

2023

SECOND QUARTER
RESULTS 2023



renta4banco

Highlights

Renta 4 Banco has achieved a Net Profit of 14.3 million Euros in the first semester of 2023. This represents an increase of **9.5%** versus 13.0 million Euros achieved in the same period last year.

Net Profit amounted to **6.6 million** Euros in the second quarter of 2023 versus 5.5 million Euros achieved in the same period of 2022, which represents an increase of **20%**.

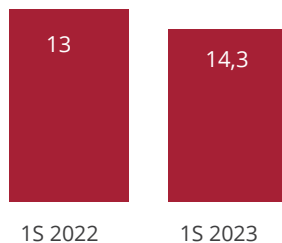
The "**CET1 Fully Loaded**" **capital ratio** is currently at **18.03%**, well above the current regulatory requirement level and one of the largest in the banking sector.

Return on Equity (ROE) stood at **17.23%**, on invested capital, well above the industry average.

During the second quarter of 2023, **business activity** has remained satisfactory and all variables have continued to grow steadily.

During the first semester, **net new client assets** in the proprietary network amounted to **1,228 million Euros**. The **number of clients reached 122,675** and **total client assets** at the end of June amounted to **31,006 million Euros**, **15.2% more than a year ago**, of which **17,987 million Euros were in the proprietary network** and **13,019 million Euros in the third party network**.

NET PROFIT (2022 Vs 2023)
(million euros)



Net inflows in the proprietary network

▲ **9,5%** in the same period last year

Number of Clients

▲ **4,3%** in the same period last year

The volume of new assets, the number of customers in the proprietary network and total assets has **reached all-time highs**.

The **Latin American subsidiaries** continued commercial activity at a good pace. They have represented **8.9%** of the consolidated group results, during the first semester.

Significant data

OPERATIONAL DATA	30/06/2023	30/06/2022	%
Number of Clients Of Proprietary Network	122,675	117,622	4.3%
Total Assets (million Euros)	31,006	26,907	15.2%
Equities	13,630	11,766	15.8%
Investment Funds (proprietary and third party)	6,981	6,209	12.4%
Pension Funds	5,416	4,680	15.7%
SICAVs	805	0,940	-14.4%
Others	4,174	3,312	26.0%
Assets Proprietary Network (million Euros)	17,987	15,369	17.0%
Assets Third Party Network (million Euros)	13,019	11,538	12.8%

FINANCIAL INDICATORS (thousand euros)	30/06/2023	30/06/2022	%
Net Commissions	45,142	53,106	-15.0%
Fee and commission income + Exchange differences	82,993	94,383	-12.1%
Fee and commission expenses	-37,851	-41,277	-8.3%
Cost of Operation	-45,116	-40,568	11.2%
Activity Margin	0,026	12,538	-99.8%
Financial Margin	12,397	727	-
Result of Financial Operations	6,652	0,781	751.7%
Ordinary Margin	19,075	14,046	35.8%
Net Profit	14,284	13,040	9.5%
Profit attributed to minority interests	188	91	106.6%
Profit attributed to the parent	14,096	12,949	8.9%
EPS	0.35	0.32	8.9%

Significant data

EMPLOYEES (period average)	30/06/2023	30/06/2022	%
Employees (period average)	650	624	4.2%
Branch Network (Latam)	322(85)	312(81)	3.2%
Central services	328	317	3.5%
Number of Offices	66	66	0.0%

SHARE	30/06/2023	30/06/2022	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	10.3	9.78	5.3%
Capitalisation (€)	419,139,991	397,979,525	5.3%
Number of Shares Issued	40,693,203	40,693,203	

Operating Data

Total volume of **assets under management and administration** amounted to **31,006 million Euros**. This is an increase of **4,099 million Euros** vs the same period last year. This represents an **increase of 15.2%**. **The proprietary network increased by 17%, reaching 17,987 million Euros**. This figure in the **proprietary network has increased by 2,618 million Euros in the last twelve months**. **Since December 2022 the increase in this network has increased by 1,688 million Euros**.

Customer **assets under management** (Investment Funds, SICAVs and Pension Funds) amounted to **13,202 million Euros**, representing an increase of **1,192 million Euros** in the first semester of 2023.

Assets under management in **Mutual Funds and FCR** reached **3,714 million Euros**. **This represents an increase of 335 million Euros during the semester**. **Assets in SICAVS, SIL and SCR have reached 805 million Euros**. **Pension Funds have reached 5,416 million Euros**.

Assets invested in **third party Funds** reached **3,267 million Euros**, representing an increase of **9.8% in the semester which represents a 292 million Euros increase in assets, 11.8% increase versus the same period last year**.

The **pace of growth in the number of customers** is maintained for a further quarter **and our market share is steadily increasing during yet another period**. The total number of accounts in the proprietary network reached 122,675 versus 117,622 in the same period last year.

Net inflows in the proprietary network reached **1,228 million Euros** during the period.

Income Statement 2023 (January - June)

Profit and Loss	30/06/2023	30/06/2022	%
Interest and similar income	18,106	3,502	417.0%
Interest expense and similar charges	-5,709	-2,775	105.7%
Net Interest Income	12,397	727	-
Return on equity instruments	57	11	418.2%
Profit (loss) of entities accounted for using the equity method	-5	635	-
Fee and commission income	79,596	87,454	-9.0%
Fee and commission expenses	-37,851	-41,277	-8.3%
Gains or losses on financial assets and liabilities (net)	6,595	770	756.5%
Exchange differences (net)	3,210	6,114	-47.5%
Other operating income	192	180	6.7%
Other operating expenses	-1,842	-1,169	57.6%
Gross Margin	62,349	53,445	16.7%
Administrative expenses and depreciation:	-37,785	-34,465	9.6%
a) Personnel expenses	-24,247	-21,180	14.5%
b) Other administrative expenses	-13,538	-13,285	1.9%
Depreciation and amortisation	-5,489	-4,934	11.2%
Provision expenses (net)	-2	1,853	-
Impairment losses on financial assets (net)	468	1,200	-61.0%
Operating Profit	19,541	17,099	14.3%
Loss by deterioration rest of assets (net)			
Gains of susp. assets not clasif. for sale	0	0	-
Profit Before tax	19,541	17,099	14.3%
Tax on profit	-5,257	-4,059	29.5%
Consolidated Profit for the year	14,284	13,040	9.5%
a) Profit attributed to the parent	14,096	12,949	8.9%
b) Profit attributed to minority interests	188	91	106.6%

Profit and main income and expenses items

Net Profit attributed to the Group during the first semester of 2023 reached **14.3 million Euros** which represents an **increase of 9.5%** versus 13.0 million Euros in the same period last year.

During the first semestre of 2023, **Gross Commissions** (Commissions received, income from equity method companies and other operating income) **decreased by 12.1%** versus the same period last year, reaching **83.0 million Euros**. The **decline in fees and commissions is due to low trading volumes** in the markets and the **general weakness of the corporate transactions** registered throughout the period.

Gross brokerage commissions decreased by **19.5%**, closing the semester at **31.7 million Euros**.

Asset Management commissions amounted to **39.0 million Euros**, **0.8%** lower than those recorded in the same period last year.

Commissions from **Corporate Services** area have decreased by **5.3%** versus the same period last year, with revenue standing at **9.1 million Euros**.

Net Commissions (gross commissions minus paid commissions) plus exchange differences decreased by **15%** to **45.1 million Euros** versus 53.1 million Euros achieved during the first semester of 2022.

The rise in interest rates has enabled the **Net Interest Margin** to achieve **12.4 million Euros**, to versus 0.7 million Euros achieved in the same period last year.

The result from Financial Operations reached **6.6 million Euros** versus 0.8 million Euros achieved in the same semester in 2022.

Gross Margin during the first six months of 2023 reached **62.3 million Euros**, **16.7%** higher than in the same period of the previous year.

On the cost side, **Operating Expenses** (General expenses, Personnel expenses, Other Operating expenses and Depreciation and Amortization) amounted **45.1 million Euros**, representing an increase of **11.2%**.

Personnel expenses increased by **14.5%** to stand at **24.2 million Euros**. **General Administrative expenses** rose by **1.9%** to reach **13.5 million Euros**, versus 13.3 million Euros achieved in the same period last year.

The allowance for **impairment of financial assets** increased to **0.5 million Euros**, reversing part of the allocations made during the previous year.

Profit from operating activities amounted to **19.5 million Euros**, versus to 17.1 million Euros achieved during the first quarter of last year, this represents an increase of **14.3%**.

Income Statement 2023 (April – June)

Profit and Loss	2Q 2023	2Q 2022	%
Interest and similar income	9,759	2,175	348.7%
Interest expense and similar charges	-3719	-1,402	165.3%
Net Interest Income	6040	773	681.4%
Return on equity instruments	57	11	418.2%
Profit (loss) of entities accounted for using the equity method	-2	64	-
Fee and commission income	39,011	41,542	-6.1%
Fee and commission expenses	-18,143	-19,037	-4.7%
Gains or losses on financial assets and liabilities (net)	3,174	-305	-
Exchange differences (net)	1,621	3,305	-51.0%
Other operating income	-60	138	-
Other operating expenses	-963	-703	37.0%
Gross Margin	30,735	25,788	-19.2%
Administrative expenses:	-19,109	-17,685	8.1%
a) Personnel expenses	-12,456	-10,923	14.0%
b) Other administrative expenses	-6,653	-6,762	-1.6%
Depreciation and amortisation	-2,801	-2,492	12.4%
Provision expenses (net)	139	1,031	-86.5%
Impairment losses on financial assets (net)	-27	420	-
Operating Profit	8,937	7,062	26.6%
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	0	0	-
Profit Before tax	8,937	7,062	26.6%
Tax on profit	-2,291	-1,524	50.3%
Consolidated Profit for the year	6,646	5,538	20.0%
a) Profit attributed to the parent	6,546	5,513	18.7%
b) Profit attributed to minority interests	100	25	-

Income Statement Second Quarter 2023 (April - June)

Renta 4 Banco throughout the second quarter of 2023 has obtained a **Net Profit of 6.6 million Euros** which represents an **increase of 20.0%** with respect to the 5.5 million Euros achieved in the same periodo of 2022.

Gross Commissions (Commissions received, income from equity method companies and other operating income) **decreased by 6.7%**, reaching **39.0 million Euros**, with respect to the 41.7 million Euros achieved in the same period last year.

In terms of Net Commissions 20.9 million Euros were obtained in the second quarter, 7.3% less than in the same period last year.

Net Interest Margin amounted to **6.0 million Euros**, compared to 0.8 million Euros obtained in the same period last year.

In comparative terms, **Gross Margin increased by 19.2% to 30.7 million euros** in the second quarter, compared to 25.8 million Euros obtained in the same period last year.

Operating Costs (General Expenses, Personnel Expenses, Other Operating Expenses and Depreciation and Amortization) amounted to **22.9 million euros**, an increase of 9.5% compared to the second quarter of 2022.

Profit from Operating Activities amounted to **8.9 million Euros**, an increase of **26.6%** compared to the same period last year.

Economic and financial Outlook

The economy and financial markets continued to maintain a general positive tone in the second quarter of the year. The moderation of general inflation, thanks to the fall in energy prices, and the mild slowdown in the economy, has avoided, at least for the time being, a severe recession scenarios, as well as to a clear improvement in investor sentiment, far from the very negative forecasts with which the year began.

In such context, the financial markets have performed in an excellent manner throughout the first semester, both in fixed income and equities. In particular, the technology sector outperformed the rest of the market by far, with the Nasdaq rising by more than 30% in the first half of the year.

At the beginning of the second quarter, opinions remain divided between those who foresee a significant deterioration of the economy and those who believe that a new bullish cycle is beginning. **At Renta 4 we continue to expect a relatively long period of market adjustment and profound transformation of the economy**, which will lead to the reshaping of the corporate map, in an economy of permanent disruptive innovation that will evolve in a highly divergent manner, with winners and losers.



From this position, commercial activity continues to develop in a very positive way through the second quarter, with **record levels** of account openings, new client assets and growth in assets under management and administration, allowing us to maintain a **similar level of net commissions** to that of the first quarter, despite the persistent fall in trading volumes in the markets and the scarcity of corporate operations. From June onwards, there has been an improvement, still very incipient, in corporate activity, which should be confirmed in the second half of the year.

At Renta 4 Banco, we began the second half of the year with a level of client assets that already exceeds thirty billion euros, and with solvency and liquidity ratios that comfortably exceed regulatory requirements.

All this enables us to expect a growing level of profits, with a gradual improvement in commissions in a context of gradual stabilization of the markets, especially if corporate operations return and trading volumes in the financial markets recover, which in the first half of the year have continued to be very sluggish, as we said.

Consolidated Balance Sheets

ASSETS	30/06/2023	31/12/2022
1. Cash and balances with central banks	691,629	771,494
2. Financial assets held for trading	46,219	56,665
3. Other financial assets at fair value through profit or loss	-	-
4. Available-for-sale financial assets	536,495	830,553
5. Debt securities	670,387	655,790
6. Held -to-maturity investments	-	-
7. Hedging derivatives	-	-
8. Non-current assets held for sale	-	-
9. Investments	4,587	578
a) Associates	4,587	578
b) Jointly controlled entities	-	-
10. Insurance contracts linked to pensions	-	-
11. Reinsurance assets	-	-
12. Property and equipment:	61,800	61,089
a) For own use	58,202	57,847
b) Investment properties	3,598	3,242
13. Intangible assets:	23,068	22,122
a) Goodwill	15,291	15,291
b) Otro intangible assets	7,777	6,831
14. Tax assets	8,631	10,111
15. Activos no corrientes y grupos enajenables de los elementos que se han clasificado como mantenidos para la venta		
a) Current	-	-
b) Deferred	8,631	10,111
15. Other assets	3,041	1,939
TOTAL ASSETS	2,045,857	2,410,341

Consolidated Balance Sheets

TOTAL EQUITY AND LIABILITIES	30/06/2023	31/12/2022
		<i>Thousand of euros</i>
TOTAL LIABILITIES	2,292,903	2,071,456
1. Financial liabilities held for trading	334	189
2. Other financial liabilities at fair value through profit or loss	-	-
3. Financial liabilities at amortized cost	1,894,975	2,276,545
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	1,748	2,379
9. Tax liabilities	8,791	6,398
a) Current	8,184	5,791
b) Deferred	607	607
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	-	-
11. Other liabilities	4,851	7,392
12. Cash	-	-
EQUITY	135,158	117,438
OWN FUNDS	153,368	140,537
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	112,464	102,830
4. Other equity instruments	-	-
5. Less: Treasury shares	-	486
6. Profit (loss) attributable to the parent	14,096	21,540
7. Less: Dividends and remuneration	-	-10,155
VALUATION ADJUSTMENTS	-19,477	-24,056
1. Available-for-sale financial assets	-17,623	-21,368
2. Cash flow hedges	-	-
3. Hedges in net investments in foreign operations	-	-
4. Exchange differences	-1,854	-2,688
5. Non-current assets held for sale	-	-
6. Companies accounted using the equity method	-	-
7. Other valuation adjustments	-	-
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	133,891	116,481
MINORITY INTERESTS	1,267	957
1. Valuation adjustments	-282	-426
2. Others	1,549	1,383
TOTAL EQUITY AND LIABILITY	2,045,857	2,410,341

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