

2020

FIRST SEMESTER
RESULTS

renta4banco

Highlights

Renta 4 Banco has achieved during the first semester 2020 a **Net Profit attributed to the Group of 7.5 million Euros** versus 6.5 million Euros in the same period last year. This represents an increase of **16.3%**.

The **Bank's Capital Ratio CET1 Fully Loaded** stands at **18.8%** comfortably above current regulatory requirements.

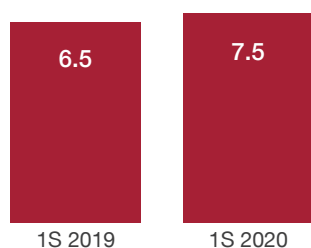
The **Bank's return on invested Capital (ROE)** stands at **19.2%** again well above our sector average.

The first semester of the year has been deeply marked by the Covid -19 crisis and under such difficulties Renta 4 has satisfactory dealt with the challenge.

The Bank's priority has always been to ensure the safety of its staff while at the same time providing a quality service to its customers. Likewise, Renta 4 has pursued with its social commitment in this period, with contributions of medical material to the Emergency Military Unit (EMU), with a scholarship programme for youngsters whose families have been affected by the pandemic and with contributions to different Social Charities in Chile, Peru and Colombia.

Business activity and operating variables have evolved positively during the period, with an increase in our client base and with strong inflows of assets. All this reflects the high level of satisfaction that investors and savers have with our offer of specialized services

NET PROFIT (1S 2019 Vs 1S 2020)
(Thousand euros)



Net Profit: 7.5 million Euros

▲ **16.3%** versus same period last year

Net commissions: 35.6 million Euros

▲ **12.1%** versus same period last year

Net inflows from the **proprietary network** have reached **607 million Euros during the first semester**. The number of **new clients has increased by 6,320** reaching a total of 90,000. During the month of July after the integration of the clients from BNP Personal Investors the number of clients is above 100,000.

Client assets under management and custody within our proprietary network have reached 11,235 million Euros despite the fall in market value of the assets due to the drop of financial markets worldwide during the period. Total **client assets** reached **20,760 million Euros** as of 30 June.

All of the above has translated in a **positive trend of revenues and profits**, and with an **increase of 23.7% in net commissions** plus exchange differences versus the same period last year.

During the first days of July the integration process with the business of BNP Personal Investors has been completed. This has meant the incorporation of 11,000 new clients. With this acquisition Renta 4 reinforces its position as a Bank specialized in investment services and wealth management.

Main Variables

OPERATIONAL DATA	2Q 2,020	2Q 2,019	%
Number of Clients Of Proprietary Network	89,942	81,751	10.0%
Total Assets (million Euros)	20,760	21,000	-1.1%
Equities	8,536	8,619	-1.0%
Investment Funds (proprietary and third party)	4,940	5,024	-1.7%
Pension Funds	3,966	3,753	5.7%
SICAVs	948	1,112	-14.7%
Others	2,370	2,492	-4.9%
Assets Proprietary Network (million Euros)	11,235	11,630	-3.4%
Assets Third Party Network (million Euros)	9,525	9,370	1.7%

FINANCIAL INDICATORS (THOUSAND EUROS)	2Q 2,020	2Q 2,019	%
Fee and commission income	80,047	63,164	26.7%
Fee and commission expenses	-44,302	-31,199	42.0%
Net Commissions Received	35,745	31,965	11.8%
Exchange differences (net)	6,164	1,914	222.0%
Net Commissions Received + Exchange differences	41,909	33,879	23.7%
Financial Margin	694	1,679	-58.7%
Result of Financial Operations	4,706	5,781	-18.6%
Cost of Operation (Administrative expenses + Other operating expenses)	-33,344	-32,044	4.1%
Profit from Operating Activities	10,144	9,138	11.0%
Net Profit	7,440	6,315	17.8%
Profit attributed to minority interests	-75	-145	-48.3%
Profit attributed to the parent	7,515	6,460	16.3%
EPS	0.19	0.16	16.3%

Main Variables

EMPLOYEES (PERIOD AVERAGE)	2Q 2,020	2Q 2,019	%
Employees (period average)	528	510	3.5%
Branch Network (Latam)	276(60)	265(51)	4.1%
Central services	252	245	2.9%
Number of Offices	66	66	0.0%

SHARE	2Q 2,020	2Q 2,019	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	5.9	7.14	-17.4%
Capitalisation (€)	240,089,898	290,549,469	-17.4%
Number of Shares Issued	40,693,203	40,693,203	

Operating Data

Total **assets under management and custody**, have reached **20,760 million Euros** at the close of the first semester. The **proprietary network** accounts for **11,235 million Euros**. The valuation of the assets of our proprietary network have dropped by 395 million Euros versus de same period last year. This 3.4% drop is due to the loss in valuation of world markets during the period. Nevertheless, net inflows during the semester have been positive.

Assets under management (Investment Funds, Sicavs and Pension Funds) reached **9,854 million Euros**, a decrease of 35 million Euros, -0.4%, again due to the loss of worldwide market valuations.

Assets in **Investment Funds** reached **2,927 million Euros**, in **Sicavs 948 million Euros** and in **Pension Funds 3,966 million Euros**.

Client's assets invested in third party **funds distributed by Renta 4** have reached **2,013 million Euros**. **This represents an increase of 26.4% over the last twelve months.**

Net inflows during the period have increased by 607 million Euros and are considerably higher than in the same period last year. This to a certain degree has compensated the the drop in valuation due to adverse market conditions.

New clients continue to grow at a good pace. Total clients in our proprietary network have reached **89,942** versus 81,751 in the same period last year.

Consolidated Profit and Loss Account. First Semester 2020. January to June.

Profit and Loss	30/06/2020	30/06/2019	%
Interest and similar income	2,661	3,024	-12.0%
Interest expense and similar charges	-1,967	-1,345	46.2%
NET INTEREST INCOME	694	1,679	-58.7%
Return on equity instruments	88	115	-23.5%
Profit (loss) of entities accounted for using the equity method	2	81	-97.5%
Fee and commission income	79,944	62,986	26.9%
Fee and commission expenses	-44,302	-31,199	42.0%
Gains or losses on financial assets and liabilities (net)	4,706	5,781	-18.6%
Exchange differences (net)	6,164	1,914	222.0%
Other operating income	101	97	4.1%
Other operating expenses	-1,872	-1,403	33.4%
GROSS MARGIN	45,525	40,051	13.7%
Administrative expenses and depreciation:	-27,046	-26,503	2.0%
a) Personnel expenses	-17,079	-16,689	2.3%
b) Other administrative expenses	-9,967	-9,814	1.6%
Depreciation and amortisation	-4,426	-4,138	7.0%
Provision expenses (net)	-565	2	-
Impairment losses on financial assets (net)	-3,344	-274	-
OPERATING PROFIT	10,144	9,138	11.0%
Loss by deterioration rest of assets (net)			
Gains of susp. assets not clasif. for sale	0	0	-
PROFIT BEFORE TAX	10,144	9,138	11.0%
Tax on profit	-2,704	-2,823	-4.2%
CONSOLIDATED PROFIT FOR THE YEAR	7,440	6,315	17.8%
a) Profit attributed to the parent	7,515	6,460	16.3%
b) Profit attributed to minority interests	-75	-145	-48.3%

Profits and main areas of revenues and costs

Net Profit attributed to the Group in the first semester of 2020 has **increased by 16.3%** to **7.5 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 increased by 26.9% to 79.9 million Euros** versus the same period last year. The increase in commissions is due mainly to the higher number of trades executed by clients and especially in equity markets.

With respect to the amount of **gross commissions** generated in the securities trading division, these have increased by **78.6%**, reaching 41.6 million Euros.

Asset management commissions have suffered a drop of 4.0%, reaching **32.1 million Euros**. This has been mainly due to the drop in the valuation of assets because of to the fall in markets worldwide.

Corporate services commissions have dropped by 1.1% to **6.3 million Euros** during the period.

In terms of **net commissions** (gross commissions minus paid commissions) these have increased by **12.1%** totaling **35.6 million Euros** versus 31.8 million Euros in the same period last year.

The interest margin has **reached 0.7 million Euros**, this means a **drop of 58.75%**. The lesser revenue is due to the fact of having adopted the decision to increase cash with the Bank of Spain at negative interest rates due to the strong volatility in the fixed income markets during the period.

The result of financial operations has reached 4.7 million Euros versus 5.8 million in the same period last year. This drop is again motivated by adverse market conditions and especially those in the fixed income markets.

Gross margin has increased by 13.7% to **45.5 million Euros** versus 40.1 million Euros versus 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 4.1% to 33.3 million Euros**.

Staff costs have increased by 2.3% to 17.1 million Euros. **General administrative costs** have reached **10.0 million Euros** versus 9.8 million Euros in the same period last year. This means an increase 1.6%

The provisions for **impairment of financial assets amounted to 3.3 million Euros** due to the provisions made for portfolio and credit valuation which we expect to revert in the following months.

Operating profit has increased by 11.0% to 10.1 million Euros versus 9.1 million Euros over the same period last year.

Consolidated Profit and Loss Account. Second Quarter Results 2020. April to June.

Profit and Loss	2020 2Q	2019 2Q	%
Interest and similar income	1,269	1,630	-22.1%
Interest expense and similar charges	-1,183	-658	79.8%
NET INTEREST INCOME	86	972	-91.2%
Return on equity instruments	88	115	-23.5%
Profit (loss) of entities accounted for using the equity method	-14	81	-
Fee and commission income	40,056	31,217	28.3%
Fee and commission expenses	-23,739	-15,400	54.1%
Gains or losses on financial assets and liabilities (net)	3,391	3,247	4.4%
Exchange differences (net)	2,844	913	211.5%
Other operating income	50	46	8.7%
Other operating expenses	-1,085	-734	47.8%
GROSS MARGIN	21,677	20,457	6.0%
Administrative expenses:	-13,895	-13,598	2.2%
a) Personnel expenses	-8,874	-8,602	3.2%
b) Other administrative expenses	-5,021	-4,996	0.5%
Depreciation and amortisation	-2,220	-2,097	5.9%
Provision expenses (net)	-563	0	-
Impairment losses on financial assets (net)	611	-223	-
OPERATING PROFIT	5,610	4,539	23.6%
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	0	0	-
PROFIT BEFORE TAX	5,610	4,539	23.6%
Tax on profit	-1,458	-1,338	9.0%
CONSOLIDATED PROFIT FOR THE YEAR	4,152	3,201	29.7%
a) Profit attributed to the parent	4,177	3,269	27.8%
b) Profit attributed to minority interests	-25	-68	-63.2%

Consolidated Profit and Loss Account. Second Quarter Results 2020. April to June.

Renta 4 has reached in the second quarter 2020 a **Net Profit attributed to the Group of 4.2 million Euros** versus 3.3 million Euros in the same period last year. This means an increase of 27.8%

Gross commissions (commissions received plus company results based on participation method and other products from operations) have increased by **27.9%** to **40.1 million Euros** versus 31.3 million Euros in the same period last year.

Net commissions have increased by **2.6%** to **16.4 million Euros**.

Interest margin has reached 0.1 million Euros, and the **result of financial operations** has reached 3.4 million Euros. During the quarter, **gross margin has increased by 6%** reaching **21.7 million Euros** versus 20.5 million in the same period last year.

On the costs side, **operating costs** (general costs, staff costs, other operational costs and amortizations) have totaled **17.2 million Euros**. This represents an increase of 4.7% over the same period last year.

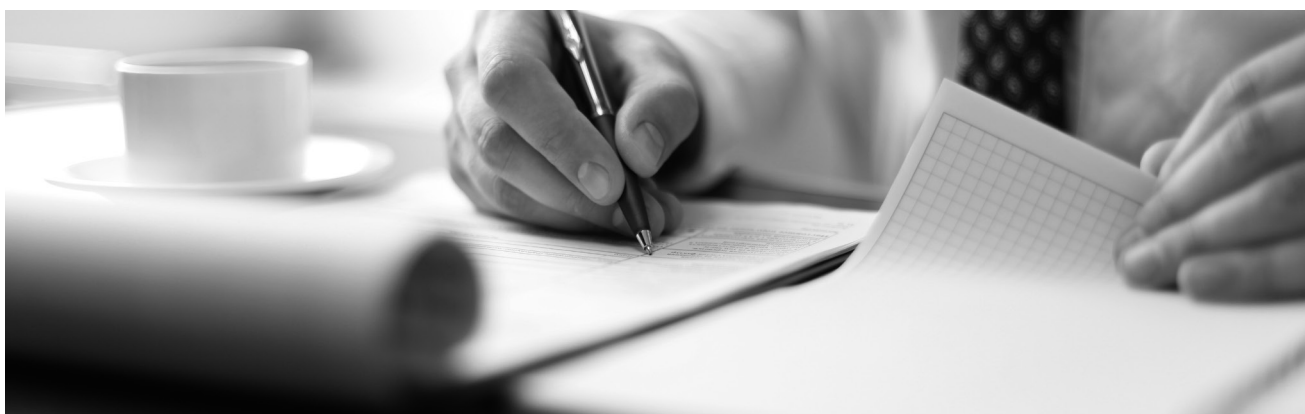
Operating profit for the third quarter 2020 has increased by 24.44%, reaching **5.6 million Euros** versus 4.9 million Euros in the same period last year.

Economic and Financial Outlook

Renta 4 Bank has overcome well an unprecedented situation in the economy and financial markets, as created by the pandemic in the first part of the year.

At operational level, the Bank continued to operate normally both during the period of confinement, with almost one hundred percent of the staff teleworking, and during the period of de-escalation and return to a certain degree of normality.

In terms of the balance sheet and financial results, Renta 4 Banco has maintained the high levels of solvency, liquidity and return on equity it has enjoyed over the years, the preservation of which is an essential objective for the Board and the management team.



Particularly noteworthy is the strong performance of activity in Chile, Peru and Colombia, with very significant growth despite the difficult situation experienced by these countries as a result of the pandemic, growth that we hope will continue in the coming months.

The successful integration of the BNP Personal Investors business, completed in July, is also noteworthy. For our Bank, this represents a further step towards positioning itself as a leading Spanish bank specializing in wealth management services

Everything points to an equally complex environment in the second half of the year, not only because of the possible resurgence of the epidemic, but also because of the cascading effects that the almost complete stop of activity can have on the behavior of economic agents. We are very aware of those challenges, and we are making the greatest effort to face them with a proper preparation, with the greatest possible strength and with a clear understanding of them.

We maintain a reasonably positive projection for the rest of the year, despite the scenario of uncertainty generated by the COVID-19 crisis, and we are reasonably confident that we can maintain the high profitability and solvency ratios achieved.

Consolidated Balance Sheet

ASSETS	30/06/2020	31/12/2019
		<i>Thousand of euros</i>
1. Cash and balances with central banks	900,675	652,215
2. Financial assets held for trading	46,275	27,195
3. Other financial assets at fair value through profit or loss	-	-
4. Available-for-sale financial assets	592,016	850,419
5. Debt securities	167,254	153,998
6. Held -to-maturity investments	-	-
7. Hedging derivatives	-	-
8. Non-current assets held for sale	-	-
9. Investments	350	348
a) Associates	350	348
b) Jointly controlled entities	-	-
10. Insurance contracts linked to pensions	-	-
11. Reinsurance assets	-	-
12. Property and equipment:	60,826	62,153
a) For own use	57,311	58,579
b) Investment properties	3,515	3,574
13. Intangible assets:	18,067	18,513
a) Goodwill	15,291	15,291
b) Otro intangible assets	2,776	3,222
14. Tax assets	913	940
a) Current	41	0
b) Deferred	872	940
15. Other assets	1,833	1,157
TOTAL ASSETS	1,788,209	1,766,938

Balance Consolidado. Pasivo y patrimonio neto.

TOTAL EQUITY AND LIABILITIES	30/06/2020	31/12/2019
	<i>Thousand of euros</i>	
TOTAL LIABILITIES	1,678,712	1,662,687
1. Financial liabilities held for trading	917	6
2. Other financial liabilities at fair value through profit or loss	-	-
3. Financial liabilities at amortized cost	1,666,634	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	997	492
9. Tax liabilities	7,232	6,490
a) Current	6,229	4,846
b) Deferred	1,003	1,644
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	-	-
11. Other liabilities	2,932	5,603
12. Cash	-	-
EQUITY	109,497	104,251
OWN FUNDS	110,665	102,994
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	76,943	67,074
4. Other equity instruments	-	-
5. Less: Treasury shares	601	601
6. Profit (loss) attributable to the parent	7,515	17,830
7. Less: Dividends and remuneration	-	-
VALUATION ADJUSTMENTS	-2,088	337
1. Available-for-sale financial assets	159	1,667
2. Cash flow hedges	-	-
3. Hedges in net investments in foreign operations	-	-
4. Exchange differences	-2,247	-1,330
5. Non-current assets held for sale	-	-
6. Companies accounted using the equity method	-	-
7. Other valuation adjustments	-	-
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	108,577	103,331
MINORITY INTERESTS	920	920
1. Valuation adjustments	-227	-100
2. Others	1,147	1,020
TOTAL EQUITY AND LIABILITY	1,788,209	1,766,938

JOSÉ IGNACIO MÁRQUEZ POMBO
Investor Relations

Tel.: +34 913 848 500 | Fax: +34 610 894 343
jmarquez@renta4.es | www.renta4.com

Renta 4 Banco, S.A.
Paseo de la Habana, 74
28036 Madrid | Spain

