
Annual
REPORT

2015

Highlights

Renta 4 Bank has reached a **Net Profit in 2015 of 14 million Euros**, 2.3% above those obtained in 2014. This increase has been possible due to the **solid growth experienced in clients assets** which have been able to compensate for the drop in the financial margin due to the near zero interest rates during the year.

Capital Ratio CET Fully Loaded reached **14.7%**. Comfortably above legal requirements and amongst the highest in the sector.

Return on Capital (ROE) reached **17.75%**, also above the sector average.

It is the intention of the Board of Directors to propose at the AGM the **payment of a final dividend. Together with the interim dividend** paid last October 2015 the total dividend paid represents a **50% payout**. At current market levels the stock has a **yield of over 3%**.

Along 2015 the positive trend in **operating variables** has persisted.

- ▶ **Total client assets**, excluding those assets under temporary management from Banco de Madrid, reached **13,432 million Euros**. It is noteworthy the **increase in assets experienced by the proprietary network, together with the growth in assets under management**.
- ▶ **Taking into account the temporary assets under management from Banco Madrid** client assets have reached **15,845 million Euros**.
- ▶ **Assets from the proprietary network** have **increased by 26.5%** reaching a total of **6,931 million Euros** versus 5,481 million Euros in 2014. A growth of special significance since such assets generate 89% of the net commissions obtained during the year, excluding those from Banco Madrid.
- ▶ **Third party assets** under management and custody **dropped by 19.1%** versus 2014 reaching 6,501 million Euros at the close of 2015.
- ▶ **Banco Madrid assets under temporary management** have **reached 2,431 million Euros** at the close of 2015.

- ▶ **Assets derived from clients under management** such as, Investment Funds, Sicavs and Pension Funds as of 31 December 2015 reached **6,726 million Euros** versus **5,862 million Euros** in 2014. This means an **increase of 14.7%** taking into account the assets from Banco Madrid, temporarily under management, the amount is increased by 2,413 million Euros and thus reaching a total of **9,139 million Euros** under management.

Assets

 **13.43** million Euros

Asset management commissions

 **50.6%** Increase

As a consequence in the growth in clients assets, margins and commissions have increased considerably during 2015.

- ▶ **Gross commissions** have increased by 21.7% reaching a total of **127.8 million Euros**. Net commissions have increased by 24.5% closing the year at **63.0 million Euros**.
- ▶ **Commissions** generated during 2015 by the **Asset Management** division have increased by **50.6%** reaching a total of **59.8 million Euros** versus 39.7 million Euros in 2014. This is an area in which, amongst others clients receive a higher added value and a division in which Renta 4 regularly generates recurrent and constant income.
- ▶ The solid growth in commissions has allowed **ordinary client income**, that is total net commissions minus operating costs, to increase by **148.7%** to **16.24 million Euros** versus 6,5 million Euros in 2014.

The result of operating activities has increased by **4.6%** reaching a total of **20.4 million Euros** from those achieved in 2014, despite a drop of **43.9%** in the financial margin and of a drop of **82.5%** in the result of financial operations. The drop in these chapters during 2015 has meant a **reduction in income of 9.5 million Euros** versus 2014.

Main Data



OPERATIONAL DATA	2,015	2,014	%
Number of Clients	393,237	358,931	9.6%
of Proprietary Network	65,428	59,012	10.9%
of Third Party Network	327,809	299,919	9.3%
Total Assets (million Euros)	13,432	13,513	-0.6%
Assets Proprietary Network (million Euros)	6,931	5,481	26.5%
Assets Third Party Network (million Euros)	6,501	8,032	-19.1%
Total Assets (million Euros)	13,432	13,513	-0.6%
Equities	5,867	6,573	-10.7%
Investment Funds (proprietary and third party)	3,449	3,084	11.8%
Pension Funds	2,474	2,147	15.2%
SICAVs	803	631	27.3%
Others	839	1,078	-22.2%
Total Assets Temporary of Banco Madrid (million Euros)	2,413	0	0.0%



FINANCIAL INDICATORS (thousand euros)	2,015	2,014	%
Commissions Received	127,767	104,971	21.7%
Financial Margin	3,380	6,024	-43.9%
Result of Financial Operations	1,444	8,229	-82.5%
Cost of Operation	-48,047	-45,434	5.8%
Profit from Operating Activities	20,443	19,551	4.6%
Net Profit	14,020	13,703	2.3%
EPS	0.345	0.337	2.3%

EMPLOYEES (PERIOD AVERAGE)	2,015	2,014	%
Employees (period average)	411	386	6.5%
Branch Network (Latam)	222 (31)	212(27)	4.7%
Central services	189	174	8.6%
Number of Offices	63	60	5.0%

SHARE	2,015	2,014	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	5.85	5.49	6.6%
Capitalisation (€)	238,055,238	223,405,684	6.6%
Number of Shares Issued	40,693,203	40,693,203	





Total client assets under management and custody, excluding those temporary under management from Banco Madrid, reached **13,432 million Euros** at the close of 2015. The proprietary network accounts for 6,931 million Euros. The third party network accounts for 6,501 million Euros.

Assets from Banco Madrid temporarily under management account for **2,413 million Euros**.

In percentage terms assets from the proprietary network have increased by **26.5%** during the last twelve months reaching a total **6,931 million Euros**. This has been possible despite very difficult market conditions during the last semester of 2015.

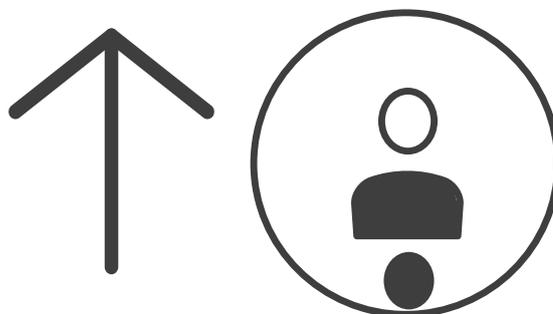
Asset Derived from clients and the management (Investment Funds, SICAV's and Pensions Funds) have reached **6,726 million Euros** versus 5,862 million Euros in 2014, which translates in a **14,7%** increase. Taking into account the assets under management and custody temporarily under management from Banco Madrid, total assets under management at the end of 2015 reached **9,139 million Euros**.

It is noteworthy the increase in assets in **investment funds managed and distributed by Renta 4** (Renta 4 Investment Funds and third party Funds, without including those from Banco Madrid) which at the end of 2015 reached **3,449 million Euros** versus 3,084 million Euros in 2014, which represents an increase of 11.8%.

Investment Funds managed by Renta 4 Asset Management have reach **2,467 million Euros** at the close of 2015, an increase of 2.9% over 2014. Taking into account the assets under temporary management from Banco Madrid, client assets under management reached 4,880 million Euros.

Client assets invested in third party funds reached **982 million Euros** at the close of 2015, an increase of 42.9% over the same period last year.

Proprietary network clients



65,428

Regarding **SICAV's under management**, their assets at the end of 2015 increased by 27.3% reaching a total of **803 million Euros**.

Pension Funds under management increased by 15.2% reaching a total amount of **2,474 million Euros** at the close of 2015.

New clients have continued to increase at a solid rate during 2015. At the close of the year Renta 4 has reached 393,237 clients. The proprietary network increased the number of clients by 10.9% to a total of 65,428. Third party clients increased by 9.30 % to a total of 327,809.





Fourth quarter accumulated. (January-December)

PROFIT & LOSS	31/12/2015	31/12/2014	%
<i>Uds.: Thousand of euros</i>			
Interest and similar income	4,191	7,533	-44.4%
Interest expense and similar charges	-811	-1,509	-46.3%
NET INTEREST INCOME	3,380	6,024	-43.9%
Return on equity instruments	119	165	-27.9%
Profit (loss) of entities accounted for using the equity method	-662	-771	-14.1%
Fee and commission income	127,767	104,971	21.7%
Fee and commission expenses	-64,703	-54,314	19.1%
Gains or losses on financial assets and liabilities (net)	1,444	8,229	-82.5%
Exchange differences (net)	1,597	1,787	-10.6%
Other operating income	294	294	0.0%
Other operating expenses	-770	-1,235	-37.7%
GROSS MARGIN	68,466	65,150	5.1%
Administrative expenses:	-42,929	-40,328	6.4%
a) Personnel expenses	-24,128	-24,134	0.0%
b) Other administrative expenses	-18,801	-16,194	16.1%
Depreciation and amortisation	-4,348	-3,871	12.3%
Provision expenses (net)	-200	47	-
Impairment losses on financial assets (net)	-546	-1,447	-62.3%
OPERATING PROFIT	20,443	19,551	4.6%
Loss by deterioration rest of assets (net)	-919	-40	2,197.5%
Gains of susp. assets not clasif. for sale	421	-1	
PROFIT BEFORE TAX	19,945	19,510	2.2%
Tax on profit	-5,925	-5,807	2.0%
CONSOLIDATED PROFIT FOR THE YEAR	14,020	13,703	2.3%
a) Profit attributed to the parent	14,019	13,369	4.9%
b) Profit attributed to minority interests	1	334	-99.7%



Renta 4 has reached in 2015 a **Net Profit** of **14 million Euros**, up 2.3% from 2014.

Gross Commissions (commissions received, plus company results based on participation method and other products from operations) have increase by **21.9%** totaling **127.399 million Euros** versus 104.494 million Euros.

In this chapter it is noteworthy the amount of gross commissions generated by the **asset management** division in 2015. They were up by **50.6%** totaling **59.778 million Euros** versus 39.696 in 2014. This has been possible due to the substantial asset growth that has taken placed during the year at Renta 4 despite the difficult market conditions in the last quarter of 2015.

With respect to the amount of gross commissions generated during 2015 in the **securities trading divisions**, these have increased by **4.3%** totaling **57.477 million Euros** versus 55.113 million Euros in 2014. Securities trading in international equities have increased by 8.3%. International fixed income trading has increased by 25.4%.

Corporate Services commissions have increased by **4.7%** totaling **10.144 million Euros** versus 9.685 million Euros in 2014

Gross Commissions

↑ **21,9%**
increased

In terms of **net commissions** (gross commissions minus paid commissions) these were up **24.9%** totaling a **62.696 million Euros** versus 50.180 million Euros in 2014. Banco Madrid has via its assets under temporary management contributed with 5.2 million Euros during 2015. Excluding this effect in commissions, the growth of net commissions has been of 15.56% during 2015.

Financial margin has decreased by 43.9% totaling **3.380 million Euros** versus 6.024 million Euros in 2014. The main reason for this drop has been low interest rates during 2015.

The Result of financial operations has suffered a drop of 82.5% totaling **1.444 million Euros** versus 8.229 million Euros in 2014. The main reason for this drop has been the contraction of activity in fixed income markets as a consequence of very low interest rates.

The strong growth in **Commissions** during 2015 has offset in the accounts the intense drop in interest rates already mentioned in the above paragraphs, allowing **gross margin** to reach **68.466 million Euros** versus 65.150 million Euros in 2014, which means a 5.1% increase.

On the cost side, **Operating Costs** (General costs, staff costs, other operational costs and amortization) have total **48.047 million Euros** which means an increase of 5.8% versus 2014.

Personnel Costs remain near flat during 2015 totaling **24.128 million Euros**

General administrative costs during 2015 have increased 16.1% totaling **18.801 million Euros** versus 16.194 in 2014.

Amortization costs during 2015 have increased by 12.3% totaling **4.348 million Euros** versus those of 2014.

The **Result of operating activities** during 2015 has increased by 4,6% totaling **20.443 million Euros** versus 19.551 million Euros in 2014. Excluding interest margin revenue and the result of financial operations then, operating margin for the year 2015 would reach 15.619 million Euros versus 5.298 million Euros in 2014, an increase of 194.8%

During the year, 0.790 million has been provisioned as deterioration in goodwill in the stake held in Hanson Asset Management. A loss of 0.256 million Euros has been registered under Results under Participation Method.

Net Commissions

↑ **24,9%**
increased

Fourth Quarter 2015 (October-December)

PROFIT & LOSS	2015 4.Q	2014 4.Q	%
			<i>Uds.: Thousand of euros</i>
Interest and similar income	1,023	1,520	-32.7%
Interest expense and similar charges	-152	-216	-29.6%
NET INTEREST INCOME	871	1,304	-33.2%
Return on equity instruments	75	36	108.3%
Profit (loss) of entities accounted for using the equity method	58	-238	
Fee and commission income	34,706	29,027	19.6%
Fee and commission expenses	-17,983	-14,748	21.9%
Gains or losses on financial assets and liabilities (net)	-305	1,732	
Exchange differences (net)	402	536	-25.0%
Other operating income	-68	72	
Other operating expenses	-561	-1,150	-51.2%
GROSS MARGIN	17,195	16,571	3.8%
Administrative expenses:	-11,533	-10,463	10.2%
a) Personnel expenses	-6,162	-6,348	-2.9%
b) Other administrative expenses	-5,371	-4,115	30.5%
Depreciation and amortisation	-1,130	-1,032	9.5%
Provision expenses (net)	-200	0	
Impairment losses on financial assets (net)	-191	-932	-79.5%
OPERATING PROFIT	4,141	4,144	-0.1%
Loss by deterioration rest of assets (net)	-129	-40	222.5%
Gains of susp. assets not clasif. for sale	18	-1	
PROFIT BEFORE TAX	4,030	4,103	-1.8%
Tax on profit	-955	-1,206	-20.8%
CONSOLIDATED PROFIT FOR THE YEAR	3,075	2,897	6.1%
a) Profit attributed to the parent	3,075	2,705	13.7%
b) Profit attributed to minority interests	0	192	-100.0%



Renta 4 has reached in the fourth quarter 2015 a **Net Profit of 3.1 million Euros** versus 2.9 million Euros in 2014, an increase of **6.1%**

Gross commissions (commissions received and company results based on participation method plus other products of operation) have increased by **20.2%** to **34.696 million Euros** versus 28.861 million Euros in the fourth quarter 2014.

In this chapter it is noteworthy the increase in **gross commissions** corresponding to the asset management division which were up **54.9%** during the fourth quarter 2015 and reaching **18.661 million Euros** versus 12.050 million Euros in the fourth quarter 2014.

With respect to gross commissions generated in the **securities trading division** they were down by 10.1% reaching a total of **12.777 million Euros** versus 14.210 million Euros during the fourth quarter 2014. The drop in commissions has been due to adverse market conditions during the quarter and its consequences in client trading operations.

Corporate services commissions have increased by 25.3% reaching a total of **3.258 million Euros** during the fourth quarter 2015 versus 2.601 million Euros in the same quarter 2014. The main reason for this growth has been an increase in market placements activity.

In terms of **net commissions** (gross commissions minus paid commissions) they were up 18.4% during the fourth quarter 2015 reaching **16.713 million Euros** versus 14.113 million Euros in the fourth quarter 2014.

Financial margin during the fourth quarter 2015 dropped 33.2% to **0.871 million Euros** versus 1.304 million Euros during the same period last year.

The drop in the revenue from financial operations and interest margin has been due to the low levels of interest rates. This fall in revenue has been offset by the increase in commissions generated which in turn has allowed **gross margin** for the period to reach a total of **17.195 million Euros** which is an increase of 3.8% over the same period last year.

On the costs side, **administrative costs** during the fourth quarter 2015 (general costs and staff costs) have reached **11.533 million Euros** versus 10.463 million Euros in the same period last year. This represents an increase of 10.2%.





The economic environment and of capital markets which Renta 4 Banco will have to face in 2016 are again a difficult one.

The progressive exhaustion of non conventional monetary policies, **near zero interest rates and even negative rates** in some of the more defensive assets, and increasing volatility in capital markets, envisage an scenario similar to that of 2015 but with an even higher intensity. **Risk awareness will be key** for managing client's assets and the balance sheet of Renta 4 Banco.



Renta 4 Banco faces such a challenge with the confidence of having a **solid and growing number of assets**, specially under management under. **These have been steadily growing over the years and allow Renta 4 Banco to look into 2016 with expectations of higher revenues even under adverse market conditions.**

Our goal is to maintained a **high level of return on capital** together with a sustainable growth in profits which in turn will allow for a **rising dividend for shareholders.**

We expect positive results in 2016 from our presence in Latinamerica (Chile,Peru and Colombia) and from our Asset Management company recently opened in Luxemburg.

It is the intention of the Board of Directors to propose at the AGM the **payment of a final dividend.** Together with the interim dividend paid last October 2015 the total dividend paid against 2015 results will represent a dividend yield of **3%** taking into account the average price of the stock during 2015.





ASSETS	31/12/2015	31/12/2014
		<i>Uds.: Thousand of euros</i>
1. Cash and balances with central banks	6,432	3,729
2. Financial assets held for trading	926	1,764
3. Other financial assets at fair value through profit or loss		
4. Available-for-sale financial assets	495,249	626,628
5. Debt securities	511,040	797,884
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	421	5,880
a) Associates	421	5,880
b) Jointly controlled entities		
11. Insurance contracts linked to pensions		
12. Reinsurance assets		
13. Property and equipment:	40,133	35,171
a) For own use	36,051	30,958
b) Investment properties	4,082	4,213
14. Intangible assets:	17,545	17,861
a) Goodwill	15,291	15,420
b) Otro intangible assets	2,254	2,441
15. Tax assets	2,859	2,092
a) Current	0	
b) Deferred	2,859	2,092
16. Other assets	751	826
TOTAL ASSETS	1,075,356	1,491,835



TOTAL EQUITY AND LIABILITIES

31/12/2015

31/12/2014

Uds.: Thousand of euros

TOTAL LIABILITIES	993,261	1,410,957
1. Financial liabilities held for trading	266	360
2. Other financial liabilities at fair value through profit or loss		
3. Financial liabilities at amortized cost	986,275	1,404,287
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	200	130
9. Tax liabilities	4,511	4,162
a) Current	3,120	2,674
b) Deferred	1,391	1,488
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)		
11. Other liabilities	2,009	2,018
12. Cash		
EQUITY	82,095	80,878
OWN FUNDS	82,816	79,630
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	47,769	44,269
4. Other equity instruments	0	142
5. Less: Treasury shares	-334	-2,400
6. Profit (loss) attributable to the parent	-14,019	13,369
7. Less: Dividends and remuneration	-5,446	-2,558
VALUATION ADJUSTMENTS	-768	-304
1. Available-for-sale financial assets	-353	-148
2. Cash flow hedges		
3. Hedges in net investments in foreign operations		
4. Exchange differences	-415	-156
5. Non-current assets held for sale		
6. Companies accounted using the equity method		
7. Other valuation adjustments		
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	82,048	79,326
MINORITY INTERESTS	47	1,552
1. Valuation adjustments	0	0
2. Others	47	1,552
TOTAL EQUITY AND LIABILITY	1,075,356	1,491,835

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