

# 2017

THIRD QUARTER  
RESULTS

renta4banco

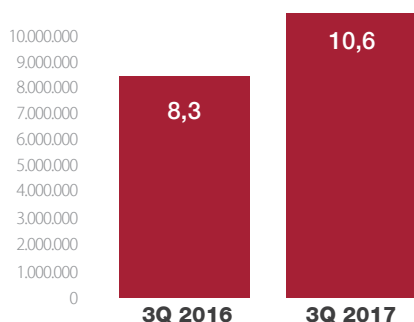
## Highlights

Renta 4 Banco has reached during the first nine months of 2017 a Net Profit attributed to the Group of 10.6 million Euros versus 8.3 million Euros in the same period last year. This represents an increase of 27.3%.

The Bank's Capital Ratio CET1 Fully Loaded stands at 16.2% comfortably above current regulatory requirements and amongst the highest in the sector.

The Bank's return on equity, ROE, is circa 17.1% again well above the sector average.

**NET PROFIT (3q 2017 Vs 3q 2016)**  
(Thousand euros)



**Proprietary network assets: 10.585 millions euros**

▲ **38,0%** versus same period last year

**Assets under management: 9.057 millions euros**

▲ **27,1%** versus same period last year

During the first nine months of 2017 we continue to experience a strong and constant growth in clients assets and assets under management.

During the period, assets in our proprietary network have increased by 38.0% reaching a total of 10,585 million Euros. Assets under management have increased by 27.1% reaching a total of 9,057 million Euros.

Net inflows over the period in our proprietary network have reached 860 million Euros.

Net commissions plus exchange differences have increased by 9.6% reaching a total of 48.4 million Euros.

The Board of Director approved at their Board Meeting held on 31 October 2017 to pay in cash an interim dividend of 0.20 euros per share. The dividend will be paid on the 13th November 2017. All shareholders as of the 8th November 2017 will be entitled to it.



## Operating Data

OPERATIONAL DATA	3Q 2017	3Q 2016	%
<b>Number of Clients</b>	<b>474,035</b>	<b>416,608</b>	<b>13.8%</b>
of Proprietary Network	73,259	67,564	8.4%
of Third Party Network	400,776	349,044	14.8%
<b>Total Assets (million Euros)</b>	<b>19,251</b>	<b>14,589</b>	<b>32.0%</b>
Equities	8,789	6,487	35.5%
Investment Funds (proprietary and third party)	4,824	3,705	30.2%
Pension Funds	3,118	2,543	22.6%
SICAVs	1,115	877	27.1%
Others	1,405	977	43.8%
<b>Assets Proprietary Network (million Euros)</b>	<b>10,585</b>	<b>7,673</b>	<b>38.0%</b>
<b>Assets Third Party Network (million Euros)</b>	<b>8,666</b>	<b>6,916</b>	<b>25.3%</b>
<b>Total Assets Temporary of Banco Madrid (million Euros)</b>	<b>0</b>	<b>1,203</b>	

FINANCIAL INDICATORS ( THOUSAND EUROS)	3Q 2017	3Q 2016	%
Fee and commission income	96,733	88,143	9.7%
Fee and commission expenses	-50,364	-45,510	10.7%
Net Commissions Received	46,369	42,633	8.8%
Exchange differences (net)	2,022	1,531	32.1%
Net Commissions Received + Exchange differences	48,391	44,164	9.6%
Financial Margin	2,373	2,306	2.9%
Result of Financial Operations	5,471	3,497	56.4%
Cost of Operation	41,576	38,252	8.7%
Profit from Operating Activities	15,144	11,973	26.5%
<b>Net Profit</b>	<b>10,426</b>	<b>8,329</b>	<b>25.2%</b>
EPS	0.26	0.20	25.2%

## Operating Data

EMPLOYEES (PERIOD AVERAGE)	3Q 2017	3Q 2016	%
Employees (period average)	465	438	6.2%
Branch Network (Latam)	245 (44)	228 (34)	7.5%
Central services	220	210	4.8%
Number of Offices	65	64	1.6%

SHARE	3Q 2017	3Q 2016	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	5.93	5.95	-0.3%
Capitalisation (€)	241,310,693	242,124,557	-0.3%
Number of Shares Issued	40,693,203	40,693,203	

## Operating Data

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Total clients assets under management and administration reached 19,251 million Euros, this means an increase of 32.0% versus the third quarter of 2016. Since December 2016 they have increased by 24.7%

During the first nine months 2017 assets within the proprietary network have reached 10,585 million Euros. Our third party network stands at 8,666 million Euros.

Assets within our proprietary network have increased by 33.6% during the period. During the last twelve months it has increased by 38%. This translates to an increase of 2,912 million Euros.

Asset under management (Investment Funds, Sicavs and Pension Funds) reached 9,057 million Euros. This represents an increase of 27.1% over the same period last year.

Assets in investment funds managed and distributed by Renta 4 have reached 4,824 million Euros versus 3,705 in the same period last year. This represents an increase of 30.2%.

Assets in investment funds managed by Renta 4 Asset Management reached 3,571 million Euros. This represents an increase of 32.6% over the same period last year.

Assets in third party investment fund distributed by Renta 4 have reached 1,253 million Euros. This means an increase of 23.9%

Assets in Sicavs under management have reached 1,115 million Euros. This represents an increase of 27.1% over the same period last year.

Pension Funds' assets under management have increased by 22.6% totaling 3,118 million Euros during the period.

Net asset inflows during the period have increased by 1,521 million Euros. The proprietary network channeled 860 million Euros and the third party network 661 million Euros.

The number of new clients continues to increase. Total number of clients have reached 474,035. The proprietary network accounts for 73,259 clients and the third party network accounts for 400,776.

## Third Quarter: January-September Consolidated Results 2017

PROFIT AND LOSS	30/09/2017	30/09/2016	%
<i>Thousand of euros</i>			
Interest and similar income	2,819	2,623	7.5%
Interest expense and similar charges	-446	-317	40.7%
<b>Net Interest Income</b>	<b>2,373</b>	<b>2,306</b>	<b>2.9%</b>
Return on equity instruments	249	198	25.8%
Profit (loss) of entities accounted for using the equity method	0	-105	-
Fee and commission income	96,733	88,143	9.7%
Fee and commission expenses	-50,364	-45,510	10.7%
Gains or losses on financial assets and liabilities (net)	5,471	3,497	56.4%
Exchange differences (net)	2,022	1,531	32.1%
Other operating income	320	143	123.8%
Other operating expenses	-2,217	-1,332	66.4%
<b>Gross Margin</b>	<b>54,587</b>	<b>48,871</b>	<b>11.7%</b>
Administrative expenses:	-35,654	-33,304	7.1%
a) Personnel expenses	-22,365	-19,122	17.0%
b) Other administrative expenses	-13,289	-14,182	-6.3%
Depreciation and amortisation	-3,705	-3,616	2.5%
Provision expenses (net)	0	0	-
Impairment losses on financial assets (net)	-84	22	-
<b>Operating Profit</b>	<b>15,144</b>	<b>11,973</b>	<b>26.5%</b>
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	720	0	-
<b>Profit Before tax</b>	<b>15,864</b>	<b>11,973</b>	<b>32.5%</b>
Tax on profit	-5,438	-3,644	49.2%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>10,426</b>	<b>8,329</b>	<b>25.2%</b>
Profit attributed to minority interests	-172	1	-
Profit attributed to the parent	10,598	8,328	27.3%

## Consolidated Results 2017

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Net Profit attributed to the Group has reached 10.6 million Euros during the third quarter 2017. This represents an increase of 27.3% versus the same period last year.

Gross Commissions have increased by 10.1% to a total of 97.1 million Euros versus 88.2 million Euros in the same period last year.

Asset management commissions have increased by 11.3% to 46.3 million Euros versus the same period last year.

Broking commissions (gross) have increased by 7.1% reaching 41.6 million Euros versus 38.8 million Euros achieved in the same period last year. Trading in international fixed income products has increased by 30.8%

Corporate services commissions have increased by 18% to 9.1 million Euros.

Net commissions have increased by 8.8% totaling 46.4 million Euros versus 42.6 million Euros achieved in the same period last year.

Interest margin has increased by 2.9% to 2.4 million Euros versus 2.3 million in the same period last year.

Result from Financial Operations has increased by 56.4% to 5.5 million Euros versus 3.5 million in the same period last year.

Operating costs (general costs, staff costs, other operational costs and amortizations) have totaled 41.6 million Euros. This represents an increase of 8.7% over the same period last year.

Personnel costs have increased by 17.0% to 22.4 million Euros. General administrative costs have reached 13.3 million Euros versus 14.2 million Euros in the same period last year. They have dropped by 6.3% due to the cost control measures implemented during 2016.

Profit before tax has reached 15.9 million Euros versus 12 million Euros in the same period last year. This represents an increase of 32.5%

## Consolidated Results 2017

ASSETS	3Q 2017	3Q 2016	%
<i>Thousand of euros</i>			
Interest and similar income	990	774	27.9%
Interest expense and similar charges	-155	-75	106.7%
<b>Net Interest Income</b>	<b>835</b>	<b>699</b>	<b>19.5%</b>
Return on equity instruments	81	80	1.3%
Profit (loss) of entities accounted for using the equity method	0	-24	-
Fee and commission income	30,347	28,349	7.0%
Fee and commission expenses	-15,541	-14,484	7.3%
Gains or losses on financial assets and liabilities (net)	1,314	1,138	15.5%
Exchange differences (net)	705	817	-13.7%
Other operating income	30	45	-33.3%
Other operating expenses	-645	-425	51.8%
<b>Gross Margin</b>	<b>17,126</b>	<b>16,195</b>	<b>5.7%</b>
Administrative expenses:	-11,459	-10,959	4.6%
a) Personnel expenses	-7,241	-6,636	9.1%
b) Other administrative expenses	-4,218	-4,323	-2.4%
Depreciation and amortisation	-1,205	-1,212	-0.6%
Provision expenses (net)	0	0	-
Impairment losses on financial assets (net)	1	97	-99%
<b>Operating Profit</b>	<b>4,463</b>	<b>4,121</b>	<b>37.1%</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>4,463</b>	<b>4,121</b>	<b>8.3%</b>
Tax on profit	-1,270	-1,318	-3.6%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>3,193</b>	<b>2,803</b>	<b>13.9%</b>
Profit attributed to minority interests	-60	0	
Profit attributed to the parent	3,253	2,803	16.1%



## Third Quarter (July-September) Consolidated Results 2017

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Renta 4 Banco has achieved in the third quarter 2017 a Net Profit of 3.2 million Euros versus 2.8 million Euros in the same period 2016. This represents an increase of 13.9%.

Gross commissions during the quarter (commissions received plus company results based on participation method and other products from operations) have increased by 7.1% to a total of 30.4 million Euro versus 28.4 million Euros achieved in the same period last year.

Asset management revenues have performed strongly and have increased by 19.5% to 16.1 million Euros versus 13.5 million in the same period last year.

Gross commissions on the broking activity have dropped by 5.4% reaching a total of 11.2 million Euros during the period versus 11.8 million Euros in 2016. This drop is mainly due to a smaller volume traded in derivatives contracts.

Corporate Services commissions have increased 0.6% to 3.1 million Euros.

Net commissions have increased by 6.8% to 14.8 million Euros during the quarter versus the same period last year.

Financial margin has increased by 15.5% to 1.3 million Euros versus 1.1 million Euros in the same period last year.

Operating costs (general costs, staff costs, other operating costs plus amortizations) have increased by 5.7% to 13.3 million Euros versus the same period last year.

Staff costs have increased by 9.1% to 7,241 million Euros. General administrative costs have dropped by 2.4% to 4,218 million Euros versus 4,323 million Euros in the same period last year.

## Economic and Financial outlook

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Third quarter result for the year 2017 and in particular the positive trend in the increase in assets within our proprietary network confirm the capacity of Renta 4 Banco to achieve a constant level of growth in the forthcoming quarters.

Under a scenario of constant challenges, accentuated by the digital transformation and regulatory requirements, Renta 4 Banco continues to strive on a model based upon client relationship management and innovation as a base for a high added value proposition to savers.

In the same way we pursue our goal of profitable growth, a high solvency ratio and a strong return on capital which may allow us to progressively increase the dividend yield to shareholders.



## Consolidated Balance Sheet

ASSETS	30/09/2017	31/12/2016
1. Cash and balances with central banks	9,085	10,972
2. Financial assets held for trading	6,177	7,379
3. Other financial assets at fair value through profit or loss		
4. Available-for-sale financial assets	595,573	565,528
5. Debt securities	508,818	549,205
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	0	286
a) Associates	0	286
b) Jointly controlled entities		
11. Insurance contracts linked to pensions		
12. Reinsurance assets		
13. Property and equipment:	40,070	40,490
a) For own use	36,214	36,538
b) Investment properties	3,856	3,952
14. Intangible assets	17,413	17,567
a) Goodwill	15,291	15,291
b) Otro intangible assets	2,122	2,276
15. Tax assets	1,227	2,975
a) Current	0	0
b) Deferred	1,227	2,975
16. Other assets	962	716
<b>TOTAL ASSETS</b>	<b>1,179,325</b>	<b>1,195,118</b>

## Consolidated Balance Sheet

TOTAL EQUITY AND LIABILITIES 30/09/2017 31/12/2016

Thousand of euros

	30/09/2017	31/12/2016
<b>TOTAL LIABILITIES</b>	<b>1,080,898</b>	<b>1,104,612</b>
1. Financial liabilities held for trading	177	4,205
2. Other financial liabilities at fair value through profit or loss		
3. Financial liabilities at amortized cost	1,050,280	1,092,883
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	500	700
9. Tax liabilities	6,150	4,533
a) Current	3,897	3,077
b) Deferred	2,253	1,456
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)		
11. Other liabilities	3,471	2,291
12. Cash		
<b>EQUITY</b>	<b>98,427</b>	<b>90,506</b>
<b>OWN FUNDS</b>	<b>95,732</b>	<b>89,100</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	58,920	54,782
4. Other equity instruments	0	0
5. Less: Treasury shares	594	370
6. Profit (loss) attributable to the parent	10,598	12,045
7. Less: Dividends and remuneration	0	-4,165

## Consolidated Balance Sheet

TOTAL EQUITY AND LIABILITIES 30/09/2017 31/12/2016

*Thousand of euros*

	30/09/2017	31/12/2016
<b>VALUATION ADJUSTMENTS</b>	<b>1,924</b>	<b>381</b>
1. Available-for-sale financial assets	2,459	377
2. Cash flow hedges		
3. Hedges in net investments in foreign operations		
4. Exchange differences	-535	4
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>97,656</b>	<b>89,481</b>
<b>MINORITY INTERESTS</b>	<b>771</b>	<b>1,025</b>
1. Valuation adjustments	0	0
2. Others	771	1,025
<b>TOTAL EQUITY AND LIABILITY</b>	<b>1,179,325</b>	<b>1,195,118</b>

**JOSÉ IGNACIO MÁRQUEZ POMBO**  
**Director de Relación con Inversores**

Tel.: +34 913 848 500 | Fax: +34 610 894 343  
jmarquez@renta4.es | www.renta4.com

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

