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SECOND QUARTER  
RESULTS

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2016

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# SECOND QUARTER RESULTS

# 2016

## Highlights

Renta 4 Banco has achieved in the first semester 2016 a Net Profit of 5.5 million Euros, a drop of 27.75 % versus that reached in the first semester 2015.

Net Profit achieved in the second quarter 2016 has reached 3.0 million Euros. This represents an increase of 20.4% over the same period last year. Results in the second quarter have outperformed those of the first semester 2016.

The Bank's Capital Ratio CET1 Fully Loaded stands at 17%, comfortably above current regulatory requirements and amongst the highest in our sector.

The Bank's return on equity is circa 16%, again well above our sector average.

During the first semester 2016 the growth in assets in our proprietary network and in assets under management has continued. These two areas represent the highest value added amongst all the business lines of Renta4 and due to their activity it has been possible to compensate the drop in income from the broking division due to low market volumes during the period.

The operating areas have evolved as follows:

- ▶ Total client assets under management and administration, excluding those assets under temporary management from Banco Madrid, reached 13,342 million Euros. This means that they remain at a similar level to the 13,432 million Euros of December 2015 despite the drop in valuation due to the fall in financial markets which in the semester has totaled 560 million Euros.
- ▶ If we add the temporary asset under management from Banco de Madrid, total client's assets reach 14,469 million Euros.
- ▶ Assets within the proprietary network reached 6,917 million Euros during the first semester 2016 versus 6,642 million Euros in the same period last year. This represents an increase of 4.1% over the period under consideration. It is noteworthy that clients within the proprietary network generated 88% of net commissions during the semester, without including those from Banco Madrid.
- ▶ Assets from the third party network dropped by 22.6% reaching 6,425 million Euros during the period.
- ▶ Assets derived from client's under management (Investment Funds, Sicavs and Pension Funds) reached 6,772 million Euros in the first semester 2016 versus 6,560 million Euros in the same period last year. This represents an increase of 3.2%. Taking into account the 1,127 million Euros in assets from Banco Madrid the total amount reached 7,899 million Euros.

Client assets under  
management and custody



13,342  
million Euros

- ▶ Net asset inflows during the first semester 2016 increased by 470 million Euros. The proprietary network channeled 399 million Euros and the third party network 71 million Euros.

The increase in assets in the proprietary network and in assets under management has mitigated the drop in the gross margin. They have been able to compensate in part the lesser revenue generated by the securities division due to the drop in market volumes worldwide during the period.

Income generated has evolved as follows:

- ▶ Asset management commissions have increased by 20.4% totaling 28.1 million Euros versus 23.3 million Euros in the same period last year.

- ▶ Broking commissions have dropped by 12.3% reaching 27 million Euros. This drop is due to the significant drop in market volumes experienced in all markets worldwide during the period.

- ▶ Financial margin has again suffered a drop during the first semester 2016 due to the persistent low level of interest rates during the period. It has dropped 9.2%

- ▶ The result of financial operations during the semester has increased by 55.6% to a total of 2.4 million Euros.

- ▶ Gross margin as a consequence of all the above has dropped 2.9% reaching 32.7 million Euros during the period.

## Meaningful Data



OPERATIONAL DATA	1S 2016	1S 2015	%
<b>Number of Clients</b>	<b>408,416</b>	<b>370,838</b>	<b>10.1%</b>
of Proprietary Network	67,039	62,761	6.8%
of Third Party Network	341,377	308,077	10.8%
<b>Total Assets Temporary of Banco Madrid (million Euros)</b>	<b>1,127</b>	<b>3,064</b>	<b>-63.2%</b>
<b>Total Assets (million Euros)</b>	<b>13,342</b>	<b>14,945</b>	<b>-10.7%</b>
Equities	5,656	7,316	-22.7%
Investment Funds (proprietary and third party)	3,485	3,501	-0.5%
Pension Funds	2,448	2,355	3.9%
SICAVs	839	704	19.2%
Others	914	1,069	-14.5%
<b>Assets Proprietary Network (million Euros)</b>	<b>6,917</b>	<b>6,642</b>	<b>4.1%</b>
<b>Assets Third Party Network (million Euros)</b>	<b>6,425</b>	<b>8,303</b>	<b>-22.6%</b>
<b>Total Assets Temporary of Banco Madrid (million Euros)</b>	<b>1,127</b>	<b>3,064</b>	<b>-63,2%</b>



FINANCIAL INDICATORS (THOUSAND EUROS)	1S 2016	1S 2015	%
Commissions Received	59,794	58,911	1.5%
Financial Margin	1,607	1,770	-9.2%
Result of Financial Operations	2,359	1,516	55.6%
<b>Cost of Operation</b>	25,187	22,577	11.6%
Profit from Operating Activities	7,852	11,036	-28.9%
<b>Net Profit</b>	<b>5,526</b>	<b>7,639</b>	<b>-27.7%</b>
EPS	0.14	0.19	-27.7%

EMPLOYEES (PERIOD AVERAGE)	1S 2016	1S 2015	%
Employees (period average)	436	397	9.8%
Branch Network (Latam)	227(33)	220(29)	3.2%
Central services	209	177	18.1%
Number of Offices	63	62	1.6%

SHARE	1S 2016	1S 2015	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	5.7	6.05	-5.8%
Capitalisation (€)	231,951,257	246,193,878	-5.8%
Number of Shares Issued	40,693,203	40,693,203	





Assets under management and custody, excluding those assets under temporary management from Banco Madrid have reached 13,342 million Euros. The proprietary network accounts for 6,917 million Euros and the third party network accounts for 6,425 million Euros.

Assets under temporary management from Banco Madrid represent 1,127 million Euros.

Assets from the proprietary network have increased by 4.1% during the period reaching 6,917 million Euros. It is noteworthy that this increase again has taken place under difficult market conditions.

Assets derived from client's under management (Investment Funds, Sicavs and Pension Funds) reached 6,772 million Euros in the first semester 2016 versus 6,560 million Euros in the same period last year. This represents an increase of 3.2%. Taking into account the 1,127 million Euros in assets from Banco Madrid the total amount reached 7,899 million Euros.

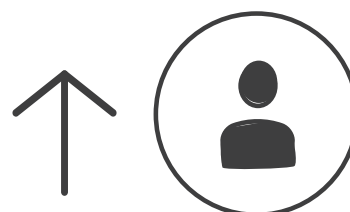
Assets from the proprietary network



6,917 million euros

Assets in the Investment Funds distributed and managed by Renta 4 (Renta 4 Asset Management and other third party funds, and without taking into account those assets from Banco

Proprietary network clients



67,039

Madrid) have reached 3,485 million Euros versus 3,501 million Euros in the same period last year. This represents a drop of 0.5%

Assets managed by Renta 4 Asset Management have dropped 0.2% to 2,501 million Euros during the first semester 2016. If we include assets from Banco Madrid they have reached 3,628 million Euros.

Client's assets invested in third party funds distributed by Renta 4 have reached 984 million Euros. They have dropped by 1% during the period.

Assets in Sicavs under management have reached 839 million Euros. This represents an increase of 19.2% over the period.

Assets from Pension Funds under management have increased by 3.9% totaling 2,448 million Euros during the first semester 2016.

New clients have continued to increase during the first semester 2016. Total number of clients have reached 408,416. The proprietary network accounts for 67,039 with an increase of 6.8%. The third party network accounts for 341,377 with an increase of 10.8%





Consolidated Profit and Loss Account

PROFIT AND LOSS	1S 2016	1S 2015	%
Interest and similar income	1,849	2,278	-18.8%
Interest expense and similar charges	-242	-508	-52.4%
<b>NET INTEREST INCOME</b>	<b>1,607</b>	<b>1,770</b>	<b>-9.2%</b>
Return on equity instruments	118	4	-
Profit (loss) of entities accounted for using the equity method	-81	-434	-81.3%
Fee and commission income	59,794	58,911	1.5%
Fee and commission expenses	-31,495	-28,975	8.7%
Gains or losses on financial assets and liabilities (net)	2,359	1,516	55.6%
Exchange differences (net)	714	749	-4.7%
Other operating income	98	271	-63.8%
Other operating expenses	-438	-150	192.0%
<b>GROSS MARGIN</b>	<b>32,676</b>	<b>33,662</b>	<b>-2.9%</b>
Administrative expenses:	-22,345	-20,319	10.0%
a) Personnel expenses	-12,486	-11,652	7.2%
b) Other administrative expenses	-9,859	-8,667	13.8%
Depreciation and amortisation	-2,404	-2,108	14%
Provision expenses (net)	0	0	-
Impairment losses on financial assets (net)	-75	-199	-62.3%
<b>OPERATING PROFIT</b>	<b>7,852</b>	<b>11,036</b>	<b>-28.9%</b>
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	0	0	-
<b>PROFIT BEFORE TAX</b>	<b>7,852</b>	<b>11,036</b>	<b>-28.9%</b>
Tax on profit	-2,326	-3,397	-31.5%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>5,526</b>	<b>7,639</b>	<b>-27.7%</b>
a) Profit attributed to the parent	5,525	7,638	-27.7%
b) Profit attributed to minority interests	1	1	-

Thousand of euros



Net Profit attributed to the Group in the first semester 2016 has dropped 27.7% to 5.5 million Euros.

Gross commissions (commissions received plus company results based on participation method and other products from operations) have increased by 1.8% to 59.81 million Euros versus 58.75 million Euros in the same period last year.

In this chapter it is noteworthy the amount of gross commissions generated by the Asset Management Division which have increased by 20.4% to 28.16 million Euros versus 23.39 million Euros achieved in the first semester of 2015. The increase in commissions has been possible due to the strong increase in assets achieved despite the difficult market conditions that have taken place during the semester.

#### Asset Management

 **28.16** million Euros

With respect to the amount of gross commissions generated in the securities trading division, these have dropped by 12.3% reaching 27 million Euros versus 30.8 million Euros in the same period last year. In this division the trading of international derivatives has increased by 33.8% during the first six months of 2016.

Corporate services commissions have increased by 1.8% to 4.648 million Euros versus 4.565 million Euros achieved in the same period last year.

The increase in commissions generated by the Asset Management Division has offset the drop experienced in the securities trading division. The increase in fees from the Asset Management Division is important since it provides a regular source of income despite market turmoil. It is also in this area where the Company provides significant added value to its clients.

In terms of net commissions (gross commissions minus paid commissions) these have suffered a drop of 4.9% totaling 28.31 million Euros versus 29.77 million Euros in the first semester 2015.

Financial margin during the first semester 2016 has dropped by 9.2% to 1.60 million Euros versus 1.77 million Euros achieved in the same period last year. Continued low interest rates during the period are the main cause of such a drop.

The result of financial operations has increased by 55.6% to 2.36 million Euros versus 1.51 million Euros achieved during the same period last year.

On the costs side, operating costs during the first semester 2016 (general costs, staff costs, other operational costs and amortizations) have totaled 25.19 million Euros. This represents an increase of 11.6% over the same period last year.

Staff costs have increased by 7.2% to 12.486 million Euros.

General administrative costs during the first semester have increased by 13.8% to 9.86 million Euros versus 8.66 million Euros in the same period last year. This increase in costs is due to the opening of international operations in Chile, Peru, Colombia and our Asset Management Company in Luxemburg together with the costs associated by the temporary management of assets from Banco Madrid. The costs associated to Banco Madrid have amounted to 0.86 million Euros in the first semester 2016.

Amortization costs during the first semester 2016 have increased by 14% to 2.4 million Euros over the same period last year.

Profit before tax has dropped by 28.9% to 7.85 million Euros during the first semester 2016 versus 11 million Euros in the same period last year.





## Consolidated Profit and Loss Account

CONCEPTO	2Q 2016	2Q 2015	%
Interest and similar income	875	970	-9.8%
Interest expense and similar charges	-107	-225	-52.4%
<b>NET INTEREST INCOME</b>	<b>768</b>	<b>745</b>	<b>3.1%</b>
Return on equity instruments	118	4	-
Profit (loss) of entities accounted for using the equity method	16	-242	-106.6%
Fee and commission income	27,734	28,497	-2.7%
Fee and commission expenses	-14,231	-13,308	6.9%
Gains or losses on financial assets and liabilities (net)	1,408	912	54.4%
Exchange differences (net)	795	513	55.0%
Other operating income	49	199	-75.4%
Other operating expenses	-216	5	
<b>GROSS MARGIN</b>	<b>16,441</b>	<b>17,325</b>	<b>-5.1%</b>
Administrative expenses:	-11,035	-10,343	6.7%
a) Personnel expenses	-6,533	-5,817	12.3%
b) Other administrative expenses	-4,502	-4,526	-0.5%
Depreciation and amortisation	-1,229	-1,076	14.2%
Provision expenses (net)	0	0	-
Impairment losses on financial assets (net)	-50	-248	-79.8%
<b>OPERATING PROFIT</b>	<b>4,127</b>	<b>5,658</b>	<b>-27.1%</b>
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	0	0	-
<b>PROFIT BEFORE TAX</b>	<b>4,127</b>	<b>5,658</b>	<b>-27.1%</b>
Tax on profit	-1,108	-1,727	-35.8%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>3,019</b>	<b>3,931</b>	<b>-23.2%</b>
a) Profit attributed to the parent			-
b) Profit attributed to minority interests			-

Thousand of euros







Renta 4 has achieved in the second quarter 2016 a net profit of 3.0 million Euros versus 2.5 million Euros obtained in the same period last year. This represents an increase of 20.4%

Gross commissions during the second quarter 2016 (commissions received plus company results based on participation method and other products from operations) have dropped by 2.3% to 27.8 million Euros versus 28.45 million Euros in the same period last year.

Asset Management commissions obtained during the second quarter 2016 are noteworthy with an increase of 3.3% to 12.51 million Euros versus 12.11 reached in the same period last year.

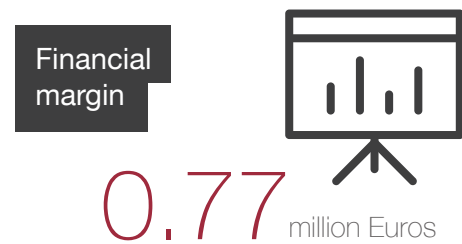
With respect to the amount of gross commissions generated in the securities trading division, these have dropped by 7.7% reaching 12.97 million Euros versus 14.05 million Euros in the same period last year. In this division the trading of international derivatives has increased by 39.4% during the second quarter of 2016.

Corporate services commissions during the second quarter 2016 have increased by 1.4% to 2.31 million Euros versus 2.28 million Euros obtained in the same period last year.

In terms of net commissions (gross commissions minus paid commissions) these have suffered a drop of 10.4% totaling 13.57 million Euros versus 15.14 million Euros in the second quarter 2015.

Total commissions generated during the second quarter 2016 by Banco Madrid have been 0.6 million Euros.

Financial margin has dropped by 3.1% to 0.77 million Euros versus 0.74 million Euros obtained in the second quarter 2015. This has been achieved despite a prolonged fall in interest rates worldwide during the quarter.



The result from financial operations during the second quarter 2016 has increased by 54.4% to 1.4 million Euros versus 0.91 million Euros in the same period last year

On the costs side, operating costs during the second quarter 2016 (general costs, staff costs, other operational costs and amortizations) have totaled 12.5 million Euros. This represents an increase of 9.3% over the same period last year.

Staff costs during the second quarter 2016 have increased by 12.3% totaling 6.53 million Euros.

Administrative costs during the second quarter 2016, general costs and staff costs, have dropped by 0.5% to 4.50 million Euros versus 4.52 in the same period last year. This has been possible due to the cost saving plans implemented during quarter.

Amortization costs have increased by 14.2% to 1.229 million Euros during the second quarter 2016.

Pre- tax profit for the second quarter 2016 has dropped by 27.1% (30.7% in the first quarter 2016) to 4.12 million Euros versus 5.66 million Euros in the same period last year.



## Economic and Financial Outlook.



Renta 4 Banco maintains as its objective to achieve a Return on Capital (RoE) above 16% and a capital ratio CET Fully Loaded of at least 17%.

Our forecast for the second semester of the year allows us to reach such targets, maintaining at the same time an adequate dividend yield for our shareholders.

Although economic activity is still weak and demanding, we expect a bettering of conditions in the remaining part of the year. This should translate in improved earnings in the different business areas in which Renta 4 is present and in which some light has already appeared during the second quarter 2016.

In particular, we expect better trading volumes in markets worldwide and sustained increase in fees from our asset management division and corporate deals.

The above, together with the already implanted cost saving plans, make us believe in an improvement across all lines of business and hence a progressive increase in profits during the second part of the year.

In an scenario full of challenges for the financial sector, Renta 4 Banco continues to grow and to develop its own differentiated business model. Our model is based upon rigorous risk controls methods plus a constant monitoring of operative costs together with a constant increase in client's assets from our proprietary network, especially assets under management.

Return on Capital (RoE)

▲ 16%

CET Fully Loaded

▲ 17%





ASSETS	06/30/2016	12/31/2015
		<i>Thousand of euros</i>
1. Cash and balances with central banks	16,766	6,432
2. Financial assets held for trading	4,238	926
3. Other financial assets at fair value through profit or loss		
4. Available-for-sale financial assets	592,646	495,249
5. Debt securities	496,936	511,040
6. Held -to-maturity investments		
8. Hedging derivatives		
9. Non-current assets held for sale		
10. Investments	371	421
a) Associates	371	421
b) Jointly controlled entities		
11. Insurance contracts linked to pensions		
12. Reinsurance assets		
13. Property and equipment:	40,802	40,133
a) For own use	36,785	36,051
b) Investment properties	4,017	4,082
14. Intangible assets:	17,308	17,545
a) Goodwill	15,291	15,291
b) Otro intangible assets	2,017	2,254
15. Tax assets	2,823	2,859
a) Current	18	0
b) Deferred	2,805	2,859
16. Other assets	1,500	751
<b>TOTAL ASSETS</b>	<b>1,173,390</b>	<b>1,075,356</b>



## TOTAL EQUITY AND LIABILITIES

06/30/2016

12/31/2015

Thousand of euros

<b>TOTAL LIABILITIES</b>	<b>1,086,862</b>	<b>993,261</b>
1. Financial liabilities held for trading	226	266
2. Other financial liabilities at fair value through profit or loss		
3. Financial liabilities at amortized cost	1,080,058	986,275
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	200	200
9. Tax liabilities	5,731	4,511
a) Current	4,294	3,120
b) Deferred	1,437	1,391
11. Other liabilities	647	2,009
12. Cash		
<b>EQUITY</b>	<b>86,528</b>	<b>82,095</b>
<b>OWN FUNDS</b>	<b>86,750</b>	<b>82,816</b>
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	54,782	47,769
4. Other equity instruments	0	0
5. Less: Treasury shares	365	-334
6. Profit (loss) attributable to the parent	5,525	14,019
7. Less: Dividends and remuneration	0	-5,446
<b>VALUATION ADJUSTMENTS</b>	<b>-270</b>	<b>-768</b>
1. Available-for-sale financial assets	111	-353
2. Cash flow hedges		
3. Hedges in net investments in foreign operations		
4. Exchange differences	-381	-415
5. Non-current assets held for sale		
6. Companies accounted using the equity method		
7. Other valuation adjustments		
<b>TOTAL EQUITY ATTRIBUTABLE TO THE PARENT</b>	<b>86,480</b>	<b>82,048</b>
<b>MINORITY INTERESTS</b>	<b>48</b>	<b>47</b>
1. Valuation adjustments	0	0
2. Others	48	47
<b>TOTAL EQUITY AND LIABILITY</b>	<b>1,173,390</b>	<b>1,075,356</b>



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