

## Bankinter obtains a net profit of 1,140 million euros in the first half of 2021, which includes the gain of the Linea Directa spin-off

-The Group obtained net income of 1,140.3 million euros, including a capital gain after tax of 895.7 million generated by the marking-to-market of Línea Directa Aseguradora as part of its IPO.

-All account margins exceeded those for the same period in 2020 and 2019, with the Bank surpassing its revenue figures for the year before the pandemic.

-The Bank sets a record for volume of mortgages in the first six months of the year, at 3,000 million euros, double the first half of 2020.

**22/07/2021.** At the end of the first half of 2021, Bankinter Group maintained the growth trend in its recurring business from the first quarter, successfully overcoming the unresolved turmoil of an economic environment still struggling with the effects of the pandemic. This increase in commercial activity featured new businesses and geographies making increasingly strong contributions to the robust performance of the traditional business lines, resulting in improvements in all account margins, ratios, balance sheet figures and profit for the period.

Bankinter Group's net profit at 30 June 2021 stood at 1,140.3 million euros. This includes a capital gain after tax of 895.7 million euros from the difference between the book value of Línea Directa and its market value prior to its IPO, which took place on 29 April.

Excluding this capital gain, the Group's net profit was 244.5 million euros, 124.1% higher than the first half of 2020. This includes the 39.9 million euro net profit generated by Línea Directa Aseguradora during the four months, when that company was within the Bank's scope.

Looking purely at banking activity, profit before tax at 30 June 2021 was 287.6 million euros, compared to 61.8 million euros in the first half of 2020 and 344.8 million euros in the same period in 2019. However, the 2019 results were affected by a non-recurring item of 57 million euros relating to the acquisition of EVO Banco.

In comparable terms, pre-tax profit from banking activity in this first half of 2021 was almost back to pre-pandemic levels.

The return on equity, RoE, was 9.5%, compared to 7.6% in the first half of 2020, when it was weighed down by higher extraordinary provisions. This ratio places Bankinter at the forefront of the sector in terms of profitability. This adjusted RoE excludes the capital gains relating to Línea Directa, but includes the four months of recurring profit from this company.

Capital adequacy remains at optimal levels, with a CET1 *fully-loaded* capital ratio of 12.2%, much higher than the 7.68% required by the ECB.

The NPL ratio improved compared to the previous year, to 2.34%, with coverage of 62.5%.

In terms of liquidity, Bankinter has a negative customer funding gap, with a deposit-to-loan ratio of 104.4%.

### **Margins higher than in 2020 and 2019.**

Bankinter enjoyed a successful six months in terms of income from its recurring banking business, anticipating the economic recovery and overcoming the difficulties of the unusual backdrop of low interest rates through increased commercial drive. All of the account margins were better than in the same period in 2020, and also stronger than the first half of 2019. This demonstrates the Bank's ability to deliver its strategic plans to offset the loss of income from Direct Line through the strength of its banking business over a period of approximately three years.

Net interest income was 639.4 million euros, 4.4% higher than the same period in 2020.

Gross operating income was 914.7 million euros in the period, 6% higher than at 30 June 2020. Almost 70% of this amount came from net interest income, while fees accounted for 29% of the total, mainly from value-added businesses such as asset management (92 million euros in fees, up 23%) and brokerage (59 million euros, up 19%). Net fee income amounted to 265 million euros, 9% higher than in the same period in 2020.

Pre-provision operating profit in the first half of the year was 504.1 million euros, an increase of 7.3%. Operating costs increased by 4%. The accumulated cost-to-income ratio fell to 44.9%, compared to 45.6% a year ago. The cost-to-income ratio in Spain at the end of the first half of 2021 was even better, at 40.6%.

### **Balance sheet figures.**

The Group's total balance-sheet assets stood at 102,645.3 million euros, 10.6% higher than at 30 June 2020.

Customer loans and receivables ended the period at 66,896.1 million euros, up 5.2%. Lending in Spain grew by 4%, compared to a 1% decrease across the sector, according to Banco de España figures to May.

Retail funds were 68,596.2 million euros at 30 June 2021, an increase of 11.5%. These retail funds grew by 11% in Spain, compared to a sector average of 4.9%, according to Banco de España figures to May.

### **All of the business lines experienced a strong boost in commercial activity.**

The Bank's commercial activity showed signs of robust recovery throughout the first half of the year, for both individual customers and companies, taking advantage of the incipient macroeconomic improvement that will take off in the coming quarters. This means we can expect even higher growth in the short and medium term.

The largest contributor to the Bank's gross operating income was Commercial Retail Banking, particularly the segments for high net worth customers, such as Private Banking and Personal Banking. Private Banking had 47,000 million euros of assets under management, 21% higher than in June 2020, with a 1,700 million euro increase in assets under management in the first six

months of the year. The assets under management in the Personal Banking segment amounted to 28,400 million euros, 20% higher than in the same period in the previous year, with 1,600 million euros of new assets under management.

The Bank's power to attract individual customers and new business in this segment is reflected very clearly in two of its star products: salary accounts and mortgages. The balance deposited in salary accounts reached 14.2 billion euros, 24% higher than a year ago, as this product continues to consolidate its leading position in the market.

The mortgage business line exceeded 30,000 million euros for the first time, with growth in Spain, excluding EVO, of 5.8%, compared to growth of just 0.1% for the sector, according to figures to May from the Banco de España. New Bankinter Group mortgages during the first half set another record, at 3,000 million euros, almost double the same period in 2020. This is also far higher than the 1,600 million euros in the first half of 2019, before the pandemic. These figures demonstrate the recovery in this market, where Bankinter is, once again, leading the pack. 72% of the Group's new mortgages are at fixed interest rates. The loan-to-value ratio of these new mortgages is 62%.

The Asset Management business is central to Bankinter's value proposition for its Commercial Retail Banking customers. This business has grown strongly, with off-balance-sheet funds growing by 21.6%. Growth was particularly strong in the investment fund portfolio, which stood at almost 27,700 million euros compared to 22,632 million in the previous year, between funds managed by Bankinter and by third parties. The pension fund portfolio saw an increase of 16.1%, while the asset management and SICAV portfolio grew by over 21%.

The Corporate business contributed 29% of the revenue for gross operating income. The corporate loan book stood at 28,900 million euros at the end of June 2021, up 2% on the figure at the end of June 2020. This business grew by 1.4% in Spain, although the sector itself shrank by 2.3%, according to figures to May from the Banco de España. This portfolio was influenced by the Bank's active management of loans backed by ICO (Official Credit Institute), with 6,600 million euros of the 8,800 million arranged having been drawn.

The strong performance of Investment Banking is especially notable in the Corporate business. This is carried out under the Bankinter Investment brand, which contributed 44 million euros to gross operating income, 27% more than in the same period of 2020. The International Corporate business also contributed strongly, with investment of 6,200 million euros, 7.5% higher than at the end of 2020.

In Portugal, Bankinter experienced a very strong boost during the first half of the year, with growth in all account margins. This was led by net interest income, which increased by 7%, followed by gross operating income, which was up 15%, boosted by the extraordinary performance of net fees, and a 33% increase in pre-provision profit. Bankinter Portugal's profit before tax stood at 26 million euros at 31 June 2021, 50% higher than in the same period in the previous year.

Bankinter Portugal's loan book increased to 6,800 million euros, up 6%. Customer funds saw much higher year-on-year growth of 19%, to 5,500 million euros, with off-balance-sheet managed funds growing by 14%, to 3,900 million euros.

The Consumer business, operated by Bankinter Consumer Finance in Spain, Portugal and Ireland, continued to grow at a more moderate pace, given the negative impact of the continuing unstable

economic environment and restrictions on leisure and mobility. However, the loan book grew by 9% year-on-year, to 3,100 million euros. The strong performance of the business in Ireland, under the Avant Money brand, was noteworthy, with growth in investment of 39% compared to the first half of 2020, with its recently initiated mortgage activity starting to pick up speed.

EVO Banco obtained strong results from its commitment to mortgages, with new business 2.4 times higher in the first six months of 2021 than in the same period in 2020. The total loans and receivables of this entity, which operates entirely digitally, stood at 1,549 million euros at the end of the six-month period, 50% higher than in June last year.

## Summary

	1H21	vs 1H20	vs 1H19
Loan Book	€67bn	+5%	+13%
Gross Operating Income	€915M	+6%	+14%
Pre-provision profit	€504M	+7%	+18%
NPL ratio	2,34%	-16bps	-37bps
Coverage ratio	62%	+4.p.p.	+11p.p.
Group Net Profit	€1,140M	n.a.	n.a.
Net Profit ex-LDA spin-off	€245M	+124%	-3%*
CET1 FL	12,2%	+44bps	+69bps
ROE	9,5%	+2,0p.p.	-3,3p.p.

\* Excluding of €57 million badwill from EVO transaction

bankinter.