

## HALF YEAR RESULTS 2012

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### Highlights

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The **net profit at the end of June 2012 stood at 2.74 million Euros**, a decline of 22.1% year on year. The decline is attributable to the cost associated with being a bank and the start of operations in Chile as well as the lower result from financial operations compared to last year.

- The development of the **main variables and the business itself** were positive in the first half of the year:

**Commission income**, both gross and net, grew versus the same period of last year by 22.6% and 7.0% respectively.

**Client assets** reached 6,304 million Euros contrasting with the 5,792 million Euros of end half year 2011

**Net asset inflow** during the period ascended to 810 million Euros compared to 633 million Euros during the whole of 2011

The **number of client accounts** at the end of the second quarter was 267,270, both proprietary and third party accounts, (+61.7% compared to the end of June 2011) and representing the highest level in Renta 4 history

- This satisfactory evolution of all business variables allowed, even with worse results from financial operations, **the gross margin to ascend to 21.1 million Euros** during the first half year 2012, being only a minimal decline of 2.2% versus the same period of 2011.

In April of 2012 Renta 4 Banco **started its activities in Chile**. Currently **new projects aiming at the broadening of our presence in other countries of the area** are under review.

The General Shareholder Assembly of 27<sup>th</sup> of April 2012 decided the **distribution of the issue premium** of 19,069,320 Euros via distribution of own shares. Every investor being shareholder of Renta 4 at the end of trading of the 17<sup>th</sup> of July has the right to receive one

share for 10.6015229 shares in his possession. The shares will be transferred the 25<sup>th</sup> of July 2012.

As well in aforementioned General Shareholder Assembly of 27<sup>th</sup> of April 2012, the possibility of an **early voluntary** conversion of the convertible bonds was agreed upon at a price of 5 Euros per share. On last 9<sup>th</sup> of May 2012 investors converted voluntarily 11.944 bonds and received 2,399,257 shares.

The **solvency ratio** reaches **17.63%** on a consolidated basis and 15% on the individual balance sheet, far exceeding regulatory requirements regarding own resources.

## Main Figures

Operative Numbers	June 12	June 11	%
<b>N° Clients</b>	<b>267,270</b>	<b>165,329</b>	<b>61.7%</b>
Proprietary Network	50,049	47,360	5.7%
Third Party Network	217,221	117,969	84.1%
<b>Total Assets (Euro million)</b>	<b>6,304</b>	<b>5,792</b>	<b>8.8%</b>
Equity	3,441	3,838	-10.3%
Investment Funds	916	870	5.3%
Pension Funds	1,074	283	279.5%
SICAVs	495	505	-2.0%
Others	378	296	27.7%
<b>Assets Proprietary Network (Euro million)</b>	<b>2,867</b>	<b>2,933</b>	<b>-2.3%</b>
<b>Assets Third Party Networks (Euro million)</b>	<b>3,437</b>	<b>2,860</b>	<b>20.2%</b>
<b>Financial Indicators (Euro thousand)</b>			
<b>Commissions earned</b>	31,781	25,919	22.6%
<b>Interest Margin</b>	1,932	1,926	0.3%
<b>Results of Financial operations</b>	779	2,333	-66.6%
<b>Operative Cost</b>	15,908	14,947	6.4%
<b>Gross Margin</b>	21,095	21,560	-2.2%
<b>Operative Result</b>	3,795	4,978	-23.8%
<b>Net Profit</b>	2,736	3,514	-22.1%
<b>EPS</b>	0,07	0,09	-22.1%
<b>Staff</b>			
<b>Total staff</b>	320	296	8.1%
Branch Network	168	159	5.7%
Central Services	152	137	11.0%
<b>N° Offices</b>	58	58	0%
<b>The Stock</b>			
<b>Ticker (Reuters/Bloomberg/Adrs)</b>	RTA4,MA	RTA4,MA	RSVXY
<b>Stock price (€)</b>	4.93	4.99	-1.20%
<b>Capitalisation (€)</b>	200,617,491	203,059,083	-1.20%
<b>Free float</b>	40,693,203	40,693,203	

## Consolidated Profit and Loss Account

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	2Q 2012	2 Q 2011	%	ACC 2012	ACC 2011	%
Interest and similar income	2,061	2,032	1.4%	3,781	3,648	3.6%
Interest expense and similar charges	-981	-1,107	-11.4%	-1,849	-1,722	7.4%
<b>NET INTEREST INCOME</b>	<b>1,080</b>	<b>925</b>	<b>16.8%</b>	<b>1,932</b>	<b>1,926</b>	<b>0.3%</b>
Return on equity instruments	108	196	-44.9%	175	196	-10.7%
Share of profit (loss) of entities accounted for using the equity method	-124	-68	82.4%	-320	-37	764.9%
Fee and commission income	16,491	12,173	35.5%	31,781	25,919	22.6%
Fee and commission expenses	-7,245	-4,095	76.9%	-13,758	-9,165	50.1%
Gains or losses on financial assets and liabilities (net)	-216	1,463	-114.8%	779	2,333	-66.6%
Exchange differences (net)	219	196	11.7%	574	413	39.0%
Other operating income	136	104	30.8%	253	194	30.4%
Other operating expenses	-168	17	-988.2%	-321	-219	46.6%
<b>GROSS MARGIN</b>	<b>10,281</b>	<b>10,911</b>	<b>-5.8%</b>	<b>21,095</b>	<b>21,560</b>	<b>-2.2%</b>
Administrative expenses:	-8,076	-7,590	6.4%	-15,908	-14,947	6.4%
a) Personnel expenses	-4,664	-4,480	4.1%	-8,810	-8,494	3.7%
b) Other administrative expenses	-3,412	-3,110	9.7%	-7,098	-6,453	10.0%
Depreciation and amortisation	-678	-579	17.0%	-1,316	-1,152	14.2%
Provision expenses (net)	-44	-417	-89.5%	0	-417	-100.0%
Impairment losses on financial assets (net)	361	-216	-267.1%	-76	-66	15.2%
<b>OPERATING PROFIT</b>	<b>1,845</b>	<b>2,109</b>	<b>-12.5%</b>	<b>3,795</b>	<b>4,978</b>	<b>-23.8%</b>
<b>PROFIT(LOSS) BEFORE TAX</b>	<b>1,845</b>	<b>2,109</b>	<b>-12.5%</b>	<b>3,795</b>	<b>4,978</b>	<b>-23.8%</b>
Income tax	-520	-604	-13.9%	-1,059	-1,464	-27.7%
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATION</b>	<b>1,325</b>	<b>1,506</b>	<b>-12.0%</b>	<b>2,736</b>	<b>3,514</b>	<b>-22.1%</b>
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>1,325</b>	<b>1,506</b>	<b>-12.0%</b>	<b>2,736</b>	<b>3,514</b>	<b>-22.1%</b>
a) Profit (loss) attributed to the parent	1,116	1,532	-27.2%	2,509	3,527	-28.9%
b) Profit (loss) attributed to minority interests	209	-27	788.3%	227	-13	1746.2%
<b>EARNINGS PER SHARE</b>						
Basic earnings per share (euros)				0.07	0.09	-22.1%
Diluted earnings per share (euros)				0.07	0.09	-22.1%

In Euro thousand

## Summary of Income and Expenses

	2Q 2012	2TQ2011	%	Acc 2012	Acc 2011	%
Net Commissions	9,477	8,310	14.0%	18,530	17,324	7.0%
Commissions Earned and exchange differences incl. other income	16,722	12,405	34.8%	32,288	26,489	21.9%
Commissions Paid	-7,245	-4,095	76.9%	-13,758	-9,165	50.1%
Return of financial operations and dividends	-108	1,659	-106.5%	954	2,529	-62.3%
Interest Margin	1,080	925	16.8%	1,932	1,926	0.3%
Other Operative Expenses	-168	17	-1088.2%	-321	-219	46.6%
<b>Gross Margin</b>	<b>10,281</b>	<b>10,911</b>	<b>-5.8%</b>	<b>21,095</b>	<b>21,560</b>	<b>-2.2%</b>
Cost of Operation	-8,754	-8,169	7.2%	-17,224	-16,099	7.0%
Loss through deterioration of financial assets (net)	361	-216	167.1%	-76	-66	15.2%
<b>Return of Ordinary activity before provisions</b>	<b>1,888</b>	<b>2,526</b>	<b>-25.2%</b>	<b>3,795</b>	<b>5,395</b>	<b>-29.7%</b>

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## Operating Data

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During the first half of 2012 **the number of clients and net asset inflow increased** and were invested in different assets.

Total client **assets under management, administration and care** rose as of end June 2012 to 6.304 million Euros, 8.8% up YoY (2,867 million Euros of proprietary client assets and 3,437 million Euros from third party networks). **Net asset inflow** reached 810 million Euros constituting a rise of 28% YoY.

**Assets under management in Investment Funds** stood at 30<sup>th</sup> of June 2012 at 711 million Euros, distributed over 38 funds. The assets under management of the fund managing company **Renta 4 Gestora** during the period of the first half year 2012 rose by 8% compared to a decline of the assets managed in Investment Funds in Spain of 3.6% based upon data by INVERCO.

Regarding the **SICAVs**, Renta 4 managed 495 million Euros at the end of the first half year 2012, a level slightly lower YoY (-2%) and corresponds to a market share of 2.1%.

For its part the assets under management in **Pension Funds** reached at the end of June 2012 1.074 million Euros versus 283 million same period last year. This increase translates to a strong percentage growth of 279.5% YoY. This impressive growth is mainly attributable to the transfer of Pension Funds distributed by ING Direct to Renta 4 Pensiones.

The increase of new clients stayed at satisfactory levels. The **number of client accounts** at the end of June 2012 reached 267,270 a growth of 61.7% versus the same period of 2011. 50,049 (+5.7%) were proprietary accounts and 217,221 belonged to third party networks (+84.1%).

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## Income

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- **Second quarter 2012 (April-June)**

The **"Consolidated Result of the Quarter"** of Q2/2012 reached 1.325 million Euros posting a reduction of 12.0% compared to Q2/2011.

The line **"Commissions earned"** reached 16.5 million Euros contrasting to 12.2 million Euros of the second quarter last year and represents a growth of 35.5%. In net terms, i.e. commissions earned minus commissions paid to third parties during the quarter stood at 9.5 million Euros, 14.0% more than at the end of June 2011.

By lines of business, **"Trading commissions"** ascended in the quarter to 10.1 million Euros versus 11.0 million Euros in the first quarter of 2012 representing a reduction of 9.2%. Spanish derivatives showed a positive trend during the second quarter due to the high volatility in the markets and posted a rise of 7.0%

Commissions coming from **"Asset Management"** ascended to 4.8 million Euros rising by 43.6% compared to Q1/2012. Income from **"Corporate Services and others"** experienced a positive development and printed 1.5 million Euros during the second quarter of 2012, an ascent of 35.4% versus the first quarter of 2012.

**"Interest Margin"** at the end of the period showed 1.1 million Euros, an increase of 16.8% versus the second quarter of 2011.

The positive results were offset by the negative development of the **Result of Financial Operations** and led to a loss in the period of 0.21 million Euros contrasting with the positive result of last year of 1.463 million Euros.

**Operating expenses** of the quarter, including amortizations, rose by 7.2% reaching 8.8 million Euros. By line, **"Personnel Expenses"** stood at 4.7 million Euros in the quarter, growing by 4.1% versus Q2 2011. **"Other General Administration Expenses"** rose to 3.4 million Euros, 9.7% higher than during the same period of 2011 and ultimately **Amortizations** increased by 17%, closing at 0.68 million Euros.

- **2012 accumulated (January-June)**

The **"Consolidated Half Year Result 2012"** stands at 2.74 million Euros compared to 3.51 million Euros reached during the same period the year before and resulting in a decline of 22.1%.

During the period **"Commissions earned"** were a positive highlight and grew by 22.6% reaching 31.8 million Euros. In net terms, excluding the commissions paid out to third parties, the growth during the year ascended to 7.0% or 18.5 million Euros in absolute terms.

By line of activity, **"Trading commissions"** rose at the end of June 2012 to 21.1 million Euros contrasting with 17.7 million Euros earned during the same period of last year, a rise of 19.4%. Commission income from **"Asset Management"** reported 8.1 million Euros versus 6.4 million Euros during the first six months of 2011 and led to a growth in this business line of 26.0%, while **"Corporate Services and others"** generated commission income of 2.6 million Euros compared to 2.0 million Euros at the end of the first half year 2011, a growth of 27.5% YoY.

The line **"Interest Margin"** finished at the same level as at the end of the half year period last year with 1.9 million Euros.

Regarding the **Result of Financial Operations**, the number printed in the time period was 0.779 million Euros versus 2.333 reached in the same period one year before, a decline of 66.6%.

**Operative expenses** registered during the first semi annual period of 2012 ascended to 17.2 million Euros, increasing by 7.0% YoY when 16.1 million Euros were reported. This amount is in line with the estimates published by the company and expecting total expenses including amortizations below 35 million Euros.

By lines, **"Personnel Expenses"** accumulated a rise of 3.7% YoY reaching 8.8 million Euros. **"Other General Expenses"** registered a growth of 10.0% and finished at 7.1 million Euros compared to 6.5 million Euros at the end of the same period 2011. Finally, the item **"Amortization"** rose by 14.2% and stood at 1.32 million Euros compared to 1.15 million Euros same period last year.

The cost increase is mainly attributable to the systems adjustments linked to the banking activity as well as the start of new business lines and the incorporation of the branch in Chile.

Regarding the **number of employees** the start of the new activities and the Chilean subsidiary led to an increase of staff from 296 to 320 employees.

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## Market situation and outlook

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We maintain a **cautious attitude regarding the situation on the financial markets** in the months to come, given the numerous factors of uncertainty present.

Our **objective is to preserve the good evolution of the main business variables** during the second half of the year. We are convinced to be in the position of achieving this goal after having managed risk well and dealt with the numerous factors related to a lack of guidance and certainty present during the first half of the year.

The **new business lines** started in 2011 are progressively contributing to commission growth, margins and profit of 2012.

Our **outlook for the second part of the year is to exceed results of the same period last year.**

CONSOLIDATED BALANCE SHEET (in thousand Euros)

ASSETS		30/06/2012	31/12/2011
1. Cash and balances with central banks	1005	2,923	1,361
2. Financial assets held for trading	1010	15,856	2,139
3. Other financial assets at fair value through profit or loss	1015		
4. Available-for-sale financial assets	1020	149,189	38,543
5. Debt securities	1025	296,590	396,865
6. Held -to-maturity investments	1030		
7. Ajustes a activos financieros por macro-coberturas	1040		
8. Hedging derivatives	1035		
9. Non-current assets held for sale	1080		
10. Investments	1055	2,247	2,044
a) Associates	1056	2,044	382
b) Jointly controlled entities	1057		
11. Insurance contracts linked to pensions	1065		
12. Reinsurance assets	1066		
13. Property and equipment:	1045	30,684	29,768
a) For own use	1046	25,754	25,667
b) Investment properties	1047	4,014	4,015
14. Intangible assets:	1050	17,582	16,766
a) Goodwill	1051	15,291	8,939
b) Otro intangible assets	1052	1,475	1,014
15. Tax assets	1060	3,961	2,096
a) Current	1061	1,425	1,006
b) Deferred	1062	671	1,241
16. Other assets	1075	1,070	1,207
<b>TOTAL ASSETS</b>	<b>1100</b>	<b>520,102</b>	<b>490,789</b>

TOTAL EQUITY AND LIABILITIES		30/06/2012	31/12/2011
<b>TOTAL LIABILITIES</b>	<b>1166</b>	<b>455,374</b>	<b>421,707</b>
1. Financial liabilities held for trading	1110	145	82
2. Other financial liabilities at fair value through profit or loss	1115		
3. Financial liabilities at amortized cost	1120	450,187	417,836
4. Changes in the fair value of hedged items in portfolio hedges of interest rate risk	1135		
5. Hedging derivatives	1130		
6. Liabilities associated with non-current assets held for sale	1165		
7. Liabilities under insurance contracts	1149		
8. Provisions	1140	339	440
9. Tax liabilities	1145	4,446	3,178
a) Current	1146	2,647	1,934
b) Deferred	1147	1,799	1,244
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	1150		
11. Other liabilities	1155	257	171
12. Cash	1160		
<b>EQUITY</b>	<b>1195</b>	<b>64,728</b>	<b>69,082</b>
<b>OWN FUNDS</b>	<b>1180</b>	<b>67,130</b>	<b>69,492</b>
1. Capital or endowment fund	1171	18,312	18,312
a) Issued capital	1161	18,312	16,277
b) Less: uncalled capital	1162		
2. Share premium	1172	25,153	25,153
3. Reserves	1173	36,471	34,371
4. Other equity instruments	1177	1,027	1,850
5. Less: Treasury shares	1174	-16,342	-12,860
6. Profit (loss) attributable to the parent	1175	2,509	4,578
7. Less: Dividends and remuneration	1176	0	-1,912
<b>VALUATION ADJUSTMENTS</b>	<b>1188</b>	<b>-4,102</b>	<b>-1,505</b>
1. Available-for-sale financial assets	1181	-1,505	-2,867
<b>TOTAL EQUITY ATTRIBUTABLE TO THE PARENT</b>	<b>1189</b>	<b>63,028</b>	<b>67,987</b>
<b>MINORITY INTERSTS</b>	<b>1193</b>	<b>1,700</b>	<b>1,095</b>
1. Valuation adjustments	1191	67	42
2. Others	1192	1,633	1,053
<b>TOTAL EQUITY AND LIABILITY</b>	<b>1200</b>	<b>520,102</b>	<b>490,789</b>

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