

# renta 4

## THIRD QUARTER RESULTS JULY-SEPTEMBER 2009

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### Highlights

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- **Renta 4 reported net profit of €1.2 million for the third quarter of the year 2009. This is 26.2% higher than the €0.9 million reported in the same period the previous year. For nine-months period ended at September net profit amounted €4.7 million.**
- **In the first nine months of 2009, Renta 4's net money inflows totalled €194 million which, coupled with the positive market affect, brought total client assets under management to €4,186 million at 30 September 2009.**
- **Operating data performed strongly during the first nine months of the year with numbers of accounts up 11.3%, while the number of executed orders advanced 26.2% (year-on-year) with a greater contribution from the online channel.**
- **Fee and commission income remained strong, up 19.1% in the quarter, due to the good brokerage performance.**
- **Operating expenses were in line with the company's forecasts, as defined by its cost-control programme, showing a year-on-year decline of 11.9% at 30 September 2009.**
- **This improvement in operating data, commissions and cost reduction allowed to offset the decrease in net interest income caused by the historical low interest rates in short term cash and bank accounts.**
- **Net operating income at 30 September totalled €6.1 million, 40.7% less than the figure of €10.3 million reported in the same period last year. This difference is nearly entirely due to the distribution in December 2008 of Renta 4's stake in Bolsas y Mercados Españoles (BME). The dividends received in 2008 totalled €3.3 million, while income received this year has been €0.2 million.**
- **"Core" operating income (just considering commissions minus operating costs, depreciation and amortization included) amounted €5.0 million, an increase of 118.8% against the figure recorded last year.**
- **Finally, during the third quarter of 2009, Renta 4 remained committed to technological advancement, launching a new warrants brokerage platform (Renta 4 Directo). It also extended its product range to include the Accurate Global Assets FIL hedge fund.**

## Main Figures

Operating Data	30-sep-09	30-sep-08	%
<b>Customers</b>	<b>133,257</b>	<b>111,673</b>	<b>19.3%</b>
<i>Renta 4 network</i>	43,959	42,639	3.1%
<i>Third party</i>	89,298	69,034	29.4%
<b>Executed orders</b>	<b>2,283,676</b>	<b>1,809,093</b>	<b>26.2%</b>
<b>Total assets under custody (€ mill.)</b>	<b>4,186</b>	<b>3,736</b>	<b>12.0%</b>
<i>Stocks</i>	2,475	2,218	11.6%
<i>Funds (mutual, pension and third party)</i>	931	783	18.9%
<i>SICAVs</i>	501	503	-0.4%
<i>Others</i>	279	232	20.3%
Operating Ratios			
<b>Orders per customer</b>	<b>17.1</b>	<b>16.2</b>	<b>5.8%</b>
<b>Order volume per executed order (euros)</b>	<b>33,071</b>	<b>44,279</b>	<b>-25.3%</b>
Online Channel (retail)			
% Revenues	75.0%	65.0%	10,0 p.p
% Orders	83.0%	81.0%	2,0 p.p
% International markets	46.6%	40.0%	6.6 p.p
Earnings Data (€ thousand)			
<b>Commission income</b>	36,897	33,712	9.4%
<b>Net interest income</b>	784	4,432	-82.3%
<b>Dividends and net financial operations</b>	307	3,575	-91.4%
<b>Operating costs</b>	20,470	23,246	-11.9%
<b>Net operating income</b>	6,109	10,300	-40.7%
<b>Net profit</b>	4,662	7,048	-33.9%
<b>EPS (€ cents)</b>	0.11	0.17	-33.9%
Earnings Ratios			
% Commissions / Total income	89.4%	63.2%	26.2 p.p
% Financ. operations / Total income	0.7%	6.7%	-6.0 p.p
% Net profit / Total income	11.3%	13.2%	-1.9 p.p
Cost/income ratio	70.7	64.5	6.1 p.p
Employees			
<b>Staff at 30.06.09</b>	277	305	-9.2%
<i>Commercial network</i>	158	165	-4.2%
<i>Headquarters</i>	119	140	-15.0%
<b>Number of branches</b>	57	57	0.0%
Share			
<b>RIC (Reuters/Bloomberg)</b>	<b>RTA4.MC</b>	<b>R4.SM</b>	
<b>Price at 30.06.09 (euros)</b>	5.30	7.07	-25.0%
<b>Market Capitalization at 30.06.09 (euros)</b>	215,673,976	287,700,945	-25.0%
<b>Number of shares issued</b>	40,693,203	40,693,203	

## Consolidated Statement of Income

	Q3 09	Q3 08	%	Ac. 09	Ac. 08	%
<i>€ Thousands</i>						
<b>Total Revenues</b>	<b>13,061</b>	<b>14,902</b>	<b>-12.4%</b>	<b>41,249</b>	<b>53,282</b>	<b>-22.6%</b>
Fee and commission income	12,292	10,321	19.1%	36,897	33,712	9.4%
Fee and commission expenses	-4,231	-2,413	75.3%	-11,409	-8,173	39.6%
<b>Net fee and commissions income</b>	<b>8,061</b>	<b>7,908</b>	<b>1.9%</b>	<b>25,488</b>	<b>25,539</b>	<b>-0.2%</b>
Interest and similar income	683	5,020	-86.4%	4,045	15,995	-74.7%
Interest and similar expenses	-680	-3,671	-81.5%	-3,261	-11,563	-71.8%
<b>Net interest income</b>	<b>3</b>	<b>1,349</b>	<b>-99.8%</b>	<b>784</b>	<b>4,432</b>	<b>-82.3%</b>
<b>Net financial operations</b>	<b>86</b>	<b>-439</b>	<b>n.s</b>	<b>307</b>	<b>3,575</b>	<b>-91.4%</b>
<b>Net Income</b>	<b>8,150</b>	<b>8,818</b>	<b>-7.6%</b>	<b>26,579</b>	<b>33,546</b>	<b>-20.8%</b>
<b>Operating Expenses</b>	<b>-6,645</b>	<b>-7,206</b>	<b>-7.8%</b>	<b>-20,470</b>	<b>-23,246</b>	<b>-11.9%</b>
Personnel	-3,453	-3,804	-9.2%	-10,442	-11,891	-12.2%
Other general administrative expenses	-2,602	-2,823	-7.8%	-8,311	-9,633	-13.7%
Depreciation and amortization	-590	-579	1.9%	-1,717	-1,722	-0.3%
<b>NET OPERATING INCOME</b>	<b>1,505</b>	<b>1,612</b>	<b>-6.6%</b>	<b>6,109</b>	<b>10,300</b>	<b>-40.7%</b>
Other income and expenses	116	-253	-145.8%	209	-1,126	n.s
<b>PROFIT BEFORE TAX</b>	<b>1,621</b>	<b>1,359</b>	<b>19.3%</b>	<b>6,318</b>	<b>9,174</b>	<b>-31.1%</b>
Income tax expenses	-470	-447	5.1%	-1,656	-2,126	-22.1%
<b>NET PROFIT</b>	<b>1,151</b>	<b>912</b>	<b>26.2%</b>	<b>4,662</b>	<b>7,048</b>	<b>-33.9%</b>

## Operating data

At 30 September 2009, Renta 4's total **client assets under management** amounted to €4,186 million, 23% higher than at December 2008. Some €194 million came from net money inflows while €589 million were the result of the positive market effect thanks to the sound performance of the financial markets.

Meanwhile, according to data released by Inverco, **Renta 4's investment fund assets** totalled €626.0 million, 26.9% higher than the year-end 2008 figure of €493.2 million. This increase is in sharp contrast with the overall size of the market which fell 3% in the first nine months of the year.

At September, asset under management in **SICAVs** rose by 8.2% compared to December 2008, amounted €501 million.

**Pension funds** grew 26.5% to €167 million against the €132 million totalled at December. Net money inflows at 30 September already accounted for 46.3% of the total figure reached in full-year 2008.

The **total number of accounts** grew at a steady pace in the third quarter, up 11.3% on year-end 2008 to 133,257.

The **total number of executed orders** continued to improve up to September, reaching 2.3 million, 26.2% higher than in the same period last year. First time in many quarters, **Turnover** went up by 3.8%, mainly due to the improvement recorded in Stocks Market with an increase of 15.6%.

The weight of the **on-line channel** in the retail business segment grew further, accounting for 75% of revenues (+10 pp) and 83% of orders (+2pp). Particularly noteworthy was the increase in the weight of fees and commissions generated in the international markets on the total, from 40.0% at September 2008 to 46.6% at September 2009 (+6.6 pp).

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## Revenues

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

**Total revenues** were €13.1 million, 12.4% less than the €14.9 million recorded in the same period of last year.

**Fee and commission income** represented 94% of total revenues for the quarter, up 19.1% on the previous year to €12.3 million. Net commissions, increased by 1.9% due to the 75.3% rise in fees and commissions paid to third parties. This is due to the increasing number of orders executed by our clients in international markets where Renta 4 operates through local members.

These growths were recorded across the board, with a notable **24.3%** increase in **brokerage commissions**.

By market, fees generated in stocks markets advanced 51%, while fees generated from derivatives fell by 24.2%. This effect was helped by lower market volatility in 2009 compared to the same period the previous year. This prompted a move towards spot transactions and some customers who had been out of the market during the turbulent period.

After nearly two years of decreases, commissions from **Asset Management** rose 10% compared to last year figure thanks to the greater number of assets under management.

Meanwhile, revenues from **Corporate Services** went up a slight 4.9% to €0.8 million.

**Interest and similar income** followed the trend of previous quarters, falling 86.4% due to lower interest rates than in 2008. As the year progresses these declines should be lower due to interest rates were at record highs in 3Q08 and were subsequently scaled back. Comparisons should therefore become more favourable.

**Net trading income** advanced slightly to €0.1 million compared to losses of €0.4 million the previous year.

- **Accumulated 2009 (January-September)**

Total revenues advanced to €41.2 million, 22.7% up on the same period the previous year.

**Fee and Commission income** rose 9.4% in the period to €36.9 million, accounting for 89.5% of total revenues.

By business line, **Brokerage commissions** at September 2009 totalled €26.5 million, an increase of 16.7%. By product type, this growth was enjoyed across the board with fees generated in stocks markets advancing 16.6% and derivatives and fixed income increasing 2% and 36.1%, respectively.

At September 2009, revenues from **Asset Management** totalled €8.1 million, maintaining the improvement seen in previous months. This figure is only 1.7% less than the €8.2 million recorded in the same period last year. Under normal market conditions, through to the end of the year this business line should register a clearly positive trend compared to the previous year.

Also, income from **Corporate Services** declined by 16.2% to €2.4 million compared to the €2.8 million recorded the previous year.

**Interest and similar income** fell 74.7% to €4 million compared to €16 million the previous year. Net interest income contracted 82.3% at September, falling from €4.4 million in 2008 to €0.8 million this year. Understandably, this decline is due to the fact that interest rates are currently at record lows compared to the record highs of 2008.

Lastly, income from **Net trading income** totalled €0.3 million, a sharp decline of 91.4% compared to €3.6 million in 2008. This difference is nearly entirely due to the distribution in December 2008 of Renta 4's stake in Bolsas y Mercados Españoles (BME). The dividends received in 2008 totalled €3.3 million, while income received this year has been €0.2 million.

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## Operating expenses

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- **Third Quarter 2009 (July-September)**

**Operating expenses** in the quarter, including depreciation and amortisation, fell 7.8% to €6.6 million.

**Personnel costs** decreased 9.2% to €3.5 million. This fall coincided with the reduction in the average number of employees which at September was 277 compared to 305 last year.

Meanwhile, **General administrative expenses** stood at €2.6 million, falling 7.8% from the previous figure of €2.8 million. The largest savings in spending were achieved in external advisory services (-27.5%) and advertising (-58.6%).

**Depreciation and amortisation** remained nearly flat on the previous year, up 1.9% to €0.6 million.

- **Accumulated 2009 (January-September)**

**Total operating expenses** at September totalled €20.5 million, a reduction of 11.9% from the previous year's figure of €23.2 million.

**Personnel costs** contracted 12.2% during first nine months of the year to €10.4 million. This trend will continue to the end of the year, reaching a double-digit decline for full year figure.

**General administrative expenses** were 13.7% lower at €8.3 million compared to €9.6 million the previous year. The most significant declines were recorded in repairs and advertising which, in aggregated terms, were down 39.8% in the nine-month period compared to the previous year. The company also forecasts double-digit decreases in these general administrative expenses to the end of the year.

Finally, **Depreciation and amortisation** remained in line with the previous year, down 0.3% to €1.7 million.

**Through to the end of the year Renta 4 estimates that**, despite more demanding comparisons, operating expenses will maintain the trend seen up until now.

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## Other income and expenses

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A profit of €0.1 million was recorded for the quarter compared to a loss of €0.3 million in the same period the previous year. For the nine-month period to September the Company recorded a profit of €0.2 million compared to losses of €1.1 million the previous year.

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## Net operating income

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In third quarter, **Net operating income** totalled €1.5 million, down 6.6% on the €1.6 million figure recorded the previous year. This is largely due to lower net interest income in 2008 when interest rates were at record highs. Comparisons will be more favourable in coming quarters, mitigating the cuts made here so far this year.

For the nine-month period to September, **Net operating income** totalled €6.1 million compared to €10.3 million for the same period last year. This 40.7% decline was nearly entirely due to the disappearance in 2009 of dividends received in 2008 relating to Renta 4's stake in Bolsa y Mercados Españoles (BME). Stripping out this effect, the decline would have been reduced to 15%.

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## Market situation and outlook

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**Financial markets conditions** improved last months, but Renta 4's vision is cautious for coming quarters.

Currently, **Renta 4's operating data are being positive**, with increases in customer numbers, accounts and assets under management.

The **cost cutting policy** initiated in 2008 is beginning to bear fruit, expecting to moderate the figure in coming quarters.

In the wake of the solid performance of fee and commission income and net money inflows in the nine-months period to September, **Renta 4's target is to repeat, if not improve on, last year's net operating income.**

## Consolidated Balance Sheet

<i>€ Thousands</i>	Sep. 2009	Dec. 2008
Intangible assets	9,760	9,994
Property and equipment	29,700	30,804
Available-for-sale-financial-assets	23,386	20,326
Deferred tax assets	771	987
Loans and receivables	2,161	12,646
Other assets	0	0
<b>NON-CURRENT ASSETS</b>	<b>65,778</b>	<b>74,757</b>
Other assets	1,845	1,666
Current tax assets	1,920	4,509
Loans and receivables	302,499	322,913
Financial assets held for trading	1,498	3,329
Cash and cash equivalents	169,217	132,658
<b>CURRENT ASSETS</b>	<b>476,979</b>	<b>465,075</b>
<b>TOTAL ASSETS</b>	<b>542,757</b>	<b>539,832</b>

<i>€ Thousand</i>	Sep. 2009	Dec. 2008
Minority interest	1,084	1,126
Valuation adjustments	-1,522	-2,295
Equity	82,995	79,335
<b>EQUITY</b>	<b>82,557</b>	<b>78,166</b>
Financial liabilities	25,420	36,115
Deferred tax liabilities	1,095	1,021
<b>NON-CURRENT LIABILITIES</b>	<b>26,515</b>	<b>37,136</b>
Financial liabilities held for trading	1,417	860
Financial liabilities	429,524	421,944
Provisions	266	266
Current tax liabilities	1,992	1,173
Accrued expenses and deferred income	486	287
<b>CURRENT LIABILITIES</b>	<b>433,685</b>	<b>424,530</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>542,757</b>	<b>539,832</b>

*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.*

**Mario Sacedo Arriola | Head of Investor Relations**

Tel.: +34 91 384 8848 | Fax: +34 913 848 516  
[msacedo@renta4.es](mailto:msacedo@renta4.es) | [www.renta4.com](http://www.renta4.com)

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

