

Bankinter earns 154.3 million euros in the first quarter, up 4%, with revenue from the banking business offsetting the departure of Línea Directa

- The Bank delivers a record quarter, with earnings driven by the recurring banking business and topping pre-Covid levels.
- Bankinter keeps up the strong level of commercial activity: year-on-year growth of 25% in new mortgages, 15.6% in customer deposits, 7.8% in lending, and 16.8% in investment funds.
- The main management ratios illustrate the resilience of the business: improvement in return on equity (RoE) to 11.7%, in the cost-to-income ratio to 41.6% and in the non-performing loans (NPL) ratio to 2.2%.

21/04/2022. Bankinter Group had a successful start to the new year, with commercial activity still growing in all geographies where the bank operates. Robust activity in all business lines, illustrated by margin growth across the board, led to year-on-year growth in profit with just banking revenue, as Q1 21 still included a full three months of earnings from Línea Directa; its spin-off from the bank did not take place until the end of April 2021.

Bankinter Group reported net profit of 154.3 million euros through 31 March 2022, up 4.1% year-on-year (with the 2021 figure including revenue from the insurance arm).

Profit before tax from the banking business was 214.3 million euros, with like-for-like growth (i.e. strictly compared to the banking business) of 33% year-on-year.

The resilience of the banking business was evident in all the main management ratios. For instance, return on equity (RoE) improved to 11.7%, while RoTE was 12.4%.

Bankinter's fully loaded CET1 ratio, of 11.9%, remained above the ECB's requirement of 7.726%, i.e. the lowest of any listed bank.

The non-performing loans (NPL) ratio was 2.20%, down 17 basis points (bps) from the year-earlier figure, with scant impact since NPL coverage increased to 64.6% to prevent any hypothetical deterioration on the economic front.

The cost-to-income ratio eased to 41.6% from 43.4% a year ago. The ratio for Spain was even better, at 37.5%.

Turning to liquidity, the negative customer funding gap widened further, with the deposit-to-loan ratio ending the period at its most comfortable level ever, of 111%.

Margin growth was a testament to the sound commercial strategy.

Margins in all cases were higher than in Q1 21, which underlines the Bank's sound commercial strategy, its forward-looking vision and its ability to make up for the loss of earnings from Línea Directa with higher revenue from the banking business.

Net interest income in the quarter totalled 320 million euros, up 2.6% year-on-year, with the recovery in the customer spread gaining traction.

Gross operating income rose 7.4% year-on-year to 499.5 million euros. Of the total, 64% came from net interest income and 29% from fee and commission income. Fee and commission income in the first three months of the year totalled 147 million euros, 13% more than in the first quarter of 2021.

Fees and commissions from the asset management business fees rose by 22% to 54 million euros, accounting the bulk of the total. Also contributing strongly were fees and commissions from collection and payment services, which totalled 35 million euros, and those from securities services, which rose 11% to 27 million euros.

Lastly, operating income before provisions increased by 11% year-on-year to 291.9 million euros in the quarter, with a 2.8% increase in operating costs.

Balance sheet figures.

The Group's total assets at the end of the first quarter stood at 110,801.2 million euros, 9.9% higher than a year earlier.

Loans to customers in the period reached 69,679.3 million euros, up 7.8% year-on-year. Looking strictly at data for lending in Spain, growth was 5.8% compared to the sector average of 0.3%, according to Banco de España figures through February.

Retail funds from customers rose even higher during the period, extending last year's trend, with growth in the first quarter of 2022 of 15.6%, to 76,237.8 million euros. Growth in Spain was 15.4%, outstripping the sector average of 5.6%, once again according to figures through February from Banco de España.

Commercial activity was strong in all businesses and geographies.

Bankinter's commercial activity extended the trend of profitable growth seen throughout 2021 even despite the enormous geopolitical uncertainty affecting markets and macroeconomic data.

Starting with the Corporate business, all activity indicators fared well. Lending to companies in the three months ended 31 March 2022 totalled 29,500 million euros, 5.4% more than the same period last year. The loan book in Spain increased by 5.2%, compared to the sector average of 0.4% according to Banco de España data at end-February. A key highlight of the quarter was the activity in the International Business, which delivered a 16% year-on-year increase in gross operating income.

In Commercial and Retail Banking, or business with individuals, all customer segments showed increases, led by the highest net-worth customers. Private Banking assets under management (AuM) rose by 12% in the period to 50,700 million euros, while new net assets raised in the

quarter amounted to 1,700 million. This growth was achieved despite the poor market performance, which had a negative impact of 1,300 million euros in the quarter.

Personal Banking AuM increased by 21% to 32,900 million euros. Some 900 million euros of new assets were raised in this segment, with a negative market effect of 400 million euros.

Stronger commercial activity fuelled good performances by all loan and deposit product families. The mortgage business set a new record. New mortgages in Q1 22 totalled 1,600 million euros, including figures for EVO and all of Bankinter's geographies. This was 25% higher than in the same period last year%. As a result Bankinter Group's residential mortgage loan book reached 32,000 million euros. In Spain, lending growth was 5.7%, which measures up extremely well with the overall 1.4% average for the sector according to Banco de España at end-February.

The balance of salary accounts in Spain, another highly attractive product for new customers, increased by 18% to 15,900 million euros.

The Asset Management business had 39,249.3 million euros of off-balance-sheet funds at the end of the quarter, up 14.7% or 5,000 million euros year-on-year. Comparatively, however, the increase was not as large as in the previous quarter, due above all to the poor performance by markets. Growth over the past 12 months was particularly noteworthy in investment funds, both proprietary and third-party, which combined was 16.8%.

Bankinter Portugal also delivered growth in all indicators during the quarter. Its loan book reached 7,200 million euros, up 8% year-on-year. Growth was even stronger in customer deposits, which rose 25% to 6,200 million euros, while off-balance-sheet funds in Portugal rose 11% to 4,200 million euros. Overall, Bankinter Portugal reported increases in net interest income and gross operating income of 8% and 11%, respectively, from Q1 21. Profit before tax at the subsidiary was 16 million euros in the quarter, 13% higher than last year.

Meanwhile, Bankinter Consumer Finance saw activity return to pre-pandemic levels. Its loan book ended the quarter at 3,800 million euros, a 31% year-on-year increase, with consumer loans accounting for the bulk, with 2,000 million euros, up 21% year-on-year.

Bankinter Consumer Finance's figures include the business carried out in Ireland through the Avant Money brand, which delivered an excellent performance. The brand leveraged the overall solid recovery, with its loan book reaching 1,100 million euros, up 117% from the first quarter of 2021. Growth in the mortgage business in Ireland was especially noteworthy, accounting for 565 million euros of total loans. Avant Money delivered a 646% increase, making it one of the leading players in this market. Avant Money's NPL ratio is 0.6%.

Meanwhile, EVO Banco's loan book at 31 March 2022 stood at 2,011 million euros, 47% more than the year-ago figure. New mortgages in the first quarter of 2022 amounted to 182 million euros. Bankinter's digital brand now has 687,000 customers.

Lastly, Bankinter's activity on the digital front was geared mainly towards developing value-added products for customers, improving the quality, efficiency and usability of the various customer relationship channels, strengthening cybersecurity, and honing the digital talent of our workforce.