

# renta 4

## NINE MOTHS RESULTS JANUARY-SEPTEMBER 2010

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### Highlights

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- Renta 4 posted a **9.1% year-on-year increase in net profit to €5.1 million** in the first nine months of the year.
- **Total revenue** increased **9.8%** and surpassed the **€45 million** mark.
- **Net operating income** (net income less operating expenses, including depreciation and amortization charges) rose **22.2% year-on-year to €7.5 million at September**, driven by a **31.4%** increase in the third quarter.
- **Fee and commission income** amounted to **€40.2 million, up 9.0%** from the first nine months of last year. **Net fee and commission income**, meanwhile, rose **3.9%** to **€26.5 million**.
- **Income from ordinary activities** (net fee and commission income less operating expenses, including depreciation and amortization charges) **amounted to €4.1 million**, compared to €5.0 million in the first nine months of 2009. 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.
- **Net interest income jumped 74.4%** on last year, driven by higher interest rates on placements.
- **Net financial operations** rose sharply in the nine-month period, to **€2.0 million**, in part driven by the aforementioned fixed income trading activity.
- **Operating expenses** were €22.3 million, including depreciation and amortization charges, leaving the Company on track to deliver its target for the year of €30 million.
- The positive trends in the **main operating data** in recent quarters continued in the third quarter of the year. At the September close, customer **assets under management and custody totalled €5.093 billion**, with €293 million net money inflow from January to September. The **number of Renta 4 network accounts** increased by 4.6% to **45,985**, while the total number of accounts, including third-party networks, came to 151,692.

## Main Figures

<b>Operating Data</b>			
	<b>Sep. 10</b>	<b>Sep. 09</b>	<b>%</b>
<b>Customers</b>	<b>151,692</b>	<b>133,257</b>	<b>13.8%</b>
<i>Renta 4 network</i>	45,985	43,959	4.6%
<i>Third party</i>	105,707	89,298	18.4%
<b>Executed orders</b>	<b>2,318,681</b>	<b>2,283,676</b>	<b>1.5%</b>
<b>Total assets under custody (€ mill.)</b>	<b>5,093</b>	<b>4,186</b>	<b>21.7%</b>
<i>Stocks</i>	3,292	2,475	33.0%
<i>Funds (mutual, pension and third party)</i>	1,048	931	12.6%
<i>SICAVs</i>	509	501	1.6%
<i>Others</i>	244	279	-12.5%
<b>Online Channel (retail)</b>			
<b>% Revenues</b>	71.0%	75.0%	- 4.0 p.p
<b>% Orders</b>	84.0%	83.0%	1.0 p.p
<b>% International markets</b>	42.4%	46.6%	-4.2 p.p
<b>Earnings Data (€ thousand)</b>			
<b>Commission income</b>	40,212	36,897	9.0%
<b>Net interest income</b>	1,367	784	74.4%
<b>Net financials operations</b>	1,952	307	n.s
<b>Operating expenses</b>	22,331	20,470	9.1%
<b>Income from ordinary activity</b>	4,145	5,018	-17.4%
<b>Net operating income</b>	7,464	6,109	22.2%
<b>Net profit</b>	5,085	4,662	9.1%
<b>EPS (€ cents)</b>	0.12	0.11	9.1%
<b>Earnings Ratios</b>			
<b>% Commissions / Total income</b>	88.8%	89.4%	-0.6 p.p
<b>% Net finc. operations / Total income</b>	4.5%	0.7%	3.8 p.p
<b>% Net profit / Total income</b>	11.6%	11.3%	0.3 p.p
<b>Cost/income ratio</b>	69.2	70.7	-1.5 p.p
<b>Employees</b>			
<b>Average number employees at Sep. 10</b>	287	277	3.6%
<i>Commercial network</i>	162	158	2.5%
<i>Headquarters</i>	125	119	5.0%
<b>Number of branches</b>	57	57	0.0%
<b>Share</b>			
<b>RIC (Reuters/Bloomberg/ Adrs)</b>	RTA4.MC	R4.SM	RSVXY
<b>Price at 09.30.10 (euros)</b>	4.91	5.30	-7.4%
<b>Market Capitalization at 09.30.10 (euros)</b>	199,803,627	215,673,976	-7.4%
<b>Number of shares issued</b>	40,693,203	40,693,203	

## Consolidated Statement of Income

€ Thousand

	Q3 10	Q3 09	%	Ac. 10	Ac. 09	%
<b>Total Revenues</b>	<b>13,957</b>	<b>13,061</b>	<b>6.9%</b>	<b>45,296</b>	<b>41,249</b>	<b>9.8%</b>
Fee and commission income	11,582	12,292	-5.8%	40,212	36,897	9.0%
Fee and commission expenses	-4,057	-4,231	-4.1%	-13,736	-11,409	20.4%
<b>Net fee and commissions income</b>	<b>7,525</b>	<b>8,061</b>	<b>-6.6%</b>	<b>26,476</b>	<b>25,488</b>	<b>3.9%</b>
Interest and similar income	1,292	683	89.2%	3,132	4,045	-22.6%
Interest and similar expenses	-582	-680	-14.4%	-1,765	-3,261	-45.9%
<b>Net interest income</b>	<b>710</b>	<b>3</b>	<b>n.s</b>	<b>1,367</b>	<b>784</b>	<b>74.4%</b>
<b>Net financial operations</b>	<b>1,083</b>	<b>86</b>	<b>n.s</b>	<b>1,952</b>	<b>307</b>	<b>n.s</b>
<b>Net Income</b>	<b>9,318</b>	<b>8,150</b>	<b>14.3%</b>	<b>29,795</b>	<b>26,579</b>	<b>12.1%</b>
<b>Operating Expenses</b>	<b>-7,341</b>	<b>-6,645</b>	<b>10.5%</b>	<b>-22,331</b>	<b>-20,470</b>	<b>9.1%</b>
Personnel	-3,820	-3,453	10.6%	-11,704	-10,442	12.1%
Other general administrative expenses	-2,926	-2,602	12.5%	-8,915	-8,311	7.3%
Depreciation and amortization	-595	-590	0.8%	-1,712	-1,717	-0.3%
<b>INCOME FROM ORDINARY ACTIVITY (1)</b>	<b>184</b>	<b>1,416</b>	<b>-87.0%</b>	<b>4,145</b>	<b>5,018</b>	<b>-17.4%</b>
<b>NET OPERATING INCOME (2)</b>	<b>1,977</b>	<b>1,505</b>	<b>31.4%</b>	<b>7,464</b>	<b>6,109</b>	<b>22.2%</b>
Other income and expenses	110	116	-5.2%	-513	209	n.s
<b>Profit before Tax</b>	<b>2,087</b>	<b>1,621</b>	<b>28.7%</b>	<b>6,951</b>	<b>6,318</b>	<b>10.0%</b>
Income tax expenses	-661	-470	40.6%	-1,866	-1,656	12.7%
<b>NET PROFIT</b>	<b>1,426</b>	<b>1,151</b>	<b>23.9%</b>	<b>5,085</b>	<b>4,662</b>	<b>9.1%</b>

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

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

## Operating Data

The **pace of commercial activity** maintained by Renta 4 was reflected again this quarter in the growth showed by main operating data, particularly in the increase of number of accounts and the net money inflow figure reached into the various investment alternatives offered.

**Assets under management and custody** at 30 September 2010 totalled €5.093 billion, up 4.9% on year-end 2009 and by 21.7% compared September 2009. The **net money inflow** was €293 million against the €194 million figure reached last year.

According to data published by Inverco, assets under management by **Renta 4's mutual fund management business** decreased by 3.5% through September to €604 million, compared to a contraction by the overall market of 10.2% in last twelve months.

As for **SICAVs**, Renta 4 ended September with €509 million under management, broadly flat year-on-year. The Company nevertheless picked up market share, commanding a 2.04% share compared to 1.90% in September 2009.

**Pension fund assets** ended September 2010 at €241 million, 44.3% above the year-ago figure of €167 million.

The pace of new customer adds remained satisfactory: the **total number of customer accounts** at September 2010 was 151,962, year-on-year growth of 13.8%. Of the total, 45,985 belonged to the Renta 4 network and 105,707 to the third-party network.

The **total number of executed orders** grew by 1.5%, surpassing the 2.3 million mark.

Meanwhile, the **online channel** continued to increase its penetration of the retail business segment, accounting for 84.0% of executed orders and 71% of total income in this customer segment in the first nine months of the year.

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## Revenues

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- **Third Quarter 2010 (July-September)**

**Total revenue** amounted to €14.0 million in the third quarter, 6.9% higher than the €13.1 million reached in the third quarter of 2009.

**"Fee and commission income"** was €11.6 million, 5.8% less than the €12.3 million reported in the same period last year. **"Net fee and commission income"** (fee and commission income less fees and commissions paid) was down 6.6% year-on-year at €7.5 million.

By business line, **"Brokerage fees"** amounted to €6.8 million, compared to €8.5 million in the third quarter of last year. The drop in this fee heading is in line with the downtrend in market trading volumes during the quarter.

Meanwhile, **"Asset management fees"**, soared 30.2% against last year figure to €4.0 million.

Lastly, **"Revenue from corporate services"** was €0.8 million in the third quarter of the year, which is an improvement of 5.4% against the last year figure.

**"Net interest income"** totalled €0.7 million from July to September, while **"Net financial operations"** presented a gain of €1.1 million.

- **Accumulated 2010 (January-September)**

**Total revenue** rose 9.8% year-on-year in the nine-month period to €45.3 million.

**"Fee and commission income"** rose 9.0% to €40.2 million. Net fee and commission income, excluding commissions paid to third parties, rose 3.9% to €26.5 million.

By business line, “**Brokerage fees**” were 5.0% lower in the nine-month period, at €25.1 million. Worth highlighting is the sharp growth in “**Asset management fees**”, from €8.1 million in the first nine months of last year to €11.0 million this year, a 36.5% increase.

Lastly, “**Revenue from corporate services**” amounted to €4.1 million, compared to €2.4 million last year, which is an increase of 71.8% in this business line for the period.

“**Net interest income**” climbed sharply higher, by 74.4% year-on-year, to €1.4 million, while “**Net financial operations**” presented a gain of nearly €2.0 million in the nine-month period compared to just €0.3 million in the same period of last year.

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## Costs

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- **Third Quarter 2010 (July-September)**

**Operating expenses**, including depreciation and amortization, rose 10.5% to €7.3 million in the third quarter.

“**Personnel expenses**” were 10.6% higher than last year, at €3.8 million. Meanwhile, “**Other general administrative expenses**” amounted to €2.9 million, up 12.5% year-on-year.

Lastly, “**Depreciation and amortization**” remained virtually flat year-on-year, rising just 0.8% to €0.6 million.

- **Accumulated 2010 (January-September)**

**Operating expenses** for the nine-month period totalled €22.3 million, 9.1% higher than the previous year’s figure of €20.5 million. This figure is in line with the Company’s guidance for 2010, which calls for full-year operating expenses, including depreciation and amortization charges, of roughly €30 million.

By heading, “**Personnel expenses**” were 12.1% higher in nine-month period, at €11.7 million. This growth reflects increases in bonus payments and in headcount, which were warranted to service the growth in business volumes and to build up the new business areas.

“**Other general administrative expenses**” rose 7.3% to €8.9 million in the nine-month period, compared to €8.3 million in the same period of 2009. The increase in costs reflects new business developments underway in the IT area and in the various growth businesses.

Lastly, “**Depreciation and amortization**” was virtually unchanged year-on-year, easing 0.3% to €1.7 million.

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## Income from Ordinary Activity and Net Operating Income

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**“Income from ordinary activity”** (net fee and commission income less operating expenses, including depreciation and amortization) fell by 17.4% in the first nine months of the year from €5.0 million to €4.1 million last year. As noted above, the decline in ordinary income was offset by the increase in fixed income brokerage activity, reflected by the growth in income from net financial operations, which is not booked as commissions, but rather as price spreads.

Meanwhile, **“Net operating income”** (net income less total costs, including depreciation and amortization) amounted to €7.5 million in the first nine months of the year, increasing by 22.2% against last year’s figure of €6.1 million.

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## Market Situation and Outlook

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**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 prevailing market uncertainty.

**The pace of fund inflows and the growth in the customer base remain healthy, prompting the Company to reiterate its guidance for growth in net fee and commission income in 2010,** although a portion of these fees, namely those from the fixed income trading business, will be included in income from net financial operations.

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. **The trend in operating income year-to-date, meanwhile, bodes well for further year-on-year growth in 2010.**

## Consolidated Balance Sheet

<i>€ Thousand</i>	Sep. 2010	Dic. 2009
Intangible assets	9,997	9,699
Property and equipment	29,805	29,604
Available-for-sale-financial-assets	33,724	33,116
Participations	328	0
Deferred tax assets	1,386	777
Loans and receivables	4,372	4,409
Other assets	0	0
<b>NON-CURRENT ASSETS</b>	<b>79,612</b>	<b>77,605</b>
Other assets	2,117	2,099
Current tax assets	1,046	1,219
Loans and receivables	264,175	323,206
Financial assets held for trading	576	265
Cash and cash equivalents	75,812	103,612
<b>CURRENT ASSETS</b>	<b>343,726</b>	<b>430,401</b>
<b>TOTAL ASSETS</b>	<b>423,338</b>	<b>508,006</b>

<i>€ Thousand</i>	Sep. 2010	Dic. 2009
Minority interest	1,062	1,091
Valuation adjustments	-3,097	-1,690
Equity	67,066	64,565
<b>EQUITY</b>	<b>65,031</b>	<b>63,966</b>
Financial liabilities	38,958	35,837
Deferred tax liabilities	1,083	1,082
<b>NON-CURRENT LIABILITIES</b>	<b>40,041</b>	<b>36,919</b>
Financial liabilities held for trading	878	355
Financial liabilities	314,135	402,544
Provisions	516	995
Current tax liabilities	2,076	2,815
Accrued expenses and deferred income	661	412
<b>CURRENT LIABILITIES</b>	<b>318,266</b>	<b>407,121</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>423,338</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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