

Minus the effects of acquiring EVO Banco and the rest of its figures included since 31 May, net profit growth would be 2.1%.

The positive cost-to-income ratio of banking operations is significant. Minus EVO Banco, it stands at 46.7%, one of the best figures among Spanish banks.

Bankinter's growth in lending (+8.4%) and retail deposits (+13.6%) remains on track. Without figures from EVO Banco, growth is still above the industrial average.

At the end of the third quarter of 2019, Bankinter Group consolidated its yearlong trends: steady growth in regular business lines, profitability above the industrial average and best-in-class quality of assets.

By 30 September, Bankinter Group had earned a net profit of 444.4 million euros and a pre-tax profit of 587.8 million euros, up 10.1% and 6.3% on the previous year, respectively. These results include business figures from EVO Banco and its consumer credit subsidiary in Ireland, Avantcard, which joined the Group in the second quarter of the year.

Without the effects from acquiring EVO Banco and from other acquisition figures, net profit would be 412.3 million euros, with a pre-tax profit of 587.8 million euros. This indicates a like-for-like increase of 2.1% and 2.7%, respectively.

The return on equity (RoE) of 12.64% continues to be as one of Bankinter Group's strengths.

As regards quality of assets, the bank continues to outperform listed banks in Spain. The non-performing loan ratio stands at 2.73%, versus 3.20% from a year ago.

In regard to capital adequacy, the third-quarter CET1 fully-loaded capital ratio amounts to 11.57%, higher than in the previous quarter and well above the European Central Bank's minimum capital requirement of 8.20% for Bankinter this year.

As for liquidity, the funding gap (ie, the difference between loans and receivables and customer funds) fell to only 700 million euros when it had been 3.7 billion euros a year ago. Therefore, the loan-to-deposit ratio stands at 100.2%.

Lastly, for the next two years and the rest of this year, the bank only has debt maturities in the amount of 800 million euros and, to repay them, it has 14.7 million euros in liquid assets and a capacity to issue 6 billion euros in covered bonds.

Growth in all account margins

Despite the low interest-rate environment, Bankinter's customer business continues to generate higher revenues. This has had an impact on its various account margins, all of which have grown with respect to figures from the same period in 2018.

On the one hand, net interest income is up by 7.3% from the third quarter of 2018, reaching 875.7 million euros. Without the contribution from EVO Banco, it would have increased by 4.5%.

Furthermore, gross operating income has reached 1.544,8 million euros (a 4.9% increase), with 346.7 million euros in net fee income, which grew by 4.3% and account for 22% of this margin. Minus EVO Banco, gross operating income would have grown by 3.1%.

Moreover, pre-provision profit ended the third quarter months at 752 million euros, a 4.3% year-on-year increase (and a 7.4% increase minus EVO Banco). Integrating this entity has increased operating costs by 5.4%; however, without the effects from acquiring EVO Banco, they would be 1% lower. Accordingly, the cost-to-income ratio of banking operations (with amortisation) stands at 46.7% without EVO Banco; however, with its integration in mind, it would be 48.7%.

Overall, Bankinter had earned 444.4 million euros in net profit as of 30 September, a 10.1% increase with respect to the same period during the previous year; and 587.8 million euros in pre-tax profit, up 6.3%.

On Bankinter's balance sheet, the Group's total assets (which have included business figures from EVO Banco and Avantcard since 31 May) amount to 84.244 million euros, a 10.4% increase from 30 September 2018.

Customer loans and receivables rose to 59,353.6 million euros, a 8.4% increase from a year ago. In Spain alone (not including EVO Banco), the bank's lending grew by 5%, while, across the industry, it shrunk by 1% according to Banco de España figures from August.

Customer retail deposits increased by 13.6% (or 7% only in Spain, minus EVO) to 57,140.1 million euros. Furthermore, off-balance-sheet managed funds total 29,321.9 million euros, a 2.7% year-on-year increase.

The Group's non-performing loan ratio stands at 2.73%, versus 3.20% from a year ago. In this regard, the significant reduction in foreclosed property assets is also noteworthy. At the end of the quarter, they had totalled 308.4 million euros, as opposed to 366.1 million euros one year ago. The coverage ratio for foreclosed assets was 46%.

A diversified and profitable business.

The customer business continues to be the key generator of the Group's profits; and, within it, the Corporate business is the largest contributor to income.

The third-quarter corporate loan book amounts to 25 billion euros in contrast with the 23.7 billion euros from a year ago. Loans to companies in Spain alone total 23.3 million euros, up 3.7% from one year ago, when the industry shrunk, on average, by 2.3%, according to Banco de España figures from August. Of this loan book, 50% is attributed to large companies, 27% to mid-corporates and the rest to SMEs.

Within corporate banking, the International Trade and Export Finance and Investment Banking areas continue to show their resilience despite the current environment. New lending in International Trade and Export Finance has increased by 22% in the year and, in Investment Banking, the loan book has expanded at a similar rate. Gross operating income from both business lines has grown by 11% and 18%, respectively, with respect to the third quarter of 2018.

Within Commercial (or retail) Banking, Private Banking has performed remarkably, with 39 billion euros in assets under management (a 5% increase). In the last nine months, growth has amounted to 3.3 billion euros.

The same has occurred with the Personal Banking segment, where managed wealth totalled 23 billion euros, 5% more than a year ago. In the last three quarters of the year, it has grown by 1.4 billion euros.

In Commercial Banking, deposits and loans are performing well. Payroll accounts, one of the bank's core products and which undoubtedly attracts the most new customers, grew at a very significant 25% with respect to September 2018, reaching 9.645 billion euros.

In new lending, new mortgages in the last nine months of 2019 amounts to 2.094 million euros, 12% more than in the same period during the previous year, with a loan-to-value ratio of 65%. 32% of these new mortgages are fixed rate.

Bankinter's total mortgage portfolio in Spain amounts to 22.6 billion euros, a 2.1% increase with respect to the same figure from 30 September 2018, even though mortgage lending has fallen by 1.4% across the industry, as reported by Banco de España in August.

In relation to Línea Directa Aseguradora, it has reached 3.14 million euros in insured risks, up 6.1% from a year ago. Motor insurance policies grew by 4.2%; and home insurance policies by 9.9%. Issued premiums amount to 671.2 million euros (a 5% increase), with growth in home and motor insurance policies well above the industrial average. Línea Directa Group's combined ratio stood at 87.4%, with an RoE of 36%.

Bankinter Consumer Finance, which runs the bank's consumer credit operations, has reached 1.4 million customers, 13% more than a year ago. It has 2.3 million euros in loans and receivables, a 27% increase from September 2018. New credit facilities in the last nine months of 2019 amounts to 622 million euros, 37% more than in the same period during 2018.

Furthermore, Bankinter Portugal is fulfilling its successful forecast, with double-digit growth in loans and deposits (14% and 15%, respectively). The positive performance of its Corporate loan book is particularly remarkable: a 34% increase from a year ago. At the end of the third quarter of 2019, Bankinter Portugal's pre-tax profit stands at 51 million euros, 17% more than the same figure from 30 September 2018.

Since 31 May, the bank has included the businesses of EVO Banco and its consumer credit subsidiary in Ireland, Avantcard, where lending continues to post significant growth. Furthermore, EVO Banco attracted 25,000 new customers this quarter.

All these business lines underpin their growth on the bank's robust digital operations, as 94.5% of customers interact with the bank digitally. Moreover, 89% of customer loans are taken out online, as are 45% of investment fund subscriptions and 9% of mortgages.