
ANNUAL REPORT

2014

Highlights

Renta 4 closed the business year 2014 with a **net profit of 13.7 million Euros**, exceeding by **+28%** the result of 2013. The accounts 2014 were drawn up adopting **the new international rule on financial levies imposed by governments (IFRIC 21 – in Spain CINIIF 21)** which is applicable to the entire financial sector. Thus, for comparison reasons, the annual accounts 2012/2013 were restated taking into consideration the change of accounting criteria derived from the aforementioned rule regarding both ordinary quota and extraordinary contributions to the “Fondo de Garantía de Depósitos” – deposit protection fund.

During 2014 all **business and operational numbers** were positive:

- ▶ **Assets under management or care** exceeded for the first time in company history the amount of **13,5 billion Euros** and grew by **29.7%**.
- ▶ **Assets originated from the proprietary network** reached **5,48 billion Euros** with **59.012 clients**. The **clients of the proprietary network make up for 88% of net commission income** earned in the period.
- ▶ The **assets derived from clients under management** (Investment Funds, Sicavs and Pension Funds) as of the end of 2014 reached **5.862 billion Euros**, growing by **40%** compared to end 2013.
- ▶ Special emphasis merits the satisfactory development of **net client asset inflow** during 2014 ascending to **2,03 billion Euros**, a year on year growth of **42,8%**.

- ▶ **Gross Commission Income** rose by **26,4%** YoY and reached **104.5 million Euros** and **net commissions** closed with an increase of **23,5%** compared to 2013 ending the year at **50,2 million Euros**.
- ▶ Outstanding is the growth in **asset management commissions** closing at **39,7 million Euros** vs. the **27,9 million** of 2013, an **increase of 42,2%**.
- ▶ **Financial operations** contributed **8,2 million Euros**, exceeding by **27,4%** the result of 2013.

Assets

 **13,50** billion Euros

Asset management commissions

 **42,2%** Increase

The satisfactory development of business and the proceeds obtained from financial operations resulted in a **result from operating activities of 19,5 million Euros, an increase of 39,5% YoY.**

Return on Equity (ROE) stood during the year at 19,2 %, substantially higher than sector average.

The **capital ratio under "Basel III" rules** closed in excess of 17% at the end of 2014 and exceeds widely regulatory requirements.

It is the intention of the Board of Directors to propose to the **General Shareholder Assembly to offer a complementary dividend** additional to the one paid in cash last October, resulting in a total dividend against the 2014 results totaling **50% of net profit** of the business year, subject to the corresponding authorization of the supervisor.

Main Variables



OPERATION DATA

	Dec. 14	Dec. 13	%
Number of Clients	358.931	311.885	15,1%
Of Proprietary Network	59.012	55.133	7,0%
Of Third Party Network	299.919	256.752	16,8%
Total Assets (million Euros)	13.513	10.415	29,7%
Equities	6.573	5.645	16,4%
Investment Funds (proprietary and third party)	3.084	2.000	54,2%
Pension Funds	2.147	1.672	28,4%
SICAVs	631	520	21,3%
Others	1.078	578	86,5%
Assets Proprietary Network (Euro bn)	5.481	4.171	31,4%
Assets Third Party Network (Euro bn)	8.032	6.244	28,6%

FINANCIAL INDICATORS (EURO MILLION)

	Dec. 14	Dec. 13	%
Commissions Received	104.971	82.700	26,9%
Financial Margin	6.024	6.060	-0,6%
Result of Financial Operations	8.229	6.460	27,4%
Cost of Operation	44.199	37.814	16,9%
Profit from Operating Activities	19.551	14.018	39,5%
Net Profit	13.703	10.715	27,9%
EPS	0,33	0,28	17,9%

EMPLOYEES (PERIOD AVERAGE)**Dec. 14****Dec. 13****%**

As of 31 December	386	340	13,5%
Branch Network (Latam)	212 (27)	185 (15)	14,6%
Central services	174	155	12,3%
Number of Offices	60	59	

RENTA 4 SHARE**Dec. 14****Dec. 13****%**

Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	RSVXY
Share Price (€)	5,49	5,05	8,71%
Capitalisation (€)	223.405.684	205.500.675	8,71%
Number of Shares Issued	40.693.203	40.693.203	



Consolidated Profit And Loss Accounts



PROFIT AND LOSS	2014 Q4°	2013 Q4°	%	Year 2014	Year 2013*	%
(+) Interest and similar income	1.520	2.210	-31,2%	7.533	9.246	-18,5%
(-) Interest expense and similar charges	-216	-910	-76,3%	-1.509	-3.186	-52,6%
= NET INTEREST INCOME	1.304	1.300	0,3%	6.024	6.060	-0,6%
(+) Return on equity instruments	36	74	-51,4%	165	289	-42,9%
Profit (loss) of entities accounted for using the equity method	-238	115	-307,0%	-771	-378	104,0%
(+) Fee and commission income	29.027	25.577	13,5%	104.971	82.700	26,9%
(-) Fee and commission expenses	-14.748	-14.740	0,1%	-54.314	-42.043	29,2%
(+/-) Gains or losses on financial assets and liabilities (net)	1.732	2.561	-32,4%	8.229	6.460	27,4%
(+/-) Exchange differences (net)	536	366	46,4%	1.787	1.137	57,2%
(+) Other operating income	72	62	16,1%	294	362	-18,8%
(-) Other operating expenses	-433	-1.223	-64,6%	-1.235	-2.020	-38,9%
= GROSS MARGIN	17.288	14.092	22,7%	65.150	52.567	23,9%
(-) Administrative expenses:	-10.463	-9.650	8,4%	-40.328	-34.608	16,5%
(-) a) Personnel expenses	-6.348	-5.715	11,1%	-24.134	-20.326	18,7%
(-) b) Other administrative expenses	-4.115	-3.935	4,6%	-16.194	-14.282	13,4%
Depreciation and amortisation	-1.032	-958	7,7%	-3.871	-3.206	20,7%
(+/-) Provision expenses (net)	0	-47	-100,0%	47	-15	413,3%
(+/-) Impairment losses on financial assets (net)	-932	-237	293,2%	-1.447	-720	101,0%
= OPERATING PROFIT	4.861	3.200	51,9%	19.551	14.018	39,5%
(+/-) Loss by deterioration rest of assets (net)	-40	0		-40	0	
(+/-) Gains of susp. assets not clasif. for sale	-1	0		-1	0	
= PROFIT BEFORE TAXES	4.820	3.200	50,6%	19.510	14.018	39,2%
(+/-) Tax on profit	-1.421	-138	929,7%	-5.807	-3.303	75,8%
= CONSOLIDATED PROFIT FOR THE YEAR	3.399	3.062	11,0%	13.703	10.715	27,9%
a) Profit attributed to the parent	3.207	3.029	5,9%	13.369	10.554	26,7%
b) Profit attributed to minority interests	192	33	481,8%	334	161	107,5%

Figures in thousands of Euros.



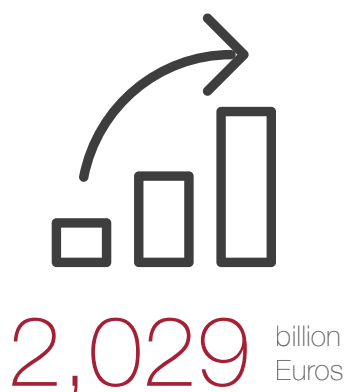
During 2014 the numbers of clients rose and net asset inflow increased, outstanding the increase in assets under management.

The **total client assets under management or care** ascended as of end December 2014 to 13,51 billion Euros (5,48 billion of the proprietary network and 8,03 billion from third party networks), representing a rise of 29,7% vs the numbers of end 2013. The **net client asset inflow during the period**, both own and third party clients, stood at 2,03 billion Euros, 42,7% higher than in 2013.

The **assets derived from clients under management** (Investment Funds, Sicavs and Pension Funds) as of the end of 2014 reached **5,86 billion Euros**, growing by 40% compared to end 2013.

The **assets managed by Renta 4 Gestora SGIC S.A. in investment funds** stood as of 31st of December 2014 at 2,43 billion Euros (data by Inverco), increasing by 56.0% the assets managed at the end of 2013 (1,56 billion Euro). This increase is even more relevant given the fund managing industry in Spain experienced an increase of AUM during 2014 by 26,7%, data again by Inverco. **Third party funds** distributed by Renta 4 reached 687 million Euros versus 472 million Euros as of end 2013, an increase of 46,0%.

Asset inflow



Proprietary network clients



Regarding **SICAVs**, Renta 4 Gestora managed at the end of this business year 631 million Euros, compared to 520 million Euros the year before; an increase of 21,3% compared to end 2013.

In respect of the assets managed in **Pension Funds** as of end 2014 the AUM stood at 2,14 billion Euros, compared to 1,67 billion Euros at the end of 2013, an increase of 28,4%.

The number of new clients continues its positive development. Thus, the **overall number of client accounts** at the end of the business year 2013 stood at 358.931 growing by 15,1% versus end of last year. Of these 59.012 (+7,0%) belong to the proprietary network and 299.919 to third party networks (+16,8%).



"Net Consolidated Profit of the business year" stood as of end 2014 at **13.7 million Euros** compared to 10.7 million Euros of 2013, representing a **rise of 28%**. As stated before the numbers of 2013 were adjusted to the new international accounting rule CINIIF 21.

During this period we highlight the development of **"Commissions Received"**, growing by 26.9% up to 104.9 million Euros. In terms of **"Gross Commissions"**, (commissions received, companies results based on participation method and other products of operation) the commissions ascended to 26.9% reached 104,5 million Euros compared to 82.7 million Euros at end 2013. Looking at **"Net Commissions"**, (commissions received, companies results based on participation method and other products of operation minus commission paid out) rose by 23.4% closing at 50.2 million Euros compared to 40.7 million at end 2013.

All business lines had positive developments in respect of commission income with a highlight on **"Asset Management"** having increased commissions to 39.7 million Euros from 27.9 million Euros the year before (+42.2%). **"Securities trading"** reported commission income of 55.1 million Euros versus 46.2 million Euros at the end of 2013 an increase of 19.3%. The area **"Corporate services"** reported commissions earned of 9.7 million Euros (2013: 8.6 million Euros) rising by 12.8% YoY.

"Interest Margin" ascended to 6.0 million Euros, slightly decreasing by 0.6% YoY.

The **"Result of Financial Operations and Dividends"**, totalled 8.2 million Euros during the period versus 6.5 million Euros of last year, an increase of 27.4%.

Looking at cost, the **"Cost of Operation"** as of end 2014 ascended to 40.3 million Euros thus resulting in an increase of 16.5% versus the year before when the cost of operation stood at 34.6 million Euros. The increase reflects the strong rise in business volume and new activities in Latin America.

By lines, **"Personnel expenses"** accumulated during the business year an increase of 18.7% reaching 24.1 million Euros. **"Other General Administration Expenses"** experienced an increase of 13.4% reaching 16.2 million Euros. Finally, **"Amortizations"** rose by 20.7 % YoY to 3.9 million Euros compared to 3.2 million Euros at the end of 2013.

Looking at the **average number of employees** the continuing strong increase of business led to a rise in the workforce. Staff ascended to 386 employees as of December 2014 compared to 340 employees in December 2013 (+13.5%). The **branch network** increased staff by 27 employees and reached as of yearend on average 212 employees compared to 185 the year before (+14.6%).





The **Consolidated Net Profit** of the fourth quarter 2014 reached 3.4 million Euros, exceeding the 3.1 million Euros of Q4 of 2013.

During the period **"Gross Margin"** stood out reaching 17.3 million Euros, versus 14.1 million Euros the year before, representing a growth of 22.7%.



Gross Commissions (commissions received, companies results based on participation method and other products of operation) show the following results by areas of activity: The highest increase of gross commission income in the quarter reported "Asset Management" posting 12.1 million Euros versus 9.6 million Euros of the last quarter of 2013 (+26.0%); "Securities Trading" generated in the quarter gross commissions of 14.2 million Euros contrasting with 14.0 million Euros during the fourth quarter of 2013, an increase of 1.8%; "Corporate Services" generated gross commissions of 2.6 million Euros in the quarter compared to 2.2 million Euros of the same period last year (+16.4%).

"Interest Margin" closed at 1.3 million Euros repeating the number of last quarter of 2013 (+0.3%).

The **Cost of Operation** in the quarter, including amortization, rose by 8.4% up to 10.5 million Euros compared to 9.7 million Euros at the end of Q4 2013. By lines, **"Personnel Expenses"** summed 6.3 million Euros in the quarter, growing by 11.1% versus the same quarter of 2013 (5.7 million Euros). **"Other General Administration Expenses"** ascended to 4.1 million Euros, an increase of 4.6% versus Q4 of 2013. Finally, **"Amortization"** rose by 7.7% reaching 1.03 million Euros.

Economic and market outlook



The **near zero interest environment** or in some cases negative in the case of the safest assets, **together with rising volatility** levels in the markets lead to a **very demanding scenario for the year 2015**. Special attention to the various risk factors will proof in our view key for **obtaining adequate return and to protect the asset value** both in the balance sheet of the Bank as well as in client assets.

Renta 4 Banco starts the year 2015 at very significant levels of client assets of clients under management and administration and high solvency ratios, well above the sector average. This is the best guarantee for continuing to obtain **significant returns on capital**, and to **generate a sustainable increase of profit**.

During 2014 Renta 4 Banco invested significant resources in upgrading our asset management capabilities and service offering for our clients, as well as developing our **presence in Chile, Peru and Colombia**. We hope this investment will generate important returns in the coming years.

It is the intention of the Board of Directors to propose to the **General Shareholder Assembly** to offer a complementary dividend additional to the one paid in cash last October, resulting in a total dividend against the 2014 results totaling 50% of net profit of the business year, subject to the corresponding authorization of the supervisor.



Consolidated Balance Sheet



ASSETS

Dec 14

Dec 13

Units: Thousands of Euros

1. Cash and balances with central banks	3.729	3.076
2. Financial assets held for trading	1.764	1.037
3. Other financial assets at fair value through profit or loss		
4. Available-for-sale financial assets	626.628	401.834
5. Debt securities	797.884	443.426
6. Held -to-maturity investments		
7. Financial assets adjustments		
8. Hedging derivatives		
9. Non-current assets held for sale		
10. Investments	5.880	3.202
a) Associates	5.880	3.202
b) Jointly controlled entities		
11. Insurance contracts linked to pensions		
12. Reinsurance assets		
13. Property and equipment:	35.171	32.372
a) For own use	30.958	28.360
b) Investment properties	4.213	4.012
14. Intangible assets:	17.861	17.447
a) Goodwill	15.420	15.460
b) Other intangible assets	2.441	1.987
15. Tax assets	2.092	2.042
a) Current		57
b) Deferred	2.092	1.985
16. Other assets	826	729
TOTAL ASSETS	1.491.835	905.165



TOTAL EQUITY AND LIABILITIES

Dec 14

Dec 13

Units: Thousands of Euros

TOTAL LIABILITIES	1.410.957	833.870
1. Financial liabilities held for trading	360	372
2. Other financial liabilities at fair value through profit or loss		
3. Financial liabilities at amortized cost	1.404.287	825.429
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	130	207
9. Tax liabilities	4.162	3.660
a) Current	2.674	2.253
b) Deferred	1.488	1.407
10. Welfare Fund		
11. Other liabilities	2.018	4.202
12. Cash		
EQUITY	80.878	71.295
OWN FUNDS	79.630	70.977
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	44.269	36.977
4. Other equity instruments	142	1.027
5. Less: Treasury shares	-2.400	-2.448
6. Profit (loss) attributable to the parent	13.369	10.554
7. Less: Dividends and remuneration	-2.558	-1.941
VALUATION ADJUSTMENTS	-304	-993
1. Available-for-sale financial assets	-148	-809
2. Cash flow hedges		
3. Hedges in net investments in foreign operations		
4. Exchange differences	-156	-184
5. Non-current assets held for sale		
6. Companies accounted using the equity method		
7. Other valuation adjustments		
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	79.326	69.984
MINORITY INTERSTS	1.552	1.311
1. Valuation adjustments	0	88
2. Others	1.552	1.223
TOTAL EQUITY AND LIABILITY	1.491.835	905.165

IVO KRATSCHMER | Director IR

Tel.: +34 913 848 856 | Fax: +34 913 848 516

ikraetschmer@renta4.es | www.renta4.com

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

