

2020

FOURTH QUARTER
RESULTS

renta4banco

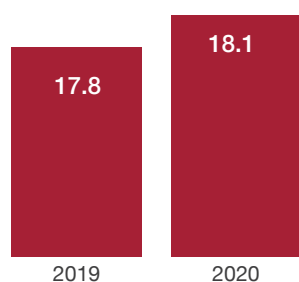
Highlights

Renta 4 Banco has reached in 2020 a **Net Profit attributable to the Group of 18.1 million Euros** versus to 17.8 million Euros achieved in 2019. This represents an increase of **1.7%**.

Net Profit for the fourth quarter amounted to **7.3 million Euros** compared to 5.6 million Euros in the same period last year. This means an increase of **30.3%**.

The **CET1 Fully Loaded** capital ratio stood at around **14.71%**, well above regulatory solvency requirements.

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



Net Profit attributed to the Group: 18.1 million euros

▲ **1.7%** in the same period last year

Net commissions: 74.5 million euros

▲ **9.2%** in the same period last year

The **return on equity (ROE)** was **17.58%**, well above the sector average.

Operating variables and activity levels during the year continued to be **satisfactory**, especially considering the difficulties caused by the COVID-19 crisis. Renta 4 continued to strengthen its position as a Bank specialising in investment and asset management services. **Net inflows by the proprietary network amounted to 964 million Euros**. The **client base has increased by 17,656 reaching 101,278**. This means an increase of **21.1%** versus the same period last year.

Total clients assets at the end of December amounted to **23,432 million Euros**, of which **12,547 million Euros** corresponded to **client assets in the proprietary network**.

Of note was the growth in net fees plus exchange rate differences (**+18.4%**) which, together with cost containment, produced a **157.6% rise in net operating income**.

A particularly noteworthy aspect last year was the **good performance of the Latin American subsidiaries**, which began to make a **positive contribution** to the income statement with a contribution of **approximately 7%** of consolidated profit.

Highlights

The Board of Directors held on 29 January 2021 agreed to distribute a dividend of 0,0229 Euros per share, in accordance with the communication received from the European Central Bank. Without prejudice to a new dividend to be paid in September, if the European Central Bank so allows it.

Significant data

Operational Data	4Q 2,020	4Q 2,019	%
Number of Clients Of Proprietary Network	101,278	83,622	21.1%
Total Assets (million Euros)	23,432	22,294	5.1%
Equities	9,562	9,244	3.4%
Investment Funds (proprietary and third party)	5,830	5,223	11.6%
Pension Funds	4,431	4,157	6.6%
SICAVs	994	1,166	-14.8%
Others	2,615	2,504	4.4%
Assets Proprietary Network (million Euros)	12,547	12,347	1.6%
Assets Third Party Network (million Euros)	10,885	9,947	9.4%

Financial Indicators (thousand euros)	4Q 2,020	4Q 2,019	%
Net Commissions	85,652	72,316	18.4%
Fee and commission income + Exchange differences	173,220	136,753	26.7%
Fee and commission expenses	-87,568	-64,437	35.9%
Cost of Operation	-68,480	-65,650	4.3%
Activity Margin	17,172	6,666	157.6%
Financial Margin	398	3,835	-89.6%
Result of Financial Operations	9,574	14,815	-35.4%
Ordinary Margin	27,144	25,316	7.2%
Net Profit	18,046	17,602	2.5%
Profit attributed to minority interests	-91	-228	-60.1%
Profit attributed to the parent	18,137	17,830	1.7%
EPS	0.45	0.44	2.4%

Significant data

Employees (period average)	4Q 2,020	4Q 2,019	%
Employees (period average)	541	515	5.0%
Branch Network (Latam)	279(62)	268(53)	4.1%
Central services	262	247	6.1%
Number of Offices	66	66	0.0%

Share	4Q 2,020	4Q 2,019	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	7.08	7	1.1%
Capitalisation (€)	288,107,877	284,852,421	1.1%
Number of Shares Issued	40,693,203	40,693,203	

Operating data

Assets under **management and administration** in 2020 reached **23,432 million Euros, an increase of 5.1%, of which 12,547 million Euros** belonged to the proprietary network. The amount of assets gathered by the proprietary network was 200 million Euros higher than in the previous year. This means an increase of 1.6%.

Net assets of the proprietary network amounted to **EUR 964 million**, and largely has offset the decline in the value of portfolios due to the market price effect.

The **pace of increase in new clients** is noteworthy. The total number of accounts in the proprietary network reached **101,278** compared to 83,622 in the same period last year. This means an increase of 21.11%.

Client assets under management (investment funds, SICAVs and pension funds) increased by 6.7% to **11,255 million Euros** versus 709 million Euros in the same period last year.

Assets under management in investment funds amounted to **3,116 million Euros, 994 million Euros in SICAVs and 4,431 million Euros in pension funds.**

Assets in third party investment funds increased by 52.0% to 2,714 million Euros.

Profit and Loss Account 2020 (January-December)

Profit and Loss	31/12/2020	31/12/2019	%
Interest and similar income	4,430	6,232	-28.9%
Interest expense and similar charges	-4,032	-2,397	68.2%
NET INTEREST INCOME	398	3,835	-89.6%
Return on equity instruments	89	320	-72.2%
Profit (loss) of entities accounted for using the equity method	101	120	-15.8%
Fee and commission income	161,732	132,347	22.2%
Fee and commission expenses	-87,568	-64,437	35.9%
Gains or losses on financial assets and liabilities (net)	9,485	14,495	-34.6%
Exchange differences (net)	11,116	4,059	173.9%
Other operating income	271	227	19.4%
Other operating expenses	-3,500	-2,460	42.3%
GROSS MARGIN	92,124	88,506	4.1%
Administrative expenses and depreciation:	-56,030	-54,596	2.6%
a) Personnel expenses	-35,756	-35,834	-0.2%
b) Other administrative expenses	-20,274	-18,762	8.1%
Depreciation and amortisation	-8,950	-8,594	4.1%
Provision expenses (net)	-225	-220	2.3%
Impairment losses on financial assets (net)	-2,900	-316	817.7%
OPERATING PROFIT	24,019	24,780	-16.8%
Loss by deterioration rest of assets (net)			
Gains of susp. assets not clasif. for sale	0	0	-
PROFIT BEFORE TAX	24,019	24,780	-3.1%
Tax on profit	-5,973	-7,178	-16.8%
CONSOLIDATED PROFIT FOR THE YEAR	18,046	17,602	2.5%
a) Profit attributed to the parent	18,137	17,830	1.7%
b) Profit attributed to minority interests	-91	-228	-60.1%

Profit and main income and expense items

Net Profit Attributable to the Group reached at **18.1 million Euros**, representing an increase of **1.7%** compared to the same period last year.

In 2020, **Gross Commissions** (Commissions received, results of companies accounted for using the equity method and other operating income) **increased by 22.2%** compared to the previous year, reaching **162.1 million euros**.

Gross intermediation commissions increased by **65.6% to EUR 76.8 million**. The growth in the client base, together with the volatility of the markets, led to a higher volume and frequency of transactions in the markets.

Management fees reached **70.9 million Euros**, **2.9%** lower than in the same period last year due to the reduction in the valuation of managed assets.

Fees in the **Corporate Services area** increased **8.5%** year-on-year to **14.5 million Euros**.

Net fees and commissions (gross fees and commissions paid) increased by **9.2% to €74.5 million Euros** versus 68.3 million Euros in 2019.

The growth in assets and in the number of clients led to an **increase of 18.4% in net fees and commissions plus exchange** rate differences, which, together with cost containment, increased net operating income by **157.6% to 17.2 million Euros**.

Net interest income amounted to **0.4 million Euros**, a **decrease of 89.6%** compared to the previous year, due to the high level of liquidity held on the balance sheet at negative interest rates.

Net trading income amounted to **9.5 million Euros** compared to 14.5 million Euros in the same period last year, results obtained last year largely due to divestments made in the Fixed Income portfolio.

Gross Margin for the year was **€92.1 million**, compared to €88.5 million in the previous year, a **growth of 4.1%**.

On the cost side, **Operating Expenses and Depreciation** (General Expenses, Personnel Expenses and Depreciation) **amounted to 68.5 million euros**, an **increase of 4.3%**.

Personnel expenses decreased by **0.2% to 35.8 million euros**. General administrative expenses amounted to **20.3 million euros**, compared to **18.8 million euros** reached in the same period last year, an **increase of 8.1%**.

Impairment charges on financial assets amounted to **2.9 million euros**, due to portfolio and credit valuation provisions, which we expect to be reversed in the following months.

The **operating profit** amounted to **24.0 million Euros**, compared to 24.8 million Euros reached in the same period last year. This means a drop of 3.1%. **Excluding the effect of the ROF**, which as mentioned in the previous year generated an extraordinary result, the operating result would **have grown by 41%**.

Income Statement Fourth Quarter 2020 (October - December)

Profit and Loss	4Q 2020	4Q 2019	%
Interest and similar income	963	1,488	-35.3%
Interest expense and similar charges	-1,026	-588	74.5%
NET INTEREST INCOME	-63	900	-107.0%
Return on equity instruments	0	120	-100.0%
Profit (loss) of entities accounted for using the equity method	39	13	200.0%
Fee and commission income	46,244	38,376	20.5%
Fee and commission expenses	-24,666	-17,987	37.1%
Gains or losses on financial assets and liabilities (net)	2,993	2,600	15.1%
Exchange differences (net)	2,666	988	169.8%
Other operating income	50	86	-41.9%
Other operating expenses	-871	-432	101.6%
GROSS MARGIN	26,392	24,664	7.0%
Administrative expenses:	-15,488	-15,006	3.2%
a) Personnel expenses	-10,004	-10,755	-7.0%
b) Other administrative expenses	-5,484	-4,251	29.0%
Depreciation and amortisation	-2,311	-2,197	5.2%
Provision expenses (net)	343	-23	-
Impairment losses on financial assets (net)	688	46	28.6%
OPERATING PROFIT	9,624	7,484	28.6%
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	0	0	-
PROFIT BEFORE TAX	9,624	7,484	28.6%
Tax on profit	-2328	-1,899	22.6%
CONSOLIDATED PROFIT FOR THE YEAR	7,296	5,585	30.6%
a) Profit attributed to the parent	7,307	5,609	30.3%
b) Profit attributed to minority interests	-11	-24	-54.2%

Income Statement Fourth Quarter 2020 (October - December)

Renta 4 reported a **Net Profit of 7.3 million** Euros in the fourth quarter of 2020, compared to 5.6 million Euros in the same period of 2019, an increase of **30.3%**.

Gross Commissions (Commissions received, income from equity method companies and other operating income), increased by **20.4%** to 46.3 million Euros, compared to **38.4 million Euros** in the same period of 2019.

In terms of **Net Fee and Commission** income, **21.6 million Euros** was obtained, 5.8% more than in the same quarter of the previous year.

The **net interest margin** was very close to zero, the previous year it was 1 million Euros and the **result of financial operations** reached 3 million Euros compared to 2.6 million Euros the previous year.

In the quarter, the **Gross Margin increased by 7%** to **26.4 million Euros**, compared to 24.7 million Euros in the previous year.

"Operating Costs" (General Expenses, Personnel Expenses, Other Operating Expenses and Depreciation and Amortization) amounted to **18.7 million Euros**, an increase of **5.9%** compared with the fourth quarter of 2019.

The **quarterly Profit from Operating Activities** increased compared to the same quarter of last year by **28.6%** to **9.6 million Euros**, compared to 7.5 million Euros in the fourth quarter of 2019.

Economic and financial outlook

The extraordinary events of 2020 tested the strengths of Renta 4 Banco's business model, and the end result was a significant increase in the number of clients, the largest ever intake of new client assets and an increase in fee income in all business areas. **Renta 4 Banco has passed the challenge, emerging stronger in its balance sheet, its positioning and in all its lines of business.**

Particularly noteworthy was the good performance of the Latin American subsidiaries, which grew strongly in clients, revenues and assets under management and **began to contribute positively to the consolidated Group's results, increasingly throughout the year.**

But beyond the figures achieved, the most important fact is that Renta 4 Banco has laid the foundations to **continue growing in the new post-Covid scenario.** A more digital, more competitive and more demanding scenario, in which there will be winners and losers.



Throughout the year, Renta 4 Banco has reinforced its goal to promote constructive investment to improve **people's lives** and contribute to the progress of society, based on the conviction that **this objective is the safest way to offer sustainable returns** to our clients and shareholders.

From this conviction, the foundations have been laid to provide a **technological platform that responds to the new needs** of customers, and to offer broader services to both traditional customers and those accessing investment for the first time, **preparing the organisation for a period of high growth.**

Economic and financial outlook

The permanent zero interest rate scenario is resulting in a high growth in demand for investment services. Renta 4's model is to respond to this demand by giving to all types of savers access to quality financial services. To achieve this, we base ourselves on the high level of all the persons who form part of the Bank, on the culture of prioritising the client's interest above all else, and on cutting-edge technology, designed by and for the client.

For all these reasons, we expect to maintain our growth and positive results in the coming quarters, in a demanding environment that requires continuous adaptation and evolution. In the coming quarters we will incorporate new solutions and investment alternatives and new banking services, which will broaden and complement our offer for new customer segments, under a profitable growth model that will keep us as a benchmark for innovation and quality in the new scenario.

Consolidated Balance Sheet

ASSETS	31/12/2020	31/12/2019
		<i>Thousand of euros</i>
1. Cash and balances with central banks	744,174	652,215
2. Financial assets held for trading	55,079	27,195
3. Other financial assets at fair value through profit or loss	-	-
4. Available-for-sale financial assets	580,321	850,419
5. Debt securities	315,846	153,998
6. Held -to-maturity investments	-	-
7. Hedging derivatives	-	-
8. Non-current assets held for sale	-	-
9. Investments	362	348
a) Associates	362	348
b) Jointly controlled entities	-	-
10. Insurance contracts linked to pensions	-	-
11. Reinsurance assets	-	-
12. Property and equipment:	60,399	62,153
a) For own use	56,944	58,579
b) Investment properties	3,455	3,574
13. Intangible assets:	20,110	18,513
a) Goodwill	15,291	15,291
b) Otro intangible assets	4,819	3,222
14. Tax assets	994	940
a) Current	0	0
b) Deferred	994	940
15. Other assets	1,850	1,157
TOTAL ASSETS	1,779,135	1,766,938

Consolidated Balance Sheet

TOTAL EQUITY AND LIABILITIES	31/12/2020	31/12/2019
<i>Thousand of euros</i>		
TOTAL LIABILITIES	1,657,464	1,662,687
1. Financial liabilities held for trading	522	6
2. Other financial liabilities at fair value through profit or loss	-	-
3. Financial liabilities at amortized cost	1,643,451	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	313	492
9. Tax liabilities	8,020	6,490
a) Current	6,461	4,846
b) Deferred	1,559	1,644
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	-	-
11. Other liabilities	5,158	5,603
12. Cash	-	-
EQUITY	121,671	104,251
OWN FUNDS	121,402	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	486	601
6. Profit (loss) attributable to the parent	18,137	17,830
7. Less: Dividends and remuneration	-	-
VALUATION ADJUSTMENTS	-637	337
1. Available-for-sale financial assets	1,436	1,667
2. Cash flow hedges	-	-
3. Hedges in net investments in foreign operations	-	-
4. Exchange differences	-2,073	-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	120,765	103,331
MINORITY INTERSTS	906	920
1. Valuation adjustments	-225	-100
2. Others	1,131	1,020
TOTAL EQUITY AND LIABILITY	1,779,135	1,766,938

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