

# THIRD QUARTER RESULTS 2012



## Highlights

- Renta 4 reached during the first nine months of 2012 a **net profit of 4.46 million Euros** and exceeded by 24.7% the result of the correspondent period of last year.
- The evolution of **operational and business variables** was satisfactory during the period:

**Gross commission income** rose by 17.3% and the net commissions stayed at the level of last year.

Both **financial margin and the result from financial operations** ascended significantly versus the first 9 months of last year.

**Net asset inflow** during the period summed 825 million Euros compared to 633 million Euros during the full year 2011.

The **number of accounts** at the end of the quarter stands at 265,902, both proprietary and third party, (+52.3% compared to end of September 2011).

Renta 4 Banco's **proprietary network** reaches almost **3 bn Euro in client assets** and exceeds **50.000 clients**.

- The positive evolution of all business variables and the satisfactory numbers of the financial margin including the result of financial operations helped to reach a **gross margin of 31.6 million Euros** at the end of the third quarter, an increase of 8.4% year on year.
- Based on the aforementioned business numbers the Board of Directors in its meeting of the 30<sup>th</sup> of October 2012 took the decision to pay a cash dividend of 0.075 Euro per share, for those shareholders invested as of 12 of November 2012.
- Additionally an **Extraordinary General Shareholder Assembly** of Renta 4 Banco was called and will be held the 27th of November 2012. The shareholders will be asked to approve a **modification** of the **share incentive plan** of the Company dated 22 of December 2009 and to propose the "Fundación Obra Social Abogacía Española" as a **new member of the Board of Directors**.

## Main figures

Operative data	Sept. 12	Sept. 11	%
<b>N° Clients</b>	<b>265,902</b>	<b>174,610</b>	<b>52.3%</b>
<i>Proprietary Network</i>	50,323	48,158	4.5%
<i>Third Part Networks</i>	215,579	126,452	70.5%
<b>Total Assets (Euro million)</b>	<b>6,589</b>	<b>5,347</b>	<b>23.2%</b>
<i>Exchanges</i>	3,611	3,488	3.5%
<i>Investment Funds (proprietary and third party)</i>	965	822	17.4%
<i>Pension Funds</i>	1,135	272	317.3%
<i>SICAVs</i>	448	438	2.3%
<i>Others</i>	430	327	31.5%
<b>Asset Proprietary Network (million Euros)</b>	<b>2,993</b>	<b>2,722</b>	<b>10.0%</b>
<b>Assets Third Party Networks (million Euros)</b>	<b>3,596</b>	<b>2,625</b>	<b>37.0%</b>
<b>Financials (Euro thousand)</b>			
<b>Commission Income</b>	47,700	40,659	17.3%
<b>Financial Margin</b>	2,916	2,518	15.8%
<b>Result of Financial Operations</b>	1,721	-374	560.2%
<b>Cost of Operation</b>	25,287	23,511	7.6%
<b>Gross Margin</b>	<b>31,586</b>	<b>29,147</b>	<b>8.4%</b>
<b>Result of Ordinary Activity</b>	6.198	5.192	19.4%
<b>Net Profit</b>	<b>4,456</b>	<b>3,573</b>	<b>24.7%</b>
<b>EPS</b>	<b>0.11</b>	<b>0.09</b>	<b>22.2%</b>
<b>Employees</b>			
<b>Staff at 30 September</b>	321	298	7.7%
<i>Branch Network</i>	172	163	5.5%
<i>Central services</i>	149	135	10.4%
<b>N° Offices</b>	58	58	
<b>The Share</b>			
<b>Ticker (Reuters/Bloomberg/Adrs)</b>	RTA4.MA	RTA4.MA	RSVXY
<b>Quote (€)</b>	4.75	4.95	-4.04%
<b>Capitalization (€)</b>	193,292,714	201,431,355	-4.04%
<b>N° Issued Shares</b>	40,693,203	40,693,203	

## Consolidated Profit and Loss account

	Third Quarter 2012	Third Quarter 2011	% change	ACCUMULATED at 30/09/2012	ACCUMULATED at 30/09/2011	% change
Interest and similar income	1,981	1,751	13.1%	5,762	5,399	6.7%
Interest expense and similar charges	-997	-1,159	-14.0%	-2,846	-2,881	-1.2%
(c) Remuneración de capital reembolsable a la vista	0	0				
<b>NET INTEREST INCOME</b>	<b>984</b>	<b>592</b>	<b>66.2%</b>	<b>2,916</b>	<b>2,518</b>	<b>15.8%</b>
Return on equity instruments	76	72	5.6%	251	268	-6.3%
Share of profit (loss) of entities accounted for using the equity method	-75	-212	-64.6%	-395	-249	58.6%
Fee and commission income	15,919	14,740	8.0%	47,700	40,659	17.3%
Fee and commission expenses	-7,778	-5,160	50.7%	-21,536	-14,325	50.3%
Gains or losses on financial assets and liabilities (net)	942	-2,707		1,721	-374	
Exchange differences (net)	500	419	19.3%	1,074	832	29.1%
Other operating income	94	106	-11.3%	347	300	15.7%
Other operating expenses	-171	-263	-35.0%	-492	-482	2.1%
<b>GROSS MARGIN</b>	<b>10,491</b>	<b>7,587</b>	<b>38.3%</b>	<b>31,586</b>	<b>29,147</b>	<b>8.4%</b>
Administrative expenses:	-7,356	-6,805	8.1%	-23,264	-21,752	7.0%
a) Personnel expenses	-4,410	-4,029	9.5%	-13,220	-12,523	5.6%
b) Other administrative expenses	-2,946	-2,776	6.1%	-10,044	-9,229	8.8%
Depreciation and amortisation	-707	-607	16.5%	-2,023	-1,759	15.0%
Provision expenses (net)	0	227		0	-190	
Impairment losses on financial assets (net)	-25	-188	-86.7%	-101	-254	-60.2%
<b>OPERATING PROFIT</b>	<b>2,403</b>	<b>214</b>		<b>6,198</b>	<b>5,192</b>	<b>19.4%</b>
<b>PROFIT(LOSS) BEFORE TAX</b>	<b>2,403</b>	<b>214</b>		<b>6,198</b>	<b>5,192</b>	<b>19.4%</b>
Income tax	-683	-155		-1,742	-1,619	7.6%
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>1,720</b>	<b>59</b>		<b>4,456</b>	<b>3,573</b>	<b>24.7%</b>
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>1,720</b>	<b>59</b>		<b>4,456</b>	<b>3,573</b>	<b>24.7%</b>
a) Profit (loss) attributed to the parent	1,704	25		4,213	3,552	18.6%
b) Profit (loss) attributed to minority interests	16	34	-52.9%	243	21	1057.1%
<b>EARNINGS PER SHARE</b>						
Basic earnings per share (euros)	0.04	0.00		0.11	0.09	22.2%
Diluted earnings per share (euros)	0.04	0.00		0.11	0.09	22.2%

En miles de euros

## Summary of Income and Expenses

	3Q 2012	3Q 2011	%	Acc 2012	Acc 2011	%
Net Commissions	8,660	9,893	-12.5%	27,190	27,217	-0.1%
Comissions Earned and exchange differences incl. other income	16,438	15,053	9.2%	48,726	41,542	17.3%
Commissions Paid	-7,778	-5,160	50.7%	-21,536	-14,325	50.3%
Return of financial operations and dividends	1,018	-2,635	138.6%	1,972	-106	
Interest Margin	984	592	66.2%	2,916	2,518	15.8%
Other Operative Expenses	-171	-263	-35.0%	-492	-482	2.1%
<b>Gross Margin</b>	<b>10,491</b>	<b>7,587</b>	<b>38.3%</b>	<b>31,586</b>	<b>29,147</b>	<b>8.4%</b>
Cost of Operation	-8,063	-7,412	8.8%	-25,287	-23,511	7.6%
Loss through deterioration of financial assets (net)	-25	-188	86.7%	-101	-254	60.2%
<b>Return of Ordinary activity before provisions</b>	<b>2,403</b>	<b>-13</b>		<b>6,198</b>	<b>5,382</b>	<b>15.2%</b>

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## Operational data

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During the first 9 months of the year cash inflow destined for investment in different types of financial assets increased and **the number of clients and net asset inflow rose**.

The total amount of **client assets administered and managed** reached **at the end of September** 6.589 million Euros (2.993 million of the Proprietary Network and 3.596 million of Third Party Networks). representing a rise of 23.2% versus the same period of last year. The **net asset inflow** of proprietary and third part clients stood at 825 million Euros. 30.3% more than in the full year 2011.

The **assets under management in Investment Funds** managed by Renta 4 Gestora SGIC S.A. stood as of 30 September 2012 at 698.6 million Euros a rise by 11.1% YoY. Special emphasis merits the good behaviour of **Renta 4 Gestora SGIC** with a rise of assets under management in investment funds of 6% contrasting with the retrocession of the Spanish fund managing industry of -3.4%; data by Inverco.

In respect of **SICAVs** Renta 4 Gestora managed at the end of the quarter 448 million Euros, 2.3% more than end September 2011, when assets stood at 438 million Euros.

As for **Pension Funds** the overall amount managed at the end of the third quarter 2012 totalled 1.135 million Euros contrasting with the 272 million Euros last year and being the triple amount managed versus third quarter 2011. This very significant growth is mainly due to the transfer of pension assets from ING Direct to Renta 4 Pensiones.

The number of new clients reached an expected level. Thus the **total number of client accounts** at the end of September stood at 265.902. a growth of 52.3% YoY. Out of these 50.323 (+4.5%) belong to the proprietary network and 215.579 to third party networks (+70.5%).

### · Third Quarter 2012 (July-September)

The **consolidated net profit** of the third quarter stood at 1.720 million Euros **much higher than the** 59 thousand Euros of the same period of 2011. This result also **exceeds the results of the first and second quarter of this year**.

During this period the growth of "**Commission income**" is noteworthy, reaching 15.9 million Euros versus the 14.7 million Euros of last year and representing a rise of 8.0%. Another positive data is **the interest margin reaching 984 thousand Euros in the quarter as well as the results of financial operations with 942 thousand Euros**.

By business lines the "**trading commissions**" stood at 10.2 million Euros a similar level as at the same time of 2011. Especially the trading in international equity and fixed income posted positive numbers with increases of 27.0% and 64.0% respectively.

Commission income from "**asset management**" posted 4.8 million Euros and increased by 61.0% YoY.

The **"interest margin"** in the third quarter of 2012 reached 984 thousand Euros rising by 66.2% versus the same quarter of last year.

The item **"operational expenses"** including amortization ascended during the quarter by 8.8% and reached 8.1 million Euros. By origin the **"personnel expenses"** stood at 4.4 million Euros at the end of the quarter a growth of 9.5% YoY, mainly attributable to the start of operation in Chile. **"Other general and administration expenses"** rose to 2.9 million Euros, 6.1% higher than at the end of third quarter 2011 and finally **"amortizations"** rose by 16.5% reaching 0.7 million Euros.

#### · Accumulated Figures 2012 (January-September)

The **"net consolidated profit"** as of end third quarter 2012 stood at **4.46 million Euros** compared to 3.57 million Euros YoY, a rise of 24.7%.

During this period **"commission income"** grew by 17.3% reaching 47.7 million Euros. In **net terms** excluding the commissions paid to third parties and summing the exchange differences as well as other products the commissions stayed at the same level as in 2011 and summed 27.2 million Euros.

By lines of business **"trading commissions"** raised to 31.5 million Euros at the end of the third quarter versus 27.9 million Euros at the end of third quarter 2011 an increase of 12.9%. Commissions originating from **"asset management"** ascended to 12.9 million Euros contrasting with the 9.4 million Euros of last year a rise of 37.2% and finally the income from **"corporate services"** stood at 3.2 million Euros at the end of third quarter 2012 a level similar to the year before with 3.3 million Euros.

**It is important to highlight the favourable evolution of the commission income in asset management.**

**"Interest margin"** reached 2.9 million Euros compared to 2.5 million Euros last year an increase of 15.8%.

In respect of **"result of financial operations and dividends"** the number reached in the business year ascended to 1.972 million Euros versus -0.106 million Euros the year before.

Turning to costs the **"cost of operation"** registered at the end of the third quarter 2012 reached 25.3 million Euros and experienced a growth of 7.6% year on year when they stood at 23.5 million Euros. This amount is in line with the estimates announced by the company for 2012 with total operational cost including amortisation below 35 million Euros.

By cost category **"personnel expenses"** accumulated during the period a rise of 5.6% reaching 13.2 million Euros mainly attributable to the start of operation in Chile. **"Other general and administration expenses"** posted a growth of 8.8% ascending to 10.0 million Euros versus 9.2 million Euros at the end of the same period last year. Finally **"Amortization"** rose by 15.0% and finished at 2.02 million Euros compared to 1.76 million Euros YoY.

In relationship to the **number of employees** the development of new activities and the inception of Renta 4 Chile with 15 employees led to an increase in the overall staff from 298 to 321 employees.

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## Market View and Outlook

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Our **view of the financial markets** is still dominated by **prudence** due to the **numerous factors of uncertainty** which do not seem to disappear during the upcoming months, neither on a Spanish domestic nor on a global level.

Our attention is very much focussed on **risk control and the adequate management of the margins** with the **objective to maintain the good evolution of the principal variables** both in operational and business terms during the last quarter of the year in an environment of **sharp drops of trading volumes** and the cautiousness of the investors. In this context a special highlight is the **good behaviour and the perspectives of asset management**. Another note worthy number is the **assets under administration management and care** reaching 3 bn Euros for the proprietary network and the number of **50.000 proprietary clients exceeded**.

Renta 4 Banco wishes to continue consolidating its position as **Bank specialised in asset management capital markets and in corporate advisory** offering the investors and savers a **high quality service** adding new business lines in Spanish and international markets meanwhile maintaining a highly solid capital ratio and a **superior level of Own Capital**.

CONSOLIDATED BALANCE SHEET (in thousand Euros)

ASSETS	30/09/2012	31/12/2011
1. Cash and balances with central banks	3.333	1.361
2. Financial assets held for trading	3.201	2.139
3. Other financial assets at fair value through profit or loss	0	
4. Available-for-sale financial assets	171.946	38.543
5. Debt securities	335.089	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	2.355	2.044
a) Associates	2.355	2.044
b) Jointly controlled entities		
11. Insurance contracts linked to pensions		
12. Reinsurance assets		
13. Property and equipment:	30.923	29.768
a) For own use	27.003	25.754
b) Investment properties	3.920	4.014
14. Intangible assets:	17.538	16.766
a) Goodwill	16.106	15.291
b) Otro intangible assets	1.432	1.475
15. Tax assets	4.490	2.096
a) Current	1.686	1.425
b) Deferred	2.804	671
16. Other assets	932	1.207
<b>TOTAL ASSETS</b>	<b>569.807</b>	<b>490.789</b>

TOTAL EQUITY and LIABILITIES

TOTAL EQUITY and LIABILITIES	30/09/2012	31/12/2011
<b>TOTAL LIABILITIES</b>	<b>507.979</b>	<b>421.707</b>
1. Financial liabilities held for trading	436	82
2. Other financial liabilities at fair value through profit or loss		
3. Financial liabilities at amortized cost	501.200	417.836
4. Changes in the fair value of hedged items in portfolio hedges of interest rate		
5. Hedging derivatives		
6. Liabilities associated with non-current assets held for sale		
7. Liabilities under insurance contracts		
8. Provisions	329	440
9. Tax liabilities	5.456	3.178
a) Current	2.679	1.934
b) Deferred	2.777	1.244
11. Other liabilities	558	171
12. Cash		
<b>EQUITY</b>	<b>61.828</b>	<b>69.082</b>
<b>OWN FUNDS</b>	<b>63.005</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	0	
2. Share premium	8.510	25.153
3. Reserves	35.599	34.371
4. Other equity instruments	1.027	1.850
5. Less: Treasury shares	-4.656	-12.860
6. Profit (loss) attributable to the parent	4.213	4.578
7. Less: Dividends and remuneration	0	-1.912
<b>VALUATION ADJUSTMENTS</b>	<b>-2.923</b>	<b>-1.505</b>
<b>TOTAL EQUITY ATTRIBUTABLE TO THE PARENT</b>	<b>60.082</b>	<b>67.987</b>
<b>MINORITY INTERESTS</b>	<b>1.746</b>	<b>1.095</b>
1. Valuation adjustments	97	42
2. Others	1.649	1.053
<b>TOTAL EQUITY AND LIABILITY</b>	<b>569.807</b>	<b>490.789</b>

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