

Bankinter Group has begun what promises to be a still challenging year with robust results from its increasingly buoyant and diversified commercial activity. This is reflected in growth across all margins and business lines. Like the profit for the quarter, these are not only higher than the first quarter of 2020, which registered minimal impact from the pandemic, but they also show stronger performance than the first quarter of 2019, the year before the coronavirus crisis.

In terms of profitability and asset quality, the Bank continues to occupy a privileged position compared to its peers in Spain, and it boasts a capital adequacy that far exceeds the ECB's minimum requirement.

The accounts for this quarter still include the results of Línea Directa Aseguradora, which will begin trading independently on 29 April following flotation on the stock market. However, as in 2020, the results of the banking business and those of the insurance company are presented separately.

At the end of the first quarter of 2021 the pre-tax profit of the banking business was 160.6 million euros, 14.7% higher than the first quarter of 2020, demonstrating the strength of this recurring business line. Línea Directa's pre-tax profit amounted to 39.4 million euros, 2.2% higher than a year ago.

Bankinter Group's net profit as of 31 March 2021 therefore amounted to 148.3 million euros, 13.8% higher than the first quarter of 2020.

In terms of the main ratios, the return on equity (RoE) was 11.3%, up from 10.2% in the first quarter of 2020 and the 7% registered at the end of 2020 as a result of the impact of the extraordinary provisions.

Capital adequacy improved significantly with a CET1 fully-loaded capital ratio of 12.3%, up from 11.5% a year ago and much higher than the ECB's minimum requirement.

The NPL ratio fell to 2.37%, 21 basis points lower than a year ago, and the coverage ratio improved, currently standing at 62%.

In terms of liquidity, Bankinter maintains a negative customer funding gap, with a deposit-to-loan ratio of 104.3%.

Scheduled maturities for 2021 amount to 200 million euros, plus 1 billion euros for 2022, for which the Bank has liquid assets of 22.7 billion euros and a bond issuing capacity of 2.9 billion euros.

### **Margin growth**

The year began with an economic landscape that has yet to see a recovery and with an anomalous interest rate situation that makes typical banking business more complex. Even so, all margins saw year-on-year growth and are even higher than those of the first quarter of 2019, before the pandemic, reflecting a sustained momentum across all banking lines and reinforcing confidence in the Bank's ability to offset the absence of income from Línea Directa in an approximate three-year horizon.

Net interest income amounts to 311.8 million euros, up 1.3% from the same period in 2020.

Gross operating income was 465 million euros, a year-on-year growth of 6.6%. By type of income, 67% of that figure stems from net interest income and 28% from fees and commissions. Asset management contributed 44 million euros in fees and commissions, an increase of 15%, in a particularly brilliant start to the year for this business line. The securities business continues its upward trend, climbing by 9% to 24 million euros.

Pre-provision operating profit for the quarter was 263 million euros, a growth of 6.4%. Bankinter maintains tight control of its operating costs, which are lower than those of the previous three quarters. The cost-to-income ratio of the banking business is 43.4%.

### **Balance sheet figures**

The Group's total balance-sheet assets have passed the 100-billion-euro mark for the first time, currently amounting to 100.8216 billion euros, up 16.4% from the first quarter of 2020.

Customer loans and receivables stand at 64.6423 billion euros, an increase of 5.9%. Loans in Spain (excluding EVO Banco) grew by 5%, compared with a sector average of 2.6% according to Banco de España figures to February.

Retail funds from customers ended the first quarter of the year at 65.9432 billion euros, an increase of 11.2%. In Spain (excluding EVO) the increase was 11.4%, compared with February's sector average of 9.2%.

### **Commercial activity shows signs of strength and reactivation**

Despite the persistence of the financial difficulties derived from the pandemic and the fact that Spain is still under a state of emergency, the Bank continued to attract new business and customers. This is reflected in the strong year-on-year figures for its commercial activity, revealing positive signs of reactivation and demonstrating the Bank's ability to adapt to extreme turbulence.

The loan book of the corporate business, which is the largest contributor to the Bank's gross operating income, ended this first quarter at 28 billion euros, 8% higher than a year ago. This growth was largely driven by loans guaranteed by the Instituto de Crédito Oficial (ICO), with 8.7 billion euros in assigned guarantees, of which 6.3 billion euros have already been drawn down. Another key driver behind the growth of the corporate business is the investment banking business under the Bankinter Investment brand, with strong performance prompting a 22% increase in gross operating income.

In terms of commercial retail banking or individual banking, high-net-worth segments such as private banking and personal banking performed extremely well. Private banking contributes 45.2 billion euros in assets under management, up 25% from a year ago, while personal banking saw assets grow by 21% to reach 27.2 billion euros.

This trend is also evident in two commercial products with enormous potential to attract new customers: the different versions of the Salary Account, and mortgages. Salary accounts currently represent 13.5 billion euros, a year-on-year growth of 25%, reflecting the market's consistently high opinion of a product that offers multiple perks as well as a higher-than-average yield.

Mortgage activity saw even more growth. New mortgages amounted to 932 million euros in the first quarter, compared to 647 million euros in the first quarter of 2020 (an increase of 44%) and 623 million euros in the first quarter of 2019, before the pandemic, which clearly demonstrates that Bankinter has recovered its market.

Of these new mortgages, 77% are fixed-rate and have a loan-to-value ratio of 62%.

The Bank's asset management business also performed well, with a year-on-year increase of 25.9% in off-balance-sheet funds. These include more than 25.5 billion euros in own and third-party investment funds, up from 20.3 billion euros a year ago. The pension fund portfolio saw an increase of 22.4%, while the asset management and SICAV portfolio grew by 29.4%.

The Bankinter Portugal results offer a similar conclusion. The loan book ended the quarter at 6.7 billion euros, an increase of 7%, with loans to companies representing the highest growth as usual. Customer funds saw a year-on-year growth of 10% up to 5 billion euros, and off-balance-sheet managed funds grew by 21% to 3.8 billion euros. This translated into improvement across all margins: 6% in net interest income, 10% in gross operating income and 28% in pre-provision profit, generating a first-quarter pre-tax profit of 14 million euros, up 25% from a year ago.

The results of Bankinter Consumer Finance in Spain, Portugal and Ireland continue to reflect the impact of the macroeconomic situation and travel restrictions on household spending. The loan book figures are similar to those of the previous year: 2.9 billion euros, barely 1% higher. Performance is uneven, with personal loans registering an increase and the revolving card business seeing a decline. Ireland is experiencing strong business growth through the Avant Money brand. The loan book increased by 10%, while mortgages – a new business line – already amount to 76 million euros.

EVO Banco continued to focus on growing its mortgage portfolio, multiplying by 2.3 the new loans arranged to reach 179 million euros in the first quarter compared with 77 million euros a year ago. Overall, the loan book is 43% higher than in the first quarter of 2020.

Línea Directa Aseguradora, which is still presenting its results with Bankinter Group in this quarter, albeit separately from the banking business, saw the number of insured risks rise by 2.8% to nearly 3.26 million euros, with a combined ratio of 85.4%, an RoE of 32% and a solvency ratio II of 266%.

At the end of the first quarter of 2021, Línea Directa had a net profit of 29.6 million euros, up 1.9% from a year ago.