

# 2020



THIRD QUARTER  
RESULTS

## Highlights

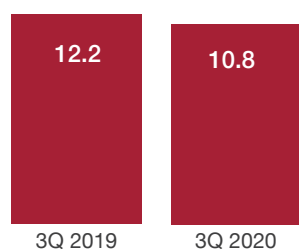
Renta 4 Banco obtained in the first nine months of the year a **Net Profit attributable to the Group of 10.8 million euros** compared to 12.2 million in the same period of the previous year, representing a decrease of **11.4%**.

The "**CET1 Fully Loaded**" capital ratio stands at around **17.1%**, well above regulatory solvency requirements.

The **Return on Capital (ROE)** amounts to **16.3%**, a return on invested capital that is well above the sector average.

**Net profit** for the third quarter was **3.3 million euros**, compared to 5.8 million euros for the same period in 2019, which is 42.5% less.

NET PROFIT ATTRIBUTED TO THE GROUP  
(3Q 2020 Vs 3Q 2019)  
(million Euros)



Net Profit attributed to the Group: 10.8 million euros

▼ **11.4%** in the same period last year

Net commissions: 61.3 millones de euros

▲ **20.6%** in the same period last year

The **operating variables and levels of activity recorded** during the year were **satisfactory**, especially if we consider the difficulty of the period **marked by the COVID-19 crisis**.

The **good performance of commercial and business activity** has resulted in an **increase in net fees** plus exchange rate differences **of 20.6%** compared to the same period in the previous year, which, together with cost containment, has enabled the **Activity Margin to grow by 307%**.

However, both the **Financial Margin and the Profit from Financial Operations (PFO)** fell by **84% and 46%** respectively in the first nine months, **mainly due to the post-Covid interest rate environment**, and the **fall in profits was entirely attributable to these falls**.

Of particular note in the period was the strong rate of **Net inflows by the Group's own network**, which amounted to Euros **720 million** and the fact that **15,937 new clients** opened accounts. The increase in the customer base in the last twelve months was **20.8%**, reaching **99,559 clients in total**.

**Total client assets** at 30 September amounted to Euro **20,868 million**, of which Euro **11,434 million** corresponded to customer assets in the **Group's own network**.

**Renta 4 continued in the third quarter to strengthen its position** as a Bank specialized in investment and asset management services for all types of clients. In addition to the integration of **BNP Personal Investors' activity**, focused on the retail client segment, a team specialized in the analysis and **intermediation of institutional clients was incorporated in September**.

Another noteworthy fact is the **good performance** of the subsidiaries in **Latin America (Chile, Peru and Colombia)** which began to **contribute positively to the Group's income statement** with a contribution of approximately 7% of consolidated profit.

## Main Variables

OPERATIONAL DATA	3Q 2,020	3Q 2,019	%
<b>Number of Clients Of Proprietary Network</b>	<b>99,559</b>	<b>82,404</b>	<b>20.8%</b>
<b>Total Assets (million Euros)</b>	<b>20,868</b>	<b>21,595</b>	<b>-3.4%</b>
Equities	8,121	9,074	-10.5%
Investment Funds (proprietary and third party)	5,265	4,993	5.4%
Pension Funds	4,003	3,837	4.3%
SICAVs	951	1,121	-15.2%
Others	2,528	2,570	-1.6%
<b>Assets Proprietary Network (million Euros)</b>	<b>11,434</b>	<b>12,117</b>	<b>-5.6%</b>
<b>Assets Third Party Network (million Euros)</b>	<b>9,434</b>	<b>9,478</b>	<b>-0.5%</b>

FINANCIAL INDICATORS (thousand euros)	3Q 2,020	3Q 2,019	%
<b>Net Commissions</b>	<b>61,319</b>	<b>50,840</b>	<b>20.6%</b>
Fee and commission income + Exchange differences	124,221	97,290	27.7%
Fee and commission expenses	-62,902	-46,450	35.4%
<b>Cost of Operation</b>	<b>-49,810</b>	<b>-48,015</b>	<b>3.7%</b>
<b>Activity Margin</b>	<b>11,509</b>	<b>2,825</b>	<b>307.4%</b>
Financial Margin	461	2,935	-84.3%
Result of Financial Operations	6,581	12,095	-45.6%
<b>Ordinary Margin</b>	<b>18,551</b>	<b>17,855</b>	<b>3.9%</b>
<b>Net Profit</b>	<b>10,750</b>	<b>12,017</b>	<b>-10.5%</b>
Profit attributed to minority interests	-80	-204	-60.8%
Profit attributed to the parent	10,830	12,221	-11.4%
EPS	0.27	0.30	-11.4%

## Main Variables

EMPLOYEES (period average)	3Q 2,020	3Q 2,019	%
Employees (period average)	533	512	4.1%
Branch Network (Latam)	277(60)	267(53)	3.7%
Central services	256	245	4.5%
Number of Offices	66	66	0.0%

SHARE	3Q 2,020	3Q 2,019	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	6.58	6.6	-0.3%
Capitalisation (€)	267,761,276	268,575,140	-0.3%
Number of Shares Issued	40,693,203	40,693,203	

## Operating Data

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The volume of **assets administered and managed** in the third quarter of 2020 reached **20,868 million euros**, of which **11,434 million euros** corresponded to the company's **own network**. The amount of assets is 5.6% lower than the previous year's figure of 683 million euros, despite the good figure of net assets captured, due to the fall in the valuation of assets as a result of the falls in the markets.

In this period, the net inflows from the **Group's own network** amounted to Euros **720 million**, a good figure that has largely offset the decrease in the value of customers' portfolios due to the market price effect.

The **rate of increase of new customers** has also grown. The total number of accounts in the Group's own network is **99,559** compared to 82,404 in the same period of the previous year.

Customer assets in **assets under management** (Investment Funds, SICAVs and Pension Funds) amounted to Euro **10,219 million**, an **increase of Euro 268 million** over the same period last year, an increase of 2,7%.

Assets managed in **Investment Funds** totalled **2,931 million Euros**, in **SICAVs 951 million Euros** and in **Pension Funds 4,003 million Euros**.

The volume distributed in third **party funds** reached Euro **2,334 million**, which represents an **increase of 40.9% over the last twelve months**.

The growth in assets resulted in a **notable increase of 20.6% in net fees** plus exchange differences, compared to the same period last year, which, together with cost containment, led to a **307% increase in the Activity Margin**.

## Consolidated Profit and Loss Account January -September

Profit and Loss	30/09/2020	30/09/2019	%
Interest and similar income	3,467	4,744	-26.9%
Interest expense and similar charges	-3,006	-1,809	66.2%
<b>NET INTEREST INCOME</b>	<b>461</b>	<b>2,935</b>	<b>-84.3%</b>
Return on equity instruments	89	200	-55.5%
Profit (loss) of entities accounted for using the equity method	10	107	-90.7%
Fee and commission income	115,540	93,971	23.0%
Fee and commission expenses	-62,902	-46,450	35.4%
Gains or losses on financial assets and liabilities (net)	6,492	11,895	-45.4%
Exchange differences (net)	8,450	3,071	175.2%
Other operating income	221	141	56.7%
Other operating expenses	-2,629	-2,028	29.6%
<b>GROSS MARGIN</b>	<b>65,732</b>	<b>63,842</b>	<b>3.0%</b>
Administrative expenses and depreciation:	-40,542	-39,590	2.4%
a) Personnel expenses	-25,752	-25,079	2.7%
b) Other administrative expenses	-14,790	-14,511	1.9%
Depreciation and amortisation	-6,639	-6,397	3.8%
Provision expenses (net)	-568	-197	188.3%
Impairment losses on financial assets (net)	-3,588	-362	-
<b>OPERATING PROFIT</b>	<b>14,395</b>	<b>17,296</b>	<b>-16.8%</b>
Loss by deterioration rest of assets (net)			
Gains of susp. assets not clasif. for sale	0	0	-
<b>PROFIT BEFORE TAX</b>	<b>14,395</b>	<b>17,296</b>	<b>-16.8%</b>
Tax on profit	-3,645	-5,279	-31.0%
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>10,750</b>	<b>12,017</b>	<b>-10.5%</b>
a) Profit attributed to the parent	10,830	12,221	-11.4%
b) Profit attributed to minority interests	-80	-204	-60.8%

## Profits and main areas of revenues and costs

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**Net profit attributed to the Group** in the first nine months of 2020 amounted to Euro **10.8 million**, down **11.4%** on the same period in 2019.

In 2020, **gross commissions** (commissions received, results of companies accounted for using the equity method and other operating products) **grew by 23.0%** compared to the previous year, reaching a figure of **Euro 115.5 million**.

**Gross brokerage** fees increased by **67.6%**, closing at **Euros 57.8 million**. The greater volatility of the markets in the period clearly contributed to a greater volume and frequency of operations by customers.

**Management fees** stood at **EUR 47.9 million**, **4.5%** lower than in the same period last year, as a result of the effect of the reduction in the valuation of the assets managed.

Fee income in the **Corporate Services** area was **5.1% higher** than in the same period last year, with revenues of **Euro 10.0 million**.

**Net Commissions** (gross commissions plus exchange differences minus commissions paid) increased by **20.6%** to **Euro 61.3 million**, compared to Euro 50.8 million in the third quarter of 2019.

**The Activity Margin** stood at **11.5 million euros**, with a notable increase of 307% compared to the same period last year.

The **Interest Margin** was **0.5 million euros**, which meant a **decrease of 84.3%**. The lower margin is due to the high liquidity maintained in the balance sheet remunerated at a negative interest rate.

**Profit from financial operations** amounted to **Euro 6.5 million**, compared to Euro 11.9 million in the same period in 2019, profits which were largely obtained last year due to the sales made because of the good market situation.

The **gross margin** (interest margin, net commissions, result from financial operations, income from equity instruments, other operating charges) for the quarter was **65.7 million euros**, compared to 63.8 million euros in the same period last year, representing a growth of 3.0%.

**Ordinary Margin** during the third quarter has reached 18.6 million euros versus 17.9 million euros in the same period last year. This represents an increase of 3.9%

On the cost side, **Operating Expenses and Amortization** (General expenses, Personnel expenses and Depreciation and Amortization) amounted to **49.8 million euros**, which meant a **moderate increase of 3.7%**.

**Personnel expenses** increased by **2.7%** to **Euros 25.8 million** and **general administrative expenses** amounted to **Euros 14.8 million**, compared to Euros 14.5 million in the previous year, an **increase of 1.9%**.



## Profits and main areas of revenues and costs

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The provision for impairment of **financial assets amounted to Euros 3.6 million**, due to the provisions made for portfolio and credit valuation, which we expect to be reversed in the following months.

**Profit before tax** reached **Euros 14.4 million**, compared to Euros 17.3 million the previous year, representing a decrease of **16.8%**. **If we exclude the effect of the PFO**, which as we mentioned in the previous year generated an extraordinary result, the Profit from Operations **would have grown by 38%**.

## Third Quarter Results 2019 (July to September)

Profit and Loss	30/09/2020	30/09/2019	%
<i>Thousand of euros</i>			
Interest and similar income	3,467	4,744	-26.9%
Interest expense and similar charges	-3,006	-1,809	66.2%
<b>NET INTEREST INCOME</b>	<b>461</b>	<b>2,935</b>	<b>-84.3%</b>
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## Third Quarter Results 2019 (July to September)

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Renta 4 obtained a **Net Profit** of **3.3 million euros** in the third quarter of 2020, compared to 5.8 million euros in the same period in 2019, which is 42.5% less.

**Gross commissions** (commissions received, results of companies accounted for using the equity method and other operating products) increased by **14.9%** to **Euro 35.6 million**, compared to Euro 31.0 million in the same period in 2019.

In terms of **Net Commissions** Received, **Euros 17.1 million** were obtained, **8.4%** more than in the same quarter of the previous year.

**Net interest** income stood at Euro -0.2 million, compared to Euro 1.2 million in the previous year, and the **result from financial operations** reached Euro 1.8 million, compared to Euro 6.1 million in the previous year.

In the quarter, the **gross margin fell by 15.1%** to **Euro 20.2 million**, compared to Euro 23.8 million the previous year. This decline occurred, despite the significant increase in fees recorded, due to the lower net interest income and ROF obtained in the period in comparison with the previous year.

**Operating costs** (overheads, personnel expenses, other operating expenses and depreciation) amounted to **Euro 16.5 million**, up 3.1% on the third quarter of 2019.

**The quarterly result of** operating activity stood at **Euro 4.3 million**, compared to Euro 8.2 million in the third quarter of 2019.

## Economic and Financial Outlook

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The results for the first **nine months of the year** reflect a **very favorable evolution of commercial and business activity**, which has largely offset the decline in net interest income and result from financial operations.

**We expect this good commercial and business performance to continue** in the coming quarters, **in an environment that will continue to be very complex**, and in which the cascading effects of the pandemic will gradually be absorbed.

**We maintain a prudently positive outlook for the fourth quarter of the year, based on the high levels of solvency, liquidity and return on equity** maintained by Renta 4 Banco **and our position** as a specialized Bank of reference when it comes to providing investment solutions to a wide range of savers and investors.



**This positioning also began to bear fruit in our Latin American subsidiaries**, which performed well despite the health crisis, registering high growth rates in customers, assets and fees and contributing positively to the Group's income statement.

**The Board and the management team's main objective is to maintain the aforementioned high levels of solvency and profitability**, an objective they consider **compatible with adequate shareholder remuneration when the supervisory** bodies allow it.

**Renta 4 Bank is also firmly committed to innovation and the social and environmental impact of its activity**, considering this commitment to be an essential part of our mission and business model.

## Consolidated Balance Sheet

ASSETS	3T 2020	3T 2019
		<i>Thousand of euros</i>
1. Cash and balances with central banks	818,361	652,215
2. Financial assets held for trading	62,080	27,195
3. Other financial assets at fair value through profit or loss	-	-
4. Available-for-sale financial assets	642,053	850,419
5. Debt securities	139,250	153,998
6. Held -to-maturity investments	-	-
7. Hedging derivatives	-	-
8. Non-current assets held for sale	-	-
9. Investments	358	348
a) Associates	358	348
b) Jointly controlled entities	-	-
10. Insurance contracts linked to pensions	-	-
11. Reinsurance assets	-	-
12. Property and equipment:	60,293	62,153
a) For own use	56,808	58,579
b) Investment properties	3,485	3,574
13. Intangible assets:	19,893	18,513
a) Goodwill	17,298	15,291
b) Otro intangible assets	2,595	3,222
14. Tax assets	919	940
a) Current	44	0
b) Deferred	875	940
15. Other assets	1,794	1,157
<b>TOTAL ASSETS</b>	<b>1,745,001</b>	<b>1,766,938</b>

## Consolidated Balance Sheet

TOTAL EQUITY AND LIABILITIES	30/09/2020	31/12/2019
		<i>Thousand of euros</i>
<b>TOTAL LIABILITIES</b>	<b>1,678,712</b>	<b>1,662,687</b>
1. Financial liabilities held for trading	2932	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	759	492
9. Tax liabilities	7,057	6,490
a) Current	5,728	4,846
b) Deferred	1,329	1,644
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	-	-
11. Other liabilities	4,226	5,603
12. Cash	-	-
<b>EQUITY</b>	<b>113,279</b>	<b>104,251</b>
<b>OWN FUNDS</b>	<b>113,980</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	76,943	67,074
4. Other equity instruments	-	-
5. Less: Treasury shares	601	601
6. Profit (loss) attributable to the parent	10,830	17,830
7. Less: Dividends and remuneration	-	-
<b>VALUATION ADJUSTMENTS</b>	<b>-1,516</b>	<b>337</b>
1. Available-for-sale financial assets	921	1,667
2. Cash flow hedges	-	-
3. Hedges in net investments in foreign operations	-	-
4. Exchange differences	-2,437	-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>112,464</b>	<b>103,331</b>
<b>MINORITY INTERESTS</b>	<b>815</b>	<b>920</b>
1. Valuation adjustments	-327	-100
2. Others	1,142	1,020
<b>TOTAL EQUITY AND LIABILITY</b>	<b>1,745,001</b>	<b>1,766,938</b>

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