

# 2020

FIRST QUARTER  
RESULTS

renta4banco

## Highlights

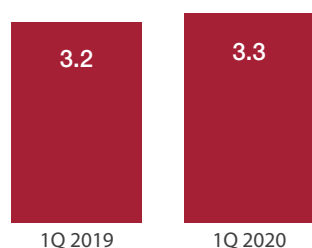
Renta 4 Banco achieved during the first quarter 2020 a **Net Profit attributed to the Group of 3.3 million Euros versus 3.2 million Euros** in the same period last year. **This means an increase of 4.6%.**

The **Bank's Capital Ratio CET1 Fully Loaded** stands circa **17,04%** comfortably above current regulatory requirements.

The **Liquidity ratio** stands at **834.54%**.

Return on **Equity (ROE)** reaches **18.79%**, profitability over invested Capital well above the sector average.

**NET PROFIT (1Q 2019 Vs 1Q 2020)**  
(Thousand euros)



**Net Profit: 3.3 million Euros**

▲ **4.6%** versus same period last year

**Net commissions: 19,392 million Euros**

▲ **21%** versus same period last year

**Renta 4 Banco is satisfactory managing a difficult environment without recent precedent.** Such a situation has been sparked worldwide by the widespread of Covid-19. Such a crisis has sent markets into turmoil and consequently these suffering significant losses all across different asset classes.

**In such a context**, which is becoming a real test for financial institutions, **day to day business and operating procedures have worked smoothly at Renta 4 Banco.** Service and attention to clients has been intensified even further under such difficult market conditions. **Our solvency, liquidity and profitability ratios** have been maintained at the very high levels that they already enjoyed, and which we would like to maintain.

**The results achieved during the first quarter**, above those reached in the same period last year, **and the increase in the assets of clients** under management and administration, with net inflows of 455 million Euros and with 5,695 new clients in the quarter, **are very satisfactory since they reflect that clients value the Bank's efforts in such difficult times.**

**The trust and confidence of our clients in our service has been reflected in an increase in gross commissions** of 25.6% versus the same period last year. At the same time, broking commissions have increased by 61.5%

## Highlights

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**The annual AGM will take place on April 27.** However, following the recommendations made by the ECB on March 27, **the proposal on how profits will be distributed will be voted at a General Meeting which will take place in October 2020.** Therefore that point will be removed from the order of the day.

**The Board of Directors of Renta 4 Banco therefore complies with the recommendations of the ECB, but at the same time stating its compromise in maintaining a retribution to shareholders,** and reiterating once again its high levels of return on equity, regulatory capital (CET fully loaded) and liquidity which its maintenance understands compatible with shareholders remuneration.

## Main Variables

OPERATIONAL DATA	1Q 2,020	1Q 2,019	%
<b>Number of Clients Of Proprietary Network</b>	<b>87,216</b>	<b>81,521</b>	<b>7.0%</b>
<b>Total Assets (million Euros)</b>	<b>19,173</b>	<b>20,894</b>	<b>-8.2%</b>
Equities	7,620	8,724	-12.7%
Investment Funds (proprietary and third party)	4,512	4,966	-9.1%
Pension Funds	3,639	3,689	-1.4%
SICAVs	952	1,110	-14.2%
Others	2,450	2,405	1.9%
<b>Assets Proprietary Network (million Euros)</b>	<b>10,764</b>	<b>11,604</b>	<b>-7.2%</b>
<b>Assets Third Party Network (million Euros)</b>	<b>8,409</b>	<b>9,290</b>	<b>-9.5%</b>

FINANCIAL INDICATORS (THOUSAND EUROS)	1Q 2,020	1Q 2,019	%
Fee and commission income	39,955	31,820	25.6%
Fee and commission expenses	-20,563	-15,799	30.2%
Net Commissions Received	19,392	16,021	21.0%
Exchange differences (net)	3,320	1,001	231.7%
Net Commissions Received + Exchange differences	22,712	17,022	33.4%
Financial Margin	608	707	-14.0%
Result of Financial Operations	1,315	2,534	-48.1%
Cost of Operation (Administrative expenses + Other operating expenses)	-16,144	-15,615	3.4%
Profit from Operating Activities	4,534	4,599	-1.4%
<b>Net Profit</b>	<b>3,288</b>	<b>3,114</b>	<b>5.6%</b>
<b>Profit attributed to minority interests</b>	<b>-50</b>	<b>-77</b>	<b>-35.1%</b>
<b>Profit attributed to the parent</b>	<b>3,338</b>	<b>3,191</b>	<b>4.6%</b>
<b>EPS</b>	<b>0.08</b>	<b>0.008</b>	<b>4.6%</b>

## Main Variables

EMPLOYEES (PERIOD AVERAGE)	1Q 2,020	1Q 2,019	%
Employees (period average)	526	509	3.3%
Branch Network (Latam)	275(58)	266(50)	3.4%
Central services	251	243	3.3%
Number of Offices	66	66	0.0%

SHARE	1Q 2,020	1Q 2,019	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	6.06	7.66	-20.9%
Capitalisation (€)	246,600,810	311,709,935	-20.9%
Number of Shares Issued	40,693,203	40,693,203	

## Operating Data

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Total clients **assets under management and administration** reached **19,173 million Euros**. The **proprietary network** accounts for **10,764 million Euros**. The drop in assets of 840 million Euros, -7.2%, is entirely due to the drop of markets worldwide which in some cases have dropped more than 20%. The third party network accounted for 8,409 million Euros.

**During the first quarter 2020** total assets have dropped by 1,721 million Euros, this means a drop of 8.2%. This has also been due to the value of assets diminishing because of the fall in markets worldwide. Nevertheless, net inflows have been positive during the period.

**Asset under management** (Investment Funds, Sicavs and Pension Funds) reached **9,103 million Euros**, with a fall of 662 million Euros. This represents a drop 6.8%.

Assets managed in **Investment Funds** reached **2,900 million Euros**. In **SICAVS** 952 million Euros. In **Pension Funds** 3,639 million Euros.

Assets in third party **funds distributed** have reached **1,612 million Euros**. This represents an increase of 9.6% over the same period last year.

**Net asset** inflows during the first quarter 2020 have reached **455 million Euros** and above the figure achieved in the same period last year. This inflow has helped to somewhat mitigate the negative impact on asset valuation due to the drop in markets.

**The number of clients continues to increase.** The proprietary network reached **87,216** clients versus 81,521 at the beginning of the year.

## Consolidated Profit and Loss Account (January- March)

Profit and Loss	31/03/2020	31/03/2019	%
Interest and similar income	1,392	1,394	-0.1%
Interest expense and similar charges	-784	-687	14.1%
<b>NET INTEREST INCOME</b>	<b>608</b>	<b>1</b>	<b>-14.0%</b>
Return on equity instruments	0	0	-
Profit (loss) of entities accounted for using the equity method	16	0	-
Fee and commission income	39,888	31,769	25.6%
Fee and commission expenses	-20,563	-15,799	30.2%
Gains or losses on financial assets and liabilities (net)	1,315	2,534	-48.1%
Exchange differences (net)	3,320	1,001	231.7%
Other operating income	51	51	0.0%
Other operating expenses	-787	-669	17.6%
<b>GROSS MARGIN</b>	<b>23,848</b>	<b>19,594</b>	<b>21.7%</b>
Administrative expenses and depreciation:	-13,151	-12,905	1.9%
a) Personnel expenses	-8,205	-8,087	1.5%
b) Other administrative expenses	-4,946	-4,818	2.7%
Depreciation and amortisation	-2,206	-2,041	8.1%
Provision expenses (net)	-2	2	-
Impairment losses on financial assets (net)	-3,955	-51	-
<b>OPERATING PROFIT</b>	<b>4,534</b>	<b>4,599</b>	<b>-1.4%</b>
Loss by deterioration rest of assets (net)			
Gains of susp. assets not clasif. for sale	0	0	-
<b>PROFIT BEFORE TAX</b>	<b>4,534</b>	<b>4,599</b>	<b>-1.4%</b>
Tax on profit	-1,246	-1,485	-16.1%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>3,288</b>	<b>3,114</b>	<b>5.6%</b>
a) Profit attributed to the parent	3,338	3,191	4.6%
b) Profit attributed to minority interests	-50	-77	-35.1%

## Profits and main variables of income and costs

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**Net Profit attributed to the Group** during the first quarter 2020 has reached **3.3 million Euros**. This represents an increase of **4.6%** versus the same period last year.

**Gross Commissions** (commissions received, result of companies via equity method and other operating products) have **increased by 25.6% to 39.9 million Euros. Versus the same period last year**. This increase has taken place due to the increase of orders from clients and especially in equity markets.

**Broking commissions (gross)** have increased by **61.5%** reaching **19.4 million Euros**.

**Asset management commissions** reached **17.1 million Euros**. This means an increase of **2.2%** over the same period last year.

**Corporate services** commissions have increased by 12.3% to **3.4million Euros**.

**Net commissions** (gross commissions mines paid commissions) have increased by **21.0%** to **19.4 million Euros** versus 16.0 million Euros in the same period last year.

**Interest margin has dropped 14% to 0.6 million**. The smaller profits have been due to the decision of increasing cash at the Bank of Spain at a negative rate due to the volatility of mixed income markets.

**Result from Financial Operations has decreased to 1.3 million Euros** versus 2.5 million Euros in the same period last year again due to the adverse situation in financial markets and especially in fixed during the quarter.

**Gross margin** has reached **23.9 million Euros** versus 19.6 during the same period last year. This means an increase of 21.7%

**Operating costs** (general costs, staff costs, other operational costs and amortizations) have totaled **16.1 million Euros**. This represents an **increase of 3.4%** over the same period last year.

**Personnel costs have increased by 1.5% to 8.2 million Euros. General administrative** costs have reached **4.9 million Euros** versus 4.8 million Euros in the same period last year. These have **increased by 2.7%**.

Provisioning for the **deterioration of financial assets has reached 3.9 million Euros**. This has been due to the provisioning of portfolio and credit valuations, which we expect to revert in the coming months.

**Profit before tax** has reached **4.5 million Euros** versus 4.6 million Euros during the same period last year. This represents a drop of **1.4%**.



## Economic and Financial outlook

The financial results and the progress of business during the first quarter show that **Renta 4 Banco has passed well the first impact of the Covid-19 crisis**. At operating level **the Bank has worked normally despite having 100% of employees working telematically from home**.

Also, **under unprecedented turbulence in financial markets, Renta 4 Banco has maintained intact its high level of solvency**, liquidity and profitability over equity which it has been enjoying, and which preservation constitutes a prime goal for the Board of Directors and management team.

**The situation we are experiencing is unprecedented**, given the high level of health and economic uncertainty, but **everything points to a sharp contraction of the economy in the coming quarters and a profound transformation** in the lifestyles and preferences of citizens, with an impact on all business sectors.



Without wishing to be naively optimistic, **Renat 4 Banco is well aware of the enormous challenges this scenario poses for its activity, and believes it is ready to overcome them and grow**, providing its clients with investment and active management solutions at a time when the need for savers and investors seek alternatives for managing their wealth is increasing.

**We have a strong and differential business model, and values** and corporate culture that have allowed us to grow profitably for more than three decades, providing a quality service for our customers. We also have, in all humility, **clear ideas on how to meet the challenges facing the sector today**.

**All this allows us to have a reasonably positive** projection of our performance in the coming quarters, increasing the customer base and the assets under management, in line with what has happened in this first quarter and with what has happened in previous crises.

Despite the scenario of uncertainty generated by the Covid-19 crisis, **our objective for 2020 is still to reinforce our high profitability and solvency ratios, and to continue with a satisfactory remuneration policy for shareholders**.

## Consolidated Balance Sheet

ASSETS	31/03/2020	31/12/2019
		<i>Thousand of euros</i>
1. Cash and balances with central banks	786,664	652,215
2. Financial assets held for trading	53,095	27,195
3. Other financial assets at fair value through profit or loss	-	-
4. Available-for-sale financial assets	686,694	850,419
5. Debt securities	212,246	153,998
6. Held -to-maturity investments	-	-
7. Hedging derivatives	-	-
8. Non-current assets held for sale	-	-
9. Investments	346	348
a) Associates	346	348
b) Jointly controlled entities	-	-
10. Insurance contracts linked to pensions	-	-
11. Reinsurance assets	-	-
12. Property and equipment:	61,430	62,153
a) For own use	57,886	58,579
b) Investment properties	3,544	3,574
13. Intangible assets:	18,205	18,513
a) Goodwill	15,291	15,291
b) Otro intangible assets	2,914	3,222
14. Tax assets	1,668	940
a) Current	71	0
b) Deferred	1,597	940
15. Other assets	1,989	1,157
<b>TOTAL ASSETS</b>	<b>1,822,337</b>	<b>1,766,938</b>

## Consolidated Balance Sheet

TOTAL EQUITY AND LIABILITIES	31/03/2020	31/12/2019
	<i>Thousand of euros</i>	
<b>TOTAL LIABILITIES</b>	<b>1,719,018</b>	<b>1,662,687</b>
1. Financial liabilities held for trading	2,943	6
2. Other financial liabilities at fair value through profit or loss	-	-
3. Financial liabilities at amortized cost	1,650,096	1,650,096
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	494	492
9. Tax liabilities	6,606	6,490
a) Current	5,677	4,846
b) Deferred	929	1,644
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	-	-
11. Other liabilities	5,878	5,603
12. Cash	-	-
<b>EQUITY</b>	<b>103,319</b>	<b>104,251</b>
<b>OWN FUNDS</b>	<b>106,332</b>	<b>102,994</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	76,787	67,074
4. Other equity instruments	-	-
5. Less: Treasury shares	601	601
6. Profit (loss) attributable to the parent	3,338	17,830
7. Less: Dividends and remuneration	-	-
<b>VALUATION ADJUSTMENTS</b>	<b>-3,911</b>	<b>337</b>
1. Available-for-sale financial assets	-1,630	1,667
2. Cash flow hedges	-	-
3. Hedges in net investments in foreign operations	-	-
4. Exchange differences	-2,281	-1,330
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>102,421</b>	<b>103,331</b>
<b>MINORITY INTERESTS</b>	<b>898</b>	<b>920</b>
1. Valuation adjustments	-274	-100
2. Others	1,172	1,020
<b>TOTAL EQUITY AND LIABILITY</b>	<b>1,822,337</b>	<b>1,766,938</b>

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