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Third Quarter  
**RESULTS**

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**2015**

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# THIRD QUARTER RESULTS

# 2015

## Highlights

Renta 4 has reached in the third quarter 2015 a **Net Profit attributed to the Group of 10.9<sup>1</sup>** million Euros, up **2.6 %** from the one obtained in the third quarter of 2014. On a **Net Consolidated Basis**, it has increased by **1.3%** with respect to the same period last year.

During the third quarter 2015 the majority of the **business and operational areas** have had a positive trend in comparison to the same period last year:

- ▶ **Assets** under management and custody reached **15,330** million Euros versus 12,907 million Euros in September 2014.
- ▶ It is noteworthy the increase in assets within the **proprietary network**, as from 30 September 2015 they reached **6,533 million** Euros versus 5,096 million Euros in the third quarter 2014 which represents an increase of 28.2%. **Net asset inflows** through the proprietary network have increased by 47.1%, reaching 846 million Euros, during the same period last year. The number of accounts has reached 64,275.
- ▶ **Clients from the proprietary network** of Renta 4 represent **87%** of all commissions generated.
- ▶ **Assets derived from clients under management** (Investment Funds, Sicavs and Pension Funds) as of 30 September 2015 reached **6,460 million Euros, up by 16.9%** over the same period last year. Taking into account the temporary management of the assets from Banco Madrid (2,380 million Euros) total assets reach **8,840 million Euros** at the end of the third quarter 2015.
- ▶ **Gross Commission Income** during the third quarter 2015 increased by 22.5% to **93 million Euros**. **Net commissions** increased by 27.4% reaching a total of **46.3 million Euros** during the period.
- ▶ **Asset management commissions** during the third quarter 2015 reached **41.1 million Euros** versus 27.6 million in 2014, an increase of 48.7%.
- ▶ The strong growth in commissions during the third quarter 2015 has allowed **the result of operating activities** to reach the amount of **16.3 million Euros** up 5.8% from the same period last year. This result has been achieved despite a drop of 46.8% in the financial margin and a drop of 73.1% in the result of financial operations. The results and drop in both activities have been negatively influenced by the low environment in interest rates, nearing zero and even sometimes negative during 2015.

### Assets

 **15.33** billion Euros

### Asset management commissions

 **48.7%** Increase

During the third quarter 2015 Renta 4 has obtained the authorization of the CSSF in order to register an Asset Management Company in Luxembourg.

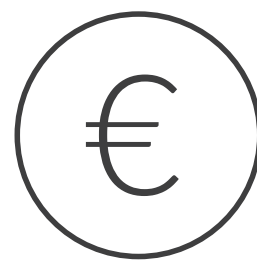
During September 2015, Renta 4 sold its 34.99% stake in Renta Markets,SV.

The return on equity (ROE) of Renta 4 at the close of the third quarter 2015 stood near 17% and stands substantially higher than the sector average.

Renta 4 capital ratio under "Basel III" criteria stands near 15% at the close of the third quarter 2015, comfortably above regulatory requirements.

The Board of Directors which took place on the 26 October 2015 has agreed to distribute an interim dividend of **0,134 Euros per share**. The dividend will be paid on the 30 October 2015 to those who are shareholders of Renta4 on the 29 October 2015.

## Interim dividend



0.134 | 2.27%  
euros per share | yeild





## OPERATIONAL DATA

30/09/2015

30/09/2014

%

Number of Clients	379,995	345,330	10.0%
of Proprietary Network	64,275	60,639	6.0%
of Third Party Network	315,720	284,691	10.9%
<b>Total Assets Temporary of Banco Madrid (million Euros)</b>	<b>2,380</b>		
Total Assets (million Euros)	12,950	12,907	0.3%
Equities	5,460	6,708	(18.6%)
Investment Funds (proprietary and third party)	3,444	2,939	17.2%
Pension Funds	2,238	1,956	14.4%
SICAVs	778	629	23.7%
Others	1,030	675	52.6%
<b>Assets Proprietary Network (million Euros)</b>	<b>6,533</b>	<b>5,096</b>	<b>28.2%</b>
<b>Assets Third Party Network (million Euros)</b>	<b>6,417</b>	<b>7,811</b>	<b>(17.8%)</b>
<b>Total Assets Temporary of Banco Madrid (million Euros)</b>	<b>2,380</b>		

## FINANCIAL INDICATORS (thousand euros)

2015 Q1

2014 Q1

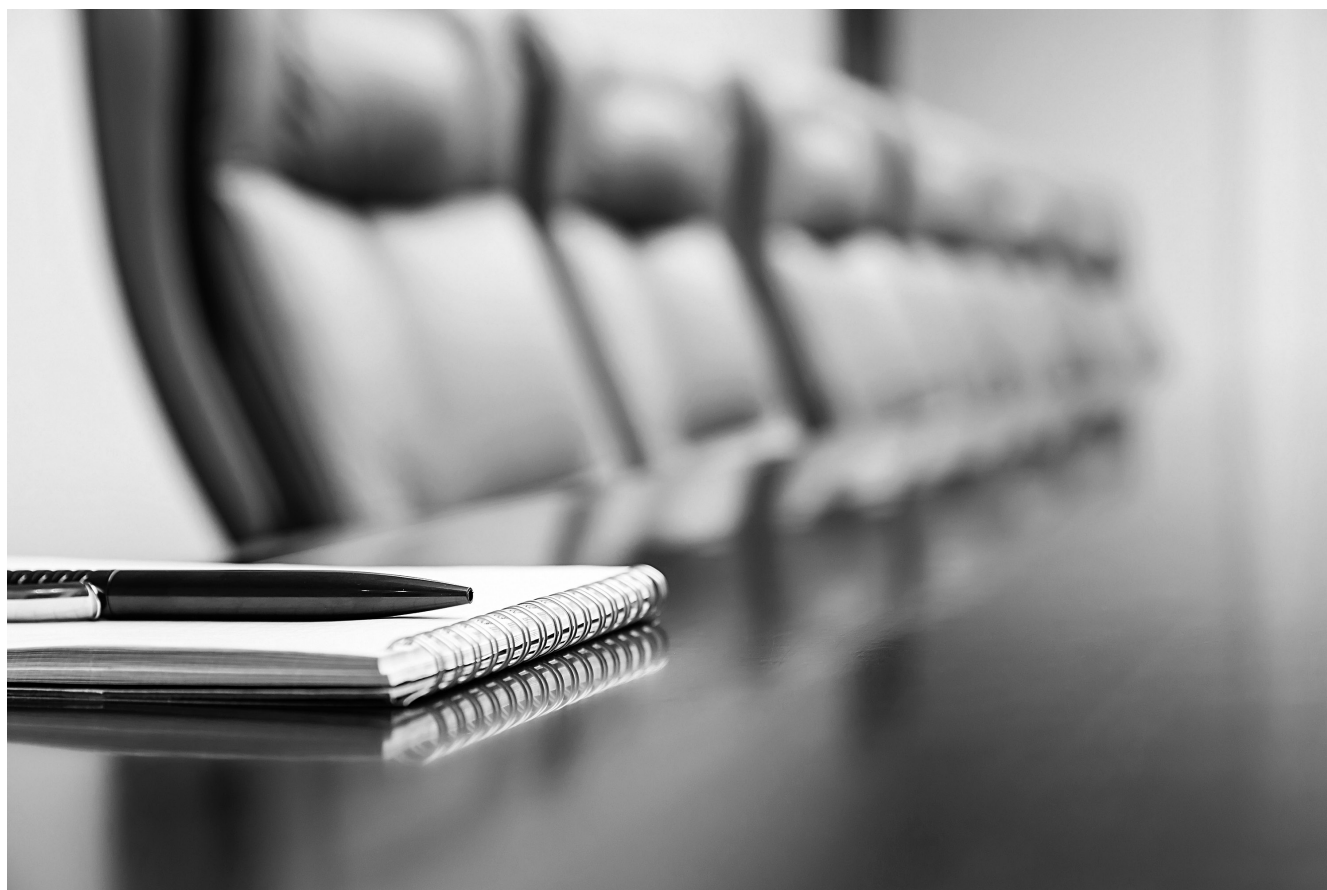
%

Commissions Received	93,061	75,944	22.5%
Financial Margin	2,509	4,720	(46.8%)
Result of Financial Operations	1,749	6,497	(73.1%)
<b>Cost of Operation</b>	<b>34,823</b>	<b>32,789</b>	<b>6.2%</b>
Profit from Operating Activities	16,302	15,407	5.8%
<b>Net Profit</b>	<b>10,945</b>	<b>10,806</b>	<b>1.3%</b>
EPS	0.269	0.266	1.3%



EMPLOYEES (PERIOD AVERAGE)	30/09/2015	30/09/2014	%
Employees (period average)	405	381	6.3%
Branch Network (Latam)	221 (30)	208 (25)	6.3%
Central services	184	173	6.4%
Number of Offices	63	60	5.0%

SHARE	30/09/2015	30/09/2014	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	5.98	5.39	10.9%
Capitalisation (€)	243,345,353	219,336,364	10.9%
Number of Shares Issued	40,693,203	40,693,203	





Total client **assets under management and administration** reached **15,330 million Euros** at 30 September 2015. The proprietary network accounts for 6,533 million Euros and the third party network accounts for 6,417 million Euros. Banco Madrid accounts for 2,380 million Euros. In percentage terms **assets from the proprietary network** have increased by 28.2% in the last twelve months. During 2015 they have increased by 19.2%.

**Assets derived from clients under management** (Investment Funds, Sicavs and Pension Funds) as of 30 September 2015 reached **6,460 million Euros**, up by 16.9% versus 5,524 million Euros in September 2014 and versus 5,862 million Euros in December 2014(+10.2%) Taking into account the 2,380 million Euros from Banco Madrid temporarily under management total client assets under management reach 8,840 million Euros at the end of the third quarter 2015.

It is again noteworthy the increase in assets in **investment funds managed and distributed by Renta 4** (Renta 4 investment funds and third party funds, without including those from Banco Madrid) which at the end of the third quarter 2015 reached 3,444 million Euros versus 2,939 million Euros in September 2014. They are up 17.2%.

**Investment funds managed by Renta4 Asset Management** have reached **2,490 million Euros** during the third quarter 2015. This translates into a 7.7% increase year on year. During 2015 they have increased by 3.9%. Taking into account the assets under temporary management from Banco Madrid, client assets as from 30 September 2015 have reached 4,870 million Euros.

#### Assets within the proprietary network



**6,533**  
millones de euros

#### Proprietary network clients



**64,275**

**Client assets invested in third party funds** during the third quarter 2015 have increased by 38.9% reaching a total of **954 million Euros** since the beginning of 2015, and by 52.2% with respect to 30 September 2014.

Regarding **SICAVS under management**, during the third quarter 2015 assets have reached **778 million Euros**. An increase of 23.3% in the year and of 23.7% since 30 September 2014.

**Pension Funds under management** during the third quarter 2015 have increased by 14.4% reaching a total of **2,238 million Euros**.

**Net asset inflows from the proprietary network** have totalled **846 million Euros** versus 575 million in September 2014. This represents an **increase of 47.1%**. Net assets inflow from the third party network reached 766 million Euros.

**New clients have continued to increase during the third quarter 2015**. At the close of September 2015 total clients reach 379,995 versus 345,330 at the end of September 2014, up 10%. The proprietary network is up by 6% totalling 64,275 clients. The third party network is up 10.9% totalling 315,720 clients.



## Third Quarter Ac. (January –September) Results 2015

PROFIT AND LOSS	30/09/2015	30/09/2014	%
<i>Thousand of euros</i>			
Interest and similar income	3,168	6,013	(47.3%)
Interest expense and similar charges	-659	-1,293	(49.0%)
<b>NET INTEREST INCOME</b>	<b>2,509</b>	<b>4,720</b>	<b>(46.8%)</b>
Return on equity instruments	44	129	(65.9%)
Profit (loss) of entities accounted for using the equity method	-720	-533	35.1%
Fee and commission income	93,061	75,944	22.5%
Fee and commission expenses	-46,720	-39,566	18.1%
Gains or losses on financial assets and liabilities (net)	1,749	6,497	(73.1%)
Exchange differences (net)	1,195	1,251	(4.5%)
Other operating income	362	222	63.1%
Other operating expenses	-209	-85	145.9%
<b>GROSS MARGIN</b>	<b>51,271</b>	<b>48,579</b>	<b>5.5%</b>
Administrative expenses:	-31,396	-29,865	5.1%
a) Personnel expenses	-17,966	-17,786	1.0%
b) Other administrative expenses	-13,430	-12,079	11.2%
Depreciation and amortisation	-3,218	-2,839	13.3%
Provision expenses (net)		47	
Impairment losses on financial assets (net)	-355	-515	(31.1%)
<b>OPERATING PROFIT</b>	<b>16,302</b>	<b>15,407</b>	<b>5.8%</b>
Loss by deterioration rest of assets (net)	-790		
Other gains and losses	403		
<b>PROFIT BEFORE TAX</b>	<b>15,915</b>	<b>15,407</b>	<b>3.3%</b>
Tax on profit	-4,970	-4,601	8.0%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>10,945</b>	<b>10,806</b>	<b>1.3%</b>
a) Profit attributed to the parent	10,944	10,664	2.6%
b) Profit attributed to minority interests	1	142	(99.3%)





Renta 4 has reached during the third quarter 2015 a Net Profit of **10.9 million Euros**, up 1.3% from the third quarter 2014.

Net Profit attributed to the Group during the period 2015 has increased by 2.6% reaching 10.9 million Euros versus the same period last year.

**Gross Commissions** (commissions received plus company results based on participation method and other products from operations) have increased during the third quarter 2015 by 22.6% totaling 92.7 million Euros versus 75.6 million Euros in the third quarter 2014.

In this chapter it is noteworthy the amount of gross commissions generated by the **asset management division**. They were up 48.7% totaling **41.1 million Euros** during the period versus 27.6 million Euros in the same period 2014. This has been possible due to the substantial asset growth during the period already mentioned.

With respect to the amount of gross commissions generated in **the securities trading division**, these have increased by 9.3% totaling 44.7 million Euros during the third quarter 2015 versus 40.9 million Euros achieved in the same period 2014. Securities trading in **international equities** has increased by 11.9%. **International fixed income** trading has increased 24.2%.

**Corporate services** commissions have dropped by 2.8% totaling 6.8 million Euros during the third quarter 2015 versus 7.0 million Euros generated in the same period 2014.

In terms of **net commissions** (gross commissions minus paid commissions) these were up 27.5% totaling **45.9 million Euros** during the third quarter 2015 versus 36.0 million Euros in the same period 2014. Banco Madrid has, via its assets under temporary management, contributed with 2.1 million Euros during the period. Without this contribution, net commissions have increased by 21.7%.

**Financial margin** during the third quarter 2015 has dropped by 46.8% totaling reaching **2.5 million Euros** versus 4.7 million Euros in the same period last year. This drop has been caused by the decline in interest rates which have placed themselves near zero and even in negative yields in some emissions in the Euro zone.

**The result of financial operations** during the third quarter 2015 has suffered a significant drop of 73.1% totaling 1.7 million Euros versus 6.5 million Euros in the third quarter 2014. The main reason for this drop has been the contraction of activity in fixed income markets as a consequence the above mentioned, low interest rates.

The strong growth in **commissions** has offset in the accounts the intense drop in interest rates already mentioned in the above paragraphs.

On the costs side, **operation costs** in the third quarter 2015 (general costs, staff costs, other operational costs and amortization) have totaled **34.8 million Euros**, which means an increase of 6.2% versus the 32.7 million Euros of the third quarter 2014.

**Personnel costs** increase 1% during the third quarter 2015 in 180 thousand Euros since September 2014. This has been due to the variable part of staff retributions.

**General administrative costs** during the third quarter 2015 have increased by 11.2% totaling 13.4 million Euros versus 12.0 million Euros in the third quarter 2014.

**Amortization costs** during the third quarter 2015 have increased by 13.3% totaling 3.2 million Euros versus the same period last year.





The result of operating activities has increased by 5.8% reaching **16.3 million Euros** during the third quarter 2015 versus **15.4 million Euros** in the same period 2014. Excluding interest margin revenue and the result of financial operations, operating margin during the third quarter 2015 would reach **12.0 million Euros** versus 4.1 million Euros during the third quarter 2014 which translates into an increase of 187.4% during the period.

During the third quarter 2015, the increase in activity and the strong increase in volume have translated in an increase in the **average number staff** of 6.3% thus reaching a total number of 405 staff versus 381 in the same period last year. **The branch network** increased its staff with 13 new employees reaching a total of 221 versus 208 in the third quarter 2014, an increase of 6.3%

## Third Quarter Results 2015. (July- September)

### PROFIT AND LOSS

2015 3.Q

2014 3.Q

%

*Thousand of euros*

Interest and similar income	890	1,839	(51.6%)
Interest expense and similar charges	-151	-218	(30.7%)
<b>NET INTEREST INCOME</b>	<b>739</b>	<b>1,621</b>	<b>(54.4%)</b>
Return on equity instruments	40	49	(18.4%)
Profit (loss) of entities accounted for using the equity method	-286	-218	31.2%
Fee and commission income	34,150	24,575	39.0%
Fee and commission expenses	-17,745	-12,363	43.5%
Gains or losses on financial assets and liabilities (net)	233	1,429	(83.7%)
Exchange differences (net)	446	460	(3.0%)
Other operating income	91	69	31.9%
Other operating expenses	-59	-20	195.0%
<b>GROSS MARGIN</b>	<b>17,609</b>	<b>15,602</b>	<b>12.9%</b>
Administrative expenses:	-11,077	-9,568	15.8%
a) Personnel expenses	-6,314	-5,536	14.1%
b) Other administrative expenses	-4,763	-4,032	18.1%
Depreciation and amortisation	-1,110	-1,015	9.4%
Provision expenses (net)		47	
Impairment losses on financial assets (net)	-156	-125	24.8%
<b>OPERATING PROFIT</b>	<b>5,266</b>	<b>4,941</b>	<b>6.6%</b>
Loss by deterioration rest of assets (net)	-790		
Other gains and losses	403		
<b>PROFIT BEFORE TAX</b>	<b>4,879</b>	<b>4,941</b>	<b>(1.3%)</b>
Tax on profit	-1,573	-1,531	2.7%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>3,306</b>	<b>3,410</b>	<b>(3.0%)</b>
a) Profit attributed to the parent	3,306	3,364	(1.7%)
b) Profit attributed to minority interests	0	46	100%

Renta 4 has reached in the third quarter 2015 a **Net Profit of 3.3 million Euros** versus 3.4 million Euros at the close of September 2014, a drop of 3%. During the quarter profits attributed to the Group have decreased by 1.7%.

The drop in net profit is due to the deterioration in the stake held in Hanson Asset Management were 0.8 million Euros have been provisioned during the quarter.

**The result of operating activities**, before extraordinary results, has increased by 6.6% totaling 5.3 million Euros versus 4.9 million in the same period last year.

**Gross Commissions** (commissions received and company results based on participation method plus other products of operations) have increased during the third quarter 2015 by **39%**, reaching a total of **33.9 million Euros** versus 24.4 million Euros, in the same period 2014.

In this chapter it is noteworthy the increase in gross **commissions** corresponding to the **asset management division** which were up 76.9% during the third quarter 2015 totaling **17.7 million Euros** versus 10.0 million Euros in the same period 2014.

With respect to gross commissions generated **in the securities trading division**, these have increased by 14.5% closing the quarter at 13.9 million Euros versus 12.1 million Euros in the third quarter of 2014.

**Corporate services** commissions have reached 2.3 million Euros during the third quarter 2015 versus 2.2 million Euros in the second quarter 2014, an increase of 2.9%

In terms of **net commissions** (gross commissions minus paid commissions) these were up 34.3% reaching the amount of 16.4 million Euros versus 12.2 million Euros in the third quarter 2014.

**Financial margin** during the third quarter 2015 has reached 0.7 million Euros versus 1.6 million Euros in the same period last year. This means a 54.4% drop.

**The result of financial operations** during the third quarter 2015 has dropped by 83.7% totaling 0.2 million Euros versus 1.4 million Euros in the third quarter 2014.

The drop in the revenue from financial operations and interest margin has been due to the low levels of interest rates during the period. This revenue has been offset by the increase in commissions generated which in turn has allowed **gross margin** for the period to reach a total of **17.6 million Euros**. This means an increase of 12.9% over the same period last year.

On the costs side, **administrative costs** during the third quarter 2015 (general costs and staff costs) have reached 11.0 million Euros versus 9.5 million Euros during the third quarter 2014. An increase of 15.8%.





We maintain a **positive outlook for the fourth quarter based** on the solid trend which at a continuous and stable rate is having **the increase of client's assets and assets under management**.

The growth of customer assets is allowing a **better performance of net commissions**, especially those from asset management. The good performance of net commissions is able to **offset the fall in financial margin and the result of financial operations**, caused by the environment of zero interest rates or close to zero.



It is precisely such an environment of zero interest rates which moves increasingly savers to invest in financial assets, seeking a higher return. **The high levels of volatility** experienced during the last summer, which could be repeated, create more difficulty to meet those expectations, **but the business model and management of Renta 4** has proven to be very solid in all market environments.

Renta 4 bank continues to invest permanently to strengthen the business model and diversify its sources of income. We continue to **improve the Internet and mobile platforms** and we continue to improve and expand the branch network in Spain, as well as capacity in **markets outside of Spain, such as Chile, Peru, Colombia and Luxemburg**. These markets as yet do not make a positive contribution to the results, but our estimate is that they will do so gradually and very significantly in the medium term, in the coming years.



## ASSETS

30/09/2015

31/12/2014

*Euro billion*

1. Cash and balances with central banks	23,349	3,729
2. Financial assets held for trading	1,088	1,764
3. Other financial assets at fair value through profit or loss		
4. Available-for-sale financial assets	665,333	626,628
5. Debt securities	470,692	797,884
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	2,717	5,880
a) Associates	2,717	5,880
b) Jointly controlled entities		
11. Insurance contracts linked to pensions		
12. Reinsurance assets		
13. Property and equipment:	38,818	35,171
a) For own use	34,703	30,958
b) Investment properties	4,115	4,213
14. Intangible assets:	17,771	17,861
a) Goodwill	15,420	15,420
b) Otro intangible assets	2,351	2,441
15. Tax assets	2,874	2,092
a) Current	20	
b) Deferred	2,854	2,092
16. Other assets	975	826
<b>TOTAL ASSETS</b>	<b>1,223,617</b>	<b>1,491,835</b>



## TOTAL EQUITY AND LIABILITIES

30/09/2015

31/12/2014

Euro billion

TOTAL LIABILITIES	1,142,208	1,410,957
1. Financial liabilities held for trading	7	360
2. Other financial liabilities at fair value through profit or loss		
3. Financial liabilities at amortized cost	1,133,367	1,404,287
4. Changes in the fair value of hedged items in portfolio hedges of interest rate risk		
5. Hedging derivatives		
6. Liabilities associated with non-current assets held for sale		
7. Liabilities under insurance contracts		
8. Provisions		130
9. Tax liabilities	7,007	4,162
a) Current	5,519	2,674
b) Deferred	1,488	1,488
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)		
11. Other liabilities	1,827	2,018
12. Cash		
EQUITY	81,409	80,878
OWN FUNDS	83,483	79,630
1. Capital or endowment fund	18,312	18,312
a) Issued capital	18,312	18,312
b) Less: uncalled capital		
2. Share premium	8,496	8,496
3. Reserves	47,769	44,269
4. Other equity instruments	0	142
5. Less: Treasury shares	-2,038	-2,400
6. Profit (loss) attributable to the parent	10,944	13,369
7. Less: Dividends and remuneration	0	-2,558
VALUATION ADJUSTMENTS	-2,121	-304
1. Available-for-sale financial assets	-1,782	-148
2. Cash flow hedges		
3. Hedges in net investments in foreign operations		
4. Exchange differences	-339	-156
5. Non-current assets held for sale		
6. Companies accounted using the equity method		
7. Other valuation adjustments		
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	81,362	79,326
MINORITY INTERESTS	47	1,552
1. Valuation adjustments	0	0
2. Others	47	1,552
TOTAL EQUITY AND LIABILITY	1,223,617	1,491,835

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