

Bankinter achieved a net profit of 185 million euros in the first quarter, an increase of 20%, with strong growth in all its margins

-Margins have grown greatly, boosted by the hike in interest rates, higher business volumes and commercial activity geared more towards investment products: interest margin: +63.2%; gross operating income: +23.3%; and pre-provision operating profit +35.8%.

-Customer lendings have grown 5%, faster than the industry average.

-Return on equity (RoE) is at 13.7%, a high for recent years, with a ROTE of 14.5%.

20/04/2023. Bankinter Group began FY 2023 consolidating its activity in all business areas, which are becoming increasingly diversified, and in the various geographies the Bank operates in. All this translated into significant growth for all the account margins and the consequential increase in profit, despite the economic impact of the new tax and a market environment that is not free of difficulties.

At 31 March 2023, Bankinter Group had a pre-tax profit of 294.4 million euros, 37.4% more than in the first quarter of 2022, and a net profit of 184.7 million euros, up 19.7% year on year. This is despite the fact that the Group paid the new tax rate for the financial sector in this first quarter, which amounted to 77 million euros.

Following the same trend, all the account's ratios improved significantly over the comparison period, demonstrating the profitability and efficiency of the business, the quality of the Bank's assets and strengthened solvency.

Return on equity (RoE) over the past twelve months rose from 9.8% to 13.7%, the highest it has been in recent years and at a very strong position within the sector, with a ROTE of 14.5%.

The CET1 fully-loaded capital ratio was 12.2%, 4.5 percentage points above the minimum required of Bankinter by the ECB (7.73%), the lowest among listed banks in Spain.

The NPL ratio was 2.18%, two basis points lower than a year ago, with NPL coverage rising to 66.5%. The NPL ratio in Spain was 2.4%, compared to an average of 3.56% for the sector as a whole, according to January data from the Banco de España.

The cost-to-income ratio improved significantly to 35.7% from 41.6% a year ago. Looking at the data for Spain, this ratio was 33.8%, which is also a top position in the sector.

In terms of liquidity, the volume of deposits continued to exceed the volume of loans, with a ratio of 102.6% and an average LCR (liquidity coverage ratio) over the past twelve months of a comfortable 198%.

Balance sheet figures.

The Group's total assets closed the quarter at 105,945.8 million euros, 4.4% lower than a year ago.

The customer credit portfolio amounted to 73,074.7 million euros, an increase of 4.9% year-on-year. Specifically, growth in lending in Spain was 1.7%, whereas there was an average 0.8% drop across the sector, according to Banco de España data for February.

Customer retail funds amounted to 74,262.3 million euros at the close of the quarter, 1.2% lower than at year end. This is due to a shift from deposits to other value products such as fixed income or investment funds, whose assets increased very significantly this quarter: 3.1 billion euros increase in fixed income assets and 1.5 billion euros increase in mutual funds. If we look at a longer time horizon, we find that retail funds have grown at a very constant rate, multiplying by 1.8 over the last ten years.

Account margins.

All margins recorded very significant growth due to the hike in interest rates, higher business volumes and a stronger focus of the business on investment products with a higher value proposition for the customer, which simultaneously generate more fees and commissions.

The net interest margin in the first quarter amounted to 522.2 million euros, an increase of 63.2%, with the customer margin trending upwards, especially in the last two quarters.

The gross operating margin at 31 March amounted to 615.9 million euros, an increase of 23.3%, despite the impact of higher regulatory costs, which make up 14% of this margin, in particular the new banking tax – 77 million euros paid in full during this quarter.

A total of 22% of this gross operating income is from fees and commissions, which amounted to 153 million euros in these first three months, an increase of 4%, with particular growth in fees from activities such as collection and payment transactions and securities brokerage.

Pre-provision operating profit amounted to 396.3 million euros, up 35.8% for the period under analysis, after absorbing operating expenses that increased by 5.7%, although this was significantly lower than the increase in income.

Balanced growth in all geographies and businesses.

The Bank's operations have adapted to the changing trends in the environment, proving that it is able to adapt its strategy to the situation at hand and to the needs of customers. This has taken place against a background of high competitiveness in the industry, high volatility and some economic uncertainty.

Corporate banking, which is the largest contributor to the Group's revenues, recorded a 2.9% growth in the loan portfolio compared to the figures for the first quarter of 2022, with a volume of 30.3 billion euros. Looking only at the corporate loan portfolio in Spain, growth was 1.3%, although the sector as a whole dropped 0.8%, as shown by Banco de España data to February.

The volume of ICO lines amounted to 5.8 billion euros, with an NPL ratio of 4.2%.

In the Corporate segments, the strong performance in international activities continues to be significant and contributes more and more to gross operating income, with an investment volume of 7.6 billion euros, 11% higher than the same figure at the end of March 2022. New services such as supply chain financing are very well received by customers, with a 90% increase in volume compared to year-end figures.

As regards Commercial Banking, the two major client segments into which this division is divided recorded parallel growth in management activity and the acquisition of new customers. In Wealth Management, which groups together the customers with the greatest economic potential, the volume of assets under management amounted to 53.9 billion euros, 6% more than at the end of March 2022 – in other words, 3.2 billion euros more. Retail Banking's total assets amounted to 42.3 billion euros, 1.9 billion more than a year ago (+5%). The two segments, Wealth Management and Retail Banking, had combined total assets of 96.2 billion euros at the end of March.

In the different categories of investment products, investment funds performed particularly well. The funds of Bankinter Gestión de Activos grew by more than 1 billion euros compared to the first quarter of 2022, up 9.7%, and third-party investment funds grew by 1.6%, up 303.2 million euros.

The salary account retained the capacity to draw new customers of a product that has been a trend-setter for more than 10 years, with a balance of 15.3 billion euros at 31 March.

On the asset side, the residential mortgage portfolio stood at 34.3 billion euros at the end of the first quarter, combining mortgage business in all geographic regions, compared to 32 billion a year ago. The growth of the mortgage portfolio in Spain was 1.9% when comparing the two first quarters (2023 vs 2022), compared with sectoral data, which saw a 1.1% drop by February.

New mortgage loans, including all Group geographies and brands, amounted to 1.7 billion euros in this first quarter of 2023, 2% more than in the first quarter of last year.

Commercial activity was successful in all countries where the Bank is present, with Portugal showing a particularly strong performance in terms of balance sheet and spread growth. The Bank's loan portfolio in Portugal amounted to 8.4 billion euros, representing annual growth of 17%. And customer funds increased by 5% to 6.6 billion euros. The income statement showed good growth in all margins, with net interest income 114% higher than a year ago and gross operating income up 79%. Despite a slight increase in expenses, pre-provision profit stood at 50 million euros (+159%) and profit before tax for this subsidiary at 43 million euros (+177%).

The business of the consumer subsidiary, Bankinter Consumer Finance, also reflected a surge in its commercial activity. The loan portfolio amounted to 5.7 billion euros, 50% up on last year. Consumer loans accounted for 2.8 billion euros of this portfolio and increased by 37% during the year, and 1.6 billion euros is from mortgages marketed in Ireland under the Avant Money brand, whose data is consolidated in this subsidiary. The mortgage portfolio in this country grew by 179% in one year.

The Avant Money brand, including mortgages, had a total lending volume of 2.3 billion euros, 102% more than a year ago, with an NPL ratio of only 0.4%.

And EVO Banco, the Group's digital brand, showed the results of a successful advertising campaign focused on attracting customers with a strong digital profile. Lending volume reached 2,967 million euros at the end of the first quarter, 48% more than twelve months ago. In the first quarter of 2023 alone, EVO Banco's new mortgage loan production amounted to 299 million euros, 64% more than in the first quarter of last year.