

Bankinter earns 271 million euros in the first half of 2022, up 11%, excluding the capital gain from the Línea Directa transaction, and exceeds the contribution of the insurance company with pure banking income

- Revenue from the Group's pure banking business helped boost these results compared to the first half of 2021 which included four months worth of revenue from Línea Directa.
- Retail funds from customers rose 13%, lendings were up 8.3% and new mortgages were 15% higher than in the first six months of 2021.
- The main management ratios illustrate the Bank's resilience: RoE 11.6%; NPL ratio 2.11%, NPL coverage ratio 65%; and capital CET1 fully-loaded capital ratio 11.9%.
- Income statement margins also improved greatly across the board thanks to higher commercial activity: net interest income +4.1%; gross operating income +5.3%; and pre-provision profit +6.1%.

21/07/2022. Bankinter Group had a strong first half, building on the growth of previous quarters thanks to sustained commercial activity across all its businesses and geographies. All business lines and income statement margins, along with the main indicators enjoyed year-on-year growth, underlining Bankinter's ability to offset with revenue earned from the pure banking business that previously generated by Línea Directa, which was spun-off at the end of April 2021.

Bankinter Group posted net profit totalling 271 million euros, up 10.8% on the same period the previous year, despite the year-ago figure including four months of revenue from the insurance company, but excluding the one-off capital gain the Bank recognised for Línea Directa's stock market listing. Like-for-like growth in net profit from the banking business is 32%.

Profit before tax from the banking business was 373.9 million euros, with like-for-like growth of 30% year-on-year.

The Group's robust and solvent balance sheet were evident in all the main management ratios with return on equity (RoE) of 11.6% and RoTE of 12.3%.

Bankinter's CET1 fully-loaded capital ratio was 11.9%, well above the ECB's minimum requirement of 7.726% for the bank, i.e. the lowest of any listed bank in Spain.

The NPL ratio was 2.11%, compared to the year-ago figure of 2.34%, with scant impact seen from the current economic backdrop and most of the ICOs having ended their grace periods. The Bank increased its NPL coverage ratio to 64.7% compared to 62.5% for the same period in 2021, in anticipation of a worsening economy.

The cost-to-income ratio was down at 44.4% compared to 44.9% in 2021 while for Bankinter Spain this figure was 40.5% in the first half.

Turning to liquidity, the negative customer funding gap widened further with more customer deposits than loans and the deposit-to-loan ratio ended the period at 108.4%, up 4 percentage points on the same period last year.

Balance sheet figures

The Group's total assets ended the period at 111,488.7 million euros, 8.6% higher than a year earlier.

Loans to customers grew 8.3% to 72,445.9 million euros. Lending in the business in Spain was up 5.6%, compared to the sector average of 0.9% according to Banco de España figures to May. Retail funds from customers amounted to 77,546.8 million euros, an increase of 13%. In Spain, retail funds were also up 13%, compared with a sector average to May of 5.6%.

Income statement margins

Income statement margins also improved greatly across the board thanks to higher commercial activity.

Net interest income ended the first half at 665.7 million euros, 4.1% higher than the same period in 2021, while the figures for the quarter were also up, with the net interest margin continuing its upward trend.

Gross operating income rose by 5.3% in the period to 962.8 million euros. Of the total, 69% came from net interest income and 32% from fees and commissions. Fees and commissions for the first six months of the year amounted to 303 million euros, up 15% year-on-year.

The bulk of these fees and commissions come from the asset management, brokerage and customer advisory business, all high value-added services. Of this, 102 million euros was from the asset management business (+11%), 77 million euros from the collections and payments business (+31%) and 60 million euros from the brokerage business.

Lastly, operating income before provisions increased by 6.1% to end the period at 535.1 million euros having absorbed operating costs of 428 million euros which were 4.2% higher than the previous year.

Increasingly buoyant and diversified activity

All of the business lines enjoyed significant growth which highlights the Bank's commercial drive at a time of economic uncertainty and in a highly competitive sector. This growth is particularly evident in its lending activity, spotlighting Bankinter's increased support for families and companies by funding their projects and providing support and advice.

Corporate loans were up 7.4% year-on-year, to 31,000 million euros while the loan book in Spain grew by 7.2%, outstripping the sector average of 0.9% according to Banco de España figures for May. New loans to companies in the first six months of the year were 27% higher than the same period in 2021 with Bankinter winning market share in this business line which which rose from 5.4% to 5.8% to May.

International activity in Corporate Banking remains strong and is increasingly contributing to gross operating income, with loans in this business topping 7,800 million euros in the first six months, up 26% year-on-year.

Bankinter's commercial retail banking business was buoyant thanks to increased activity with individual customers, with improved customer acquisition figures and portfolio growth across all products and segments. Assets under management in Private Banking were up 7% year-on-year at 50,100 million euros, with figures similar to those seen at the end of 2021 despite across-the-board falls in all markets which negatively impacted assets under management to the tune of 3,100 million euros. Nevertheless, the Bank raised 2,900 million euros in new assets in the first half of the year.

Personal Banking assets under management increased by 15% to 32,600 million euros. Some 1,500 million euros of new assets were raised in this segment, with a negative market effect of 1,300 million euros.

All Commercial Retail Banking products performed positively as seen with the Salary Account, one of the Bank's main focuses and which amounted to 16,500 million euros at 30 June, a 17% increase on the same period in 2021. This account drove growth despite the arrival of other commercial proposals from Bankinter's direct competitors.

Meanwhile, the residential mortgage portfolio ended the period with a volume of 32,800 million euros which includes mortgages in Spain and Portugal under the Bankinter brand, EVO Banco's mortgages and Avant Money's in Ireland. Growth in the mortgage loan book in Spain alone was 6.3%, compared to the sector average of 1.4% at the end of May. New mortgages in the first half amounted to 3,400 million euros, 15% more than in the same period of 2021.

Figures for the asset management business, including investment funds, pensions and wealth management, rose slightly year-on-year due to the sharp impact of markets on the valuation of these assets.

Turning to other countries where the Group operates, Bankinter Portugal enjoyed robust business indicators with loans increasing by 10% to 7,500 million euros. Customer funds grew 19% to 6,500 million euros. The stronger balance sheet resulted in growth across all headings of the income statement, with net interest income up 11% year-on-year and gross operating income advancing 9% thanks to the strong performance of fee and commission income. All of this resulted in pre-provision operating profit in the first half of the year of 37 million euros, an increase of 14% and profit before tax of 30 million euros, up 16%.

Figures from Bankinter Consumer Finance show an uptick in consumption in recent months. Lending in this business line rose 41% year-on-year to 4,400 million euros, with new lending of 1,400 million euros. Half of this figure comprises consumer loans which were up 28% to 2,200 million euros, while mortgages marketed in Ireland through Avant Money comprise the other half, standing at 887 million euros, an increase of 512%.

Avant Money, Bankinter's brand in Ireland, currently boasts a consumer lending and mortgage portfolio totalling 1,500 million euros, up 144% on the same period last year. Avant Money's NPL ratio is 0.5%.

Meanwhile, EVO Banco saw significant growth in its loan book in the past year to 2,265 million euros, an increase of 46%. Some 467 million euros of new mortgages were arranged in the first

six months of 2022, up 25% on the same period the previous year. EVO Banco, Bankinter's digital brand, also attracted 701,000 new customers in the period.

Bankinter also remains very active in the digital arena, expanding its value proposal with new services and increasing the number of users and digital transactions. The Group is also a key figure in the area of Sustainability and is present in the main global indices due to its strong performance in this field.

Bankinter continues to make huge strides in the three main Sustainability criteria: Environmental, Social and Governance. In the first of these, Environmental, and within the Bank's sustainable business, investment in green loans reached 1,333 million euros; in sustainable investment funds, assets under management (AuM) of the Bank's own asset management company amounted to 116 million euros and in third-party funds marketed by the bank to 7,369 million euros. On the Social front, it is worth noting the high level of accessibility of the Bank's website, 93.94%; while in the first six months of the year, some 60,801 people benefited from the Bank's social investment programmes as outlined in the 2021-23 Plan. Turning to Governance, Bankinter is noted for applying best practices and adhering to all of the recommendations of the Good Governance Code, including those pertaining to the number of independent directors and female members of the board, which respectively stand at 54.5% and 45.5% of the total.