

Nota de prensa.

bankinter.

Bankinter earned 143 millions in net profits by the end of March, up 15%, with robust income growth

- Recurring earnings without extraordinaries. Its gross operating income grew by 9.1% to 500.4 million euros, owing almost entirely to its regular banking business.
- The bank's profitability improved significantly, with a 13.3% RoE. Furthermore, it strengthened its solvency in the quarter, reaching a CET1 fully-loaded capital ratio of 12%.
- Its loans and receivables climbed 3.3% to a total 52,958 million euros, with customer retail funds up by 3.9% (47,044.6 million euros), despite sectoral trends.
- Its NPL ratio in Spain stands at 3.05% the lowest among Spanish banks.

26 April 2018. Bankinter Group started 2018 on the same trend of profitable and recurrent growth from previous years, maintaining a solid complementary diversification of all its business lines.

Bankinter ended the quarter with a net profit of 143 million euros and a pre-tax profit of 195.9 million, up 15% and 14.2%, respectively.

One of the most prominent aspects of these earnings continue to be Bankinter's profitability, as it remains one of the most profitable banks in Spain, with a return on equity (RoE) of 13.3%.

Bankinter enhanced its solvency during the quarter, with a CET1 fully-loaded capital ratio of 12%, up 75 basis points from a year ago and well above regulatory capital requirements.

As regards its financing structure, Bankinter's commercial gap fell by 4.9 billion euros during the year to 5.2 billion euros at year end. In parallel, the bank's deposit-to-loan ratio reached 92%.

Bankinter did not have any wholesale bond maturities for the remainder of the year, and its bonds due to reach maturity in 2019 and 2020 amount to 1.6 billion euros. To meet these maturities, Bankinter has 10.5 billion euros in liquid assets and can issue up to 7.5 billion euros in covered bonds.

Furthermore, Bankinter is still a leader in terms of quality of assets, with a non-performing loan ratio of 3.40%, down from 3.88% last year. Furthermore, its coverage ratio stood at 52.7%, considerably higher than the 49.4% ratio registered a year ago, owing largely to the new IFRS 9 accounting standards. Based on its operations in Spain alone, its NPL ratio stands at 3.05%, the lowest ratio in the country and less than half the sectoral average.

In line with this, its foreclosed property asset portfolio continued on a downward trend, with a total gross value of 398 million euros (down from the 510.9 million euros recorded a year ago), 44% of which relates to homes. Its foreclosure coverage ratio was 45.6%.

Growth in all margins

Bankinter Group's quarterly earnings, presented for the first time under the new IFRS 9 accounting standards that took effect in January, resulted in net profits of 143 million euros and pre-tax profits of 195.9 million euros, continue to show resilient margins and potential for future growth.

It ended the third quarter with 271.8 million euros in net interest income, up 9.1% from a year ago.

The group's gross operating income grew by 9.1% with respect to the first quarter of 2017, to 500.4 million euros, mostly owing to net fee income, up 8.7% more from the same quarter last year, especially in terms of asset management fees (up 15.1%) and equity fees (16.5%).

The group's pre-provision profit ended the quarter at 248.1 million euros, 9.7% more than a year ago. Despite incurring higher operational costs than in the first quarter in 2017 (owing mainly to increased headcount and IT investments), the gap between income and expenses is wider than a year ago. The group's amortised banking cost-to-income ratio stood at 46.9%, compared to 47.9% a year ago.

With regards to Bankinter's balance sheet, the group's total assets amounted to 71,289.7 million euros at the end of the quarter, up 2.4% from the first quarter of 2017.

Its loans and advances to customers amounted to 52,958 million euros, a 3.3% increase from a year ago, when the lending had fallen by 1.6% across the entire sector. Bankinter's total loans and receivables grew both in Portugal and in Spain.

Its total customer funds grew by a robust 15.6% to 88,393.7 million euros, especially off-balance-sheet managed funds (investment funds, pension funds and asset management), which saw 8.9% year-on-year increase to 26,883.9 million euros.

Profitable and complementary business lines

Bankinter's earnings demonstrate once again that its customer business continues to be the main contributor to group earnings. It is structured under the bank's now well-known five business lines that complement each other and have high potential for future growth.

The business line that adds the most to the group's operating income is corporate banking, which contributed 28% in the first quarter. Corporate loans amounted to 22.7 billion euros at the end of March, up 5% from a year ago. This is a very positive trend, given the fact that lending to companies fell by an average 3.6% across the sector during this period.

In corporate banking, companies are increasingly more engaged with the bank, as demonstrated by the rise in the commercial and transaction operations they carry out. Once more, international banking had a remarkable showing within the corporate banking business, having generated 25% of its gross operating income.

Within the bank's retail and commercial banking business, contributing 27% to its gross operating income, key players were private banking and personal banking. In private banking, managed assets of high net-worth customers reached 35.8 billion euros, up 8% from the first quarter of 2017. Managed assets in personal banking increased by 9% to 21.5 billion euros.

In the first quarter, net new money from customers was 1.1 billion euros in private banking (up 50% from the same period in 2017) and 400 million euros in personal banking, despite the decline in lending in the amount of 400 million in private banking and 100 million euros in personal banking, owing to the market effect.

Retail and commercial banking performed particularly well in terms of two highly engaging products that clearly attract the most new customers: payroll accounts and mortgage loans. Total payroll accounts amounted to 7.088 billion euros, up 21% in twelve months. On the other hand, new residential mortgages rebounded on the back of market trends and new competitive pricing for the bank's products. New mortgages in the quarter amounted to 572 million euros, 10% more than in the first quarter of 2017. 28% of these mortgage originations were for fixed-rate mortgages.

The third business line that contributed the most to gross operating income was Línea Directa. By March 2018, the number of risks insured by the company had reached 2.86 million. Its number of motor and home insurance policies grew by 7% and 12%, respectively. Total premiums amounted to 204 million euros, increasing by rate of 8% from a year ago and outperforming the rest of the sector. Línea Directa continued to maintain high returns from its operations, with a 36% RoE and a combined ratio of 87.9%.

Bankinter Consumer Finance, the group's consumer lending arm, also had significant results this quarter. Having recently released its bankintercard line in Portugal and as one of the leading consumer finance institutions in Spain, its number of customers saw a 12-month increase of 23%, to a total of 1.1 million customers. Its loan book also totalled 1.6 billion euros in receivables, up 43% from 31 March 2017.

Moreover, Bankinter Portugal started the year off in a very interesting manner, contributing 7% to the group's gross operating income. Its loans and receivables amounted to 5 billion euros, up 7% from March 2017. Even though its deposits decreased by 5% in the last twelve months to 3.9 million euros, the franchise showed clear signs of recovery in the first quarter of the year. Its off-balance sheet funds experienced a significant growth rate of 19% last year.

Overall, Bankinter Portugal's gross operating income had reached 34.4 million euros by 31 March 2018, with 19 million euros in pre-tax profits, thus reaffirming the favourable contribution of this franchise to the Group's earnings.

Commitment to digitalisation

Lastly, it is important to mention Bankinter's digital operations, which has a customer base that mainly uses digital channels to interact with the bank. 91.2% of customers use its digital channels either exclusively or combined with the bank's other channels. Sales carried out through digital channels, which vary by product, were particularly impressive: 97% of equities were traded digitally. Furthermore, 80% of deposits, 85% of consumer loans and 36% of home insurance policies were taken out online.

The main services the bank launched in recent months include Popcoin, an automated fund management service for all investors that already has acquired 730 portfolios and 2.7 million assets under management; or the digital mortgage platform, Coinc, the first fully online mortgage platform in the market, which has already run 5,000 mortgage simulations and sold 4.6 million euros in mortgages. Both products are available to both non-Bankinter customers and those who have not taken out other Bankinter products.