



ANNUAL REPORT 2013

HIGHLIGHTS

- Renta 4 closed the business year 2013 with a **net profit of 11.2 million Euros**, exceeding by **+105%** the result of 2012. Net profit in the **4th quarter 2013** closed at 3.6 million Euros, an increase of 25.6% versus the result of the 3rd quarter 2013.
- During 2013 all **business and operational numbers** were positive:

Gross Commission Income rose by 27.1% and net commissions ascended by 14.1% compared to the year before.

The **financial margin** closed with 6.1 million Euros, 67.2% higher than 2012.

The **result of financial operations** exceeded the 2012 result by 125% and closed at 6.5 million Euros.

Net asset inflow during the period totalled 1.421 billion Euros compared to 954 million Euros in 2012. The amount constitutes an all time high of Renta 4 in new client assets

Assets under management or care exceeded for the first time in company history the amount of 10 billion Euros and **assets originated from the proprietary network** reached **4.171 billion Euros** with **55.133 clients**.

- This positive development of all business variables, fostered by equally positive numbers of financial margin and the results of financial operations, consequently led to a **profit before taxes of 14.8 million Euros** at the end of 2013, 93.2% above last year's result.
- Renta 4 Banco continued in 2013 with the expansion to Latin America by **taking over in full (100% of capital) Renta 4 Chile**. In January and February of 2014 **activity in Peru and Colombia started**, once having received the authorisations from the respective supervisory authorities.
- In **February of 2014** Renta 4 Banco agreed to acquire a stake of 14.99% of **Hanson Asset Management**, an investment firm based in London (the acquisition is subject to regulatory approval of the British authorities – Financial Conduct Authority – FCA).

Main Variables

Operational Data	Dec. 13	Dec. 12	%
Number of Clients	311,885	269,684	15.6%
<i>of Proprietary Network</i>	55,133	50,489	9.2%
<i>of Third Party Network</i>	256,752	219,195	17.1%
Total Assets (million Euros)	10,415	6,731	54.7%
<i>Equities</i>	5,645	3,853	46.5%
<i>Investment Funds (proprietary and third party)</i>	2,000	1,058	89.0%
<i>Pension Funds</i>	1,672	922	81.3%
<i>SICAVs</i>	520	447	16.3%
<i>Others</i>	578	451	28.2%
Assets Proprietary Network (Euro bn)	4.171	3.097	34.7%
Assets Third Party Network (Euro bn)	6.244	3.634	71.8%
Financial Indicators (Euro million)			
Commissions Received	82.700	65.829	25.6%
Financial Margin	6.060	3.624	67.2%
Result of Financial Operations	6.460	2.872	124.9%
Cost of Operation	37.814	33.790	11.9%
Gross Margin	53.345	42.907	24.3%
Profit before Tax	14.796	7.660	93.2%
Net Profit	11.260	5.489	105.1%
EPS	0.28	0.14	105.1%
Employees			
As of 31 December	340	323	5.3%
<i>Branch Network</i>	185	174	6.3%
<i>Central services</i>	155	149	4.0%
Number of Offices	59	58	
Share			
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	RSVXY
Share Price (€)	5.05	4.69	7.68%
Capitalisation (€)	205,500,675	190,851,122	7.68%
Number of Shares Issued	40,693,203	40,693,203	

Consolidated Profit And Loss Accounts

	4Q 2013	4Q 2012	%	31/12/2013	31/12/2012	%
Interest and similar income	2,210	2,328	-5.1%	9,246	8,090	14.3%
Interest expense and similar charges	-910	-1,620	-43.8%	-3,186	-4,466	-28.7%
Net Interest Income	1,300	708	83.6%	6,060	3,624	67.2%
Return on equity instruments	74	113	-34.5%	289	364	-20.6%
Share of profit (loss) of entities accounted for using the equity method	115	-649	-117.7%	-378	-1,044	-63.8%
Fee and commission income	25,577	18,129	41.1%	82,700	65,829	25.6%
Fee and commission expenses	-14,740	-7,939	85.7%	-42,043	-29,475	42.6%
Gains or losses on financial assets and liabilities (net)	2,561	1,151	122.5%	6,460	2,872	124.9%
Exchange differences (net)	366	370	-1.1%	1,137	1,444	-21.3%
Other operating income	62	59	5.1%	362	406	-10.8%
Other operating expenses	-445	-621	-28.3%	-1,242	-1,113	11.6%
Gross Margin	14,870	11,321	31.3%	53,345	42,907	24.3%
Administrative expenses:	-9,650	-7,786	23.9%	-34,608	-31,050	11.5%
a) Personnel expenses	-5,715	-4,711	21.3%	-20,326	-17,931	13.4%
b) Other administrative expenses	-3,935	-3,075	28.0%	-14,282	-13,119	8.9%
Depreciation and amortisation	-958	-717	33.6%	-3,206	-2,740	17.0%
Provision expenses (net)	-47	0		-15	0	
Impairment losses on financial assets (net)	-237	-1,356	-82.5%	-720	-1,457	-50.6%
Operating Profit	3,978	1,462	172.1%	14,796	7,660	93.2%
PROFIT (LOSS) BEFORE TAX	3,978	1,462	172.1%	14,796	7,660	93.2%
Tax on profit	-371	-429	-13.5%	-3,536	-2,171	62.9%
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	6,479	2,753	135.3%	11,260	5,489	105.1%
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	3,607	1,033	249.2%	11,260	5,489	105.1%
a) Profit (loss) attributed to the parent	3,574	976	266.2%	11,099	5,189	113.9%
b) Profit (loss) attributed to minority interests	33	57	-42.1%	161	300	-46.3%

Euro Thousand

Operational Data

During 2013 the number of clients rose and net asset inflow increased being invested in different assets and markets.

The total client assets under management or care ascended as of end December 2013 to 10.415 billion Euros (4.171 billion of the proprietary network and 6.244 billion from third party networks), representing a rise of 54.7% versus the numbers of end 2012. The net client asset inflow during the period, both own and third party clients, stood at 1.421 billion Euros, 48.9% higher than the number of 2012.

The assets managed by Renta 4 Gestora SGIC S.A. in investment funds rose as of 31. of December 2013 to 1.566 billion Euros (data by Inverco), doubling the amount managed at the end of 2012. This increase is even more relevant given the fund managing industry in Spain experienced an increase of AUM during 2013 by 23.2%, data again by Inverco. Third part funds distributed by Renta 4 reached 472 million Euros at the end of 2013, an increase of 54.3% compared to the 305 million Euros in third party funds at the end of 2012.

Regarding SICAVs, Renta 4 Gestora managed at the end of the business year 520 million Euros, compared to 477 million Euros the year before; an increase of 16.3% compared to end 2012.

In respect of the assets managed in **Pension Funds** as of end 2013 the AUM stood at 1,671 billion Euros, compared to 922 million Euros at the end of 2012, an increase of 81.3%.

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 311,885 growing by 15.6% versus end of last year. Of these 55,133 (+9.2%) belong to the proprietary network and 256,752 to third party networks (+17.1%).

· Fourth Quarter 2013 (October-December)

The **Consolidated Net Profit** of the fourth quarter 2013 reached 3.61 million Euros, **exceeding** the 1.03 million Euros of Q4 of 2012 **by 249%**.

During the period "**Commissions received**" stood out reaching 25.6 million Euros, versus 18.1 million Euros the year before, representing a growth of 41.0%.

The highest increase of commission income in the quarter reported "**Securities Trading**" posting 13.9 million Euros versus 8.6 million Euros of the last quarter of 2012 (+62.9%). "**Asset Management**" generated in the quarter commissions of 9.6 million Euros contrasting with 7.2 million Euros during the fourth quarter of 2012, an increase of 33.5%. "**Corporate Services**" generated 2.2 million Euros in the quarter compared to 1.8 million Euros of the same period last year (+23.7%).

"**Interest Margin**" ascended during the fourth quarter to **1.3 million Euros** versus the 708 thousand Euros of the last quarter of 2012, a rise of 83.6%.

The **Cost of Operation** in the quarter, including amortization, rose by 24.8% up to 10.6 million Euros compared to 8.5 million Euros at the end of Q4 2012. By lines, "**Personnel Expenses**" summed 5.7 million Euros in the quarter, growing by 21.3% versus the same quarter of 2012. "**Other General Administration Expenses**" ascended to 3.9 million Euros, an increase of 28.0% versus Q4 of 2012. Finally, "**Amortization**" rose by 33.6% reaching 0.96 million Euros. The increase in the cost of operation is mainly attributable to the higher volume of business and the new activities in Latin America and further staffing in the area of corporate services.

· Full Year 2013 (January-December)

"**Net Consolidated Profit of the business year**" stood as of end 2013 at **11.2 million Euros** compared to 5.49 million Euros of 2012, representing a **rise of 105.1%**.

During this period we highlight the development of "**Commissions Received**", growing by 25.6% up to 82.7 million Euros. In terms of "**Net Commissions**" (commissions earned, the result of companies by the participation method and other business products) an increase of +12.4% reaching 41.8 million Euros in contrast to 37.2 million Euros at the end of 2012 was reported.

All business lines showed a positive development with a highlight on "**Asset Management**" having increased commissions to 27.9 million Euros from 20.1 million Euros the year before (+39.2%). "**Securities trading**" recovered in 2013 from the slump in

trading volume of 2012 and reported commission income of 46.2 million Euros versus 39.7 million Euros at the end of 2012 an increase of 16.3%. The biggest increment is recorded for the area of **“Corporate services”** with commissions earned of 8.6 million Euros (2012: 5.4 million Euros) rising by 58.4% YoY.

“Interest Margin” ascended to **6.1 million Euros**, compared to 3.6 million Euros at the end of 2012, an increase of 67.2%.

The **“Result of Financial Operations and Dividends”**, totalled 6.5 million Euros during the period versus 2.9 million Euros of last year, an increase of 124.9%.

Looking at cost, the **“Cost of Operation”** as of end 2013 ascended to 34.6 million Euros thus resulting in an increase of 11.5% versus the year before when the cost of operation stood at 31.1 million Euros. The increase reflects the strong rise in business volume and new activities in Latin America as well as additional resources in the area of corporate services.

By lines, **“Personnel expenses”** accumulated during the business year an increase of 13.4% reaching 20.3 million Euros. **“Other General Administration Expenses”** experienced an increase of 8.9% reaching 14.3 million Euros. Finally, **“Amortizations”** rose by 17.0 % YoY to 3.2 million Euros compared to 2.7 million Euros at the end of 2012.

Regarding the **number of employees**, the strong increase in business volume, additional activities in Latin America and the additional staff in corporate services resulted in Renta 4 Banco counting 340 employees at the end of 2013 compared to 323 at the end of 2012, an increase of 5.3%.

Market Situation and Outlook

In 2013 the markets experienced a **significant improvement of sentiment** due to the mitigation of **systemic risks of the Euro Zone** and the better than expected outlook on economic growth fuelled by the **continuity of monetary quantitative expansion** of the leading Central Banks.

Renta 4 Banco started 2014 from a **position of great strength** based on the important number of client assets of **over 10 billion Euros** registered at the end of 2013. This number is a confirmation of the accurate strategic positioning of Renta 4 Banco as a Bank specialized in wealth management, capital markets and corporate advisory.

The recent move to extend the business to the **Pacific area of Latin America** (Chile, Peru and Colombia) should generate in the same way as it happened in Spain **growing numbers** of assets under management, commission income and of **profit** for Renta 4 Banco.

In **February of 2014** Renta 4 Banco agreed to acquire a stake of 14.99% of the British investment firm **Hanson Asset Management** as a first step to a **more direct presence** in the important **financial centre of London**, improving thus the service offering for its

clients (subject to regulatory approval from the British authorities - Financial Conduct Authority –FCA).

Consolidated Balance Sheet

Euro thousand

ASSETS	31/12/2013	31/12/2012	
1. Cash and balances with central banks	1005	3,076	2,390
2. Financial assets held for trading	1010	1,037	2,363
3. Other financial assets at fair value through profit or loss	1015		
4. Available-for-sale financial assets	1020	401,834	249,163
5. Debt securities	1025	443,426	312,528
6. Held -to-maturity investments	1030		
7. Ajustes a activos financieros por macro-coberturas	1040		
8. Hedging derivatives	1035		
9. Non-current assets held for sale	1080		
10. Investments	1055	3,202	1,892
a) Associates	1056	3,202	1,892
b) Jointly controlled entities	1057		
11. Insurance contracts linked to pensions	1065		
12. Reinsurance assets	1066		
13. Property and equipment:	1045	32,372	31,268
a) For own use	1046	28,360	27,307
b) Investment properties	1047	4,012	3,961
14. Intangible assets:	1050	17,447	17,500
a) Goodwill	1051	15,460	16,106
b) Otro intangible assets	1052	1,987	1,394
15. Tax assets	1060	1,576	1,836
a) Current	1061	57	1,314
b) Deferred	1062	1,519	522
16. Other assets	1075	729	836
TOTAL ASSETS	1100	904,699	619,776

TOTAL EQUITY AND LIABILITIES	31/12/2013	31/12/2012	
TOTAL LIABILITIES	1166	830,356	560,881
1. Financial liabilities held for trading	1110	372	770
2. Other financial liabilities at fair value through profit or loss	1115		
3. Financial liabilities at amortized cost	1120	825,429	556,393
4. Changes in the fair value of hedged items in portfolio hedges of interest rate risk	1135		
5. Hedging derivatives	1130		
6. Liabilities associated with non-current assets held for sale	1165		
7. Liabilities under insurance contracts	1149		
8. Provisions	1140	207	250
9. Tax liabilities	1145	3,660	3,145
a) Current	1146	2,253	1,810
b) Deferred	1147	1,407	1,335
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	1150		
11. Other liabilities	1155	688	323
12. Cash	1160		
EQUITY	1195	74,343	58,895
OWN FUNDS	1180	74,025	58,132
1. Capital or endowment fund	1171	18,312	18,312
a) Issued capital	1161	18,312	18,312
b) Less: uncalled capital	1162		
2. Share premium	1172	8,496	8,496
3. Reserves	1173	37,520	35,590
4. Other equity instruments	1177	1,027	1,027
5. Less: Treasury shares	1174	-488	-7,506
6. Profit (loss) attributable to the parent	1175	11,099	5,189
7. Less: Dividends and remuneration	1176	-1,941	-2,976
VALUATION ADJUSTMENTS	1188	-993	-1,028
1. Available-for-sale financial assets	1181	-809	-1,052
2. Cash flow hedges	1182		
3. Hedges in net investments in foreign operations	1183		
4. Exchange differences	1184	-184	24
5. Non-current assets held for sale	1185		
6. Companies accounted using the equity method	1186		
7. Other valuation adjustments	1187		
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	1189	73,032	57,104
MINORITY INTERESTS	1193	1,311	1,791
1. Valuation adjustments	1191	88	85
2. Others	1192	1,223	1,706
TOTAL EQUITY AND LIABILITY	1200	904,699	619,776

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