

# THIRD QUARTER 2013 RESULTS



## Highlights

- Renta 4 reached during the first nine months of 2012 a **net profit of 7.65 million Euros** and exceeded by 71.7% the result of the correspondent period of last year.
- Both **operational and business variables** proved to be satisfactory during the period:

**Assets under management and administration** totaled **9,279 billion Euros** at the end of September 2013, representing an increase of 40.8% YoY. The **proprietary network** reached **3.8 billion in assets**

**Gross commission income** rose by 19.8% and net commissions exceeded the level of last year by 14%.

The **financial margin** rose by **+63.2%** in the course of 2013.

The **result of financial operations** ascended by 126% YoY

**Net asset inflow** during the period summed 1,012 million Euros compared to 954 million Euros during the full year 2012.

The **number of accounts** at the end of the quarter stands at 293,655, both proprietary and third party, (+10.4% compared to end of September 2012) out of which **53,293** belong to the proprietary network and the remains to third party networks.

- The **gross margin** stood at **38.5 million Euros** at the end of the third quarter, an increase of 21.8% year on year, and the **result of ordinary operation** reached **10.8 million Euros**, rising by 74.5% YoY .
- Based on the aforementioned business numbers the Board of Directors of Renta 4 Banco in its meeting of the 28<sup>th</sup> of October 2013 decided to grant a **cash dividend of 0.05 Euro per share**, payable on the 11<sup>th</sup> of November 2013, for those being shareholders at the 8<sup>th</sup> of November 2013.

## Main figures

Operative data	Sept. 12	Sept. 11	%
<b>N° Clients</b>	<b>293,655</b>	<b>265,902</b>	<b>10.4%</b>
<i>Proprietary Network</i>	53,293	50,323	5.9%
<i>Third Part Networks</i>	240,362	215,579	11.5%
<b>Total Assets (Euro million)</b>	<b>9,279</b>	<b>6,589</b>	<b>40.8%</b>
<i>Exchanges</i>	5,065	3,611	40.3%
<i>Investment Funds (proprietary and third party)</i>	1,740	965	80.3%
<i>Pension Funds</i>	1,438	1,135	26.7%
<i>SICAVs</i>	488	448	8.9%
<i>Others</i>	548	430	27.4%
<b>Asset Proprietary Network(million Euros)</b>	<b>3,763</b>	<b>2,993</b>	<b>25.7%</b>
<b>Assets Third Party Networks (million Euros)</b>	<b>5,516</b>	<b>3,596</b>	<b>53.3%</b>
<b>Financials (Euro thousand)</b>			
<b>Commission Income</b>	57,123	47,700	19.8%
<b>Financial Margin</b>	4,760	2,916	63.2%
<b>Result of Financial Operations</b>	3,899	1,721	126.6%
<b>Cost of Operation</b>	27,206	25,287	7.6%
<b>Gross Margin</b>	<b>38,475</b>	<b>31,586</b>	<b>21.8%</b>
<b>Result of Ordinary Activity</b>	10.818	6.198	74.5%
<b>Net Profit</b>	<b>7,653</b>	<b>4,456</b>	<b>71.7%</b>
<b>EPS</b>	<b>0.19</b>	<b>0.11</b>	<b>71.7%</b>
<b>Employees</b>			
<b>Staff (period average)</b>	333	321	3.7%
<i>Branch Network</i>	183	172	6.4%
<i>Central services</i>	150	149	0.7%
<b>N° Offices</b>	58	58	
<b>The Share</b>			
<b>Ticker (Reuters/Bloomberg/Adrs)</b>	RTA4.MA	RTA4.MA	RSVXY
<b>Quote (€)</b>	4.68	4.75	-1.47%
<b>Capitalization (€)</b>	190,444,190	193,292,714	-1.47%
<b>N° Issued Shares</b>	40,693,203	40,693,203	

## Consolidated Profit and Loss account

	3Q 2013	3Q 2012	%	30/09/2013	30/09/2012	%
Interest and similar income	2,263	1,981	14.2%	7,036	5,762	22.1%
Interest expense and similar charges	-714	-997	-28.4%	-2,276	-2,846	-20.0%
<b>Net Interest Income</b>	<b>1,549</b>	<b>984</b>	<b>57.4%</b>	<b>4,760</b>	<b>2,916</b>	<b>63.2%</b>
Return on equity instruments	75	76	-1.3%	215	251	
Share of profit (loss) of entities accounted for using the equity method	-51	-75	-32.0%	-493	-395	24.8%
Fee and commission income	19,465	15,919	22.3%	57,123	47,700	19.8%
Fee and commission expenses	-9,949	-7,778	27.9%	-27,303	-21,536	26.8%
Gains or losses on financial assets and liabilities (net)	1,424	942	51.2%	3,899	1,721	126.6%
Exchange differences (net)	311	500	-37.8%	771	1,074	-28.2%
Other operating income	58	94	-38.3%	300	347	-13.5%
Other operating expenses	-247	-171	44.4%	-797	-492	62.0%
<b>Gross Margin</b>	<b>12,635</b>	<b>10,491</b>	<b>20.4%</b>	<b>38,475</b>	<b>31,586</b>	<b>21.8%</b>
Administrative expenses:	-7,718	-7,356	4.9%	-24,958	-23,264	7.3%
a) Personnel expenses	-4,647	-4,410	5.4%	-14,611	-13,220	10.5%
b) Other administrative expenses	-3,071	-2,946	4.2%	-10,347	-10,044	3.0%
Depreciation and amortisation	-782	-707	10.6%	-2,248	-2,023	11.1%
Provision expenses (net)	-160	0		32	0	
Impairment losses on financial assets (net)	241	-25	-1064.0%	-483	-101	378.2%
<b>Operating Profit</b>	<b>4,216</b>	<b>2,403</b>	<b>75.4%</b>	<b>10,818</b>	<b>6,198</b>	<b>74.5%</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>4,216</b>	<b>2,403</b>	<b>75.4%</b>	<b>10,818</b>	<b>6,198</b>	<b>74.5%</b>
Tax on profit	-1,344	-683	96.8%	-3,165	-1,742	81.7%
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>2,872</b>	<b>1,720</b>	<b>67.0%</b>	<b>7,653</b>	<b>4,456</b>	<b>71.7%</b>
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>2,872</b>	<b>1,720</b>	<b>67.0%</b>	<b>7,653</b>	<b>4,456</b>	<b>71.7%</b>
a) Profit (loss) attributed to the parent	2,807	1,704	64.7%	7,525	4,213	78.6%
b) Profit (loss) attributed to minority interests	65	16	306.3%	128	243	-47.3%

Euro thousand

## Operational data

During the first 9 months of the year **cash inflow** destined for investment in different types of financial assets increased and **the number of clients rose**.

The total amount of **client assets administered and managed** reached at the end of September **9.279 billion** Euros (3.763 billion Euro of the Proprietary Network and 5.516 billion of Third Party Networks) representing a rise of 40.8% versus the same period of last year. The **net asset inflow** of proprietary and third part clients stood at **1.012 billion** Euros, 6.1% higher than in the full year 2012.

The **assets under management in Investment Funds managed by Renta 4 Gestora SGIIC S.A.** stood as of 30 September 2013 at 1.37 billion Euros a rise of 92.3% YoY. Special emphasis merits the good behaviour of **Renta 4 Gestora SGIIC** in 2013 contrasting with the Spanish fund managing industry rising by 16.6%; data by Inverco.

In respect of **SICAVs** Renta 4 Gestora managed at the end of the quarter 488 million Euros, 8.9% more than end September 2011, when assets stood at 448 million Euros.

As for **Pension Funds** the overall amount managed at the end of the third quarter 2013 totalled 1,438 million Euros contrasting with the 1,135 million Euros as of last year (+26.7%).

The number of new clients continued to grow. Thus the **total number of client accounts** at the end of September stood at 293.655, a growth of 10.4% YoY. Out of these 53.293 (+5.9%) belong to the proprietary network and 240.362 to third party networks (+11.5%).

- **Third Quarter 2013 (July-September)**

The **consolidated net profit** of the third quarter stood at 2.872 million Euros **exceeding by 67%** the 1.720 million Euros of the **same period of 2012**. This result also **exceeds the results of the first and second quarter of this year**.

During this period the growth of **"Commission income"** is noteworthy, reaching 19.5 million Euros versus the 15.9 million Euros of last year and representing a rise of 22.3%. Another positive data is **the interest margin reaching 1.55 million Euros in the quarter (+57.4%) as well as the results of financial operations with 1.42 million Euros (+51.2%)**.

By business lines the **"Trading commissions"** stood at 11.2 million Euros, beating last year's result by 10.4%. Especially the trading in Spanish equity and derivatives posted positive numbers with increases of 8.8% and 39.3% respectively.

Commission income from **"Asset Management"** posted 6.6 million Euros and **increased by 36.4% YoY**.

The area **"Corporate Services"** contributed 1.7 million Euros in Q3 **(+80.0%)**.

The item **"operational expenses"** including amortization ascended during the quarter by 5.4% and reached 8.5 million Euros. By origin, the **"personnel expenses"** stood at 4.6 million Euros at the end of the quarter; a growth of 5.4% YoY, mainly attributable to the enhancement in the branch network and the subsidiary in Chile. **"Other general and administration expenses"** rose to 3.1 million Euros, 4.2% higher than at the end of third quarter 2012 and finally **"amortizations"** rose by 10.6% reaching 782 thousand Euros.

- **Accumulated Figures 2013 (January-September)**

The **"net consolidated profit"** as of end third quarter 2013 stood at **7.65 million Euros** compared to 4.46 million Euros YoY, a rise of 71.7%.

During this period **"commission income"** grew by 19.8% reaching 57.1 million Euros. In **net terms** excluding the commissions paid to third parties and summing the exchange differences as well as other products the commissions posted an increase by 12% and summed 30.9 million Euros.

By lines of business **"Trading Commissions"** raised to 32.7 million Euros at the end of the third quarter versus 31.5 million Euros at the end of third quarter 2012 an increase of 3.7%. Commissions originating from **"Asset Management"** ascended to 18.3 million Euros contrasting with the 12.9 million Euros of last year, a rise of 42.2% and finally the income from **"Corporate Services"** stood at 6.0 million Euros at the end of third quarter 2013 virtually doubling the result of 3.2 million Euros from 2012.

**Highlight is on the outstanding development of the result of commission income from asset management, with growth even accelerating in the third quarter of 2013.**

**"Interest margin"** reached 4.8 million Euros compared to 2.9 million Euros last year, an increase of 63.2%.

In respect of **"result of financial operations and dividends"** the number reached in the business year ascended to 3.9 million Euros versus 1.7 million Euros the year before (+126.6%).

Turning to costs the **"cost of operation"** registered at the end of the third quarter 2013 reached 25.0 million Euros and experienced a growth of 7.3% year on year when they stood at 23.3 million Euros. This amount is in line with the estimates announced by the company for 2013 with total operational cost including amortisation below 38 million Euros.

By cost category **"personnel expenses"** accumulated during the period a rise of 10.5% reaching 14.6 million Euros, mainly attributable to enhancements in the branch organisation. **"Other general and administration expenses"** posted a growth of 3.0% ascending to 10.3 million Euros contrasting with the 10.0 million Euros at the end of the same period last year. Finally **"amortization"** rose by 11.1% and finished at 2.2 million Euros compared to 2.0 million Euros YoY.

Regarding the **average number of employees**, enhanced branch structures and the development of new domestic and international projects led to an increase in the workforce from 321 to 333 employees.

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## Market View and Outlook

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We are experiencing a **robust upturn of market sentiment** especially visible in the **evident change of perception** of international investors towards Spain. Notwithstanding we maintain a **healthy level of prudence** due to the numerous structural and financial problems persistent requiring additional work-out measures both on Spanish as well as international level.

Referring to **Renta 4 Banco**, the **spectacular increase of total assets** under management and administration, reaching 9.279 billion Euros as of the end of the third quarter, will lead in our expectation to an **positive profit result in the last quarter of the year 2013**. We wish to highlight the **diversification** of income sources, with a **growing weight of the commissions from asset management and** those related to **corporate services**.

The Board of Directors of Renta 4 Banco decided in its meeting of the 28<sup>th</sup> of October 2013 to grant **a cash dividend of 0.05 Euro per share**, payable on the 11<sup>th</sup> of November 2013, for those being **shareholders at the 8<sup>th</sup> of November 2013**.

The **main tendencies** in the economy and the change in investor behavior both **confirm and strengthen the position of Renta 4 Banco as specialized Bank in wealth management, financial markets and corporate advisory.** A setup that should lead to **increased growth** in the years to come.

**CONSOLIDATED BALANCE SHEET**

Euro thousand

**ACTIVO**

	30/09/2013	31/12/2012
1. Cash and balances with central banks	6,330	2,390
2. Financial assets held for trading	1,266	2,363
3. Other financial assets at fair value through profit or loss		
4. Available-for-sale financial assets	217,163	249,163
5. Debt securities	472,512	312,528
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	3,140	1,892
a) Associates	3,140	1,892
b) Jointly controlled entities		
11. Insurance contracts linked to pensions		
12. Reinsurance assets		
13. Property and equipment:	32,221	31,268
a) For own use	28,353	27,307
b) Investment properties	3,868	3,961
14. Intangible assets:	17,956	17,500
a) Goodwill	16,507	16,106
b) Otro intangible assets	1,449	1,394
15. Tax assets	1,215	1,836
a) Current	890	1,314
b) Deferred	325	522
16. Other assets	1,027	836
<b>TOTAL ASSETS</b>	<b>752,830</b>	<b>619,776</b>

**INFORMACIÓN FINANCIERA SELECCIONADA**

**BALANCE CONSOLIDADO (NIIF ADOPTADAS) (2/2)**

TOTAL EQUITY AND LIABILITIES	30/09/2013	31/12/2012
<b>TOTAL LIABILITIES</b>	<b>687,157</b>	<b>560,881</b>
1. Financial liabilities held for trading	382	770
2. Other financial liabilities at fair value through profit or loss		
3. Financial liabilities at amortized cost	681,708	556,393
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	160	250
9. Tax liabilities	4,271	3,145
a) Current	2,943	1,810
b) Deferred	1,328	1,335
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)		
11. Other liabilities	636	323
12. Cash		
<b>EQUITY</b>	<b>65,673</b>	<b>58,895</b>
<b>OWN FUNDS</b>	<b>64,420</b>	<b>58,132</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	37,805	35,590
4. Other equity instruments	1,027	1,027
5. Less: Treasury shares	-8,745	-7,506
6. Profit (loss) attributable to the parent	7,525	5,189
7. Less: Dividends and remuneration		-2,976
<b>VALUATION ADJUSTMENTS</b>	<b>-614</b>	<b>-1,028</b>
1. Available-for-sale financial assets	-644	-1,052
2. Cash flow hedges		
3. Hedges in net investments in foreign operations		
4. Exchange differences	30	24
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>63,806</b>	<b>57,104</b>
<b>MINORITY INTERESTS</b>	<b>1,867</b>	<b>1,791</b>
1. Valuation adjustments	33	85
2. Others	1,834	1,706
<b>TOTAL EQUITY AND LIABILITY</b>	<b>752,830</b>	<b>619,776</b>

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