

# 2019

FIRST QUARTER  
RESULTS

renta4banco

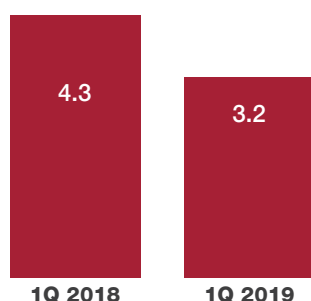
## Highlights

Renta 4 Banco achieved during the first quarter 2019 a Net Profit attributed to the Group of 3.2 million Euros versus 4.3 million Euros in the same period last year. This means a drop of 26.2%.

The Bank's Capital Ratio CET1 Fully Loaded stands at 16.71% comfortably above current regulatory requirements.

Return on Equity (ROE) reaches 16.61%, well above the sector average.

**NET PROFIT (1Q 2018 Vs 1Q 2019)**  
(Thousand euros)



**Proprietary network assets: 11,575 millions euros**

▲ **1.8%** versus same period last year

**Assets under management: 9,765 millions euros**

▼ **1.6%** versus same period last year

Despite the positive trend in world markets over the quarter, revenues have been penalized by low trading volumes, scarce primary issues and by the negative flow generated by the poor behavior of markets during the last quarter of 2018. Hence investors have increased liquidity or have shifted to fixed income products with low returns and margin.

Furthermore, negative nominal interest rates maintained by ECB have penalized increasing liquidity in our balance sheet.

- ▶ Assets in our proprietary network have increased 1.8% reaching a total of 11,575 million Euros. Client's assets under management have decreased by 1.6% to a total of 9,765 million Euros.
- ▶ Net commissions, including exchange differences, have dropped by 9.8% to 17 million Euros.
- ▶ The result in financial operations and financial margin have compensated to a certain degree the drop in net commissions. Gross margin of activity has reached 19.6 million Euros. This represents a drop of 2.0%
- ▶ Operating profit, excluding extraordinary items, reached 4.6 million Euros. This represents a drop of 23.4%.

At the AGM, to take place on 29 April 2019, the Board of Directors will propose the approval of a complementary dividend of 0.08 Euros per share in cash. Together with the dividend paid last November 2018, the total dividend for 2018 reaches 0.30. Euros per share in cash during 2018, and at the same time allows for the strengthening of our capital base.

## Main Variables

OPERATIONAL DATA	1Q 2,019	1Q 2,018	%
Number of Clients Of Proprietary Network	81,521	78,078	4.4%
Total Assets (million Euros)	20,865	20,673	0.9%
Equities	8,724	9,380	-7.0%
Investment Funds (proprietary and third party)	4,966	5,324	-6.7%
Pension Funds	3,689	3,417	8.0%
SICAVs	1,110	1,178	-5.8%
Others	2,376	1,374	72.9%
Assets Proprietary Network (million Euros)	11,575	11,367	1.8%
Assets Third Party Network (million Euros)	9,290	9,306	-0.2%

FINANCIAL INDICATORS (THOUSAND EUROS)	1Q 2,019	1Q 2,018	%
Fee and commission income	31,769	36,434	-12.8%
Fee and commission expenses	-15,799	-18,729	-15.6%
Net Commissions Received	15,970	17,705	-9.8%
Exchange differences (net)	1,001	1,112	-10.0%
Net Commissions Received + Exchange differences	16,971	18,817	-9.8%
Financial Margin	707	627	12.8%
Result of Financial Operations	2,534	1,162	118.1%
Cost of Operation (Administrative expenses + Other operating expenses)	-15,615	-14,672	6.4%
Profit from Operating Activities	4,599	6,002	-23.4%
Net Profit	3,114	4,250	-26.7%
Profit attributed to minority interests	-77	-76	1.3%
Profit attributed to the parent	3,191	4,326	-26.2%
EPS	0.08	0.11	-26.2%

## Main Variables

### EMPLOYEES (period average)

	1Q 2,019	1Q 2,018	%
Employees (period average)	509	485	4.9%
Branch Network (Latam)	266 (50)	252(46)	5.6%
Central services	243	233	4.3%
Number of Offices	66	65	1.5%

### SHARE

	1Q 2,019	1Q 2,018	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	7.66	6.90	11.0%
Capitalisation (€)	326,422,014	294,035,496	11.0%
Number of Shares Issued	40,693,203	40,693,203	

## Operating Data

Total clients assets under management and administration reached 20,865 million Euros. This means a drop of 0.9% during the period. The proprietary network accounts for 11,575 million Euros and the third party network accounts for 9,290 million Euros.

Assets from the proprietary network have increased by 1.8% during the last twelve months. This means an increase of 448 million Euros in absolute terms.

Asset under management (Investment Funds, Sicavs and Pension Funds) reached 9,765 million Euros. This represents a drop 1.6%.

Assets in investment funds managed and distributed by Renta 4 have reached 3,495 million Euros. This represents a drop of 12.1%

Assets in third party investment fund distributed by Renta 4 have reached 1,471 million Euros. This means an increase of 9%.

Assets in Sicavs under management have reached 1,110 million Euros. This represents a drop 5.8%.

Assets under management in Pension Funds have increased during the period by 8% reaching 3,689 million Euros.

Net asset inflows during the last twelve months have reached 210 million Euros. This includes the negative inflow figure of 306 during the first quarter of 2019 due to the Banks policy of maintaining the lowest possible cash in accounts without being invested.

The number of clients continues to increase. The proprietary network increased its client base by 4.4% to 81,521 versus 78,078 during the same period last year.

## Consolidated Profit and Loss Account (January- March)

Profit and Loss	31/03/2019	31/03/2018	%
Thousand of euros			
Interest and similar income	1,394	924	50.9%
Interest expense and similar charges	-687	-297	131.3%
<b>NET INTEREST INCOME</b>	<b>707</b>	<b>627</b>	<b>12.8%</b>
Return on equity instruments	0	4	-
Profit (loss) of entities accounted for using the equity method	0	0	-
Fee and commission income	31,769	36,434	-12.8%
Fee and commission expenses	-15,799	-18,729	-15.6%
Gains or losses on financial assets and liabilities (net)	2,534	1,162	118.1%
Exchange differences (net)	1,001	1,112	-10.0%
Other operating income	51	58	-12.1%
Other operating expenses	-669	-668	0.1%
<b>GROSS MARGIN</b>	<b>19,594</b>	<b>20,000</b>	<b>-2.0%</b>
Administrative expenses and depreciation:	-12,905	-12,744	1.3%
a) Personnel expenses	-8,087	-8,068	0.2%
b) Other administrative expenses	-4,818	-4,676	3.0%
Depreciation and amortisation	-2,041	-1,260	62.0%
Provision expenses (net)	2	0	-
Impairment losses on financial assets (net)	-51	6	-
<b>OPERATING PROFIT</b>	<b>4,599</b>	<b>6,002</b>	<b>-23.4%</b>
Loss by deterioration rest of assets (net)			
Gains of susp. assets not clasif. for sale	0	0	-
<b>PROFIT BEFORE TAX</b>	<b>4,599</b>	<b>6,002</b>	<b>-23.4%</b>
Tax on profit	-1,485	-1,752	-15.2%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>3,114</b>	<b>4,250</b>	<b>-26.7%</b>
a) Profit attributed to the parent	3,191	4,326	-26.2%
b) Profit attributed to minority interests	-77	-76	1.3%

## Profits and main variables of income and costs

Net Profit attributed to the Group during the first quarter 2019 has reached 3.2 million Euros. This represents drop of 26.2% versus the same period last year.

Gross Commissions (commissions received, result of companies via equity method and other operating products) have dropped by 12.8% to 31.8 million Euros versus 36.5 million Euros in the same period last year.

Asset management commissions have dropped by 7.6% to 16.7 million Euros versus the same period last year.

Broking commissions (gross) have dropped by 19.3% reaching 12 million Euros.

Corporate services commissions have dropped by 12.1% to 3.1million Euros.

Net commissions (gross commissions mines paid commissions) have dropped by 9.8% totaling 16 million Euros versus 17.7 million Euros achieved in the same period last year.

Interest margin has increased 12.8% to 0.7 million Euros versus 0.6 million Euros the same period last year.

Result from Financial Operations has increased by 118.1% reaching 2.5 million Euros versus 1.2 million in the same period last year

Gross margin has reached 16.6 million euros versus 20.0 during the same period last year. The increase in financial margin and the result in financial operations have been able to compensate the drop experienced in commissions.

Operating costs (general costs, staff costs, other operational costs and amortizations) have totaled 15.6 million Euros. This represents an increase of 6.4% over the same period last year. The increase in costs is mainly due to the implementation of our digital transformation and to costs associated with our offices in Chile, Peru and Colombia.

Personnel costs have increased by 0.2% to 8.1 million Euros. General administrative costs have reached 4.8 million Euros versus 4.7 million Euros in the same period last year. These have increased by 3%.

Amortizations have increased by 62% versus the same quarter last year. This is mainly due to the accounting effect of the new regulatory requirements, NIFF16, which came into force as from the first of January 2019.

Profit before tax has reached 4.6 million Euros versus 6 million Euros during the same period last year. This represents a drop of 23.4%.

## Economic and Financial outlook

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Low market volumes and little activity in primary issues together with the flight by investors to liquidity or assets with low margins have made first quarter results of 2019 weaker than those of the previous year.

An increase in costs associated to our digital transformation together with those linked to our branches in Chile, Colombia and Peru have dented profits during the first quarter 2019. The benefits of these costs will bear fruits in the near future.



As the year progresses our estimates will improve both in comparative and absolute terms. We base this assertion in the increase in the number of clients that has taken place during the quarter, the probable increase in primary issues due to the strong performance of markets during the quarter, the increase of product range and services already introduced, specially alternative products, and the improvement of Chile, Peru and Colombia.

We maintain our goal of profitable growth based upon client's satisfaction, under any market context, and an adequate remuneration to our shareholders.



## Consolidated Balance Sheet

ASSETS	31/03/2019	31/12/2018
<i>Thousand of euros</i>		
1. Cash and balances with central banks	418,020	427,868
2. Financial assets held for trading	49,565	28,766
3. Other financial assets at fair value through profit or loss	-	-
4. Available-for-sale financial assets	828,520	718,020
5. Debt securities	399,994	108,853
6. Held -to-maturity investments	-	-
7. Hedging derivatives	-	-
8. Non-current assets held for sale	-	-
9. Investments	-	-
a) Associates	-	-
b) Jointly controlled entities	-	-
10. Insurance contracts linked to pensions	-	-
11. Reinsurance assets	-	-
12. Property and equipment:	61,766	40,951
a) For own use	58,103	37,257
b) Investment properties	3,663	3,694
13. Intangible assets:	18,636	18,292
a) Goodwill	15,289	15,291
b) Otro intangible assets	3,347	3,001
14. Tax assets	1,005	2,571
a) Current	59	1,551
b) Deferred	946	1,020
15. Other assets	1,599	948
<b>TOTAL ASSETS</b>	<b>1,779,105</b>	<b>1,346,269</b>

## Consolidated Balance Sheet

TOTAL EQUITY AND LIABILITIES	31/03/2019	31/12/2018
<i>Thousand of euros</i>		
<b>TOTAL LIABILITIES</b>	<b>1,680,873</b>	<b>1,249,268</b>
1. Financial liabilities held for trading	0	0
2. Other financial liabilities at fair value through profit or loss	-	-
3. Financial liabilities at amortized cost	1,670,538	1,240,172
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	461	463
9. Tax liabilities	5,976	4,836
a) Current	4,154	3,365
b) Deferred	1,822	1,471
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	-	-
11. Other liabilities	3,898	3,797
12. Cash	-	-
<b>EQUITY</b>	<b>98,232</b>	<b>97,001</b>
<b>OWN FUNDS</b>	<b>96,198</b>	<b>96,329</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	67,038	63,111
4. Other equity instruments	-	-
5. Less: Treasury shares	839	763
6. Profit (loss) attributable to the parent	3,191	16,095
7. Less: Dividends and remuneration	-	-8,922
<b>VALUATION ADJUSTMENTS</b>	<b>1,144</b>	<b>-13</b>
1. Available-for-sale financial assets	1,834	1,008
2. Cash flow hedges	-	-
3. Hedges in net investments in foreign operations	-	-
4. Exchange differences	-690	-1021
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>97,342</b>	<b>96,316</b>
<b>MINORITY INTERESTS</b>	<b>890</b>	<b>685</b>
<b>1. Valuation adjustments</b>	<b>-72</b>	<b>-61</b>
<b>2. Others</b>	<b>962</b>	<b>778</b>
<b>TOTAL EQUITY AND LIABILITY</b>	<b>1,779,105</b>	<b>1,346,269</b>

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