



HALF YEAR RESULTS 2014

Highlights

- In the first half of 2014, Renta 4 has achieved a **net profit of 7.06 million Euros**, exceeding the results of the first half of 2013 **by 47.8%**.
- **All operating figures have developed positively throughout the period** and especially **Brokerage and Asset Management** have seen a remarkable growth in received commissions.
- **The net commission income** amounted to 24.1 million Euros in the first half, which is an **increase of 19.0%** compared to the same period of 2013. **The gross commissions** received during the period totaled to 51.4 million Euros compared with 37.7 million Euros in the first half of 2013, resulting to an **increase of 36.4%**.
- **The gross margin** has reached 32.5 million Euros compared to the 25.8 million Euros achieved in the first half of 2013, which is equivalent to an **increase of 25.8%** with respect to the previous year.
- In the end of first half of 2014, **total client assets stood at 12,508 million Euros**, in comparison to the 8,118 million Euros in the end of the same period in 2013. The total client assets **exceed twelve billion Euros for the first time in the company's history**. Assets under management totaled to 4,587 million Euros on the 30th of June.
- **Proprietary network client assets** amounted to **5,052 million Euros** in the end of the half year, **exceeding for the first time five billion Euros**. The assets of the proprietary network clients provide **86.7% of the total net commissions**.
- **Third party network client assets** amounted to **7,456 million Euros** in the end of the half year of 2014 providing **13.3% of the total net commissions**.
- **Net asset inflow** for the first half of 2014 was **967 million Euros**, compared to the 686 million Euros in the first half of 2013. The positive performance of the **proprietary network** stands out with the net asset inflow of **456 million Euros** in the first half of 2014, compared to the 326 million of the same period of 2013, representing an **increase of 39.9%** in the period.
- **The number of employees rose** from 332 at the end of Q2 2013 to 373 at the end of second quarter 2014 and is mainly attributable to the new international activities, the opening of two new branches in Spain as well as the strengthening of the business areas of Private Banking and Corporate Advisory

Main figures

Operative Numbers	June 14	June 13	%
N° Clients	336,693	286,919	17.3%
<i>Proprietary Network</i>	59,645	52,575	13.4%
<i>Third Party Network</i>	277,048	234,344	18.2%
Total Assets (Euro million)	12,508	8,118	54.1%
<i>Equity</i>	6,669	4,389	52.0%
<i>Investment Funds</i>	2,703	1,482	82.4%
<i>(proprietary and international fund managers)</i>			
<i>Pension Funds</i>	1,889	1,321	43.0%
<i>SICAVs</i>	585	463	26.3%
<i>Others</i>	662	463	43.0%
Assets Proprietary Network (Euro million)	5,052	3,421	47.7%
Assets Third Party Networks (Euro million)	7,456	4,697	58.7%
Financial Indicators (Euro thousand)			
Commissions earned	51,369	37,658	36.4%
Interest Margin	3,099	3,211	-3.5%
Results of Financial operations	5,068	2,475	104.8%
Operative Cost	22,660	19,256	17.7%
Gross Margin	32,503	25,840	25.8%
Operative Result	9,992	6,602	51.4%
Net Profit	7,064	4,781	47.8%
EPS	0.17	0.12	47.8%
Staff			
Total Staff	373	332	12.3%
<i>Branch Network</i>	202	182	11.0%
<i>Central Services</i>	171	150	14.0%
N° Offices	60	58	
The Stock			
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	RSVXY
Stock Price (€)	5.80	4.63	25.27%
Capitalisation (€)	236,020,577	188,409,530	25.27%
Total number of shares	40,693,203	40,693,203	

Consolidated Profit and Loss Account

	Q2 / 2014	Q2 / 2013	%	30/06/2014	30/06/2013	%
Interest and similar income	2,018	2,307	-12.5%	4,174	4,773	-12.5%
Interest expense and similar charges	-518	-724	-28.5%	-1,075	-1,562	-31.2%
Net Interest Income	1,500	1,583	-5.2%	3,099	3,211	-3.5%
Return on equity instruments	80	140	-42.9%	80	140	-42.9%
Share of profit (loss) of entities accounted for using the equity method	-170	-274	-38.0%	-315	-442	-28.7%
Fee and commission income	24,821	19,434	27.7%	51,369	37,658	36.4%
Fee and commission expenses	-12,498	-8,840	41.4%	-27,203	-17,354	56.8%
Gains or losses on financial assets and liabilities (net)	1,986	1,309	51.7%	5,068	2,475	104.8%
Exchange differences (net)	412	128	221.9%	791	460	72.0%
Other operating income	83	63	31.7%	153	242	-36.8%
Other operating expenses	-258	-312	-17.3%	-539	-550	-2.0%
Gross Margin	15,956	13,231	20.6%	32,503	25,840	25.8%
Administrative expenses:	-9,604	-8,840	8.6%	-20,297	-17,240	17.7%
a) Personnel expenses	-5,515	-5,131	7.5%	-12,250	-9,964	22.9%
b) Other administrative expenses	-4,089	-3,709	10.2%	-8,047	-7,276	10.6%
Depreciation and amortisation	-951	-742	28.2%	-1,824	-1,466	24.4%
Provision expenses (net)	0	18	-100.0%	0	192	-100.0%
Impairment losses on financial assets (net)	-306	-90	240.0%	-390	-724	-46.1%
Operating Profit	5,095	3,577	42.4%	9,992	6,602	51.3%
PROFIT (LOSS) BEFORE TAX	5,095	3,577	42.4%	9,992	6,602	51.3%
Tax on profit	-1,474	-876	68.3%	-2,928	-1,821	60.8%
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	3,621	2,701	34.1%	7,064	4,781	47.8%
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	3,621	2,701	34.1%	7,064	4,781	47.8%
a) Profit (loss) attributed to the parent	3,590	2,681	33.9%	6,968	4,718	47.7%
b) Profit (loss) attributed to minority interests	31	20	55.0%	96	63	52.4%

In thousand Euros

Operating Data

In the first half of 2014, there was an increase in the number of clients and net inflow of assets to be invested in different asset classes.

The amount of **total client assets under management and administration** in the end of June stood at 12,508 million Euros (5,052 million Euros from the proprietary network and 7,456 million Euros from the third party network), representing 54.1% more than the amount reached in the end of June 2013. **The net inflow of assets** from proprietary and third party clients was 967 million Euros, an increase of 41% from the previous result of the first half of 2013.

Proprietary network client assets amounted to 5,052 million Euros in the end of the half year, exceeding for the first time five billion Euros. The assets of the proprietary network clients provide 86.7% of the total net revenues.

Third party network client assets amounted to 7,456 million Euros in the end of the half year of 2014 providing 13.3% of the total net commissions. The third party network assets composed of 1,819 million Euros under custody, 2,964 million Euros in **investment funds and pension funds** managed by Renta 4 and **distributed by third parties** and 2,673 million Euros in accounts of third party clients **trading** through Renta 4.

The client assets under management in pension funds, investment funds and SICAVs amount to **4,587 million Euros** in the 30th of June.

Renta 4 Gestora manages in **proprietary investment funds** at the end of June 2014 a total of **2,113 million Euros** in assets, which is an increase of **1,035 million Euros** compared to the amount of 1,078 million Euros in the end of June 2013. In 12 months, Renta 4 Gestora practically **doubled** their amount of assets under management in investment funds.

During the period of the first six months of the year, Renta 4 Gestora increased assets under management in investment funds by 38%, standing out well above the sector in Spain, which increased in the same period by 16.4% according to Inverco.

Assets of Renta 4's clients in **international investment funds managed by third parties** amounted to **590 million Euros** compared to 404 million Euros in the end of the first half of 2013 (+46.0%).

With respect to **SICAVs**, Renta 4 Gestora managed **585 million Euros** in assets at the end of June 2014. Compared to the end of June 2013 and 463 million Euros, this represents an increase of 26.3%.

On the other hand, assets in **pension funds** stood at **1,889 million Euros** in the end of the first half of 2014, compared to 1,321 million Euros in the end of June 2013, a growth of 43.0% with respect to the first half of 2013.

The growth in client numbers remained at satisfactory levels, as **the total number of clients** at the end of June 2014 stood at 336,693, an increase of 17.3% comparing to the end of June 2013. Among these clients, **59,645** (+13.4%) represent the **proprietary network** and 277,048 (+18.2%) represent the third party network.

- **Second quarter 2014 (April-June)**

The consolidated **net profit** for the second quarter of 2014 reached **3.6 million Euros**, compared to the 2.7 million Euros from the same period of the previous year.

A highlight of this period was the growth of **commissions charged**, including exchange differences and other operating income, which stood at **25.3 million Euros**. Compared to 19.6 million Euros last year, this represents an **increase of 29.0%**. In net terms, i.e. commissions received minus commissions paid, 12.3 million Euros was received in the quarter, 16.3% higher than last year.

Per business lines, in **brokerage commissions**, there was an increase to **13.3 million Euros** in the quarter compared to the 10.7 million Euros in the second quarter of 2013, resulting to an increase of 24.7%.

The commissions received from **Asset Management** amounted to **9.1 million Euros** compared to 6.0 million Euros in the second quarter of 2013, resulting to a growth of 53.1% with respect to the same quarter of the previous year.

From **Corporate Services**, the commissions decreased slightly to **2.3 million Euros** and in comparison to the 2.6 million Euros in the second quarter of 2013, resulted in a decrease of 11.5% compared to the same period of the previous year.

The **interest margin** in the second quarter of 2014 declined to **1.5 million Euros** which was a decline of 5.2% compared to the same quarter of last year.

The good performance in the **financial operations** stands out, as the result of the second quarter was **2.0 million Euros** in comparison to the 1.3 million Euros of the same period of last year.

The **operating expenses** (including amortization) of the quarter increased by 10.2%, amounting to 10.5 million Euros. Split into parts, **personnel expenses** in the quarter were 5.5 million Euros, which increased by 7.5% with respect to the same period of the last year. **Other administrative expenses** grew to 4.1 million Euros representing an increase of 10.2% compared to the same quarter of 2013. Lastly, **amortization** increased by 28.2% compared to the same period of 2013, equivalent to 0.95 million Euros in 2014.

- 2014 Accumulated (January-June)

The **consolidated net profit** in the first half of 2014 amounts to **7.06 million Euros** in comparison to 4.78 million Euros in the first half of 2013, resulting into a growth of 47.8%.

In this quarter **commissions earned**, including exchange rate differences and other products, stand out. The positive development of an increase to 52.3 million Euros resulted into a **growth of 36.4%** compared to the same period of last year. In net terms, i.e. commission received minus commissions paid, 24.1 million Euros was received in the half year, which represents 19.0% more than in the same period of last year.

Per lines of business, the **brokerage commissions** increased to **28.8 million Euros** in the end of June exceeding the result of the previous year from the same period by 36.4%.

The commissions from **Asset Management** grew to **17.6 million Euros** compared to 11.8 million Euros from the first half of 2013, resulting to a growth of 49.6%. From **Corporate Services**, the commissions increased to **4.8 million Euros** and in comparison to the amount in the first half of 2013, 4.6 million Euros, this represents an increase of 4.9%.

Interest margin declined to **3.1 million Euros**, a decrease of 3.5% from the level of 3.2 million Euros in the first half of 2013.

Result of financial operations more than doubled as the figure grew from the one of 2013, 2.5 million Euros, to the amount of **5.1 million Euros** in 2014.

In terms of costs, the **operating expenses** (including amortization) increased in the first half of 2014 to **22.1 million Euros**, which was an increase of 18.3% to the amount of 18.7 million Euros in 2013.

Personnel expenses increased by 22.9% and in total they were 12.3 million Euros in the end of June 2014.

Other general administrative expenses grew to 8.0 million Euros by 10.6%, comparing to 7.3 million Euros in the first half of 2013. Lastly, **amortization** increased to 1.8 million Euros in comparison to 1.5 million Euros last year, resulting to a growth of 24.4%.

In terms of **employee numbers**, the development of new international activities and increased business in the Renta 4 network led to an increase in the workforce from 332 to 373.

Market situation and outlook

The **positive number of net asset inflows in the first half of the year** allows us to begin the second half of the year with assets under administration of over 12 billion Euros. Thus, we have a **reasonably positive outlook** for the development of profits for the rest of the year. This forecast is backed by the **international expansion** of Renta 4 and the **additional income** added from new business areas.

The environment of low interest rates and low volatility in financial markets determines a scenario of a **more demanding competitive environment** for the remaining half of the year.

In this scenario, Renta 4 Banco has the objective to maintain a sustained level of earnings growth by founding this growth in **cost control** and maintaining a good **performance in net asset inflows** and in terms of all operational, financial and business variables.

Consolidated Balance Sheet (in thousand Euros)		
ASSETS	30/06/2014	31/12/2013
1. Cash and balances with central banks	13.897	3.076
2. Financial assets held for trading	1.094	1.037
3. Other financial assets at fair value through profit or loss		
4. Available-for-sale financial assets	664.390	401.834
5. Debt securities	471.683	443.426
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	3.745	3.202
a) Associates	3.745	3.202
b) Jointly controlled entities		
11. Insurance contracts linked to pensions		
12. Reinsurance assets		
13. Property and equipment:	33.592	32.372
a) For own use	29.642	28.360
b) Investment properties	3.950	4.012
14. Intangible assets:	18.526	17.447
a) Goodwill	15.460	15.460
b) Otro intangible assets	3.066	1.987
15. Tax assets	1.201	1.576
a) Current	2	57
b) Deferred	1.199	1.519
16. Other assets	1.915	729
TOTAL ASSETS	1.210.043	904.699
TOTAL EQUITY AND LIABILITIES		
	30/06/2014	31/12/2013
TOTAL LIABILITIES	1.130.161	830.356
1. Financial liabilities held for trading	410	372
2. Other financial liabilities at fair value through profit or loss		
3. Financial liabilities at amortized cost	1.122.330	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	177	207
9. Tax liabilities	6.190	3.660
a) Current	3.934	2.253
b) Deferred	2.256	1.407
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)		
11. Other liabilities	1.054	688
12. Cash		
EQUITY	79.882	74.343
OWN FUNDS	76.781	74.025
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	45.386	37.520
4. Other equity instruments	142	1.027
5. Less: Treasury shares	-2.523	-488
6. Profit (loss) attributable to the parent	6.968	11.099
7. Less: Dividends and remuneration	0	-1.941
VALUATION ADJUSTMENTS	1.679	-993
1. Available-for-sale financial assets	1.907	-809
2. Cash flow hedges		
3. Hedges in net investments in foreign operations		
4. Exchange differences	-228	-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	78.460	73.032
MINORITY INTERSTS	1.422	1.311
1. Valuation adjustments	107	88
2. Others	1.315	1.223
TOTAL EQUITY AND LIABILITY	1.210.043	904.699

IVO KRATSCHMER | Director of Investor Relations

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

renta4banco