

2021

FIRST SEMESTER
RESULTS

renta4banco

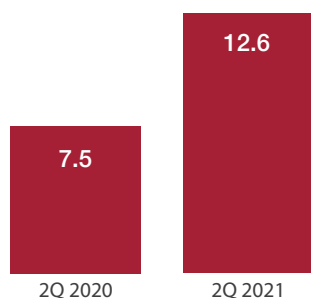
Highlights

In the first half of 2021, Renta 4 Banco achieved a **Net Profit attributable to the Group of 12.6 million euros** compared to 7.5 million euros reached in the same period last year, representing an increase of **67.7%**.

The **"CET1 Fully Loaded"** capital ratio is circa **18.68%**, well above the current regulatory requirement level.

Return on Equity (ROE) stood at **20.8%** on invested capital, well above the industry average.

NET PROFIT (2Q 2020 Vs 2Q 2021)
(Thousand euros)



Net Profit: 12.6 million Euros

▲ **67.7%** versus same period last year

Net commissions: 49,237 million Euros

▲ **17.5%** versus same period last year

During the period, the operating **variables and the levels of activity** recorded have continued to evolve at a satisfactory pace. **Net inflows in the proprietary network in the first half of the year amounted to 580 million euros and the number of clients increased by 6.3% reaching 107,614.**

Total clients assets as of June 30 reached **25,954 million euros**, an increase of **25.0% versus the same period last year**. Of which **13,894 million euros** corresponded to **clients assets in the proprietary network**, 2,659 million euros more than the previous year, an **increase of 23.7%**.

The Latin American subsidiaries again maintained the trend of growing positive results, with a joint contribution of approximately **10.7% of the consolidated result**.

Main Variables

Operational Data

| | 2Q 2,021 | 2Q 2,020 | % |
|---|----------------|---------------|--------------|
| Number of Clients Of Proprietary Network | 107,614 | 89,942 | 19.6% |
| Total Assets (million Euros) | 25,954 | 20,760 | 25.0% |
| Equities | 10,875 | 8,536 | 27.4% |
| Investment Funds (proprietary and third party) | 6,697 | 4,940 | 35.6% |
| Pension Funds | 4,806 | 3,966 | 21.2% |
| SICAVs | 1,016 | 948 | 7.2% |
| Others | 2,560 | 2,370 | 8.0% |
| Assets Proprietary Network (million Euros) | 13,894 | 11,235 | 23.7% |
| Assets Third Party Network (million Euros) | 12,060 | 9,525 | 26.6% |

Financial Indicators (thousand euros)

| | 2Q 2,021 | 2Q 2,020 | % |
|--|----------------|----------------|--------------|
| Net Commissions | 49,237 | 41,909 | 17.5% |
| Fee and commission income + Exchange differences | 91,891 | 86,211 | 6.6% |
| Fee and commission expenses | -42,654 | -44,302 | -3.7% |
| Cost of Operation | -39,716 | -33,344 | 19.1% |
| Activity Margin | 9,521 | 8,565 | 11.2% |
| Financial Margin | -165 | 694 | - |
| Result of Financial Operations | 6,704 | 4,794 | 39.8% |
| Ordinary Margin | 16,060 | 14,053 | 14.3% |
| Net Profit | 12,601 | 7,440 | 69.4% |
| Profit attributed to minority interests | -1 | -75 | -98.7% |
| Profit attributed to the parent | 12,602 | 7,515 | 67.7% |
| EPS | 0.31 | 0.19 | 67.6% |

Main Variables

| Employees (period average) | 2Q 2,021 | 2Q 2,020 | % |
|----------------------------|----------|----------|-------|
| Employees (period average) | 581 | 528 | 10.0% |
| Branch Network (Latam) | 290(68) | 276(60) | 5.1% |
| Central services | 291 | 252 | 15.5% |
| Number of Offices | 66 | 66 | 0.0% |

| Share | 2Q 2,021 | 2Q 2,020 | % |
|---------------------------------|-------------|-------------|-------|
| Ticker (Reuters/Bloomberg/Adrs) | RTA4.MA | RTA4.MA | |
| Share Price (€) | 8.4 | 5.9 | 42.4% |
| Capitalisation (€) | 341,822,905 | 240,089,898 | 42.4% |
| Number of Shares Issued | 40,693,203 | 40,693,203 | |

Operating Data

The volume of assets under administration and management during the first half of 2021 amounted to 25,954 million euros. This means 2,522 million euros more than at the beginning of the year. This represents an increase of 10.8% over the six months, of which 13,894 million euros corresponded to the proprietary network, up 1,347 million euros over the first semester.

Client assets under management (mutual funds, SICAVs and pension funds) amounted to 12,519 million euros, an increase of 2,665 million euros over the same period last year. This represents an increase 27.0%.

Assets under management in mutual funds amounted to 3,551 million euros. In SICAVs 1,016 million euros and in pension funds 4,806 million euros. With respective growth of 21.3%, 7.2% and 21.2% over the last twelve months.

Assets invested in third parties funds reached of 3,146 million euros, representing an increase of 56.3% over the last twelve months.

The pace of growth in the number of clients has been maintained. The total number of accounts in the proprietary network reached 107,614 versus 89,942 the same period last year. Net asset inflows within the proprietary network remained increasing at a healthy rate reaching 580 million euros during the semester.

Consolidated Profit and Loss Account First Semester 2021. (January to June)

| Profit and Loss | 30/06/2021 | 30/06/2020 | % |
|---|---------------|---------------|--------------|
| Interest and similar income | 2,008 | 2,661 | -24.5% |
| Interest expense and similar charges | -2,173 | -1,967 | 10.5% |
| Net Interest Income | -165 | 694 | - |
| Return on equity instruments | 1 | 88 | - |
| Profit (loss) of entities accounted for using the equity method | 181 | 37 | 389.2% |
| Fee and commission income | 83,940 | 79,909 | 5.0% |
| Fee and commission expenses | -42,654 | -44,302 | -3.7% |
| Gains or losses on financial assets and liabilities (net) | 6,703 | 4,706 | 42.4% |
| Exchange differences (net) | 7,386 | 6,164 | 19.8% |
| Other operating income | 384 | 101 | 280.2% |
| Other operating expenses | -2,328 | -1,872 | 24.4% |
| Gross Margin | 53,448 | 45,525 | 17.4% |
| Administrative expenses and depreciation: | -32,746 | -27,046 | 21.1% |
| a) Personnel expenses | -21,073 | -17,079 | 23.4% |
| b) Other administrative expenses | -11,673 | -9,967 | 17.1% |
| Depreciation and amortisation | -4,642 | -4,426 | 4.9% |
| Provision expenses (net) | -994 | -565 | 75.9% |
| Impairment losses on financial assets (net) | 1,510 | -3,344 | - |
| Operating Profit | 16,576 | 10,144 | 63.4% |
| Loss by deterioration rest of assets (net) | | | |
| Gains of susp. assets not clasif. for sale | 2 | 0 | - |
| Profit Before tax | 16,578 | 10,144 | 63.4% |
| Tax on profit | -3,977 | -2,704 | 47.1% |
| Consolidated Profit for the year | 12,601 | 7,440 | 69.4% |
| a) Profit attributed to the parent | 12,602 | 7,515 | 67.7% |
| b) Profit attributed to minority interests | -1 | -75 | -98.7% |

Profit and main income and expense items

Net Profit Attributable to the Group amounted to **12.6 million euros**, representing an **increase** of **67.7%** compared to that reached during the first half of 2020, which amounted to 7.5 million euros.

In the first half of 2021, **Gross Commissions** (Commissions received, income from equity method companies and other operating income), **increased by 5.6%** versus the same period last year, reaching **84.5 million euros**.

Gross brokerage commissions fell by **1.5%** to **41.0 million euros** during the period.

Management fees amounted to **35.6 million euros**, **11.0%** higher than in the same period last year.

Commissions from Corporate Services **increased** by **24.7%** with respect to the previous year, with revenues amounting to **7.9 million euros**.

Net commissions (gross commissions minus paid commissions) increased by **17.1%** to **41.9 million euros**, versus 35.7 million euros during the same period last year.

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 reached **6.7 million euros** versus to 4.7 million euros achieved in the same period of 2020. This represents an increase of 42.4%.

Gross Margin during the semester reached **53.5 million euros**, compared to 45.5 million euros achieved in the same period last year. This represents an increase of **17.4%**.

On the cost side, **operating expenses** (general expenses, personnel expenses, depreciation and amortization and other operating expenses) amounted to **39.7 million euros**, **an increase of 19.1%**.

Personnel expenses increased by **23.4%** to **21.1 million euros** and **general administrative expenses** amounted to **11.7 million euros**, compared to 10.0 million euros during the same period last year, an increase of **17.1%**.

The recovery of provisions for asset impairment amounted to **1.5 million euros**, largely reversing the provisions made during the first half of 2020.

Operating income amounted to **16.6 million euros**, compared to 10.1 million euros reached in the same period last year. This means an increase of **63.4%**.

Second Quarter Results 2021 (April to June)

| Profit and Loss | 2021 2Q | 2020 2Q | % |
|---|---------------|---------------|---------------|
| Interest and similar income | 1,106 | 1,269 | -12.8% |
| Interest expense and similar charges | -1,048 | -1,183 | -11.4% |
| Net Interest Income | 58 | 86 | -32.6% |
| Return on equity instruments | 1 | 88 | -98.9% |
| Profit (loss) of entities accounted for using the equity method | 92 | 21 | 338.1% |
| Fee and commission income | 40,572 | 40,021 | 1.4% |
| Fee and commission expenses | -19,674 | -23,739 | -17.1% |
| Gains or losses on financial assets and liabilities (net) | 2,692 | 3,391 | -20.6% |
| Exchange differences (net) | 2,574 | 2,844 | -9.5% |
| Other operating income | 101 | 50 | 102.0% |
| Other operating expenses | -1,095 | -1,085 | 0.9% |
| Gross Margin | 25,321 | 21,677 | 16.8% |
| Administrative expenses: | -16,329 | -13,895 | 17.5% |
| a) Personnel expenses | -10,513 | -8,874 | 18.5% |
| b) Other administrative expenses | -5,816 | -5,021 | 15.8% |
| Depreciation and amortisation | -2,346 | -2,220 | 5.7% |
| Provision expenses (net) | -739 | -563 | 31.3% |
| Impairment losses on financial assets (net) | 1,486 | 611 | 143.2% |
| Operating Profit | 7,393 | 5,610 | 31.8% |
| Loss by deterioration rest of assets (net) | 0 | 0 | - |
| Gains of susp. assets not clasif. for sale | 2 | 0 | - |
| Profit Before tax | 7,395 | 5,610 | 31.8% |
| Tax on profit | -1,896 | -1,458 | 30.0% |
| Consolidated Profit for the year | 5,499 | 4,152 | 32.4% |
| a) Profit attributed to the parent | 5,498 | 4,177 | 31.6% |
| b) Profit attributed to minority interests | 1 | -25 | -104.0% |

Income Statement Second Quarter 2021

Renta 4 Banco achieved a **Net Income** of **5.5 million** euros in the second quarter of 2021, compared to 4.2 million reached in the same period of 2020. This represents an **increase of 31.6%**.

Gross Commissions for the quarter (Commissions received, income from equity method companies and other operating income), increased by **1.7%** to **40.8 million euros**, compared to 40.1 million euros in the same period of 2020.

Net commissions during the quarter increased by **28.4%** to **20.9 million euros** compared to the same period last year.

Net interest margin during the quarter was very close to zero, in line with that obtained in the same quarter of the previous year. The **result from financial operations** reached 2.7 million euros versus 3.4 million euros achieved in the same period last year.

In comparative terms, **Gross Margin increased by 16.8%** to **25.3 million euros** in the second quarter, compared to 21.7 million euros achieved during the same period last year.

Operating Costs (General Expenses, Personnel Expenses, Other Operating Expenses and Depreciation and Amortization) amounted to **19.8 million euros**, an increase of 14.9% compared to the second quarter of 2020.

Operating Activities during the quarter increased by 31.8% reaching **7.4 million euros** versus 5.6 million euros achieved during the second quarter of 2020.

Economic and financial outlook

The results obtained in the first half of the year continue to reflect a favourable evolution of the commercial and business activity: the number of clients is steadily increasing, the number of new clients assets is growing at a good pace, commissions obtained are increasing and the results of the Latin American subsidiaries are consolidating their positive contribution to the Group with increasing weight.

We believe that the trend of growth and positive results will continue in the coming quarters, nevertheless the environment is demanding and requires of continuous adaptation and evolution. The months have been marked by the consequences of COVID-19 and by a transformation process which, although are already present to a large extent, has now accelerated and has brought to light more clearly the trends that will mark the near future.



We are in a context of low interest rates for a long period, of bank consolidation and disintermediation and the importance of alternative sources of capital, with new ways of working, sustainability and the importance of ESG criteria, and evolving towards an industry based on platforms and ecosystems that will generate a new wave of disruption and disintermediation.

In response to these trends, in the coming quarters we will continue to incorporate new solutions and investment alternatives, together with new services that will expand and complement the offer of specialized investment products in a development, that under a profitable growth model, will keep us positioned as a Bank of reference with a strong future projection.

Consolidated Balance Sheet

| ASSETS | 30/06/2021 | 31/12/2020 |
|--|------------------|------------------|
| <i>Thousand of euros</i> | | |
| 1. Cash and balances with central banks | 825,667 | 744,174 |
| 2. Financial assets held for trading | 55,729 | 55,079 |
| 3. Other financial assets at fair value through profit or loss | - | - |
| 4. Available-for-sale financial assets | 606,438 | 580,321 |
| 5. Debt securities | 394,902 | 315,846 |
| 6. Held -to-maturity investments | - | - |
| 7. Hedging derivatives | - | - |
| 8. Non-current assets held for sale | - | - |
| 9. Investments | 466 | 362 |
| a) Associates | 466 | 362 |
| b) Jointly controlled entities | - | - |
| 10. Insurance contracts linked to pensions | - | - |
| 11. Reinsurance assets | - | - |
| 12. Property and equipment: | 58,837 | 60,399 |
| a) For own use | 55,437 | 56,944 |
| b) Investment properties | 3,400 | 3,455 |
| 13. Intangible assets: | 20,673 | 20,110 |
| a) Goodwill | 15,291 | 15,291 |
| b) Otro intangible assets | 5,382 | 4,819 |
| 14. Tax assets | 762 | 994 |
| a) Current | 20 | 0 |
| b) Deferred | 742 | 994 |
| 15. Other assets | 3,143 | 1,850 |
| TOTAL ASSETS | 1,966,617 | 1,779,135 |

Balance Consolidado. Pasivo y patrimonio neto.

| TOTAL EQUITY AND LIABILITIES | 30/06/2021 | 31/12/2020 |
|--|------------------|------------------|
| <i>Thousand of euros</i> | | |
| TOTAL LIABILITIES | 1,833,562 | 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 | 1,818,227 | 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 | 1,307 | 313 |
| 9. Tax liabilities | 9,776 | 8,020 |
| a) Current | 8,235 | 6,461 |
| b) Deferred | 1,541 | 1,559 |
| 10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito) | - | - |
| 11. Other liabilities | 4,252 | 5,158 |
| 12. Cash | - | - |
| EQUITY | 133,055 | 121,671 |
| OWN FUNDS | 133,071 | 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 | 12,602 | 18,137 |
| 7. Less: Dividends and remuneration | - | - |
| VALUATION ADJUSTMENTS | -871 | -637 |
| 1. Available-for-sale financial assets | 1,367 | 1,436 |
| 2. Cash flow hedges | - | - |
| 3. Hedges in net investments in foreign operations | - | - |
| 4. Exchange differences | -2,238 | -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 | 132,200 | 120,765 |
| MINORITY INTERESTS | 855 | 906 |
| 1. Valuation adjustments | -275 | -225 |
| 2. Others | 1,130 | 1,131 |
| TOTAL EQUITY AND LIABILITY | 1,966,617 | 1,779,135 |

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