

Bankinter achieved net profit of 473.5 million euros in the first half of the year, 13.3% up on the previous year, winning market share across all its businesses and geographies

-The bank has consolidated its position as a leader in the sector in terms of efficiency, with a cost-to-income ratio of 34.13% in the first half of the year, and profitability, with RoE of 17.7%.

- All balance sheet items are growing at a strong pace: customer credit, +5.5%; retail funds, +3.6%; and off-balance-sheet managed funds, +20.3%.

-Bankinter has improved all of its revenue lines, which is reflected in the strong performance of all its margins, with increases of 8.6% in net interest income, 10.4% in gross operating income and 12.5% in pre-provision operating profit.

18/07/2024. Bankinter Group has accelerated the growth that started in the first quarter, winning sustainable market share across all its businesses and geographies. The bank reported very good figures for all balance sheet items at the close of the first half, with increases in business volumes in its lending and customer funds, in terms of both deposits and off-balance-sheet funds. All of the revenue lines and management ratios reflect the increasing contribution of its businesses, underpinned by improvements in its risk profile.

In the first half, Bankinter Group achieved pre-tax profit of 715.4 million euros, 14.4% higher than in the first half of 2023, with net profit up 13.3%, at 473.5 million.

This strong business performance is reflected in all its management ratios. Return on equity, RoE, continued to improve, hitting 17.7%, 221 basis points higher than a year ago, one of the leaders in the sector. The return on tangible equity, ROTE, was 18.8%.

The CET1 fully-loaded capital ratio was 12.4%, 19 basis points higher than in June 2023. This compares to the ECB's regulatory minimum for Bankinter of 7.85%, the lowest for any listed bank in Spain, leaving Bankinter with a margin of 4.59% with respect to the requirement.

The non-performing loans ratio was down by 6 basis points on the previous quarter, at 2.17%. The non-performing loan ratio in Spain was 2.5%, compared to the average for the sector of 3.6%, according to Banco de España figures to Abril.

In terms of liquidity, the deposit-to-loan ratio was an excellent 104.6%.

Finally, Bankinter maintained its long-standing leadership of the sector in terms of its cost-to-income ratio, which is improving quarter on quarter. This ratio - where lower is better - stood at 34.1% for the Group year to date, compared to 35.4% a year ago.

Balance sheet.

At 30 June 2024, the Group's total assets amounted to 118,400 million euros, 7.5% higher than a year ago.

Customer credit stood at 78,687 million euros, 5.5% up on the first half of 2023.

Retail funds from customers amounted to 80,755 million euros, an increase of 3.6%.

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) rocketed by 20.3%, to 52,768 million euros.

Income statement.

All income statement items reflected the strong growth in volumes in the loan book and customer funds, especially off-balance-sheet managed funds, delivering greater value for customers and higher returns for the bank in terms of management fees. The growth in these items is the result of successful strategies in each of the businesses and geographies, the commercial network's drive to attract new business and good management of spreads.

Net interest income increased by 8.6%, to 1,160.3 million euros, compared to the same period a year ago.

Gross operating income, which includes all the Group's income, was 1,410.5 million euros at 30 June, a very healthy 10.4% increase, due to the strong performance of fee income, among other items.

At 30 June, the bank's total fee income stood at 439.8 million euros, mostly from value-added services for customers. Asset management made the largest contribution to these fees, at 114 million euros, an increase of 20% compared to the previous year. This was followed by the collections and payments business, which was up 7%, at 95 million euros, and the securities and custody business, where fee income increased by 8%, to 67 million euros.

Deducting the fees the bank passes on to its Agent Network and Partner Banking for their contributions to the business gives the net fees received, which increased by 12.7% in the first half of the year, to 342 million euros.

Finally, operating income was 929.2 million euros, a robust 12.5% increase, despite operating costs increasing by 6%, to 481 million euros. This increase was due to higher personnel expenses and the bank's investments in its geographies for new projects, such as the new branch in Ireland and the card business in Portugal, in addition to improvements to the technological infrastructure of the Portuguese subsidiary.

However, as a result of the strong growth in income - higher than the increase in costs - the Group's cost-to-income ratio continues to lead the sector, at 34.1%, a 126 basis point improvement on the previous year.

Gaining market share in all businesses and geographies.

Bankinter's commercial strategy is based on consistent and differentiating positioning in every business line and geography in which it operates. The bank has continued to increase its market share in all of these, growing consistently faster than the average for the sector. The combination of mature business lines with more recent additions - which, therefore, have greater growth potential - has resulted in an increasingly balanced and diversified strategy.

Spain - where it has the largest commercial capacity - remains the main focus of the bank's activity. At the end of the first half, the bank's loans and receivables in Spain amounted to 62,000 million euros, up 2.5% on the previous year, driven by loans to companies. Customer deposits grew by 5%, to 70,000 million euros, while off-balance-sheet managed funds amounted to 48,000 million euros, an increase of 20%. Bankinter Spain's pre-tax profit amounted to 686 million euros, up 14% from the previous year.

In Portugal, loans and receivables were up 12%, at 10,000 million euros. This included growth of 13% for customer funds, to 8,000 million euros, and 24% for off-balance-sheet managed funds, to 5,000 million euros, in the period. Bankinter Portugal's pre-tax profit was 102 million euros, up 20%.

In Ireland, lending amounted to 3,500 million euros, 41% higher than a year ago, of which 2,600 million euros related to mortgages, a business that increased by 51% in the period. The non-performing loans ratio for the business in Ireland is just 0.3%. Bankinter Ireland's pre-tax profit was 20 million euros, 20% higher than a year ago.

Turning to the business lines, Large-corporate Banking activity maintained its pace of profitable growth. The loans and receivables for this business for the bank as a whole stood at 33,500 million euros, 7% higher than the first half of 2023. Growth in the Spanish corporate portfolio was 5.4%, which represents a very strong performance in a shrinking market and compares very favourably against a 3.1% fall in this activity in the sector. Growth in Portugal was much higher in percentage terms, at 25%, compared to a sector that only grew by 0.9%, according to figures for the year to April from Banco de España and Banco de Portugal.

International activity continued to be one of the main drivers of Corporate & SME Banking. Loans and receivables in the International Business increased by 17%, to 9,800 million euros, at 30 June. Some businesses, such as 'Supply chain finance', have consolidated the excellent results of an activity that contributes great value to large-corporate customers. The portfolio of this business increased to 268 million euros, a fourfold increase on the previous year.

Wealth Management & Retail Banking, which encompasses all banking activity with individual customers, made the largest contribution to the bank's gross operating income in this six-month period. Customer wealth under management amounted to 122,000 million euros, 12% higher than at 30 June 2023.

Wealth Management, the segment for the highest net worth customers, contributed 68,300 million euros of this total, compared to 59,400 million euros a year ago. Within this spectacular growth, 2,400 million euros of net new funds were raised in the first six months of the year.

The wealth under management in the other segment Retail Banking, which groups all other individual customers, amounted to 53,400 million euros, with 1,900 million euros of net new funds raised in the first half of the year.

With regard to the main Wealth Management & Retail Banking products, all products classified as off-balance-sheet managed funds performed strongly during the first half of the year. The bank's own investment funds increased by 17%, to 14,400 million euros, while the funds of other managers marketed by the bank were up by 20%, to 22,300 million. The portfolio of wealth management and SICAVs increased by 36%, while alternative investment vehicles were up by 18% and pension funds by 14%.

On the asset side, Bankinter's mortgage activity showed signs of emerging from the declines of the market over recent quarters. New mortgage business in the first half of the year amounted to 2,800 million euros, which was a creditable performance with an increase from the first to the second quarter of the year.

Bankinter Group's residential mortgage portfolio grew by 4% compared to the same date in 2023, to 35,600 million euros, with growth across all geographies, including Spain, due to a larger contribution from new business and a slower pace of repayments.