

# 2019

THIRD QUARTER  
RESULTS

renta4banco

## Highlights

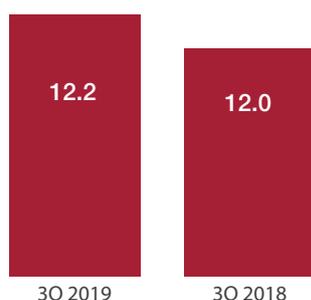
Renta 4 Banco has achieved until September 30<sup>th</sup>, 2019 a **Net Profit attributed to the Group of 12.2 million Euros** versus 12 million Euros in the same period last year. This represents an increase of **1.4%**

The Bank's **Capital Ratio CET1 Fully Loaded** stands at **16.26%** comfortably above current regulatory requirements and amongst the highest in our sector.

The **Bank's return on Capital (ROE)** stands at **17.66%** again well above our sector average.

**Assets from the proprietary network** have **increased by 8.9%** during the first nine months of the year to a total of 12,117 million Euros. **Assets under management** have **increased by 6.7% to 9,951 million Euros**.

NET PROFIT ATTRIBUTED TO THE GROUP  
(3Q 2019 Vs 3Q 2018)  
(million Euros)



Net Profit attributed to the Group: 12.2 million Euros

▲ **1.4%** in the same period last year

Assets from the proprietary network: 9,951 million Euros

▲ **6.7%** in the same period last year

Throughout the year, business is being affected by a continuing decrease of interest rates and low market volumes. This has resulted in **invertors holding increasing amounts of liquidity**. Therefore and, despite the increase in clients and assets under management, **net commissions have been reduced by 7.3%** versus de same period last year and have reached a total of **47.8 million Euros**.

The increase in profits from financial operations, due to the positive behavior in the bond market, and of the financial margin have compensated the drop in net commission. **The gross margin** from activities has reached **63.8 million Euros** which means an **increase of 8.6%** versus the same period last year.

The Board of Directors in their meeting held on the 29th of October 2019 agreed to pay an interim cash **dividend of 0.20 Euros per share**. The dividend will be paid on the 26th of November to all those who are shareholders as of 20th November 2019.

On the 26th of September 2019 Renta 4 Banco has reached an agreement with BNP Paribas for the **acquisition of its brokerage, fund distribution and custody business lines, BNP Paribas Personal Investors**, along with **18,000 clients and 1,250 million Euros in client's assets**. This operation strengthens the position of Renta 4 Banco as the prime Bank specializing in financial services in Spain. The closing of the transaction is subject to the approval of the Regulator.

## Main Variables

Operational Data	3Q 2,019	3Q 2,018	%
<b>Number of Clients Of Proprietary Network</b>	<b>82,838</b>	<b>80,337</b>	<b>3.1%</b>
<b>Total Assets (million Euros)</b>	<b>21,595</b>	<b>21,453</b>	<b>0.7%</b>
Equities	9,074	9,751	-6.9%
Investment Funds (proprietary and third party)	4,993	5,396	-7.5%
Pension Funds	3,837	3,571	7.4%
SICAVs	1,121	1,216	-7.8%
Others	2,570	1,519	69.2%
<b>Assets Proprietary Network (million Euros)</b>	<b>12,117</b>	<b>11,987</b>	<b>1.1</b>
<b>Assets Third Party Network (million Euros)</b>	<b>9,478</b>	<b>9,466</b>	<b>0.1</b>

Financial Indicators (thousand euros)	3Q 2,019	3Q 2,018	%
Fee and commission income	94,219	105,940	-11.1%
Fee and commission expenses	-46,450	-54,401	-14.6%
Net Commissions Received	47,769	51,539	-7.3%
Exchange differences (net)	3,071	3,428	-10.4%
Net Commissions Received + Exchange differences	50,840	54,967	-7.5%
Financial Margin	2,935	2,490	17.9%
Result of Financial Operations	11,895	3,057	289.1%
Cost of Operation (Administrative expenses + Other operating expenses)	-48,015	-44,238	8.5%
Profit from Operating Activities	17,296	17,247	0.3%
<b>Net Profit</b>	<b>12,017</b>	<b>11,805</b>	<b>1.8%</b>
<b>Profit attributed to minority interests</b>	<b>-204</b>	<b>-245</b>	<b>-16.7%</b>
<b>Profit attributed to the parent</b>	<b>12,221</b>	<b>12,050</b>	<b>1.4%</b>
EPS	0.16	0.21	1.4%

## Main Variables

Employees (period average)	3Q 2,019	3Q 2,018	%
<b>Employees (period average)</b>	<b>512</b>	<b>492</b>	<b>4.1%</b>
Branch Network (Latam)	267 (53)	254(46)	5.1%
Central services	245	238	2.9%
<b>Number of Offices</b>	<b>66</b>	<b>66</b>	<b>0.0%</b>

Share	3Q 2,019	3Q 2,018	%
<b>Ticker (Reuters/Bloomberg/Adrs)</b>	<b>RTA4.MA</b>	<b>RTA4.MA</b>	
<b>Share Price (€)</b>	<b>6.6</b>	<b>7.58</b>	<b>-12.9%</b>
Capitalisation (€)	268,575,140	308,454,479	-12.9%
Number of Shares Issued	40,693,203	40,693,203	

## Operating Data

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Total **assets under management and custody**, have reached **21,595 million Euros** at the end of the third quarter. The proprietary network accounts for **12,117 million Euros** and during the first nine months of the year these have increased by 990 million Euros, this represents an **increase of 8.9%**.

**Assets under management** (Investment Funds, Sicavs and Pension Funds) reached **9,951 million Euros**, an increase of 622 million Euros million .They are **up 6.7%** versus the same period last year.

**Assets under management have increased by 3.4% to 8,295 million Euros. Assets in Investment Funds reached 3.337 million Euros, in Sicavs 1,121 million Euros and in Pension Funds 3,837 million Euros.**

Client's assets invested in third party **funds distributed by Renta 4** have reached **1,656 million Euros**. This represents **an increase of 16.4% over the same period last year**. Since the close of December 2108 they have increased by **26.7%**.

**Total accounts in the proprietary network have reached 82,838** versus 80,337 in the same period last year. This represents an increase of 3.11%.

Profits and main areas of revenues and costs.

## Consolidated Profit and Loss Account. Third Quarter 2019 (January to September)

Profit and Loss	30/09/2019	30/09/2018	%
			Thousand of euros
Interest and similar income	4,744	3,401	39.5%
Interest expense and similar charges	-1,809	-911	98.6%
<b>NET INTEREST INCOME</b>	<b>2,935</b>	<b>2,490</b>	<b>17.9%</b>
Return on equity instruments	200	248	-19.4%
Profit (loss) of entities accounted for using the equity method	107	0	-
Fee and commission income	93,971	105,770	-11.2%
Fee and commission expenses	-46,450	-54,401	-14.6%
Gains or losses on financial assets and liabilities (net)	11,895	3,057	289.1%
Exchange differences (net)	3,071	3,428	-10.4%
Other operating income	141	170	-17.1%
Other operating expenses	-2,028	-1,950	4.0%
<b>GROSS MARGIN</b>	<b>63,842</b>	<b>58,812</b>	<b>8.6%</b>
Administrative expenses and depreciation:	-39,590	-38,431	3.0%
a) Personnel expenses	-25,079	-24,149	3.9%
b) Other administrative expenses	-14,511	-14,282	1.6%
Depreciation and amortisation	-6,397	-3,857	65.9%
Provision expenses (net)	-197	-6	-
Impairment losses on financial assets (net)	-362	729	-
<b>OPERATING PROFIT</b>	<b>17,296</b>	<b>17,247</b>	<b>0.3%</b>
Loss by deterioration rest of assets (net)			
Gains of susp. assets not clasif. for sale	0	0	-
<b>PROFIT BEFORE TAX</b>	<b>17,296</b>	<b>17,247</b>	<b>0.3%</b>
Tax on profit	-5,279	-5,442	-3.0%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>12,017</b>	<b>11,805</b>	<b>1.8%</b>
a) Profit attributed to the parent	12,221	12,050	1.4%
b) Profit attributed to minority interests	-204	-245	-16.7%

## Profits and main areas of revenues and costs

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**Net Profit attributed to the Group** in the first nine months of 2019 has **increased by 1.4% to 12.2 million Euros** versus the same period last year.

**Gross commissions** (commissions received plus company results based on participation method and other products from operations) **have dropped by 11.1% to 94.2 million Euros**. During the period, low trading volumes and market uncertainties plus decreasing interest rates have resulted in clients increasing liquidity and thus negatively affecting commissions.

**Asset Management** commissions have dropped by **7.8% to 50.2 million Euros**.

With respect to the **amount of gross commissions** generated in the securities trading division, these have dropped by **17%** reaching **34.4 million Euros**.

**Corporate services** commissions have dropped by **4.4%** to **9.6 million Euros** during the period.

In terms of **net commissions** (gross commissions minus paid commissions) these have dropped by **7.3%** totaling **47.8 million Euros** versus 51.5 million Euros in the same period last year.

The drop in commissions has been compensated with the increase in the **interest margin** which has reached **2.9 million Euros, up 17.9% and the result from financial operations of 11.9 million Euros** versus 3.1 million in the same period last year. Thus reflecting the satisfactory performance of the bond market during the term.

**Gross margin** has **increased by 8.6% to 63.8 million Euros million** versus 58.8 million Euros in the same period last year.

On the costs side, operating costs during the period (general costs, staff costs, other operational costs and amortizations) have increased by **8.5% to 48 million Euros**. The increase in operating costs are associated with investments in our digital transformation and costs related to our branches in **Chile, Peru and Colombia**.

**Staff costs** have increased by 3.9% to 25.1 million Euros. General administrative costs have reached 14.5 million Euros versus 14.3 million Euros in the same period last year. This means an increase 1.6%

**Operating profit** has increased by **0.3% to 17.3 million Euros** versus 17.2 million Euros over the same period last year.

Amortizations have increased by **65.9%** due to the effect of **NIIF 16** rule that came into force on 1 January 2019.

## Third Quarter Results 2019 (July to September)

Profit and Loss	2019 3Q	2018 3Q	%
Interest and similar income	1,720	1,241	38.6%
Interest expense and similar charges	-464	-330	40.6%
<b>NET INTEREST INCOME</b>	<b>1,256</b>	<b>911</b>	<b>37.9%</b>
Return on equity instruments	85	81	4.9%
Profit (loss) of entities accounted for using the equity method	26	0	-
Fee and commission income	30,985	33,818	-8.4%
Fee and commission expenses	-15,251	-17,188	-11.3%
Gains or losses on financial assets and liabilities (net)	6,114	969	531.0%
Exchange differences (net)	1,157	1,168	-0.9%
Other operating income	44	55	-20.0%
Other operating expenses	-625	-686	-8.9%
<b>GROSS MARGIN</b>	<b>23,791</b>	<b>19,128</b>	<b>24.4%</b>
Administrative expenses:	-13,087	-12,804	2.2%
a) Personnel expenses	-8,390	-8,054	4.2%
b) Other administrative expenses	-4,697	-4,750	-1.1%
Depreciation and amortisation	-2,259	-1,318	71.4%
Provision expenses (net)	-199	-1	-
Impairment losses on financial assets (net)	-88	-73	-
<b>OPERATING PROFIT</b>	<b>8,158</b>	<b>4,932</b>	<b>65.4%</b>
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	0	0	-
<b>PROFIT BEFORE TAX</b>	<b>8,158</b>	<b>4,932</b>	<b>65.4%</b>
Tax on profit	-2,456	-1,687	45.6%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>5,702</b>	<b>3,245</b>	<b>75.7%</b>
a) Profit attributed to the parent	5,761	3,326	73.2%
b) Profit attributed to minority interests	-59	-81	-27.2%

## Third Quarter Results 2019 (July to September)

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Renta 4 has reached in the third quarter 2019 a **Net Profit attributed to the Group** of **5.8 million Euros** versus 3.3 million Euros in the same period last year. This means an increase of 73.2%

**Gross commissions** during the third quarter 2019 (commissions received plus company results based on participation method and other products from operations) have dropped by **8.3% to 31.1 million Euros** versus 33.9 million Euros in the same period last year.

**Net commissions** have dropped **5.4% to 15.8 million Euros**.

**Interest margin** has reached 1.3 million Euros, and the **result of financial operations** has reached 6.1 million Euros, both compensating the drop in commissions which has meant that during the quarter **gross margin has increased by 24.4% to 23.8 million Euros** versus 19.1 million Euros in the same period last year.

On the costs side, **operating costs** (general costs, staff costs, other operational costs and amortizations) have totaled **15.9 million Euros**. This represents an increase of 7.9% over the same period last year.

**Operating profit for the third quarter** 2019 has increased by 65.4%, reaching **8.2 million Euros** versus 4.9 million Euros in the same period last year.

## Economic and Financial Outlook

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**Business conditions have improved moderately during the third quarter 2019** and have allowed us to show a notable increase in results. As an example the bond market has had an excellent third quarter.

As we had mentioned in previous quarterly results, the increase in the range of products and services provided have contributed positively to our results. Placements and alternative products together with the improvement of **our branches in Chile, Peru and Colombia** have also contributed positivity to the results so far.



## Consolidated Balance Sheet

ASSETS	30/09/2019	31/12/2018
		<i>Thousand of euros</i>
1. Cash and balances with central banks	367,162	427,868
2. Financial assets held for trading	47,067	28,766
3. Other financial assets at fair value through profit or loss	-	-
4. Available-for-sale financial assets	1,039,504	718,020
5. Debt securities	135,207	108,853
6. Held -to-maturity investments	-	-
7. Hedging derivatives	-	-
8. Non-current assets held for sale	-	-
9. Investments	353	-
a) Associates	353	-
b) Jointly controlled entities	-	-
10. Insurance contracts linked to pensions	-	-
11. Reinsurance assets	-	-
12. Property and equipment:	63,394	40,951
a) For own use	59,791	37,257
b) Investment properties	3,603	3,694
13. Intangible assets:	18,433	18,292
a) Goodwill	15,291	15,291
b) Otro intangible assets	3,142	3,001
14. Tax assets	1,043	2,571
a) Current	83	1,551
b) Deferred	960	1,020
15. Other assets	1,718	948
<b>TOTAL ASSETS</b>	<b>1,673,881</b>	<b>1,346,269</b>

## Consolidated Balance Sheet

TOTAL EQUITY AND LIABILITIES	30/09/2019	31/12/2018
		<i>Thousand of euros</i>
<b>TOTAL LIABILITIES</b>	<b>1,567,227</b>	<b>1,249,268</b>
1. Financial liabilities held for trading	8	0
2. Other financial liabilities at fair value through profit or loss	-	-
3. Financial liabilities at amortized cost	1,555,455	1,240,172
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	522	463
9. Tax liabilities	7,309	4,836
a) Current	5,712	3,365
b) Deferred	1,597	1,471
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	-	-
11. Other liabilities	3,933	3,797
12. Cash	-	-
<b>EQUITY</b>	<b>106,654</b>	<b>97,001</b>
<b>OWN FUNDS</b>	<b>105,371</b>	<b>96,329</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	67,063	63,111
4. Other equity instruments	-	-
5. Less: Treasury shares	721	763
6. Profit (loss) attributable to the parent	12,221	16,095
7. Less: Dividends and remuneration	-	-8,922
<b>VALUATION ADJUSTMENTS</b>	<b>379</b>	<b>-13</b>
1. Available-for-sale financial assets	1,438	1,008
2. Cash flow hedges	-	-
3. Hedges in net investments in foreign operations	-	-
4. Exchange differences	-1,059	-1,021
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>105,750</b>	<b>96,316</b>
<b>MINORITY INTERSTS</b>	<b>904</b>	<b>685</b>
1. Valuation adjustments	-140	-61
2. Others	1,044	778
<b>TOTAL EQUITY AND LIABILITY</b>	<b>1,673,881</b>	<b>1,346,269</b>

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