

2022

THIRD QUARTER
RESULTS



renta4banco

Highlights

Renta 4 Banco has achieved a Net Profit of 15.4 million Euros in the third quarter of 2022 versus €17.0 million Euros achieved in the 3Q of 2022. This represents a decrease of **9.3%**.

The "**CET1 Fully Loaded**" capital ratio is circa **16.47%**, well above the current regulatory requirement level.

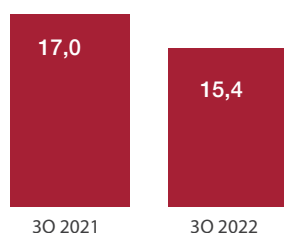
Return on Equity (ROE) stood at **19.0%**, on invested capital, well above the industry average.

During the first nine months of the year, and despite the current difficult environment, business activity has remained satisfactory. It is worth highlighting that net inflows in **customer assets** in the proprietary network amounted to **1,140 million Euros** during the period, and **the number of clients increased** to **117,891**.

The trend of net commissions was also satisfactory, with an increase of 3.2% in the first nine months of the year. However, **there was a decline in brokerage commissions in the third quarter**, due to very low trading volumes in the markets. **There was also a delay in some corporate transactions**, due to the prevailing uncertainty. **In any case, the decline in net commissions in the third quarter was moderate (-7.2%) and was partially offset by the improvement in net interest income** as interest rates rose.

Net trading income (NTI) and dividends remained positive but fell significantly (-92.7%) as a result of the poor performance of the bond and equity markets.

NET PROFIT ATTRIBUTED TO THE GROUP
(3Q 2021 Vs 3Q 2022)
(million Euros)



Net Profit attributed to the Group: 15,4 million euros

▼ **9,3%** in the same period last year

Net commissions: 76,8 million euros

▲ **3,2%** in the same period last year

Total customer assets continued to grow, despite the valuation effect of the negative prices in worldwide markets. **The volume of customer assets in the proprietary network increased by 9.7% over the last twelve months to 15,650 million Euros.** Total customer assets, including third-party networks, amounted to **26,688 million Euros, 0.6% more than a year ago.**

The Latin American subsidiaries continued to consolidate their activity, maintaining the trend of the last quarters of increasing positive results, with a joint contribution of **14.6% of consolidated results.**

The Board of Directors, at its meeting held on October 25, agreed to distribute an interim dividend of 0.25 euros per share, which will be paid on November 7 to those who are shareholders on November 2.

Significant data

Operational Data

	3Q 2,022	3Q 2,021	%
Number of Clients Of Proprietary Network	117,891	110,358	6.8%
Total Assets (million Euros)	26,688	26,535	0.6%
Equities	11,275	10,880	3.6%
Investment Funds (proprietary and third party)	6,148	6,875	-10.6%
Pension Funds	4,682	4,914	-4.7%
SICAVs	918	1,040	-11.7%
Others	3,665	2,826	29.7%
Assets Proprietary Network (million Euros)	15,650	14,260	9.7%
Assets Third Party Network (million Euros)	11,038	12,275	-10.1%

Financial Indicators (thousand euros)

	3Q 2,022	3Q 2,021	%
Net Commissions	76,780	74,410	3.2%
Fee and commission income + Exchange differences	136,075	135,868	0.2%
Fee and commission expenses	-59,295	-61,458	-3.5%
Cost of Operation	-61,347	-57,975	5.8%
Activity Margin	15,433	16,435	-6.1%
Financial Margin	2,326	-172	-
Result of Financial Operations	553	7,529	-92.7%
Ordinary Margin	18,312	23,792	-23.0%
Net Profit	15,448	17,039	-9.3%
Profit attributed to minority interests	165	2	-
Profit attributed to the parent	15,283	17,037	-10.3%
EPS	0.38	0.42	-10.3%

Significant data

Employees (period average)	3Q 2,022	3Q 2,021	%
Employees (period average)	630	586	7.5%
Branch Network (Latam)	310(77)	291(69)	6.5%
Central services	320	295	8.5%
Number of Offices	66	66	0.0%

Share	3Q 2,022	3Q 2,021	%
Ticker (Reuters/Bloomberg/Adrs)	RTA4.MA	RTA4.MA	
Share Price (€)	9.36	9	4.0%
Capitalisation (€)	380,888,380	366,238,827	4.0%
Number of Shares Issued	40,693,203	40,693,203	

Operating Data

The volume of **assets under management and administration** during the first nine months of 2022 reached **26,688 million Euros, 153 million Euros higher** than a year ago, representing an increase of **0.6%**. The proprietary network accounted for 15,650 **million Euros. These have increased by 1,390 million Euros in the last twelve months, an increase of 9.7%**. This increase in assets is particularly noteworthy in view of the negative impact on valuations caused by the negative performance of the different markets.

Customer **assets under management** (Investment Funds, SICAVs and Pension Funds) amounted to **11,748 million Euros**, a drop of €1,081 million versus to the same period last year. This represents a decrease of 8.4%, due to the negative valuation of the assets in the portfolios.

Assets under management in **Mutual Funds** amounted to **3,258 million Euros**, in **SICAVs 918 million Euros and in Pension Funds 4,682 million Euros**, with respective declines of **12.3%, 11.7% and 4.7%** over the last twelve months.

Assets invested in **third party funds** reached **2,890 million Euros, representing a fall of 8,5% over the last twelve months.**

The decrease experienced in management products due to the market valuation effect was fully offset by the increase in assets in the stock market, fixed income, private equity and others, which finally allowed us to maintain a positive balance in the net valuation of customer assets.

The **pace of growth in the number of customers** is maintained, **and our market share is steadily increasing during yet another period.** The total number of accounts in the proprietary network reached **117,891** versus 110,358 in the same period last year. Net inflows in **the proprietary network** amounted to **1,140 million Euros.**

Income Statement 2022 (January - September)

Profit and Loss	30/09/2022	30/09/2021	%
Interest and similar income	5,730	3,128	83.2%
Interest expense and similar charges	-3,404	-3,300	3.2%
Net Interest Income	2,326	-172	-
Return on equity instruments	13	2	-
Profit (loss) of entities accounted for using the equity method	758	227	233.9%
Fee and commission income	125,783	124,632	0.9%
Fee and commission expenses	-59,295	-61,458	-3.5%
Gains or losses on financial assets and liabilities (net)	540	7,527	-92.8%
Exchange differences (net)	9,299	10,570	-12.0%
Other operating income	235	439	-46.5%
Other operating expenses	-2,014	-2,892	-30.4%
Gross Margin	77,645	78,875	-1.6%
Administrative expenses and depreciation:	-51,879	-48,047	8.0%
a) Personnel expenses	-31,942	-31,142	2.6%
b) Other administrative expenses	-19,937	-16,905	17.9%
Depreciation and amortisation	-7,454	-7,036	5.9%
Provision expenses (net)	1,848	-1,343	-
Impairment losses on financial assets (net)	-7	164	-
Operating Profit	20,153	22,613	-10.9%
Loss by deterioration rest of assets (net)			
Gains of susp. assets not clasif. for sale	0	2	-
Profit Before tax	20,153	22,615	-10.9%
Tax on profit	-4,705	-5,576	-15.6%
Consolidated Profit for the year	15,448	17,039	-9.3%
a) Profit attributed to the parent	15,283	17,037	-10.3%
b) Profit attributed to minority interests	165	2	-

Profit and main income and expense items.

Net Profit attributed to the Group reached **15.4 million Euros**, representing a **decrease** of **9.3%** versus 17.0 million Euros achieved in the same period last year.

In the first nine months of 2022, **Gross Commissions** (Commissions received, income from equity method companies and other operating income) **increased by 1.2%** versus the same period last year reaching **126.8 million Euros**.

Gross brokerage commissions decreased by **7.6%**, closing the quarter at **53.5 million Euros**.

Asset Management commissions amounted to **59.1 million Euros**, **7.3%** higher than those recorded in the same period last year.

Commissions from Corporate Services area increased by **14.8%** versus the same period last year. They reached a total of **14.2 million Euros**.

Net Commissions (gross commissions minus paid commissions) plus Exchange differences increased by **3.2%** to **76.8 million Euros**, versus 74.4 million Euros achieved in the same period last year.

Net interest margin stands at **2.3 million Euros**, compared to a negative net interest income of 0.17 million Euros in the previous year.

The result from Financial Operations reached **€0.5 million Euros** versus 7.5 million Euros achieved in the third quarter of 2021. The decline in this item is due to the loss on the mark-to-market valuation of the trading portfolio held on the balance sheet.

Gross Margin during the first nine months of the year reached **77.6 million Euros**, 1.6% lower 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) reached to **61.3 million Euros**, an increase of **5.8%**.

Personnel expenses increased by **2.6%** to stand at **31.9 million Euros**. **General administrative expenses** rose by **17.9%** to reach **19.9 million Euros**, versus 16.9 million Euros in the same period last year.

The allowance for **impairment of financial assets** increased to **1.9 million Euros**, reversing part of the allocations made in the previous year.

Profit from operating activities amounted to **20.2 million Euros**, versus 22.6 million Euros achieved during the third quarter of last year, this represents a decrease of **10.9%**.

Income Statement Third Quarter 2022
(July - September)

Profit and Loss	2022 3Q	2021 3Q	%
Interest and similar income	2,228	1,120	98.9%
Interest expense and similar charges	-629	-1,127	-44.2%
Net Interest Income	1599	-7	-
Return on equity instruments	2	1	-
Profit (loss) of entities accounted for using the equity method	123	46	167.4%
Fee and commission income	38,329	40,692	-5.8%
Fee and commission expenses	-18,018	-18,804	-4.2%
Gains or losses on financial assets and liabilities (net)	-230	824	-
Exchange differences (net)	3,185	3,184	0.0%
Other operating income	55	55	0.0%
Other operating expenses	-845	-564	49.8%
Gross Margin	24,200	25,427	-4.8%
Administrative expenses:	-17,414	-15,301	13.8%
a) Personnel expenses	-10,762	-10,069	6.9%
b) Other administrative expenses	-6,652	-5,232	27.1%
Depreciation and amortisation	-2,520	-2,394	5.3%
Provision expenses (net)	-5	-349	-98.6%
Impairment losses on financial assets (net)	-1,207	-1,346	-10.3%
Operating Profit	3,054	6,037	-49.4%
Loss by deterioration rest of assets (net)	0	0	-
Gains of susp. assets not clasif. for sale	0	0	-
Profit Before tax	3,054	6,037	-49.4%
Tax on profit	-646	-1,599	-59.6%
Consolidated Profit for the year	2,408	4,438	-45.7%
a) Profit attributed to the parent	2,334	4,435	-47.4%
b) Profit attributed to minority interests	74	3	-

Income Statement Third Quarter 2022 (July - Septembre)

Renta 4 Banco during the third quarter of 2022 has reached a **Net Profit** of **2.4 million Euros**, versus 4.4 million Euros in the same period of 2021, **a decrease of 45.7%**.

Gross commissions for the quarter (commissions received, income from equity method companies and other operating income), decreased by **5.6%** to **38.5 million Euros**, compared to 40.8 million Euros in the same period of 2021.

In terms of **Net Commissions**, **20.3 million Euros** were obtained in the quarter, **7.2% less** than in the same period of the previous year.

Net interest margin during the quarter reached **1.6 million Euros**, compared to a margin very close to zero in the same period last year.

Gross Margin decreased by 4.8% to **24.2 million Euros** in the quarter, versus to 25.4 million Euros achieved in the same period last year.

"Operating Costs" (General Expenses, Personnel Expenses, Other Operating Expenses and Depreciation and Amortization) amounted to **20.8 million Euros**, an increase of 13.8% versus the third quarter of 2021.

Profit from operating activities amounted to 3.1 million Euros.

Economic and financial perspective

The first nine months of 2022 close with negative equity and fixed income returns, following three consecutive quarters of declines in both equity and bond markets, **shaping a very challenging year for investments and a substantial change in interest rate expectations and recession risk.**

The strong performance of Renta 4 Banco's business activity in this complex environment, with growth in customers, and net commissions, reflects the strength of the business model. Likewise, the development of new business lines and the growth of our subsidiaries in Chile, Peru and Colombia show the success of our diversification of income sources and **expansion into other markets.**



It is expected that net commissions will continue to be affected in the coming months by the uncertainty and low trading volumes in the markets, but everything indicates that **this drop in commissions will be at least partially offset by the rise in net interest income**, favoured by the change in interest rates.

We will continue to work on improving service and proximity to our customers, and to provide advice and financial support to companies that need resources for transformation and growth. Our conviction is that **the basic investment and financing model will increasingly pass through capital markets in the future** and, based on this conviction, our medium and long-term objective is to capture an increasing share of these investment and financing flows, aided by our **strategic positioning as a specialized bank** in investment services, a positioning that acquires, if possible, greater value in the current environment of uncertainty.

We expect to continue to maintain a solid profit performance, despite the complex environment which will enable us to meet **the dual objective of preserving very high solvency and liquidity ratios and to provide an adequate return on capital**, complementing the interim dividend of EUR 0.25 per share paid out of the profits of the first nine months.

Consolidated Balance Sheets

ASSETS

30/09/2022

31/12/2021

Uds.: Thousand of euros

1. Cash and balances with central banks	1,010,370	1,194,340
2. Financial assets held for trading	66,770	65,959
3. Other financial assets at fair value through profit or loss	-	-
4. Available-for-sale financial assets	657,413	388,369
5. Debt securities	1355,913	466,992
6. Held -to-maturity investments	-	-
7. Hedging derivatives	-	-
8. Non-current assets held for sale	-	-
9. Investments	545	2,104
a) Associates	545	2,104
b) Jointly controlled entities	-	-
10. Insurance contracts linked to pensions	-	-
11. Reinsurance assets	-	-
12. Property and equipment:	59,558	59,060
a) For own use	56,290	55,713
b) Investment properties	3,268	3,347
13. Intangible assets:	21,839	21,065
a) Goodwill	15,291	15,291
b) Otro intangible assets	6,548	5,774
14. Tax assets	2,898	1,332
a) Current	-	81
b) Deferred	2,898	1,251
15. Other assets	2,022	2,229
TOTAL ASSETS	2,397,753	2,201,450

Consolidated Balance Sheets

TOTAL EQUITY AND LIABILITIES	30/09/2022	31/12/2021
<i>Uds.: Thousand of euros</i>		
TOTAL LIABILITIES	2,257,875	2,071,456
1. Financial liabilities held for trading	418	41
2. Other financial liabilities at fair value through profit or loss	-	-
3. Financial liabilities at amortized cost	2,243,056	2,048,233
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	1,881	3,767
9. Tax liabilities	5,625	8,737
a) Current	4,911	8,023
b) Deferred	714	714
10. Fondo de la obra social (sólo Cajas de Ahorro y Cooperativas de crédito)	-	-
11. Other liabilities	6,895	10,678
12. Cash	-	-
EQUITY	139,878	129,994
OWN FUNDS	144,435	133,620
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	102,830	94,147
4. Other equity instruments	-	-
5. Less: Treasury shares	486	486
6. Profit (loss) attributable to the parent	15,283	25,337
7. Less: Dividends and remuneration	-	-12,186
VALUATION ADJUSTMENTS	-5,571	-4,415
1. Available-for-sale financial assets	-2,941	-1,356
2. Cash flow hedges	-	-
3. Hedges in net investments in foreign operations	-	-
4. Exchange differences	-2,630	-3,059
5. Non-current assets held for sale	-	-
6. Companies accounted using the equity method	-	-
7. Other valuation adjustments	-	-
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	138,864	129,205
MINORITY INTERESTS	1,014	789
1. Valuation adjustments	-292	-352
2. Others	1,306	1,141
TOTAL EQUITY AND LIABILITY	2,397,753	2,201,450

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