

2017

FOURTH QUARTER
RESULTS

renta4banco

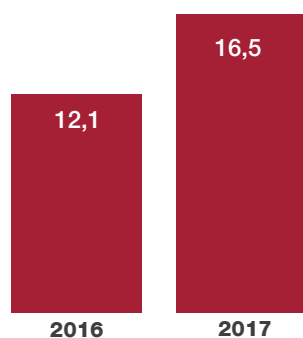
Highlights

Renta 4 Banco reached in 2017 a **Net Profit attributed to the Group of 16.5 million Euros** versus 12.1 million Euros achieved in the same period last year. This represents an increase of **36.2%**.

During the fourth quarter 2017 **Net Profit attributed to the Group reached 5.9 million Euros**. This is an increase of **55.7%** versus the same period last year.

The **Bank's Capital Ratio CET1 Fully Loaded** stands at **18.48%** comfortably above current regulatory requirements and amongst the highest in the sector.

NETPROFIT (2016 Vs 2017)
(mln Euros)



Proprietary network assets: 10,846 millions euros

▲ **36.9%** versus same period last year

Assets under management: 9,610 millions euros

▲ **26.6%** versus same period last year

The **Bank's return on equity, ROE**, stands at **19.40%** well above the sector average.

The business balance over the year has been positive. Assets under management and clients have increased considerably. Again another year we have been able to deliver constant growth together with a strong solvency and profitability ratios.

Assets in our proprietary network have increased by **36.9%** reaching a total of **10,846 million Euros**. **Assets under management** have increased by **26.6%** reaching a total of **9,610 million Euros**.

Net inflows over the period in our proprietary network have reached **1,022 million Euros**.

The Board of Director will propose at the Annual General Meeting of Shareholders, which will take place during the month of April 2018, a final cash **dividend of 0.1 Euros per share**. Together with the interim dividend of 0.20 Euros per share payed in November 2017, the dividend yield stands **above 4% at current market prices**.

Main Variables

OPERATIONAL DATA	4Q 2017	4Q 2016	%
Number of Clients	497,615	432,880	15.0%
of Proprietary Network	75,642	68,494	10.4%
of Third Party Network	421,973	364,386	15.8%
Total Assets (million Euros)	19,967	15,444	29.3%
Equities	8,789	6,843	28.4%
Investment Funds (proprietary and third party)	5,074	3,821	32.8%
Pension Funds	3,370	2,830	19.1%
SICAVs	1,166	938	24.3%
Others	1,568	1,012	54.9%
Assets Proprietary Network (million Euros)	10,846	7,923	36.9%
Assets Third Party Network (million Euros)	9,121	7,521	21.3%
Total Assets Temporary of Banco Madrid (million Euros)	0	1,261	-

FINANCIAL INDICATORS (THOUSAND EUROS)	4Q 2017	4Q 2016	%
<i>Thousand of euros</i>			
Fee and commission income	137,245	123,276	11.3%
Fee and commission expenses	-71,753	-62,620	14.6%
Net Commissions Received	65,492	60,656	8.0%
Exchange differences (net)	2,998	2,289	31.0%
Net Commissions Received + Exchange differences	68,490	62,945	8.8%
Financial Margin	3,037	3,044	-0.2%
Result of Financial Operations	7,765	4,176	85.9%
Cost of Operation	57,199	53,314	7.3%
Profit from Operating Activities	22,809	17,221	32.4%
Profit attributed to the parent	16,513	12,127	36.2%
Profit attributed to minority interests	-232	-82	182.9%
Net Profit	16,281	12,045	35.2%
EPS	0.40	0.30	35.2%

Main Variables

EMPLOYEES (AVERAGE DURING PERIOD)	4Q 2017	4Q 2016	%
Employees (Average during period)	465	444	4.7%
Branch Network (Latam)	244 (43)	232 (36)	5.2%
Central services	221	212	4.2%
Number of Offices	65	64	1.6%

SHARE	4Q 2017	4Q 2016	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	6.79	5.87	15.7%
Market Capitalisation (€)	282,446,999	244,177,303	15.7%
Number of Shares Issued	40,693,203	40,693,203	

Operating Data

Total clients assets under management and administration reached **19,967 million Euros**. This means an increase of **29.3%** during the year.

Assets within the proprietary network have reached **10,846 million Euros**. Our third party network stands at **9,121 million Euros**.

Assets within our proprietary network have increased by **36.9%** during the year. This translates to an increase of **2,923 million Euros**.

Asset under management (Investment Funds, Sicavs and Pension Funds) reached **9,610 million Euros**. This represents an increase of **26.6%** during the year.

Assets in investment funds managed and distributed by Renta 4 have reached **5,074 million Euros** versus **3,821** in the same period last year. This represents an increase of **32.8%**.

Assets in investment funds managed by Renta 4 Asset Management reached **3,758 million Euros**. This represents an increase of **33.9%** over the same period last year.

Assets in third party investment fund distributed by Renta 4 have reached **1,316 million Euros**. This means an increase of **29.7%**.

Assets in Sicavs under management have reached **1,166 million Euros**. This represents an increase of **24.3%** over the same period last year.

Assets under management in Pension Funds have increased during the period by **19.1%** reaching **3,370 million Euros**.

Net asset inflows during the period have increased by **2,078 million Euros**. The proprietary network channeled **1,022 million Euros**.

The number of clients continues to increase. The year closed with **497,615**. The proprietary network accounts for **75,642 clients** and the third party network accounts for **421,973**.

Fourth Quarter. (January-December)
Consolidated Results 2017

PROFIT AND LOSS	31/12/2017	31/12/2016	%
<i>Thousand of euros</i>			
Interest and similar income	3,737	3,466	7.8%
Interest expense and similar charges	-700	-422	65.9%
NET INTEREST INCOME	3,037	3,044	-0.2%
Return on equity instruments	371	319	16.3%
Profit (loss) of entities accounted for using the equity method	0	-178	-
Fee and commission income	137,245	123,276	11.3%
Fee and commission expenses	-71,753	-62,620	14.6%
Gains or losses on financial assets and liabilities (net)	7,765	4,176	85.9%
Exchange differences (net)	2,998	2,289	31.0%
Other operating income	453	198	128.8%
Other operating expenses	-2,869	-2,459	16.7%
GROSS MARGIN	77,247	68,045	13.5%
Administrative expenses:	-49,352	-45,993	7.3%
a) Personnel expenses	-31,168	-26,762	16.5%
b) Other administrative expenses	-18,184	-19,231	-5.4%
Depreciation and amortisation	-4,978	-4,862	2.4%
Provision expenses (net)	-128	-500	-74.4%
Impairment losses on financial assets (net)	20	531	96.2%
OPERATING PROFIT	22,809	17,221	32.4%
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	720	0	-
PROFIT BEFORE TAX	23,529	17,221	36.6%
Tax on profit	-7,248	-5,176	40.0%
CONSOLIDATED PROFIT FOR THE YEAR	16,281	12,045	35.2%
a) Profit attributed to the parent	16,513	12,127	36.2%
b) Profit attributed to minority interests	-232	-82	182.9%

Fourth Quarter. (January-December) Consolidated Results 2017

Net Profit attributed to the Group has reached **16.5 million Euros** in 2017. This represents an increase of **36.2%** versus the same period last year.

Gross Commissions have increased by **11.7%** to a total of **137.7 million Euros**.

Asset management commissions have increased by **17.5%** to **70.1 million Euros** versus the same period last year.

Broking commissions (gross) have increased by **4.2%** reaching **55.4 million Euros** versus 53.1 million Euros achieved in the same period last year. **Trading in international fixed** income products has increased by **38.1%** during the year.

Corporate services commissions have increased by **16.2%** to **12.2 million Euros**.

Net commissions have increased by **8.0%** totaling **65.5 million Euros** versus 60.7 million Euros achieved in the same period last year.

Interest margin has decreased by **0.2%** reaching **3.0 million Euros** versus the same period last year.

Result from Financial Operations has increased by **85.9%** to **7.8 million Euros** versus 4.2 million in the same period last year.

Operating costs (general costs, staff costs, other operational costs and amortizations) have totaled **57.2 million Euros**. This represents an increase of **7.3%** over the same period last year.

Personnel costs have increased by **16.5%** to **31.2 million Euros**. General administrative costs have reached **18.2 million Euros** versus 19.2 million Euros in the same period last year. **They have dropped by 5.4%** due to the cost control measures implemented together with the use of better technology installed during the year.

Profit before tax has reached **23.5 million Euros** versus 17.2 million Euros during the same period last year. This represents an increase of **36.6%**

Fourth Quarter. (October -December) Consolidated Results 2017

PROFIT AND LOSS	4Q 2017	4Q 2016	%
<i>Thousand of euros</i>			
Interest and similar income	918	843	8.9%
Interest expense and similar charges	-254	-105	141.9%
NET INTEREST INCOME	664	738	-10.0%
Return on equity instruments	122	121	0.8%
Profit (loss) of entities accounted for using the equity method	0	-73	-
Fee and commission income	40,512	35,133	15.3%
Fee and commission expenses	-21,389	-17,110	25.0%
Gains or losses on financial assets and liabilities (net)	2,294	679	237.8%
Exchange differences (net)	976	758	28.8%
Other operating income	133	55	141.8%
Other operating expenses	-652	-1,127	-42.1%
GROSS MARGIN	22,660	19,174	18.2%
Administrative expenses:	-13,698	-12,689	8.0%
a) Personnel expenses	-8,803	-7,640	15.2%
b) Other administrative expenses	-4,895	-5,049	-3.1%
Depreciation and amortisation	-1,273	-1,246	2.2%
Provision expenses (net)	-128	-500	-74.4%
Impairment losses on financial assets (net)	104	509	-79.6%
OPERATING PROFIT	7,665	5,248	46.1%
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	0	0	-
PROFIT BEFORE TAX	7,665	5,248	46.1%
Tax on profit	-1,810	-1,532	18.1%
CONSOLIDATED PROFIT FOR THE YEAR	5,855	3,716	57.6%
a) Profit attributed to the parent	5,915	3,799	55.7%
b) Profit attributed to minority interests	-60	-83	-27.7%

Fourth Quarter. October-December

Renta 4 Banco has achieved in the fourth quarter 2017 a **Net Profit** of **5.9 million Euros** versus 3.7 million Euros reached in the same period last year. This represents an increase of **57.6%**.

Gross commissions during the quarter (commissions received plus company results based on participation method and other products from operations) have increased by 15.7% to a total of **40.6 million Euro** versus 35.1 million Euros achieved in the same period last year.

Asset management commissions have performed strongly and have increased by **31.8%** to a total of **23.8 million Euros** versus 18.0 million Euros in the same period last year.

Gross commissions in the broking activity have dropped by 3.6% reaching a total of **13.8 million Euros** during the period versus 14.3 million Euros obtained in 2016. This drop is mainly due to a smaller volume traded in derivatives contracts.

Corporate Services commissions have increased 11.1% reaching **3.1 million Euros during the quarter**.

Net commissions have increased by 6.1% to **19.1 million Euros** during the quarter versus the same period last year.

Financial margin has increased by 237.8% to 2.3 million Euros versus 0.7 million Euros in the same period last year

Operating costs (general costs, staff costs, other operating costs plus amortizations) have increased by **3.7%** to 15.6 million Euros.

Staff costs have increased by 15.2% to **8.8 million Euros**. General administrative costs have dropped by 3.1% to 4.9 million Euros versus 5.1 million Euros during the same period last year.

Economic and Financial outlook

The increase in assets within our proprietary network, the growing weight of our asset management activity together with the increasing trend in new money inflows allow us to **remain positive** for 2018, thus confirming the business model of Renta 4 as a Bank specialized in investment services.

Renta 4 Banco pays special attention to **profitable growth**. Increasing business lines which provide recurrent income, such as asset management, with an adequate control on costs and risk adhered to the model, and maintaining **high levels of solvency, liquidity and profitability ratios**.

Technological evolution and the strong irruption of digital channels are key to improve the **efficiency** ratio both in order to improve the **quality** of service by integrating digital means within the branch network and the relation with clients, and in the scope of **efficiency** and cost control via the improvement in business processes

Our **target in 2018** is to pursue the goal of **profitable growth** thus reinforcing our already strong **solvency** ratio which will allow us to continue with a high **remuneration to shareholders**.



Consolidated Balance Sheet

ASSETS	31/12/2017	31/12/2016
<i>Thousand of euros</i>		
1. Cash and balances with central banks	398,333	397,952
2. Financial assets held for trading	2,232	7,379
3. Other financial assets at fair value through profit or loss		
4. Available-for-sale financial assets	598,393	565,528
5. Debt securities	162,423	162,225
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:	40,255	40,490
a) For own use	36,432	36,538
b) Investment properties	3,823	3,952
14. Intangible assets:	17,576	17,567
a) Goodwill	15,291	15,291
b) Otro intangible assets	2,285	2,276
15. Tax assets	1,818	2,975
a) Current	631	0
b) Deferred	1,187	2,975
16. Other assets	508	716
TOTAL ASSETS	1,221,538	1,195,118

Consolidated Balance Sheet

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

Thousand of euros

TOTAL LIABILITIES	1,126,536	1,104,612
1. Financial liabilities held for trading	213	4,205
2. Other financial liabilities at fair value through profit or loss		
3. Financial liabilities at amortized cost	1,116,247	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	628	700
9. Tax liabilities	4,677	4,533
a) Current	2,996	3,077
b) Deferred	1,681	1,456
10. Other liabilities	4,771	2,291
11. Cash		
EQUITY	95,002	90,506
OWN FUNDS	93,479	89,100
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	58,919	54,782
4. Other equity instruments	0	0
5. Less: Treasury shares	643	370
6. Profit (loss) attributable to the parent	16,513	12,045
7. Less: Dividends and remuneration	-8,118	-4,165
VALUATION ADJUSTMENTS	873	381
1. Available-for-sale financial assets	1,253	377
2. Cash flow hedges		
3. Hedges in net investments in foreign operations		
4. Exchange differences	-380	4
5. Non-current assets held for sale		
6. Companies accounted using the equity method		
7. Other valuation adjustments		
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	94,352	89,481
MINORITY INTERSTS	650	1,025
1. Valuation adjustments	-61	0
2. Others	711	1,025
TOTAL EQUITY AND LIABILITY	1,221,538	1,195,118

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