

Bankinter's recurring profit increases by 21.2% to 430 million euros, with improved margins and strong business growth

- Excluding capital gains from the floatation of Línea Directa, the bank's recurring profit is higher than in 2021, which included four months of income from Línea Directa.
- Strong performance by all business lines generating growth in all margins: net interest income +11.6%; gross operating income +6.7%; and pre-provision operating profit +8%. Lending to customers (+10.3%) and retail funds (+10.4) both grew at double-digit rates in the period, reflecting the bank's commercial strength in a difficult environment.
- The return on equity (RoE) was 11.6%; the CET1 fully loaded capital ratio stood at 11.90%; and the non-performing loans (NPL) ratio was 2.10%, the lowest in the sector.

20/10/2022. The Bankinter Group reports strong growth in its balance sheet and all of its business indicators in the third quarter of 2022, as a result of commercial activity maintaining the good pace set during the year, with improvements in all margins and results.

These figures demonstrate Bankinter's potential to expand its market share in all of the national and international businesses in which it operates, and the ability of its pure banking activity to more than offset the income generated by Línea Directa until April 2021

Bankinter Group achieved net profit of 430.1 million euros to 30 September 2022, 21.2% higher than in the same period last year, despite last year's figures including four months of income from the insurance company. This does not include the capital gain from the Línea Directa stock market flotation.

Pre-tax profit from banking business was 601.6 million euros. This represents growth of 35.9% when compared strictly to the same data for 2021.

This business strength is reflected in the main ratios and indicators, which show the robustness of the bank's balance sheet, and its capital adequacy and profitability.

The latter, measured through return on equity (RoE), stands at 11.6%, one of the highest figures in the sector, with the ROTE (return on tangible equity) being 12.3%.

The CET1 fully loaded capital ratio stood at 11.90%, far in excess of the ECB's minimum requirement of 7.726% for an entity with Bankinter's level of risk and type of activity.

The bank's non-performing loans are well below the industry average, with a ratio of 2.10%. This ratio is even lower than in previous quarters and 30 basis points below the level one year ago. However, Bankinter is continuing to prudently strengthen its coverage of non-performing loans, which has risen to 65.1% from 62.8% a year ago.

The cost-to-income ratio is 43.16%, compared to 43.87% a year ago. This ratio for Bankinter Spain for the last 12 months is 41.8%.

Bankinter has a negative customer funding gap. This means it has more customer deposits than loans, with a ratio of 106.1%, just two basis points lower than a year ago.

Balance sheet figures

The Group's total assets had risen to 110,498.7 million euros at the end of the third quarter, 7.8% higher than a year ago.

Lending to customers and retail funds both grew at double-digit rates in the period, reflecting the bank's commercial strength in a difficult environment.

Loans grew by 10.3% to 72,871.1 million euros, demonstrating how the bank has increased its financial support to both families and companies. The increase in Spain was somewhat smaller, at 6.7%. However, this was higher than the sector average of 1.8%, according to Banco de España figures to August.

Retail funds from customers amounted to 76,309.6 million euros, 10.4% higher than the previous year, with growth in Spain of 10.6%, outstripping the sector average of 6.1% with data to August. There was a 7.3% year-on-year fall in off-balance-sheet managed funds, mainly due to the poor performance of the markets and the impact of this on asset values.

Income statement margins

The income statement margins showed a similar upwards trend, due to higher volumes and increased commercial activity, continuing the positive path for the year.

Accumulated net interest income at 30 September stood at 1,065.5 million euros, an increase of 11.6%, reflecting an improvement in the net interest margin, with figures for the quarter far in excess of previous quarters.

Gross operating income in the period was 1,517.7 million euros, a 6.7% increase on the previous year, with an increasing contribution from the other geographies where the bank operates: Portugal and Ireland, and the EVO Banco business. Net interest income accounted for 70% of this revenue and fees for 30%. These fees, or income from the bank's activities, amounted to 452 million euros in the first nine months, 2% higher than in the same period last year.

The largest contributions to these fees came from asset management (149 million euros), collection and payment activity (120 million euros), securities (85 million euros) and exchange differences (70 million euros).

Pre-provision operating profit in the period was 862.6 million euros, up 8% after operating costs of 655 million euros. Operating costs were 4.9% higher than in the same period in 2021, due to increased investment in the businesses and geographies.

A well-established and increasingly successful commercial strategy

The Bankinter brand has a proven reputation in the market. It is continuing to demonstrate its outstanding capacity to attract new customers, resulting in significant growth in all businesses and geographies.

The Corporate business made the largest contribution to the Group's income. Loans and receivables for this business amounted to 30,800 million euros to 30 September, 11.5% higher than a year ago. New lending in this period was 40% higher than in the first nine months of 2021, reflecting the increased efforts made and success achieved. The Corporate loan book in Spain grew by 11.1%, far in excess of the sector average of 3.3%, based on figures to August.

Two activities are proving particularly significant in the Corporate business: transactional business, where gross operating income was up by 41% in the period, reflecting greater interaction with companies and enhanced loyalty; and, in particular, the international business, where Bankinter has established itself as a leading operator. Loans in the international business were up by 38%, with gross operating income from this activity of 179 million euros, 45% higher than the same period in 2021.

This greater potential was also reflected in Commercial Retail Banking, our business with individuals. The assets under management in the Private Banking segment (now known as Wealth Banking) amounted to 49,300 million euros, 3% higher than a year ago, having attracted 3,400 million euros of new assets. However, this has been impacted by the poor performance of the markets so far this year, which had a negative effect of 4,400 million euros in the first nine months.

There was a larger annual increase in Personal Banking assets, at 12%, to 32,300 million euros. New assets in the first three quarters amounted to 1,800 million euros, with a negative market effect in the period of 1,900 million.

The main retail products for attracting funds in commercial retail banking - such as the salary account and mortgages - performed strongly. The Bankinter salary account achieved 16,600 million euros, 15% higher than a year ago, despite the launch of new products with aggressive offers by competitors. The Group's mortgage portfolio, including EVO Banco, Bankinter Portugal and Bankinter Ireland, totalled 33,400 million euros, compared to 30,600 million a year ago. Growth in the portfolio in Spain was somewhat lower at 1.6%, due to higher interest rates and resulting upwards revision of fixed mortgage rates. However, this was still above the sector average in Spain, which was 1.3% with figures to August. New mortgage production in the first nine months grew by 19% compared to the same period in 2021.

Bankinter Group has continued to increase its market share in all of the countries where it operates. This is the case in Portugal, where both loans and customer funds are growing at double-digit rates. Loans and receivables, including Commercial Retail Banking and Corporate Banking, amounted to 7,700 million euros, 13% higher than the period to 30 September last year. Customer funds increased by 12% to 6,300 million euros. There were significant improvements in all income statement margins: 21% growth in net interest income; 16% increase in gross operating income; and pre-provision profit 30% higher than a year ago. As a result, Bankinter Portugal's profit before tax grew by 33%, to 54 million euros.

The business in Ireland, which operates under the Avant Money brand, reflected the strong performance of products such as mortgages, which the bank introduced relatively recently and

where it has already become a market leader. Avant Money's total loans and receivables amounted to 2,100 million euros, 177% more than a year ago. Of this, 1,500 million euros related to mortgages, which grew by a dramatic 480%, and 700 million euros to consumer lending, which grew by an impressive, though less dramatic, 29%. Avant Money's non-performing loans ratio is practically insignificant, at 0.4%.

The figures for the business in Ireland are consolidated into Bankinter Consumer Finance, the bank's subsidiary specialising in the Consumer sector. The loans and receivables of this subsidiary amounted to 5,200 million euros at 30 September, 56% higher than the figure one year ago. Excluding mortgages with Avant Money in Ireland, this amounted to 3,700 million euros, up 21% in the year. Of this total, 2,400 million euros related to consumer loans and the rest to various types of cards, of which revolving cards accounted for 400 million euros. Bankinter Consumer Finance's non-performing loans ratio is 4.2%.

The potential of the Group's EVO Banco digital brand is demonstrated by its figures, with loans and receivables up by 47% in the year, to 2,489 million euros. New mortgage production in the first nine months of 2022 was 727 million euros, 33% higher than in the same period in 2021.

Sustainability deserves a special mention. This is conceived in a universal way throughout the bank and pursued through the 3D Plan, which refers to the three dimensions of environmental, social and governance issues. In the environmental dimension, Bankinter is pursuing a decarbonisation strategy that is now focused on reducing CO2 emissions linked to its financing of companies. The bank has also developed a significant portfolio of sustainable products for both companies and individuals. Highlights in the social and governance dimensions include programmes to foster digital accessibility and financial education, the bank's commitment to employment, and thorough compliance with good governance recommendations.