit (loss) attributed to the parent	976	1,026	-4.9%	5,189	4,578	13.3%
b) Profit (loss) attributed to minority interests	57	-11		300	10	
<b>EARNINGS PER SHARE</b>						
Basic earnings per share (euros)				0.14	0.12	16.7%
Diluted earnings per share (euros)				0.13	0.12	8.3%

Euro Thousand

## Summary of Income and Expenses

	4 Q 2012	4 Q 2011	%	Acc 2012	Acc 2011	%
<b>Net Commissions</b>	<b>9,970</b>	<b>9,258</b>	<b>7.7%</b>	<b>37,160</b>	<b>36,609</b>	<b>1.5%</b>
Commissions received and exchange differences	17,909	14,530	23.3%	66,635	56,206	18.6%
Commissions paid	-7,939	-5,272	50.6%	-29,475	-19,597	50.4%
<b>Result of Financial Operations and dividends</b>	<b>1,264</b>	<b>2,390</b>	<b>-47.1%</b>	<b>3,236</b>	<b>2,284</b>	<b>41.7%</b>
<b>Interest Margin</b>	<b>708</b>	<b>1,088</b>	<b>-34.9%</b>	<b>3,624</b>	<b>3,606</b>	<b>0.5%</b>
<b>Other Cost of Operation</b>	<b>-621</b>	<b>-606</b>	<b>2.5%</b>	<b>-1,113</b>	<b>-656</b>	<b>69.7%</b>
<b>Gross Margin</b>	<b>11,321</b>	<b>12,130</b>	<b>-6.7%</b>	<b>42,907</b>	<b>41,843</b>	<b>2.5%</b>
<b>Cost of Operation</b>	<b>-8,503</b>	<b>-8,234</b>	<b>3.3%</b>	<b>-33,790</b>	<b>-32,177</b>	<b>5.0%</b>
<b>Result of Operation before Provisions</b>	<b>2,818</b>	<b>3,869</b>	<b>-27.2%</b>	<b>9,117</b>	<b>9,666</b>	<b>-5.7%</b>

Euro Thousand

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## Operational Data

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During 2012 **the number of clients rose and net asset inflow increased** being invested in different assets and markets.

The **total client assets under management or care** ascended as of end December 2012 to 6.731 billion Euros (3.097 billion of the proprietary network and 3.634 billion from third party networks), representing a rise of 20.1% versus the numbers of end 2011. The **net client asset inflow during the period**, both own and third party clients, stood at 954 million Euros, 50.7% higher than the number of 2011.

The **assets managed by Renta 4 Gestora SGIIC S.A. in investment funds** rose as of 31. of December 2012 to 783 million Euros (data by Inverco), increasing by 18% versus 2011. This increase is even more relevant given the fund managing industry in Spain experienced a decline of AUM during 2012 by -4.3%, data again by Inverco.

Regarding **SICAVs**, Renta 4 Gestora managed at the end of the business year 447 million Euros, 7.0% lower than at the end of 2011.

In respect of the assets managed in **Pension Funds** as of end 2012 the AUM stood at 922 million Euros, compared to 292 million Euros at the end of 2011, more than triple the amount of last year. This high growth is mainly attributable to ING Direct pensions changing manager to Renta 4 Pensiones.

The number of new clients continues its positive development. Thus, the **overall number of client accounts** at the end of the business year 2012 stood at 269,684 and constitutes a growth of 50.4% versus last year. Of these 50,489 (+3.9%) belong to the proprietary network and 219,195 to third party networks (+67.7%).

### Fourth Quarter 2012 (October-December)

The **Consolidated Net Profit** of the fourth quarter 2012 reached 1.03 million Euros, **similar** to the 1.01 million Euros of **Q4 of 2011**.

During the period **"Commissions received"** stand out reaching 18.1 million Euros, versus 14.6 million Euros the year before, representing a growth of 24.5%.

The positive result in this period is mainly due to the good result of the area **"Asset Management"** while securities trading suffered by the drop of trading volume experienced during the fourth quarter of 2012.

**"Interest Margin"** in the fourth quarter 2012 experienced an **extraordinary advanced charge of 720 thousand Euros** due to the advanced accounting of interest payments to the holders of shares payable in 2013 and 2014 originating from the **voluntary early conversion** of the convertible bonds issued by Renta 4 Banco. After this extraordinary

charge the interest margin stood at 708 thousand Euros dropping by 34.9% versus the fourth quarter of 2011.

The **Cost of Operation** of the quarter, including amortization, rose by 3.3% up to 8.5 million Euros. By lines, **"Personnel Expenses"** summed 4.7 million Euros in the quarter, growing by 12.5% versus the same quarter of 2011. **"Other General Administration Expenses"** ascended to 3.1 million Euros, an increase of 10.3% versus Q4 of 2011. Finally, **"Amortization"** rose by 16.0% reaching 0.7 million Euros. The increase in the cost of operation is mainly attributable to the incorporation of Chile and the reinforcement in the area of institutional trading.

#### · Full Year 2012 (January-December)

**"Net Consolidated Profit of the business year"** stood as of end 2012 at **5.49 million Euros** compared to 4.59 million Euros of 2011, representing a **rise of 19.6%**.

During this period we highlight the development of **"Commissions Received"**, growing by 19.2% up to 65.9 million Euros. In terms of **"Net Commissions"**, summing exchange differences and other business proceeds, post a slight increase of +1.5% reaching 37.2 million Euros.

In this period all business lines experienced positive developments with special emphasis on the area of **"Asset Management"** with an increase of commission income superior to 50% YoY.

**"Interest Margin"** ascended to **3.6 million Euros**, standing practically unaltered compared to 2011. Notwithstanding, we reiterate the fact that the early voluntary conversion of the convertible bonds issued by Renta 4 Banco impacted by an **extraordinary advanced charge of 720 thousand Euros** in the results of interest margin. This charge corresponds to interest payments to shareholders having voluntarily converted early and will be paid in 2013 and 2014.

The **"Result of Financial Operations and Dividends"**, totalled 3.2 million Euros during the period versus 2.3 million Euros of last year, an increase of 41.7%.

Looking at cost, the **"Cost of Operation"** as of end 2012 ascended to 33.8 million Euros thus resulting in an increase of 5.0% versus the year before when the cost of operation stood at 32.2 million Euros.

By lines, **"Personnel expenses"** accumulated during the business year an increase of 7.3% reaching 17.9 million Euros. **"Other General Administration Expenses"** experienced little change and increased by 0.2% to 13.1 million Euros. Finally, **"Amortizations"** rose by 15.3% to 2.7 million Euros compared to 2.4 million Euros YoY. The increases are mainly attributable to the start of operation in Chile and the reinforcement in the area of institutional trading.

Regarding the **number of employees** the development of new activities and especially the incorporation of Renta 4 Chile led to an increment of staff to **323 employees as of end 2012 compared to 300 at the end of 2011**.

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## Market Situation and Outlook

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During the last months a **significant improvement of sentiment can be sensed in the financial markets** given that some of the **systemic risks of the Euro Zone** mitigated and on confirmation of the continuity of the policy of monetary quantitative expansion of the leading Central Banks.

Notwithstanding, **high debt levels persist** in the system and **structural reforms in the developed economies are pending** as well as profound institutional reforms in the Euro Zone. The implementation of such reforms is essential in order for financial markets to return to stability.

Against this background, **Renta 4 Banco maintains a prudent and cautious vision regarding the future development of financial markets** and the developed market economies. In particular, we pay special attention to the **growing tensions in monetary policy** of the major global economies.

For the business year 2013 **our objective is to consolidate our position as Bank** specialized in asset management, wealth management and advisory as well as capital markets. To reinforce our Bank related activities by **increasing services for our clients**, both investment services as well as banking services and to continue the process of **internationalization** started with our subsidiary in **Chile**.

Additional to expanding our presence to **Peru and Colombia**, **our aim for 2013 is to expand our operational capacity in Asia**. Specifically, an agreement was recently signed with **United Overseas Bank Kay Hian (UOB) of Singapore** related to securities trading and in the case of **Hong Kong** cooperation with the Chinese fund manager **Bosera** was initiated, in order to create direct access for Renta 4 Banco to the Chinese domestic financial market.

## Consolidated Balance Sheet

ASSETS	31/12/2012	31/12/2011
1. Cash and balances with central banks	2,390	1,361
2. Financial assets held for trading	2,363	2,139
3. Other financial assets at fair value through profit or loss		
4. Available-for-sale financial assets	249,163	38,543
5. Debt securities	312,528	396,865
6. Held -to-maturity investments		
7. Ajustes a activos financieros por macro-coberturas		
8. Hedging derivatives		
9. Non-current assets held for sale		
10. Investments	1,892	2,044
a) Associates	1,892	2,044
b) Jointly controlled entities		
11. Insurance contracts linked to pensions		
12. Reinsurance assets		
13. Property and equipment:	31,268	29,768
a) For own use	27,307	25,754
b) Investment properties	3,961	4,014
14. Intangible assets:	17,500	16,766
a) Goodwill	16,106	15,291
b) Otro intangible assets	1,394	1,475
15. Tax assets	1,836	2,096
a) Current	1,314	1,425
b) Deferred	522	671
16. Other assets	836	1,207
<b>TOTAL ASSETS</b>	<b>619,776</b>	<b>490,789</b>

TOTAL EQUITY and LIABILITIES	31/12/2012	31/12/2011
<b>TOTAL LIABILITIES</b>	<b>560,881</b>	<b>421,707</b>
1. Financial liabilities held for trading	770	82
2. Other financial liabilities at fair value through profit or loss		
3. Financial liabilities at amortized cost	556,393	417,836
4. Changes in the fair value of hedged items in portfolio hedges of interest		
5. Hedging derivatives		
6. Liabilities associated with non-current assets held for sale		
7. Liabilities under insurance contracts		
8. Provisions	250	440
9. Tax liabilities	3,145	3,178
a) Current	1,810	1,934
b) Deferred	1,335	1,244
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)		
11. Other liabilities	323	171
12. Cash		
<b>EQUITY</b>	<b>58,895</b>	<b>69,082</b>
<b>OWN FUNDS</b>	<b>58,132</b>	<b>69,492</b>
1. Capital or endowment fund	18,312	18,312
a) Issued capital	18,312	18,312
b) Less: uncalled capital		
2. Share premium	8,496	25,153
3. Reserves	35,590	34,371
4. Other equity instruments	1,027	1,850
5. Less: Treasury shares	-7,506	-12,860
6. Profit (loss) attributable to the parent	5,189	4,578
7. Less: Dividends and remuneration	-2,976	-1,912
<b>VALUATION ADJUSTMENTS</b>	<b>-1,028</b>	<b>-1,505</b>
1. Available-for-sale financial assets	-1,052	-1,505
2. Cash flow hedges		
3. Hedges in net investments in foreign operations		
4. Exchange differences	24	
5. Non-current assets held for sale		
6. Companies accounted using the equity method		
7. Other valuation adjustments		
<b>TOTAL EQUITY ATTRIBUTABLE TO THE PARENT</b>	<b>57,104</b>	<b>67,987</b>
<b>MINORITY INTERSTS</b>	<b>1,791</b>	<b>1,095</b>
1. Valuation adjustments	85	42
2. Others	1,706	1,053
<b>TOTAL EQUITY AND LIABILITY</b>	<b>619,776</b>	<b>490,789</b>

IVO KRATSCHMER | Director IR

Tel.: +34 913 848 856 | Fax: +34 913 848 516

[ikraetschmer@renta4.es](mailto:ikraetschmer@renta4.es) | [www.renta4.com](http://www.renta4.com)

Renta 4 Banco, S.A.  
Paseo de la Habana, 74  
28036 Madrid | Spain

renta4banco