

Nota de prensa.

bankinter.

Bankinter closes first nine months with 376 million in net profit, underpinned by its customer business

- Bankinter remains strong in all its margins: net interest income and gross operating income grew by 10.8% and 9.7%, with regard to September 2016.
- Bankinter continues to lead the banking system in profitability, with a 12.3% RoE at the end of September.
- Net profit in Spain (not including extraordinary results) amounts to 358 million euros, up 14.8% from a year ago.

26 October 2017. At the end of the third quarter, Bankinter Group is continuing the trend it has been showing throughout the year: solid balance sheet, quality of assets, improved solvency, above-average returns and sustainable results that are largely due to its regular customer business.

Bankinter Group's net profit as of 30 September stood at 376 million euros, and its pre-tax earnings amounted to 517.6 million. These earnings are respectively 6% and 5.5% less than those presented on the same date in 2016, although last year's second quarter included extraordinary results due to the deal to acquire Barclays' retail business in Portugal. Since then, figures from the group's Portuguese franchise have been included in its results, meaning that comparisons will not be strictly 'like-for-like'.

Nonetheless, like-for-like growth (not including extraordinary results) would climb to 14.8% with respect to one year ago.

As usual, Bankinter continues to lead the banking system in terms of profitability, with a return on equity of 12.3%, the highest RoE among listed banks in Spain.

In terms of solvency, Bankinter ended September with a CET1 fully loaded capital ratio of 11.5% and a CET1 phased-in ratio of 11.8%, a 20 basis point improvement from last quarter and, once again, well above the 6.5% required Bankinter by the ECB in 2017 (which is the lowest minimum capital requirement among banks in Spain).

As regards its financing structure, Bankinter's liquidity gap has fallen by 500 million euros so far this year, standing at 4.9 billion euros as of late September. In parallel, the bank's deposit-to-loan ratio reached 91.3%, 30 basis points higher than a year ago.

Furthermore, Bankinter does not have any wholesale bond maturities for the rest of the year, and bonds due to reach maturity in 2020 amount to 2.2 billion euros, with spreads decreasing each year: 2.2% for issues reaching maturity in 2018, and 2.1%

for maturities in 2019. To meet these maturities, Bankinter has 10.6 million euros in liquid assets and can issue up to 7.5 billion euros in covered bonds.

As regards quality of assets, the bank continues to outperform listed banks in Spain. The group's NPL ratio dropped to 3.72% from 4.19%. With figures from Bankinter Spain alone, this ratio falls to 3.33%. These figures are less than half the sectoral average, which rose in August to 8.48%.

Strength in all margins

Based on Bankinter Group's results, the strongest case for the robustness of its business lies in its account margins.

It ended the third quarter with 789.7 million euros in net interest income, up 10.8% from a year ago.

Its gross operating income totalled over 1.39 billion euros, a 9.7% increase with respect to the same period in 2016. This is due, by and large, to good fee performance, netting 14.2% more than last year, with particularly favourable results in asset management and insurance-related fees.

The group's pre-provision profit ended the third quarter at 690.4 million euros, 12.2% more than a year ago. Despite incurring higher operational costs than in the same period in 2016, between costs and income, the jaws continued to widen on the side of the latter, and more so now than a year ago. Therefore, the cost-to-income ratio in banking, with amortisation, stands at 46.8%.

On Bankinter's balance sheet, total group assets in the third quarter amounted to 69,863.3 million euros, 5.4% more than on 30 September 2016.

Loans to customers totalled 52,242.8 million euros, up 3.7% from a year ago, despite the 2.2% decrease in lending seen across the Spanish banking system as of August.

Total controlled funds have grown in similar proportions, reaching 77,483.3 million euros at the end of the third quarter (4.6% more than on 30 September 2016). In particular, off-balance-sheet managed funds (ie, investment funds, pension funds and wealth management) also grew by 13.4% during the same period.

A diversified and profitable business

Bankinter Group's customer business, the main driver of its earnings, continues to be based on five strategic business lines that are profitable and complementary to each other.

Corporate banking is still the business line contributing the most to Bankinter's gross operating income (30%). With the same sustainability as before, Bankinter again increased its corporate loan book balance, up to 22.2 billion euros at the end of the third quarter (a 5.3% increase with respect to 30 September 2016). In Spain alone, its growth amounted to 4.3%, while lending to companies across the Spanish banking system fell by 3.7%. Bankinter's market share in new lending now stands at 5.8%.

Furthermore, the bank attracted 9% more new customers in the first three quarters of the year than in the same period in 2016. And lastly, it is worth mentioning the good performance of the group's international trade finance business, with 21% more in monthly gross operating income than in the same period in 2016.

Retail/commercial and private banking are the second largest contributors to gross operating income. Affluent customer segments, such as private banking and personal banking, once again stood out for their favourable performance. The managed wealth of private banking customers amounted to 34.2 billion euros, 15% more than on 30 September 2016. As for personal banking, managed assets totalled 20.5 billion, also a 15% increase.

In retail and commercial banking, the positive response in the market to products like the payroll account, the bank's star product, is also noteworthy, having increased its balance by 26% with respect to the third quarter of 2016, to over 6.35 billion euros.

The third of these business lines is Línea Directa, with over 2.74 million euros in policies, 7.4% more motor insurance policies and 14.4% more home insurance policies taken out. Total premiums in the last nine months amounted to 595.6 million euros, compared with 551.9 million euros a year ago. There were also increases of 7.1% in motor insurance policies and 14.9% in home insurance policies, well above the market growth rate. Línea Directa continues to maintain the high profitability of its business, with a 35% RoE and a combined ratio of 88.1%.

Bankinter Consumer Finance, ranked among Spain's top consumer lending institutions, had just over one million customers by late September, 24% more than a year ago. Its loan book now amounts to 1.3 billion euros, up 41%.

Regarding Bankinter Portugal, retail deposits as of 30 September stood at 3.8 billion euros, up 8% from a year ago. Total lending amounted to 4.7 billion euros, growing at 7% during the same period. The franchise closed out the third quarter with 103.2 million euros in gross operating income and 24.8 million euros in pre-tax profit.

Digitalisation

To speak of Bankinter is to speak of digitalisation, innovation and a continuous process over time to offer its customers a distinguished and personalised value proposition from multiple, perfectly integrated relationship channels.

Customers widely use these virtual channels to interact with the bank on a regular basis. 35.2% of customers consider themselves to be purely digital customers; 56.2% are mixed digital customers, who use digital and other channels interchangeably; and only 8.6% of customers are considered 'traditional', engaging the bank through their branch offices or via telephone banking.

The fact that, in the last two years, the bank has assigned 49.4% more employees to its internal IT workforce (while its total workforce has grown at a smaller rate of 9%) is proof of Bankinter's digitalisation efforts thus far.

Digital projects promoted by Bankinter during the last quarter include, in particular, the launch of an investment management service for all investors called *Popcoin*, heralding the era of 'cyborg advisers'.

Lastly, Bankinter's share price closed out the third quarter valued at 8 euros per share, a revaluation of 26.4% over a one-year period.