

Bankinter recognised profit of 418 million euros up to June, up by 54.2%, with growth in all business lines and Group subsidiaries

- The bank saw major improvements in all account margins: net interest income up by 60.5% and gross operating income up by 32.7%, on account of the change in interest rates and the volume of new business and customers.
- Bankinter strengthened its balance sheet with growth both in loans and receivables to customers (+3%) and in funds, off-balance sheet managed funds, which increased by 11.9%.
- The return on equity, RoE, improved to 15.5%, the highest level seen in recent years, with a ROTE of 16.4%.

20/07/2023. The Bankinter Group brought the first half of 2023 to an end consolidating growth in all business lines and different regions in which it operates, continuing to expand its market share, with growth both in business volume and in new customers. As a result, the bank has significantly increased account margins and profits, as well as improving all its ratios, reflecting the profitability and efficiency of its business.

With this in mind, the Bankinter Group achieved a pre-tax profit of 625.2 million euros as at 30 June 2023, 67.2% up year on year, and net profit of 417.9 million euros, up by 54.2% compared to the same period in 2022. This is despite the fact that during the first quarter of the year, the bank was confronted with the new tax on the financial sector, amounting to 77.5 million euros.

As regards its different ratios, the return on equity, ROE, stood at 15.5%, up from 10.1% one year ago, with a ROTE of 16.4%, which are privileged positions in the financial sector.

The CET1 capital ratio (*fully loaded*) was 12.3%, 4.5 percentage points above the regulatory minimum required by Bankinter (7.73%), the lowest among listed banks in Spain.

As for the non-performing loan ratio, it remained at a very strong level, 2.2% compared to 2.1% one year ago, with a substantial improvement in the coverage of these non-performing loans, which improved from 64.7% one year ago to 66.3% at present. The NPL ratio in Spain was 2.5%, comparing strongly to the sector average for April, which according to Banco de España stood at 3.55%.

The cost-to-income ratio as at 30 June represented a substantial improvement, achieving a predominant position within the financial sector, standing at 35.4%, comparing very positively to the figure from one year ago, which was 44.4%. When reducing the scope to Spain, this ratio improves further still, to 33.4%.

And in terms of liquidity, the bank's volume of deposits remained above the volume of loans, with a ratio of 105.5%, above the year-end figure, which stood at 102.8%.

Balance sheet figures.

The Group's total assets at 30 June 2023 stood at 110.09 billion euros.

The customer credit portfolio stood at 74.59 billion euros, almost 3% up on a year ago. Concerning lendings in Spain, growth stood at 0.4%, against a backdrop of a slowdown in activity leading to an average drop in lending in the sector in Spain, at 2.1%, based on data released in May by Banco de España.

In terms of customer retail funds, the figures as at 30 June stood at 77.95 billion euros, just 0.5% up on one year ago, although much higher than at the end of 2022, when it stood at 75.2 billion euros. Worth note is the significant growth in investment products, which offer greater added value for customers, such as fixed income or mutual and pension funds. Thus, the total off-balance-sheet managed funds (own or third-party investment funds, pension funds and wealth management/SICAVs) increased by 11.9%.

Income statement margins.

All account margins have experienced very impressive growth, in line with the trend observed during the first quarter of the year, attributable to the positive evolution of interest rates and higher levels of commercial activity, which have helped to attract new business as well as steer new business towards valuable products, with the capacity to generate higher income.

By the end of June, net interest income stood at 1.06 billion euros, 60.5% up on the figure recorded one year ago, with a net interest margin that has continued to grow compared to previous quarters, reflecting strong spread management.

In relation to gross operating income, this figure stands at 1.27 billion euros, up by 32.7% compared to 30 June 2022. Net fees and commissions account for 22% of gross operating income, excluding the tax on banking. These fees and commissions amounted to 303 million euros during the six-month period. This figure remains similar to one year ago.

In terms of pre-provision operating profit, this figure stood at 825.7 million euros, up by 54.3%, after absorbing operating costs that were 5.7% higher than those during the previous period, but than in any case were lower than the growth in revenue.

A profitable, diversified and growing business.

All of the bank's business lines, both national and international, have performed extraordinarily, including traditional and newly-created activities, with Bankinter continuing to increase its market share. Following the changes seen in the economic environment and in the new needs of customers, the bank has reoriented its commercial strategy, now focussing more on value products, capable of providing a better return on investment, with the correct advice.

In the Corporate business, responsible for the highest contribution to the Group's income, Bankinter has consolidated its loans and receivables despite the difficulties mentioned above, with this figure standing at 31.2 billion euros, 0.5% up year on year. Focussing only on corporate lending activity in Spain, there was a slight drop of 0.5% during the period in question, although

putting this into context, the decrease in the sector average was much greater: a decrease of 2.2% according to the figures for May released by Banco de España.

Within the Corporate segment, certain businesses have continued to perform very well. This is the case of International Banking, with loans and receivables which now stand at 8 billion euros, 3% up year on year. Services such as intermediation in the EU next generation funds, or other particularly innovative services such as "Supply chain finance", are performing very well and are being received very positively by customers. For example, "Supply chain finance" has tripled its volume compared to the figures seen at year-end 2022.

In terms of personal or commercial retail banking, we are seeing the impact of the changes in commercial orientation as a result of the new market environment as well as the bank's ability to attract business and customers, especially in the most coveted segments, such as those with the highest net worth, where there is strong competition between banks.

With this in mind, the assets under management among Private Banking customers, with the greatest economic potential, now stand at 55.4 billion euros, 11% up year on year, with new net assets of 2.4 billion euros captured during the past six months alone. In relation to Retail Banking, which encompasses all other customers, assets under management amount to 44 billion euros, 7% up on the figure as at 30 June 2022. The new net assets captured during the past six months come to 1.5 billion euros.

In short, the assets deposited with the bank at the end of June by customers across both segments came to 99.4 billion euros, 6.9 billion euros higher than the assets managed at year-end 2022 and fast approaching the 100 billion-euro mark.

Analysing the type of products arranged by Commercial Retail Banking customers, the asset management business continues to show signs of strength, thanks to the greater demand for these products among customers. Thus, own investment funds experienced growth of 15.1%; third-party investment funds of 14.5%; and pension funds of 7.7%; while the wealth management and SICAVs business remained stable year-on-year, with a slight decrease of 0.2%.

As for salary accounts, a star product for attracting customers and a gateway to the bank for many, there was 5% growth year-on-year in the number of accounts, meaning that more and more customers use this product, although at the same time, there was a drop in balances deposited, which fell by 13%, with the majority of this leaking to other products.

On the asset side, the residential mortgage portfolio came in at a total of 34.4 billion euros at the end of June, including figures for the entire Bankinter Group, compared to 32.8 billion one year ago. The bank's mortgage portfolio in Spain saw growth of 0.4%, compared to a 2.4% drop in the sector at a national level based on BdE data from May.

In terms of new mortgage production generated during the first half of the year, which stood at 2.9 billion euros, this was affected by the weakness of the real-estate market and the increase in interest rates, resulting in a decrease of 16% compared to the new production seen during the first half of last year.

As regards certain regions in which the bank operates, all of them in the EU, Bankinter Portugal continues to demonstrate itself as a very profitable business, with all its activity figures in relation to customers, account margins and profits showing constant growth.

Lendings in Portugal came to 8.5 billion euros, 14% up year on year, with 5.9 billion euros attributable to Commercial Retail Banking and 2.6 billion euros to Corporate Banking. Funds from customers amounted to 6.9 billion euros, an increase of 6%. All account margins have seen significant growth: six-month net interest income stood at 118 million euros, up by 116% on the same period in 2022. Gross operating income increased by 81%. The pre-tax profit of this subsidiary, at the end of the six-month period stood at 85 million euros, 184% up on one year ago.

Bankinter Consumer Finance, the bank's consumer business subsidiary, has consolidated its position in this activity. Loans and receivables broke the 6 billion-euro threshold for the first time, up by 39% on June 2022. From this figure, 4.3 billion euros corresponded to consumer products, personal loans and cards, and the remainder, 1.7 billion euros, to mortgages in Ireland, marketed under the Avant Money brand. This figure is 92% higher than one year ago.

The loans and receivables of the Avant Money brand, including the mortgage portfolio, now stands at 2.5 billion euros, with growth of 64% compared to June 2022 and an insignificant NPL ratio of 0.4%.

In terms of the group's digital brand, EVO Banco, it is reaping the rewards of a very consistent commercial strategy, with good products, good prices and easy and fast access and arrangement. As at 30 June this year, loans and receivables totalled 3.16 billion euros, 38% up the figure recorded twelve months ago. During the first six months of the year, new mortgages taken out came to the sum of 536 million euros, 15% up on those taken out during the first six months of 2022.

Sustainability.

Finally, the Bankinter Group's Sustainability efforts are worth particular mention, where the bank is known as a global leader.

Considering the three pillars (Environmental, Social and Governance) that make up this activity, it should be noted that the bank has recently renewed its membership of the British FTSE4Good index, one of the world's most important initiatives to this end, which the bank joined when it was originally launched. That summarises our Governance balance.

In terms of the Environment, it is noting that the energy financing portfolio is in a strong position, as 88% of the corporate financing extended in this sector corresponds to renewable energy initiatives and projects.

And in terms of the Social pillar, worth particular note is the public recognition received for the "Bankinter Te Cuida" (Bankinter, here to help) programme from the Spanish National Institute for Safety and Health at Work, which has positively assessed this pioneering initiative aimed at promoting employee well-being.