



FIRST HALF RESULTS 2011

Highlights

- **Total revenue rose 4.2%** year-on-year in the first half of 2011 to €32.7 million.
- **Net income went up by 6.4%** to €21.8 million.
- Gross and net fee and **commission income fell by 7.5% and 8.6%**, respectively. This decline was nearly fully caused by the decrease in brokerage commissions linked to the lower volume traded in markets. Other revenue lines showed a positive performance, like asset management business which had an increase in revenues of 3.7% in the first half of the year.
- Both **net interest income** and **net financial operations were triple** the figures for the first half of 2010.
- **Profit before taxes rose 2.3%** against the last year figure.
- **Net profit** in the first six months of the year **totalled €3.5 million**, falling 4.0% year-on-year.
- **Net operating income** (net income less operating expenses, including depreciation and amortization charges) **rose 3.5%** year-on-year to €5.7 million.
- **Income from ordinary activity** (net fee and commission income less operating expenses, and including depreciation and amortization) **amounted to €1.2 million**, down 69.1% from last year due to the before mentioned decline in brokerage commissions. This decline was partly 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 €16.1 million in the first half of 2011, **year-on-year growth of 7.4%**. This heading includes some of the one-off expenses related to the celebration of Renta 4's 25th anniversary and the purchase of the banking license.
- Main operating data continued to perform well. At the June close, Renta 4 had **€5.8 billion of assets under management and custody**, with **net money inflow of €409 million** and boosted by a positive market valuation effect of €179 million.
- **Renta 4 network customer accounts reached 47,360**, which is a 3.4% more than at June 2010, while the total number of accounts, including third-party networks, was above 165,000.

Main Figures

| Operating Data | | | |
|--|------------------|------------------|---------------|
| | Jun. 11 | Jun. 10 | % |
| Customers | 165,329 | 151,112 | 9.4% |
| <i>Renta 4 network</i> | 47,360 | 45,813 | 3.4% |
| <i>Third party</i> | 117,969 | 105,299 | 12.0% |
| Executed orders | 1,325,925 | 1,480,593 | -10.4% |
| Total assets under custody (€ mill.) | 5,792 | 4,865 | 19.0% |
| <i>Stocks</i> | 3,838 | 3,080 | 24.6% |
| <i>Mutual Funds</i> | 870 | 804 | 8.2% |
| <i>Pension Funds</i> | 283 | 233 | 21.5% |
| <i>SICAVs</i> | 505 | 494 | 2.2% |
| <i>Others</i> | 296 | 254 | 16.3% |
| Online Channel (retail) | | | |
| % Revenues | 76.0% | 70.0% | 6.0 |
| % Orders | 83.0% | 84.0% | -1.0 |
| % International markets | 50.0% | 41.0% | 9.0 |
| Earnings Data (€ thousand) | | | |
| Commission income | 26,489 | 28,630 | -7.5% |
| Net interest income | 1,926 | 657 | 193.2% |
| Net financials operations | 2,529 | 869 | 191.0% |
| Operating expenses | 16,099 | 14,990 | 7.4% |
| Net operating income | 5,680 | 5,487 | 3.5% |
| Income from ordinary activity | 1,225 | 3,961 | -69.1% |
| Net profit | 3,514 | 3,659 | -4.0% |
| EPS (€ cents) | 0.09 | 0.09 | -4.0% |
| Earnings Ratios | | | |
| % Commissions / Total income | 81.1% | 91.4% | -10.3 |
| % Net finc. operations / Total income | 7.7% | 2.8% | 4.9 |
| % Net profit / Total income | 10.8% | 11.7% | -0.9 |
| Cost/income ratio | 68.4 | 67.7 | 0.7 |
| Employees | | | |
| Average number employees at Jun. 11 | 296 | 285 | 3.9% |
| <i>Commercial network</i> | 159 | 162 | -1.9% |
| <i>Headquarters</i> | 137 | 123 | 11.4% |
| Number of branches | 58 | 57 | 1.8% |
| Share | | | |
| RIC (Reuters/Bloomberg/ Adrs) | RTA4.MA | RTA4.MA | RSVXY |
| Price at 06.30.11 (euros) | 4.99 | 5.00 | -0.2% |
| Market Capitalization at 06.30.11 (euros) | 203,059,083 | 203,466,015 | -0.2% |
| Number of shares issued | 40,693,203 | 40,693,203 | |

Consolidated Statement of Income

| | Q2 11 | Q2 10 | % | Ac. 11 | Ac. 10 | % |
|--|---------------|---------------|---------------|----------------|----------------|---------------|
| <i>€ Thousand</i> | | | | | | |
| TOTAL REVENUES | 16,096 | 16,418 | -2.0% | 32,666 | 31,339 | 4.2% |
| Fee and commission income | 12,405 | 15,248 | -18.6% | 26,489 | 28,630 | -7.5% |
| Fee and commission expenses | -4,095 | -5,224 | -21.6% | -9,165 | -9,679 | -5.3% |
| Net fee and commissions income | 8,310 | 10,024 | -17.1% | 17,324 | 18,951 | -8.6% |
| Interest and similar income | 2,032 | 1,019 | 99.4% | 3,648 | 1,840 | 98.3% |
| Interest and similar expenses | -1,107 | -603 | 83.6% | -1,722 | -1,183 | 45.6% |
| Net interest income | 925 | 416 | 122.4% | 1,926 | 657 | 193.2% |
| Net financial operations | 1,659 | 151 | 998.7% | 2,529 | 869 | 191.0% |
| Net Income | 10,894 | 10,591 | 2.9% | 21,779 | 20,477 | 6.4% |
| Operating Expenses | -8,169 | -7,897 | 3.4% | -16,099 | -14,990 | 7.4% |
| Personnel | -4,480 | -4,187 | 7.0% | -8,494 | -7,884 | 7.7% |
| Other general administrative expenses | -3,110 | -3,135 | -0.8% | -6,453 | -5,989 | 7.7% |
| Depreciation and amortization | -579 | -575 | 0.7% | -1,152 | -1,117 | 3.1% |
| NET OPERATING INCOME (1) | 2,725 | 2,694 | 1.2% | 5,680 | 5,487 | 3.5% |
| Income from Ordinary Activity (2) | 141 | 2,127 | -93.4% | 1,225 | 3,961 | -69.1% |
| Other income and expenses | -616 | -540 | 14.1% | -702 | -623 | 12.7% |
| Profit before Tax | 2,109 | 2,154 | -2.1% | 4,978 | 4,864 | 2.3% |
| Income tax expenses | -604 | -587 | 2.9% | -1,464 | -1,205 | 21.5% |
| NET PROFIT | 1,505 | 1,567 | -4.0% | 3,514 | 3,659 | -4.0% |

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

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

Operating Data

Total client **assets under management and custody** at 30 June 2011 stood at €5.8 billion, up 11.3% on year-end 2010 and 19.0% on June 2010. Of the increase, €409 million derived from net money inflows and €179 million from a positive market valuation effect.

Assets under management in mutual funds stood at €870 million, of which €679.8 million come from own Renta 4's fund manager business. According to data released by Inverco, assets under management at Renta 4 Gestora (fund management business) increased by 20.3% to June 2011, the

third-best performance among the top 50 fund managers in Spain in the first half of 2011, while total mutual funds managed in the Spanish market contracted by 1.9%.

As for **SICAVs**, at the end of June Renta 4 managed 57 companies with combined assets under management of €505 million. This was broadly the same as last year, enabling the company to defend its market share of 1.9%.

Pension fund assets ended the first half at €283 million, compared to €254 million at year-end 2010 and €233 million at the June 2010 close, marking year-on-year growth of 21.5%.

The **total number of customer accounts** surpassed the 165,000 mark for the first time in June 2011, rising 5.9% on year-end 2010 to 165,329. Of these, 47,360 belonged to the Renta 4 network and 117,969 to the third-party network. These nearly 10,000 new accounts opened during the first six months of the year translate into an average of 40 new accounts per day (including holidays and weekends).

The **total number of trades executed** declined by 10.4% to 1,325,925 while, due to the drop in volatility in the second quarter of 2011, the equity and fixed-income trading volumes (by value) fell by 14.7% and 10.3% respectively.

The **online channel** continued to increase its penetration of the retail business segment, accounting for 76%, an increase of 6 percentage points, of total revenues generated by this channel. Noteworthy was that 50% of total revenue from the online channel through June came from international markets, while the number of users availing of this channel was already equivalent to 79.4% of total online channel users in all of 2010.

Revenues

- **Second Quarter 2011 (April-June)**

Total revenue in the second quarter of 2011 fell 2% year-on-year to €16.1 million from €16.4 million. **Net income**, excluding commission and interest expense, rose 2.9% to €10.9 million from €10.6 million last year.

“**Fee and commission income**”, which represented 77.1% of total revenue in the second quarter of 2011, fell 18.6% year-on-year to €12.4 million. The decline in net fee and commission income was smaller; 17.1% to €8.3 million. Here it is worth noting in relation to the year-on-year comparison that the second quarter of 2010 marked a peak in fee and commission income, due to high market volatility and higher volumes traded that quarter.

By business line, “**Brokerage fees and commissions**” went down by 19.0% to €7.8 million due to the lower activity levels registered in all around the world markets. The biggest drop came from commissions generated in stocks and equities markets, while commissions from derivatives and fixed income, which account for virtually half of the total, declined by a slim 1.7% on aggregate.

Meanwhile, “**Asset management fees**” climbed 8.9% to €3.5 million, driven mainly by the year-on-year growth in average assets under management and custody by Renta 4.

Lastly, the fees generated by “**Corporate services and others**” amounted to €1.0 million in the second quarter.

“**Net interest income**” surged by 122.4% year-on-year to €0.9 million (from €0.4 million in the second quarter of 2010), thanks to higher interest rates against previous year.

“**Net financial operations**” amounted to a gain of €1.5 million compared to €0.1 million in the same period last year.

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

Total revenue rose 4.2% year-on-year to €32.7 million in the first half of 2011. Growth in net income was even higher, at 6.4%, to €21.8 million.

“**Fee and commission income**” was 7.5% lower in the first half at €26.5 million, representing 81.1% of total revenue. Net fee and commission income, excluding commissions paid to third parties, fell by 8.6% in the first six months of 2011 to €17.3 million.

By business line, “**Brokerage fees and commissions**” were 5.1% lower in the first half at €17.2 million. By segment, commissions from stocks trading and fixed-income brokerage declined by 10.3% and 2.2% respectively, while brokerage fees from derivative trading rose 10.1% year-on-year. This was partly the result of higher market volatility in the first half of 2011, which triggered a shift in customer trading from the equity markets to the derivative markets.

“**Asset management fees**” totalled €7.3 million in the first six months of 2011. The increase in assets under management throughout the period enabled year-on-year growth in fees generated from this business line of 3.7%.

Fees generated by “**Corporate services and others**” came to €2.0 million, 38.7% lower than in the first half of 2010.

“**Net interest income**” virtually tripled to €1.9 million from €0.65 million.

Lastly, “**Net financial operations**” amounted to a gain of €2.5, compared to €0.87 million in the first half of 2010. This growth, as noted in prior releases, was largely due to increased activity in fixed-income brokerage activity, reflected in the growth in income from financial operations as it is not recorded as commissions, but rather as price spreads.

Costs

- **Second Quarter 2011 (April-June)**

Operating expenses, including depreciation and amortization, rose 3.4% to €8.2 million in the second quarter.

“**Personnel expenses**” were 7.0% higher at €4.5 million compared to €4.2 million in the second quarter of 2010. This growth was driven by a 3.9% increase in the average number of employees to June 2010.

Meanwhile, “**General administrative expenses**” were 0.8% lower, at €3.1 million. The biggest underlying change was the growth of 28.5% in advertising expenditure due to the Company’s 25th anniversary celebration.

Lastly, “**Depreciation and amortization**” was broadly unchanged year-on-year, climbing just 0.7% to €0.6 million.

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

Operating expenses totalled €16.1 million, up 7.4% from €15.0 million in the first half 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 charges, of less than 10%**.

“**Personnel expenses**” were 7.7% higher in the first half of 2011 at €8.5 million, in part driven by the abovementioned growth in average number of employees from 285 in June 2010 to 296 in June 2011.

“**General administrative expenses**” rose 7.7% to €6.5 million, compared to €6.0 million in the first half of 2010. By heading, the most significant growth was sustained in advisory, audit and marketing expenses, which on aggregate rose 26.1%, while on the cost cutting front it is worth highlighting the 14.0% year-on-year decline in IT support and maintenance expenditure.

Lastly, “**Depreciation and amortization**” was broadly unchanged year-on-year, rising 3.1% to €1.2 million.

Other income and expenses

Renta 4 reported a net loss in the second quarter of 2011 of €0.6 million, with an accumulated loss for the first half of 2011 of €0.7 million, 12.7% more than in the first half of 2010.

Net Operating Income and Income from Ordinary Activity

Net operating income amounted to €2.7 million, year-on-year growth of 1.2%. This performance put **first-half net operating income at €5.7 million, year-on-year growth of 3.5%** million from €5.5 million in the first half of 2010.

Income from ordinary activity (net fee and commission income less operating expenses, including depreciation and amortization) fell 69.1% year-on-year in the second quarter to €1.2 million from €4.0 million. This drop maws mainly caused by the lower volumes registered in all markets compared with the exceptional, in terms of volatility and volumes trading, second quarter of last year.

Market Situation and Outlook

Renta 4 is currently making all necessary arrangements to merge our banking subsidiary with the Group's parent, to enable us to commence business as Renta 4 Banco in January 2012. As we have announced, we will conduct our business with no alterations to our present business model specialising in investment services, but now, will be able to improve and enhance our offer and quality of service for our customers.

In terms of business and activity performance, we worth very positively the continuous net money inflows in assets under management and custody, which has been reflected in higher asset management commissions and we forecasting will be maintained in coming quarters. Brokerage commission performance, which is closely linked to the low volumes traded in markets along the second quarter of the year, is forecasted that will have a better comparative performance in coming quarters.

Within the context of **major changes to the Spanish finance system,** the business model operated by Renta 4 boasts stability and capacity for sustained growth.

We believe we can maintain, and in fact improve, our results and all operating variables forming part of our business as the year progresses.

We wish to reiterate that our **target for 2011** is to continue **to post at least double-digit growth in net income and to keep growth in operating expenses,** including depreciation and amortization, **under 10%,** excluding the impact of the one-off expenses incurred to acquire the banking license and to fund the Company's 25th anniversary celebrations.

Consolidated Balance Sheet

| <i>€ Thousand</i> | Jun. 2011 | Dec. 2010 |
|-------------------------------------|----------------|----------------|
| Intangible assets | 16,501 | 9,953 |
| Property and equipment | 29,872 | 29,682 |
| Available-for-sale-financial-assets | 34,346 | 31,700 |
| Participations | 1,955 | 540 |
| Deferred tax assets | 718 | 1,241 |
| Loans and receivables | 4,220 | 4,370 |
| Other assets | 0 | 0 |
| NON-CURRENT ASSETS | 87,612 | 77,486 |
| Other assets | 2,565 | 1,427 |
| Current tax assets | 1,973 | 1,006 |
| Loans and receivables | 323,435 | 277,760 |
| Financial assets held for trading | 3,297 | 344 |
| Cash and cash equivalents | 79,136 | 59,248 |
| CURRENT ASSETS | 410,406 | 339,785 |
| TOTAL ASSETS | 498,019 | 417,271 |

| <i>€ Thousand</i> | Jun. 2011 | Dec. 2010 |
|--|----------------|----------------|
| Minority interest | 1,076 | 1,108 |
| Valuation adjustments | -1,635 | -2,867 |
| Equity | 71,517 | 64,344 |
| EQUITY | 70,958 | 62,585 |
| Financial liabilities | 53,134 | 36,058 |
| Deferred tax liabilities | 1,182 | 1,182 |
| NON-CURRENT LIABILITIES | 54,316 | 37,240 |
| Financial liabilities held for trading | 2,851 | 442 |
| Financial liabilities | 365,027 | 313,538 |
| Provisions | 667 | 250 |
| Current tax liabilities | 3,872 | 3,075 |
| Accrued expenses and deferred income | 328 | 141 |
| CURRENT LIABILITIES | 372,745 | 317,446 |
| TOTAL EQUITY AND LIABILITIES | 498,019 | 417,271 |

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