

Bankinter announces profit to September of 731 million euros, up 6.8%, driven by commercial activity and greater business diversification

- Robust growth of the Bank in all volumes of its customer business, especially off-balance-sheet managed funds, up 23.3%. The loan book sees a year-on-year growth of 5%.
- Bankinter consolidates its cost-to-income ratio at sector leadership levels, with 34.6%; its healthy risk profile, with a default rate of 2.2%; and its profitability, with an RoE of 17.1%.
- Income statement margins are growing at a healthy pace, compared to the same period last year: net interest income, +5.5%; gross operating income, +7.30%; and operating income, +7.8%.

24/10/2024. Bankinter Group reinforced the trend it has maintained throughout this year with above-market growths in all the business lines and geographies in which the Bank operates, as well as boosting the diversification of its revenue sources. It compensated for an environment of falling interest rates with growth in business volumes, both in lendings and customer funds, with a special focus on off-balance-sheet managed funds. This increased commercial activity led to improvements in all income statement margins and ratios.

At 30 September 2024, Bankinter Group posted a pre-tax profit of 1,083 million euros, 7.9% higher than the same figure at the close of the third quarter of 2023. Net profit totalled 731 million euros, which represents a 6.8% increase in the same period.

All the income statement ratios demonstrate efficient management of the business. The RoE, or return on equity, remains at an optimal 17.1%, while the RoTE was consolidated at 18.2%, in terms similar to the figures from a year ago.

The fully-loaded CET1 capital ratio saw a slight year-on-year improvement to 12.6%, exceeding by 470 basis points the ECB's minimum regulatory requirement for Bankinter of 7.86%, the lowest for listed banks in Spain.

The NPL ratio remained stable at 2.2% for the entire Group. Focusing specifically on Spain, the ratio is 2.6% compared with a sector average of 3.4%, according to Banco de España data to August. The NPL coverage ratio increased to 68.7% from 66.2%.

In terms of liquidity, the loan-to-deposit ratio climbed to 95.54%.

Lastly, it is worth highlighting the efficiency data of Bankinter Group, which improved to 34.6%, once again demonstrating the Bank's leadership in this variable that expresses the relationship between income and expenses and is more favourable the lower it is.

Balance sheet

At 30 September 2024, the Group's total assets amounted to 118,376 million euros, 9.2% higher than the previous year.

The customer credit portfolio ended the period at 78,359.3 million euros, up 4.7% on the same figure at the end of the third quarter of 2023.

Customer retail funds reached 81,287 million euros, representing an increase of 3.9% on the previous year's figure.

Meanwhile, off-balance-sheet managed funds (our own investment funds, third-party funds marketed by the Bank, pension funds, wealth management, SICAVs and alternative investment vehicles) consolidated the strong growth shown so far this year, ending the quarter at 54,903 million euros, which represents an increase of 23.3% or 10,383 million euros more than a year ago.

Income statement

All the income statement lines are growing at a healthy pace, compared to the same period last year. The drive to attract business, the efficient management of spreads and an increasing diversification of revenue sources are behind the growth of these income lines.

The first, net interest income, stands at 1,728 million euros, 5.5% higher than the same figure a year ago, despite the drop in interest rates and a temporary increase in the cost of funds.

Gross operating income, which includes all of the Group's income, amounted at the end of the third quarter to 2,151 million euros, up 7.3% on the previous year. This was driven by the excellent performance of revenues from fees and commissions, mainly for recurring value-added services for customers, which saw a year-on-year increase of nearly 10% to a total of 668 million euros in fees and commissions received.

These include fees and commissions from the asset management business, up by 16% to 239 million euros; revenues of 145 million euros (+7%) from the transactional business of collections and payments; and income from the securities business (management, custody and brokerage), which grew by 10% to 98 million euros.

Subtracting from the total fees and commissions charged the ones paid by the Bank to its commercial partners in the Agents Network and Partner Banking produces a figure of 521 million euros in net fees and commissions, representing a year-on year increase of 13.5%. This item now accounts for 24% of Group revenue.

Profit (loss) before provisions increased by 7.8% on the same figure a year ago and now stands at 1,407 million euros, integrating costs that are comparatively 6% higher due to greater investments in new projects.

However, the higher revenue growth enabled the Bank to build on its position as a leading sector player at 34.6%, which is 27 basis points lower than the ratio from a year ago.

Increase in business volumes and greater market share.

Bankinter's increasingly consolidated and diversified business strategy is boosting its business volume with customers, which now stands at 215 billion euros between loans, retail funds and assets under management, a figure 44% higher than at the end of 2019. This dynamic is enabling the Bank to earn market share sustainably in all the activities and geographies in which it operates. It is worth noting, for example, that revenues from Portugal and Ireland now account for 16% of the Group's gross operating income, which gives an idea of the robust performance of these subsidiaries and the potential they hold for the future.

However, the Bank's main revenue source remains in Spain, including EVO. At 30 September 2024, loans and receivables in Spain amounted to 65 billion euros, an increase of 2,4%. Customer funds stand at 75 billion euros, up 5%, while off-balance-sheet managed funds climbed to 51 billion euros, a year-on-year increase of 25%. Spain's pre-tax profit amounted to 998 million euros, up 8% from the previous year.

In Portugal, loans and receivables experienced an annual growth of 11% to 10 billion euros: 6.5 billion euros for commercial retail banking (+7% year-on-year) and 3.2 billion euros (+22%) for Corporate/SME banking. Customer funds, both on- and off-balance sheet, are growing at a much faster rate: 25% for the former, to 9 billion euros; and an annual growth of 11% for off-balance-sheet managed funds, which now stand at 4 billion euros. At 30 September, Bankinter Portugal posted a pre-tax profit of 154 million euros, up 13%.

In Ireland, loans saw an annual growth of 34% to 3.7 billion euros, of which 2.7 billion euros (+41%) represent mortgages. The pre-tax profit of this subsidiary at the end of the third quarter amounted to 29 million euros, 12% higher than the figure from a year ago.

Drilling down to the Group's various business lines, the volume of Corporate / SME Banking loan book is estimated at 33 billion euros, 5% above the same figure at 30 September last year. By country, loans grew by 4% in Spain, compared to a sector-wide drop of 2% according to Banco de España data to August, while Bankinter Portugal saw a highly commendable increase of 22%.

International corporate business remained buoyant, with loans and receivables rising by 11% to 9.8 billion euros. Supply chain finance is a particularly healthy business line, demonstrated by the fact that it doubled last year's figures to end the quarter at 262 million euros. Equally worthy of note is the Bank's drive to support and advise corporates on applying for Next Gen funds. This line closed the quarter with 623 million euros in signed transactions, up 75% on the same figure a year ago.

As for commercial retail banking, which groups all business with individuals, the momentum is even greater, with customer wealth under management now standing at 124 billion euros, up 15% on a year ago.

Wealth Management, the segment for the highest net worth customers, contributed 70 billion euros of this total, compared with 59 billion euros a year ago. The Bank has raised 2.8 billion euros in new net wealth in this segment so far this year. Wealth under management in the other commercial retail banking segment amounted to 55 billion euros, with 2.4 billion euros of net new wealth raised.

Among commercial retail banking products, asset management performed particularly well, with off-balance-sheet managed funds closing the third quarter at 54,903 million euros, an increase

of 23.3%. Within these funds, the Bank's own investment funds increased by 23.9% to 15,178 million euros, while the funds of other managers marketed by the Bank grew by 22.3% to 22,890 million euros. Pension funds saw a growth of 16.4%, while the asset management portfolio and SICAVs increased by 35.4%. Meanwhile, the Bank's alternative investment vehicle business ended the first nine months of the year with a volume of 4,874 million euros, 15.8% higher than a year ago. Lastly, equity portfolios deposited by customers in Spain achieved the figure of 30 billion euros.

Another of the Bank's differential products, the salary account, with a special capacity to attract new customers, achieved a portfolio growth of 4% up to 658,000 accounts.

Lastly, the Bank's mortgage business seems to have found some stability. This is borne out by the fact that new mortgage origination in the last nine months amounted to the same third-quarter figure as last year: 4.2 billion euros, with a market share of 7% in Spain, 6.9% in Portugal and 8% in Ireland, according to the latest data published by the central banks in those countries.

By the end of September, Bankinter Group's residential mortgage portfolio had reached 36.2 billion euros, a year-on-year increase of 5%.