

2019

FOURTH QUARTER
RESULTS

renta4banco

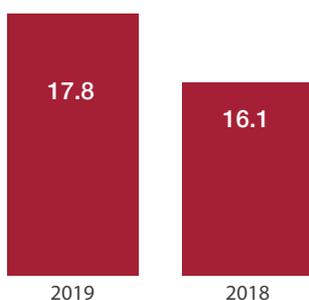
Highlights

Renta 4 Banco has achieved during 2019 a **Net Profit attributed to the Group of 17.8 million Euros** versus 16.1 million Euros obtained in 2018. This represents an **increase of 10.8%**. During the **4Q**, Renta Banco has achieved a Net Profit of 5.6 million Euros. This represents an increase of 38.7% over the same period last year.

The **Bank's Capital Ratio CET1 Fully Loaded** stands at **16.67%** comfortably above current regulatory requirements.

The **Bank's return on Capital (ROE)** stands at **19.14%**.

NET PROFIT ATTRIBUTED TO THE GROUP
(2019 Vs 2018)
(million Euros)



Net Profit attributed to the Group: 17.8 million Euros

▲ **10.8%** in the same period last year

Assets from the proprietary network: 10,546 million Euros

▲ **13%** in the same period last year

Results **during the year** have experienced two different stages. During the first half profits have suffered greater pressure due to the uncertainty in the direction of capital markets worldwide. In the **second half of the year profits improved as did market expectations**. Along the first six months of the year net profits for the Group reached 6.4 million euros while in the second half of the year they reached 11.4 million euros. Thus, they were 76% better than in the first half of 2019.

Two factors have contributed substantially in order to explain the difference in results of the **two semesters** of the year. One has been the increase during the second half of the year in the **results from financial operations** due to activity in the fixed income market. The second reason is the **success fees obtained at the end of the year** derived from the fund management activity during 2019.

Business activity throughout the year has described a similar pattern, it has improved as the year progressed. The rate of growth in **client's assets and assets under management** has increased during the latter part of the year.

Assets in our proprietary network have increased by 10.7% to 12,347 million euros. **Client's assets under management** have increased by 13% to 10,546 million euros.

Main Variables

Operational Data	4Q 2,019	4Q 2,018	%
Number of Clients Of Proprietary Network	84,227	81,144	3.8%
Total Assets (million Euros)	22,294	19,964	11.7%
Equities	9,244	8,922	3.6%
Investment Funds (proprietary and third party)	5,223	4,780	9.3%
Pension Funds	4,157	3,504	18.6%
SICAVs	1,166	1,045	11.6%
Others	2,504	1,713	46.2%
Assets Proprietary Network (million Euros)	12,347	11,153	10.7%
Assets Third Party Network (million Euros)	9,947	8,811	12.9%

Financial Indicators (thousand euros)	4Q 2,019	4Q 2,018	%
Fee and commission income	132,694	140,941	-5.9%
Fee and commission expenses	-64,437	-71,502	-9.9%
Net Commissions Received	68,257	69,439	-1.7%
Exchange differences (net)	4,059	4,789	-15.2%
Net Commissions Received + Exchange differences	72,316	74,228	-2.6%
Financial Margin	3,835	3,306	16.0%
Result of Financial Operations	14,495	2,612	454.9%
Cost of Operation (Administrative expenses + Other operating expenses)	-65,650	-58,946	11.4%
Profit from Operating Activities	24,780	22,015	12.6%
Net Profit	17,602	15,761	11.7%
Profit attributed to minority interests	-228	-334	-31.7%
Profit attributed to the parent	17,830	16,095	10.8%
EPS	0.44	0.40	10.8%

Main Variables

Employees (period average)	4Q 2,019	4Q 2,018	%
Employees (period average)	515	495	4.0%
Branch Network (Latam)	268(53)	256(46)	4.7%
Central services	247	239	3.3%
Number of Offices	66	66	0.0%

Share	4Q 2,019	4Q 2,018	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	7	7.84	-10.7%
Capitalisation (€)	284,852,421	319,034,712	-10.7%
Number of Shares Issued	40,693,203	40,693,203	

Operating Data

Total assets under management and custody, have reached **22,294 million Euros** at the close of 2019. **The proprietary network** has increased in 1,194 million Euros to a total of **12,347 million Euros**. This means an increase of 10.7% over the same period last year. The third party network has totaled 9,947 million Euros.

During 2019 total assets have increased by 2,330 million Euros. This represents an increase of 11.7%.

Assets under management (Investment Funds, Sicavs and Pension Funds) reached **10,546 million Euros**, an increase of 1,217 million Euros. This means an increase of 13% versus the same period last year.

Assets under management in **Investment Funds** have reached **3,438 million Euros**, in **Sicavs 1,166 million Euros** and in **Pension Funds 4,157 million Euros**. **Investments in third party funds** have increased by 36.6% to **1,785 million Euros**.

During the 4Q 2019, **net inflows in the proprietary network** have reached **150 million Euros**.

Total accounts in the proprietary network have reached **84,227** versus 81,144 in the same period last year.

Consolidated Profit and Loss Account 2019. (January to December)

Profit and Loss	31/12/2019	31/12/2019	%
<i>Thousand of euros</i>			
Interest and similar income	6,232	4,636	34.4%
Interest expense and similar charges	-2,397	-1,330	80.2%
NET INTEREST INCOME	3,835	3,306	16.0%
Return on equity instruments	320	368	-13.0%
Profit (loss) of entities accounted for using the equity method	120	0	-
Fee and commission income	132,347	140,679	-5.9%
Fee and commission expenses	-64,437	-71,502	-9.9%
Gains or losses on financial assets and liabilities (net)	14,495	2,612	454.9%
Exchange differences (net)	4,059	4,789	-15.2%
Other operating income	227	262	-13.4%
Other operating expenses	-2,460	-2,513	-2.1%
GROSS MARGIN	88,506	78,001	13.5%
Administrative expenses and depreciation:	-54,596	-51,199	6.6%
a) Personnel expenses	-35,834	-31,637	13.3%
b) Other administrative expenses	-18,762	-19,562	-4.1%
Depreciation and amortisation	-8,594	-5,234	64.2%
Provision expenses (net)	-220	-413	-46.7%
Impairment losses on financial assets (net)	-316	860	-
OPERATING PROFIT	24,780	22,015	12.6%
Loss by deterioration rest of assets (net)			
Gains of susp. assets not clasif. for sale	0	0	-
PROFIT BEFORE TAX	24,780	22,015	12.6%
Tax on profit	-7,178	-6,254	14.8%
CONSOLIDATED PROFIT FOR THE YEAR	17,602	15,761	11.7%
a) Profit attributed to the parent	17,830	16,095	10.8%
b) Profit attributed to minority interests	-228	-334	-31.7%

Profits and main areas of revenues and costs

Net Profit attributed to the Group for the year 2019 has **increased by 10.8% to 17.8 million Euros** versus the one reached in 2018.

During 2019 **Gross commissions** (commissions received plus company results based on participation method and other products from operations) **have dropped by 5.9% to 132.7 million Euros**. This drop is due to low market volumes specially those of equity markets which has resulted in a drop of broking commissions versus de same period last year. **Gross broking commissions have dropped 17.2% to 46.4 million Euros**. **During the second half of the year** the negative trend in gross commissions has been reverted, they have increased by 14.5% during the 4Q 2019.

Asset Management commissions have increased by 1.9% to 73 million Euros versus the same period last year.

Corporate services commissions have remained at similar levels as the previous year and they have reached **13.3 million Euros** during the period.

In terms of **net commissions** (gross commissions minus paid commissions) these have dropped by **1.7%** totaling **68.3 million Euros** versus 69.4 million Euros in the same period last year.

The drop in commissions has been compensated with the increase in **interest margin** which **has increased by 16% to 3.8 million Euros and from the result from financial operations** which has increased substantially to **14.5 million Euros** versus the 2.6 million Euros achieved in 2018.

Gross margin has increased by 13.5% to 88.5 million Euros million versus 78 million Euros in the same period last year.

On the costs side, **operating costs** during the period (general costs, staff costs, other operational costs and amortizations) **have increased by 11.4% to 65.7 million Euros**. The increase in operating costs are associated with investments in our digital transformation and costs related to our branches in **Chile, Peru and Colombia**.

Staff costs have increased by 13.3% to 35.8 million Euros. **General administrative costs have reached 18.8 million Euros** versus 19.6 million Euros in the same period last year. This means a drop 4.1% versus the same period last year.

Amortizations have increased by 64.2% versus the same semester last year in a mayor part due to the accounting effect of **NIIF 16** rule that came into force on 1st January 2019.

Operating profit has increased by 12.6% to 24.8 million Euros versus 22.0 million Euros over the same period last year.

Fourth Quarter Results 2019 (October to December)

Profit and Loss	2019 4Q	2018 4Q	%
			Thousand of euros
Interest and similar income	1,488	1,235	20.5%
Interest expense and similar charges	-588	-419	40.3%
NET INTEREST INCOME	900	816	10.3%
Return on equity instruments	120	120	0,0%
Profit (loss) of entities accounted for using the equity method	13	0	-
Fee and commission income	38,376	34,909	9.9%
Fee and commission expenses	-17,987	-17,101	5.2%
Gains or losses on financial assets and liabilities (net)	2,600	-445	-
Exchange differences (net)	988	1,361	-27.4%
Other operating income	86	92	-6.5%
Other operating expenses	-432	-563	-23.3%
GROSS MARGIN	24,664	19,189	28.5%
Administrative expenses:	-15,006	-12,768	17.5%
a) Personnel expenses	-10,755	-7,488	43.6%
b) Other administrative expenses	-4,251	-5,280	-19.5%
Depreciation and amortisation	-2,197	-1,377	59.5%
Provision expenses (net)	-23	-407	-94.3%
Impairment losses on financial assets (net)	46	131	-
OPERATING PROFIT	7,484	4,768	57.0%
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	0	0	-
PROFIT BEFORE TAX	7,484	4,768	57.0%
Tax on profit	-1,899	-812	133.9%
CONSOLIDATED PROFIT FOR THE YEAR	5,585	3,956	41.2%
a) Profit attributed to the parent	5,609	4,045	38.7%
b) Profit attributed to minority interests	-24	-89	-73.0%

Fourth Quarter Results 2019 (October to December)

Renta 4 has reached in the fourth quarter 2019 a **Net Profit attributed to the Group of 5.6 million Euros** versus 4.0 million Euros in the same period last year. This means an increase of 38.7%.

Net commissions have increased by **14.5% to 20.5 million Euros** versus the same quarter last year. Asset management commissions have increased by 50.6% to 10 million Euros during the quarter.

Interest margin has reached 0.9 million Euros, and the **result of financial operations** has reached 2.6 million Euros which together with the increase in commissions has meant that during the quarter **gross margin has increased by 28.5% to 24.7 million Euros** versus 19.2 million Euros in the same period last year.

On the costs side, **operating costs** (general costs, staff costs, other operational costs and amortizations) have totaled **17.6 million Euros**. This represents an increase of 19.9% over the same period last year.

Operating profit for the third quarter 2019 has increased by 57.0% reaching **7.5 million Euros versus** 4.8 million Euros in the same period last year

Economic and Financial Outlook

The scenario that we contemplate remains demanding not only due to the digital transformation already on course but above all the structural changes that are substantially altering the needs of our clients and the way in which we must service them.

Under a context of low interest rates and the disappearance of the so called risk free assets emerges the need of savers/investors to look for alternative investment ideas in which to maximize their capital. **The need of a guideline together with quality specialized management and proximity generates and opportunity for Renta 4's business model**, as a Bank specialized in investment. Nevertheless, at the same time this requires a permanent transformation and strengthening in the offer of our services to our clients, with the object of establishing a fluent and satisfactory working relation with them.



The **increase, yet for another year, of our client base, assets in our proprietary network plus assets under management** allow us to maintain a **positive projection**. The increase of our business lines such as alternative products and the positive results from our corporate division together with the improvement of our branches in **Luxemburg, Chile, Peru and Colombia** also contribute to our positive outlook for the future.

Our target **for 2020 is to continue to transform the Bank for the future**, maintaining high levels of return on capital (ROE) and strengthening the solvency and profitability ratios that we have and to allow for a **satisfactory remuneration to shareholders**.

Consolidated Balance Sheet

ASSETS	31/12/2019	31/12/2018
		<i>Thousand of euros</i>
1. Cash and balances with central banks	652,215	427,868
2. Financial assets held for trading	27,195	28,766
3. Other financial assets at fair value through profit or loss	-	-
4. Available-for-sale financial assets	850,419	718,020
5. Debt securities	153,998	108,853
6. Held -to-maturity investments	-	-
7. Hedging derivatives	-	-
8. Non-current assets held for sale	-	-
9. Investments	348	-
a) Associates	348	-
b) Jointly controlled entities	-	-
10. Insurance contracts linked to pensions	-	-
11. Reinsurance assets	-	-
12. Property and equipment:	62,153	40,951
a) For own use	58,579	37,257
b) Investment properties	3,574	3,694
13. Intangible assets:	18,513	18,292
a) Goodwill	15,291	15,291
b) Otro intangible assets	3,222	3,001
14. Tax assets	940	2,571
a) Current	0	1,551
b) Deferred	940	1,020
15. Other assets	1,157	948
TOTAL ASSETS	1,766,938	1,346,269

Consolidated Balance Sheet

TOTAL EQUITY AND LIABILITIES	31/12/2019	31/12/2018
	<i>Thousand of euros</i>	
TOTAL LIABILITIES	1,662,687	1,249,268
1. Financial liabilities held for trading	6	0
2. Other financial liabilities at fair value through profit or loss	-	-
3. Financial liabilities at amortized cost	1,650,096	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	492	463
9. Tax liabilities	6,490	4,836
a) Current	4,846	3,365
b) Deferred	1,644	1,471
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	-	-
11. Other liabilities	5,603	3,797
12. Cash	-	-
EQUITY	104,251	97,001
OWN FUNDS	102,994	96,329
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	67,074	63,111
4. Other equity instruments	-	-
5. Less: Treasury shares	601	763
6. Profit (loss) attributable to the parent	17,830	16,095
7. Less: Dividends and remuneration	-8,117	-8,922
VALUATION ADJUSTMENTS	337	-13
1. Available-for-sale financial assets	1,667	1,008
2. Cash flow hedges	-	-
3. Hedges in net investments in foreign operations	-	-
4. Exchange differences	-1,330	-1,021
5. Non-current assets held for sale	-	-
6. Companies accounted using the equity method	-	-
7. Other valuation adjustments	-	-
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	103,331	96,316
MINORITY INTERSTS	920	685
1. Valuation adjustments	-100	-61
2. Others	1,020	778
TOTAL EQUITY AND LIABILITY	1,766,938	1,346,269

JOSÉ IGNACIO MÁRQUEZ POMBO
Director Investor Relations

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

