

renta 4

FIRST HALF RESULTS 2010

Highlights

- **Total revenues climbed 19,5% in the second quarter of the year**, improving the performance showed in the previous one, where the increase reached a slight 3.3%.
- **Net profit for the first six months rose by 4.2% year-on-year to €3.7 million.**
- **Net Operating Income**, (net income minus operating expenses, depreciation and amortization included), **went up by 19.2% for the first half of the year** to €5.5 million. The increase reached in the second quarter was clearly above to the growth recorded in the previous one.
- **Income from ordinary activity** (net fee and commission income minus operating expenses, and including depreciation and amortization) **for the six-month period amounted to €5.5 million, year-on-year growth of 10%**. Growth accelerated sharply during the second quarter to 21.8% compared to a decline of 1.2% in the first quarter of 2010.
- The **operating data** posted another healthy performance. **Total assets under management and custody** at the June close stood at €4.87 billion. **Net money inflows** year-to-date amounted to **€223 million**, offsetting the €210 million adverse impact on assets under management of market valuation trends.
- **Number of own network accounts reached 45,813**, an increase of 5.3% against June 2009, **while the total number of accounts**, including third party networks, **surpassed the 150,000 mark for the first time.**
- **Fee and commission income rose 16.4% in first half of the year**, mainly thanks to the positive contribution by the asset management and corporate service businesses, which posted combined growth of 55.4%. **Net fee and commission income amounted to €19 million, year-on-year growth of 8.7%**. Both, gross and net commissions revenues, showed a accelerated growth in the second quarter, compared with the previous one.
- **Operating expenses** performed in line with what the Company forecast, ending the first half **up 8.4% year-on-year**, at €15 million, keeping it on target to end the year with operating expenses, including depreciation and amortization charges, of roughly €30 million.

Main Figures

Operating Data	Jun. 10	Jun. 09	%
Customers	151,112	124,218	21.7%
<i>Renta 4 network</i>	45,813	43,502	5.3%
<i>Third party</i>	105,299	83,552	26.0%
Executed orders	1,480,593	1,440,592	2.8%
Total assets under custody (€ mill.)	4,865	3,664	32.8%
<i>Stocks</i>	3,080	2,138	44.1%
<i>Funds (mutual, pension and third party)</i>	1,037	752	37.9%
<i>SICAVs</i>	494	486	1.6%
<i>Others</i>	254	288	-11.8%
Online Channel (retail)			
% Revenues	70.0%	76.0%	-6.0
% Orders	84.0%	83.0%	1.0
% International markets	41.0%	50.2%	-9.2
Earnings Data (€ thousand)			
Commission income	28,630	24,605	16.4%
Net interest income	657	781	-15.9%
Net financials operations	869	221	293.2%
Operating expenses	14,990	13,825	8.4%
Income from ordinary activity	3,961	3,602	10.0%
Net operating income	5,487	4,604	19.2%
Net profit	3,659	3,512	4.2%
EPS (€ cents)	0.0899	0.0863	4.2%
Earnings Ratios			
% Commissions / Total income	91.4%	87.4%	4.0
% Net financ. operations / Total income	2.8%	0.8%	2.0
% Net profit / Total income	11.7%	12.5%	-0.8
Cost/income ratio	67.7	69.1	-1.4
Employees			
Average number employees at Jun. 10	285	277	2.9%
<i>Commercial network</i>	162	157	3.2%
<i>Headquarters</i>	123	120	2.5%
Number of branches	57	57	0.0%
Share			
RIC (Reuters/Bloomberg/ Adrs)	RTA4.MA	R4.SM	RSVXY
Price at 06.30.10 (euros)	5.00	5.00	0.0%
Market Capitalization at 06.30.10 (euros)	203,466,015	203,466,015	0.0%
Number of shares issued	40,693,203	40,693,203	

Consolidated Statement of Income

	Q2 10	Q2 09	%	2010	2009	%
<i>€ Thousand</i>						
Total Revenues	16,418	13,737	19.5%	31,339	28,188	11.2%
Fee and commission income	15,248	12,516	21.8%	28,630	24,605	16.4%
Fee and commission expenses	-5,224	-3,999	30.6%	-9,679	-7,178	34.8%
Net fee and commissions income	10,024	8,517	17.7%	18,951	17,427	8.7%
Interest and similar income	1,019	1,308	-22.1%	1,840	3,362	-45.3%
Interest and similar expenses	-603	-1,088	-44.6%	-1,183	-2,581	-54.2%
Net interest income	416	220	89.1%	657	781	-15.9%
Net financial operations	151	-87	n.s	869	221	293.2%
Net Income	10,591	8,650	22.4%	20,477	18,429	11.1%
Operating Expenses	-7,897	-6,771	16.6%	-14,990	-13,825	8.4%
Personnel	-4,187	-3,421	22.4%	-7,884	-6,989	12.8%
Other general administrative expenses	-3,135	-2,777	12.9%	-5,989	-5,709	4.9%
Depreciation and amortization	-575	-573	0.3%	-1,117	-1,127	-0.9%
INCOME FROM ORDINARY ACTIVITY (1)	2,127	1,746	21.8%	3,961	3,602	10.0%
NET OPERATING INCOME (2)	2,694	1,879	43.4%	5,487	4,604	19.2%
Other income and expenses	-540	153	-452.9%	-623	93	-769.9%
Profit before Tax	2,154	2,032	6.0%	4,864	4,697	3.6%
Income tax expenses	-587	-566	3.7%	-1,205	-1,186	1.6%
NET PROFIT	1,567	1,466	6.9%	3,659	3,512	4.2%

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

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

Operating Data

Renta 4's **assets under management and custody** at 30 June 2010 totalled €4.87 billion, up by 0.3% on year-end 2009, and by 32.8% on June 2009. Of the increase, €223 million were net money inflows, which more than offsetting the decrease caused by the negative valuation effect by stock market declines, which totalled €210 million.

According to data published by Inverco, assets under management by **Renta 4's mutual fund management business** narrowed 13.2% in the first six months of the year to €626.9 million at 30 June 2010, broadly in line with the overall market trend, which contracted by 9.2%. However, a year-on-year comparison reveals growth in assets under management in this business of 23.2% in relation to June 2009.

As for **SICAVs**, Renta 4 ended the first half with 57 companies managed, with total assets under management of €494 million, broadly flat year-on-year. The Company nevertheless picked up market share, garnering a 1.95% share compared to 1.89% in June 2009.

Pension fund assets meanwhile ended the first half at €233 million, up from €190 million at year-end 2009 and up a significant 48.4% from June 2009 when amounted €157 million.

The **total number of accounts** surpassed the 150,000 mark for the first time in June 2010, rising 7.4% on year-end 2009 to 151,112. Of these, 45,813 belonged to the Renta 4 network and 105,299 to the third-party network. The more than 10,000 accounts opened during the first six months of the year translate into a daily average of 58 new accounts (including holidays and weekends).

The **total number of trades executed** edged towards 1.5 million, 2.8% more than the year before. This growth partially mitigated the decline in **trading volume by value** year-to-date. On this point, it is worth highlighting that equity trading volumes, which generate higher commissions, increased by 7.9%, while fixed-income security trading volumes narrowed 38.2%.

The **online channel** in the retail business segment continued growing further, accounting for 84.0% of trades in first half of the year. Significantly, of total revenue from the online channel through June, 41.0% came from international markets, while the number of users availing of this channel in 2010 is already equivalent to 85% of total online channel users in all of 2009.

Revenues

- **Second Quarter 2010 (April-June)**

Total revenue amounted to €16.4 million, 19.5% higher than the €13.8 million reached in the second quarter of 2009. **Net revenues' growth**, excluding fee and commission expenses and interest and similar expenses, **was higher, at 22.4%**.

"Fee and commission income" represented 92.9% of total revenue in the second quarter of 2010, rising 21.8% year-on-year to €15.2 million. Growth in "Net fee and commission income" narrows to 17.7%, at over €10 million, mostly because of the 30.6% year-on-year growth in fees and commissions paid to third parties. This growth already outpaced the guidance provided by the Company which calls for growth in net fee and commission income of at least 15% for the full year.

By business line, **"Brokerage fees"** rose 2.9% in the second quarter to €9.8 million, driven by year-on-year growth in stocks market fees of close to 10% and higher than 100% in fixed income markets.

Meanwhile, **"Asset management fees"** climbed 35% higher to €3.5 million, driven mainly by before mentioned year-on-year growth in assets under management and custody by Renta 4.

Lastly, **"Revenue from corporate services"** grew to €2.0 million in the quarter.

"Net interest income" reached €0.4 million from April to June, while **"Net financial operations"** amounted to gains of €0.2 million, compared to losses of €0.1 million in the second quarter of 2009.

- **Accumulated 2010 (January-June)**

Total revenue rose 11.2% year-on-year to €31.3 million. Growth in net terms was virtually identical, at 11.1%, for a total of €20.5 million.

“Fee and commission income” rose 16.4% in the first half to €28.6 million, representing 91.3% of total revenue. Net fee and commission income, excluding commissions paid to third parties rose 8.7% in the first six months of 2010 to €19.0 million.

By business line, **“Brokerage fees”** were 1.9% higher in the first half, at €18.3 million. By product type, stock market brokerage fees climbed 10.4% higher, fixed income securities jumped 54.0%, while fees from derivative trading fell by 13.7%. This effect was partly the result of lower market volatility in the first half of 2010 compared to 2009, which explains the lower activity with derivatives.

“Asset management fees” totalled €7.1 million in the first six months of the year. The increase in assets under management compared with June 2009 enabled the 40.2% year-on-year growth in fees generated from this business line.

Meanwhile, **“Revenue from corporate services”** doubled year-on-year to €3.3 million.

“Net interest income” narrows to 15.9% in the first half, falling from €0.8 million in the first half of 2009 to €0.7 million this year.

Lastly, **“Net financial operations”** amounted to a gain of €0.9 million.

Costs

- **Second Quarter 2010 (April-June)**

Operating expenses, including depreciation and amortisation, rose 16.6% to €7.9 million in the second quarter.

Personnel expenses were 22.4% higher at €4.2 million compared to €3.4 million in the second quarter of 2009. This growth was driven by an increase in the average number of employees, 2.8% higher year-on-year at 30 June 2010 and the higher variable payments linked to the Company’s results.

Meanwhile, **General administrative expenses** amounted to €3.1 million, up 12.9% year-on-year from the €2.8 million totalled last year.

Lastly, **Depreciation and amortization** remained flat year-on-year, up 0.3% to €0.6 million.

- **Accumulated 2010 (January-June)**

Operating expenses totalled €15.0 million in the first half of the year, went up of 8.4% against the €13.8 million posted at June 2009. This figure **is in line with the Company's guidance for the full year**, which calls for full-year operating expenses, including depreciation and amortization charges, of roughly €30 million.

"Personnel expenses" were 12.8% higher in the first half of 2010, at €7.9 million, driven mainly by the variable payments linked to the Company's results.

"General administrative expenses" rose 4.9% to €6 million, compared to €5.7 million in the first half of 2009. The most significant growth was sustained in advisory, audit and marketing expenses, which on aggregate rose 18.2%, while on the cost cutting front it is worth highlighting the 10.2% year-on-year decline in office supply expenditure.

"Depreciation and amortisation" was virtually unchanged year-on-year, fell 0.9% to €1.1 million.

Other income and expenses

Renta 4 posted a net loss in the second quarter of 2010 of €0.5 million, so that the accumulated loss for the first six months of 2010 was €0.6 million.

Income from Ordinary Activity and Net Operating Income

Income from ordinary activities, net fee and commission income minus operating expenses, including depreciation and amortization, **climbed 21.8% year-on-year in the second quarter of 2010** to €2.1 million from the €1.7 million posted last year. This puts first-half growth at 10% in year-on-year terms, to €4 million, improving the €3.6 million reached in the first half 2009.

Net operating income amounted to €2.7 million in the second quarter against €1.9 million from last year, a **year-on-year growth of 43.4%**. This performance put **first-half operating income at €5.5 million**, year-on-year growth of 19.2% million from the €4.6 million posted in first half 2009.

Market Situation and Outlook

Business conditions remain extremely challenging and warrant the utmost management discipline. Renta 4, thanks to its business model, is well-positioned to continue to post healthy growth despite anticipated ongoing market turbulence.

The pace of fund inflows is encouraging, prompting the **Company to reiterate its guidance for significant growth in net fee and commission income in 2010.** Barring a drastic shift in market conditions, we reiterate our stated target of posting growth in this heading of at least 15% this year.

Underpinned by this growth, **Renta 4 expects to be able to improve its cost-income ratio in 2010**, despite plans for new office openings and the start-up of new business lines, in turn fuelling **further growth in core operating income** (net commissions minus operating expenses) this year.

Consolidated Balance Sheet

<i>€ Thousand</i>	Jun. 2010	Dec. 2009
Intangible assets	9,905	9,699
Property and equipment	29,836	29,604
Available-for-sale-financial-assets	32,494	33,116
Participations	276	0
Deferred tax assets	1,464	777
Loans and receivables	4,402	4,409
Other assets	0	0
NON-CURRENT ASSETS	78,377	77,605
Other assets	2,005	2,099
Current tax assets	1,101	1,219
Loans and receivables	261,320	323,206
Financial assets held for trading	1,170	265
Cash and cash equivalents	81,911	103,612
CURRENT ASSETS	347,508	430,401
TOTAL ASSETS	425,885	508,006

<i>€ Thousand</i>	Jun. 2010	Dec. 2009
Minority interest	1,094	1,091
Valuation adjustments	-3,306	-1,690
Equity	65,601	64,565
EQUITY	63,390	63,966
Financial liabilities	36,781	35,837
Deferred tax liabilities	1,082	1,082
NON-CURRENT LIABILITIES	37,863	36,919
Financial liabilities held for trading	1,027	355
Financial liabilities	319,704	402,544
Provisions	516	995
Current tax liabilities	2,894	2,815
Accrued expenses and deferred income	492	412
CURRENT LIABILITIES	324,632	407,121
TOTAL EQUITY AND LIABILITIES	425,885	508,006

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).

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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