

2021

THIRD QUARTER
RESULTS

renta4banco

Highlights

The Renta 4 Banco Group's **Net Income** as of September 30, 2021 amounted to **17.0 million Euros** compared to 10.8 million Euros obtained in the same period the previous year, representing an increase of **57.3%**.

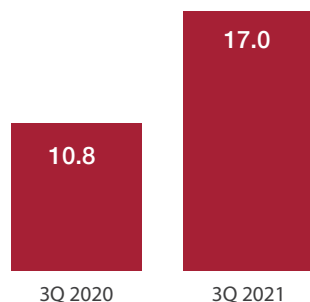
Renta 4 Banco has endorsed the good practice of its **ESG policies and procedures**, having recently received a rating review from Clarity AI, a global benchmark company for social and environmental impact analysis, with a score that placed the company in the top 5 in its segment (Investment banking and brokerage).

Clarity AI has a worldwide coverage of nearly 30.000 organizations, more than 215.000 investments funds and nearly 400 national and local governments. It is a partner of Blackrock, Bloomberg and Allfunds among other prestigious organizations.

The "**CET1 Fully Loaded**" **capital ratio** stood at around **16.7%** well over the regulatory requirement level.

Return on Equity (ROE) was **21.0%**, a return on invested capital that is well above the industry average.

NET PROFIT ATTRIBUTED TO THE GROUP
(3Q 2020 Vs 3Q 2021)
(million Euros)



Net Profit attributed to the Group: 17.0 million euros

▲ **57.3%** in the same period last year

Net commissions: 74,410 million euros

▲ **21.3%** in the same period last year

Commercial and business activity continued to develop at a satisfactory pace. **852 million Euros in net inflows assets** from customers of the Proprietary network during the first nine months, and the **number of customers** increased by 9.0% during the period, reaching **110.358 customers**.

Total customer assets at September 30 amounted to **26.535 million Euros**, **27.2% more than a year ago**, of which 14.260 million Euros corresponded to **customer assets in the Proprietary network**, 2.826 million Euros more than the previous year, an increase of **24.7%**.

The **Latin American subsidiaries** maintained the trend of growing positive results, with a joint contribution of approximately **11.3% of the consolidated result**.

Renta 4 Banco intends to distribute a dividend against the results of the first ten months of the year before the end of the year.

Significant Data

OPERATIONAL DATA

	3Q 2,021	3Q 2,020	%
Number of Clients Of Proprietary Network	110,358	99,559	10.8%
Total Assets (million Euros)	26,535	20,868	27.2%
Equities	10,880	8,121	34.0%
Investment Funds (proprietary and third party)	6,875	5,265	30.6%
Pension Funds	4,914	4,003	22.8%
SICAVs	1,040	951	9.4%
Others	2,826	2,528	11.8%
Assets Proprietary Network (million Euros)	14,260	11,434	24.7%
Assets Third Party Network (million Euros)	12,275	9,434	30.1%

FINANCIAL INDICATORS (THOUSAND EUROS)

	3Q 2,021	3Q 2,020	%
Net Commissions	74,410	61,319	21.3%
Fee and commission income + Exchange differences	135,868	124,221	9.4%
Fee and commission expenses	-61,458	-62,902	-2.3%
Cost of Operation	-57,975	-49,810	16.4%
Activity Margin	16,435	11,509	42.8%
Financial Margin	-172	461	-
Result of Financial Operations	7,529	6,581	14.4%
Ordinary Margin	23,792	18,551	28.3%
Net Profit	17,039	10,750	58.5%
Profit attributed to minority interests	2	-80	-
Profit attributed to the parent	17,037	10,830	57.3%
EPS	0.42	0.27	57.3%

Significant Data

EMPLOYEES (PERIOD AVERAGE)	3Q 2,021	3Q 2,020	%
Employees (period average)	586	533	9.9%
Branch Network (Latam)	291(69)	277(60)	5.1%
Central services	295	256	15.2%
Number of Offices	66	66	0.0%

SHARE	3Q 2,021	3Q 2,020	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	9.0	6.58	36.8%
Capitalisation (€)	366,238,827	267,761,276	36.8%
Number of Shares Issued	40,693,203	40,693,203	

Operating data

The volume of assets under **administration and management** stands at **26.535 million Euros**, **5.667 million Euros** more than a year ago, representing an **increase of 27.2%**, of which **14.260 million Euros** correspond to the **Proprietary network**, up by **2.826 million euros** in the last twelve months.

Customer **assets under management** (Investment Funds, SICAVs and Pension Funds) amounted to **12.829 million Euros**, an **increase of 2.610 million Euros** over the same period last year, up by **25.5%**.

Assets under management in **Mutual Funds** amounted to **3.717 million Euros**, in **SICAVs 1.040 million Euros** and in **Pension Funds 4.914 million Euros**, with respective growth of **26.8%**, **9.4%** and **22.8%** in the last twelve months.

The volume distributed in third party **funds** amounted to **3.158 million Euros**, representing an **increase of 35.3%** over the last twelve months.

The pace of **growth in the number of customers** was maintained, increasing market share in a sustained manner for yet another period. The total number of accounts in the Proprietary network was **110.358**, compared to 99.559 in the same period last year. The growth in the volume of **net inflows in the Proprietary network**, increased at satisfactory levels and reached **852 million Euros** during the period.

Income Statement Third Quarter 2021
(January - September)

Profit and Loss	30/09/2021	30/09/2020	%
Interest and similar income	3,128	3,467	-9.8%
Interest expense and similar charges	-3,300	-3,006	9.8%
NET INTEREST INCOME	-172	461	-
Return on equity instruments	2	89	-97.8%
Profit (loss) of entities accounted for using the equity method	227	62	266.1%
Fee and commission income	124,632	115,488	7.9%
Fee and commission expenses	-61,458	-62,902	-2.3%
Gains or losses on financial assets and liabilities (net)	7,527	6,492	15.9%
Exchange differences (net)	10,570	8,450	25.1%
Other operating income	439	221	98.6%
Other operating expenses	-2,892	-2,629	10.0%
GROSS MARGIN	78,875	65,732	20.0%
Administrative expenses and depreciation:	-48,047	-40,542	18.5%
a) Personnel expenses	-31,142	-25,752	20.9%
b) Other administrative expenses	-16,905	-14,790	14.3%
Depreciation and amortisation	-7,036	-6,639	6.0%
Provision expenses (net)	-1343	-568	136.4%
Impairment losses on financial assets (net)	164	-3,588	-
OPERATING PROFIT	22,613	14,395	57.1%
Loss by deterioration rest of assets (net)			
Gains of susp. assets not clasif. for sale	2	0	-
PROFIT BEFORE TAX	22,615	14,395	57.1%
Tax on profit	-5,576	-3,645	53.0%
CONSOLIDATED PROFIT FOR THE YEAR	17,039	10,750	58.5%
a) Profit attributed to the parent	17,037	10,830	57.3%
b) Profit attributed to minority interests	2	-80	-

Profit and main income and expense items

Net Profit Attributable to the Group amounted to **17.0 million Euros**, an increase of **57.3%** compared to that obtained in the third quarter of 2020, which amounted to 10.8 million Euros.

During the first nine months of 2021, **Gross Commissions** (Commissions received, income from equity method companies and other operating income), **increased by 8.2%** compared to the same period of the previous year, reaching **125.3 million Euros**.

On a Gross Commission basis, **Brokerage Commissions** remained at a slightly higher level than in the previous year, closing the quarter at **57.9 million Euros**, **Management Commissions** at **55.0 million Euros, up 14.9%** and Commissions from **Corporate Services** activity **increased by 23.5%** compared to the previous year, reaching **12.4 million Euros**.

Net Commissions (gross commission minus paid commissions) increased by **20.8%** to **63.8 million Euros**, versus 52.9 million Euros in the third quarter of 2020.

The **Net interest Margin** was negative, **-0.2 million Euros**, due to the high level of liquidity held on the balance sheet remunerated at negative interest rates.

The Result of Financial Operations amounted to **7.5 million Euros** compared to 6.5 million Euros in the same period of 2020, an increase of 15.9%.

Quarterly **Gross Margin** reached **78.9 million Euros**, compared to 65.7 million Euros achieved in the same period last year, an increase of 20.0%.

On the cost side, **operating expenses**, (General Expenses, Depreciation and Amortization, and Other Operating Expenses) amounted to **58.0 million Euros**, an **increase of 16.4%**.

Personnel expenses rose by **20.9%** to **31.1 million Euros** and general administrative expenses amounted to **16.9 million Euros**, compared to **14.8 million Euros** the previous year, an increase of **14.3%**.

The recovery of provisions for asset impairment amounted to **0.2 million euros**, largely reversing the provisions made during the first half of 2020.

Profit from operating activities amounted to **22.6 million Euros**, compared to 14.4 million Euros in the same period last year, representing a comparative growth of **57.1%**.

Income Statement Third Quarter 2021
(July - September)

Profit and Loss	2021 3Q	2020 3Q	%
Interest and similar income	1,120	0,806	-12.8%
Interest expense and similar charges	-1,127	-1,039	-11.4%
NET INTEREST INCOME	-7	-233	-32.6%
Return on equity instruments	1	1	-98.9%
Profit (loss) of entities accounted for using the equity method	46	25	338.1%
Fee and commission income	40,692	35,579	1.4%
Fee and commission expenses	-18,804	-18,600	-17.1%
Gains or losses on financial assets and liabilities (net)	0,824	1,786	-20.6%
Exchange differences (net)	3,184	2,286	-9.5%
Other operating income	55	120	102.0%
Other operating expenses	-0,564	-0,757	0.9%
GROSS MARGIN	25,427	20,207	16.8%
Administrative expenses:	-15,301	-13,496	17.5%
a) Personnel expenses	-10,069	-8,673	18.5%
b) Other administrative expenses	-5,232	-4,823	15.8%
Depreciation and amortisation	-2,394	-2,213	5.7%
Provision expenses (net)	-349	-3	31.3%
Impairment losses on financial assets (net)	-1,346	-244	143.2%
OPERATING PROFIT	6,037	4,251	31.8%
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	0	0	-
PROFIT BEFORE TAX	6,037	4,251	31.8%
Tax on profit	-1,599	-0,941	30.0%
CONSOLIDATED PROFIT FOR THE YEAR	4,438	3,310	32.4%
a) Profit attributed to the parent	4,435	3,315	31.6%
b) Profit attributed to minority interests	3	-5	-104.0%

Income Statement Third Quarter 2021 (July - September)

Renta 4 Banco reached a **Net Profit** of **4.4 million Euros** in the third quarter of 2021, versus 3.3 million Euros in the same period of 2020, an increase of **33.8%**.

Gross P. Commissions for the quarter (Commissions received, income from equity method companies and other operating income), increased by **14.2%** to **40.8 million Euros**, compared to 35.7 million Euros in the same period last year.

Net fees and commissions in the quarter totalled **21.9 million Euros**, an increase of **28.9%** over the same period last year.

The quarterly net interest income was very close to zero, in line with that obtained in the same quarter of the previous year, and net trading income amounted to 0.8 million Euros.

In comparison to the same quarter last year, **Gross Margin has increased by 25.8%** reaching **25.4 million Euros** versus 20.2 million Euros.

“Operating Costs” (General Expenses, Personnel Expenses, Other Operating Expenses and Depreciation and Amortization) amounted to **18.3 million Euros**, an increase of 10.9% compared to the third quarter of 2020.

Profit from Operating Activities during the quarter increased by **42.0%** reaching 6 million Euros versus **4.3 million Euros** in the same period last year.

Economic and financial outlook

The results and trend of business in the third quarter confirms the high growth forecast we had at the beginning of the year, and also confirms the good performance of our three subsidiaries Chile, Peru and Colombia.

We maintain the same forecast for the fourth quarter, based on the sustained growth in the number of clients, the growth in assets under management and administration, and the increase in margins.

In the economic scenario, some doubts have arisen as a result of the energy crisis, the rise in raw materials, problems in global supply chains and the energy crisis, as well as the situation of the real estate sector in China.



The consequence is an upturn in inflation, which in principle is considered temporary and is not expected to reach levels that could lead to a substantial change in expansionary monetary policies. Likewise, and based on these same factors, there is a certain moderation in global economic growth, particularly in China, but for the time being the projections of the main international organizations continue to point to sustained growth for the coming quarters, albeit somewhat lower.

We see no elements that could substantially alter the evolution of our activity in the fourth quarter. We are likely to continue in a context of low interest rates and bank disintermediation, which gives greater importance to alternative sources of capital. As a result, at the industry level, new platforms and ecosystems based on technological innovation and the new behavioural habits of savers and investors are expected to continue to develop.

In short, we believe that the line of growth in assets and results will be maintained in the coming quarters, but in a very demanding and extremely competitive environment.

Consolidated Balance Sheets

ASSETS	30/09/2021	31/12/2020
<i>Thousand of euros</i>		
1. Cash and balances with central banks	961,658	744,174
2. Financial assets held for trading	61,886	55,079
3. Other financial assets at fair value through profit or loss	-	-
4. Available-for-sale financial assets	487,319	580,321
5. Debt securities	455,904	315,846
6. Held -to-maturity investments	-	-
7. Hedging derivatives	-	-
8. Non-current assets held for sale	-	-
9. Investments	480	362
a) Associates	480	362
b) Jointly controlled entities	-	-
10. Insurance contracts linked to pensions	-	-
11. Reinsurance assets	-	-
12. Property and equipment:	58,927	60,399
a) For own use	55,554	56,944
b) Investment properties	3,373	3,455
13. Intangible assets:	20,799	20,110
a) Goodwill	15,291	15,291
b) Otro intangible assets	5,508	4,819
14. Tax assets	771	994
a) Current	6	0
b) Deferred	765	994
15. Other assets	2,447	1,850
TOTAL ASSETS	2,050,191	1,779,135

Consolidated Balance Sheets

TOTAL EQUITY AND LIABILITIES	30/09/2021	31/12/2020
<i>Thousand of euros</i>		
TOTAL LIABILITIES	1,912,508	1,657,464
1. Financial liabilities held for trading	0	522
2. Other financial liabilities at fair value through profit or loss	-	-
3. Financial liabilities at amortized cost	1,896,085	1,643,451
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	1,537	313
9. Tax liabilities	8,793	8,020
a) Current	6,880	6,461
b) Deferred	1,913	1,559
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	-	-
11. Other liabilities	6,093	5,158
12. Cash	-	-
EQUITY	137,683	121,671
OWN FUNDS	137,506	121,402
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	94,147	76,943
4. Other equity instruments	-	-
5. Less: Treasury shares	486	486
6. Profit (loss) attributable to the parent	17,037	18,137
7. Less: Dividends and remuneration	-	-
VALUATION ADJUSTMENTS	-686	-637
1. Available-for-sale financial assets	2,193	1,436
2. Cash flow hedges	-	-
3. Hedges in net investments in foreign operations	-	-
4. Exchange differences	-2,879	-2,073
5. Non-current assets held for sale	-	-
6. Companies accounted using the equity method	-	-
7. Other valuation adjustments	-	-
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	136,820	120,765
MINORITY INTERSTS	863	906
1. Valuation adjustments	-270	-225
2. Others	1,133	1,131
TOTAL EQUITY AND LIABILITY	2,050,191	1,779,135

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