

Bankinter earns 1,333 million euros in 2021, including the capital gain from Línea Directa transaction, and achieves record revenue figures for its recurring business

-Stripping out the capital gain from Línea Directa, recurring net profit stands at 437.4 million euros, up 37.9% from 2020. Operating income tops 1,000 million euros for the first time, rising 13.9 % from the year before.

-A year of record growth in commercial activity: growth of 58% in new mortgages; 11.5% in customer deposits and 30% in investment funds.

-Return on equity (RoE), excluding the capital gain from Línea Directa, improves to 9.6%, while the CET1 fully-loaded capital ratio is 12.1%.

20/01/2022. Bankinter Group posted record profit in 2021, underpinned by the Bank's stronger commercial activity in a year of economic recovery in which Bankinter showcased its financial soundness, strong value proposition and potential of its expanding and more diversified business mix.

All margins registered sharp increases, with operating income before provisions soaring 13.9% to an all-time high of 1,002.1 million euros, which is also 19% higher than the pre-COVID level in 2019.

Net profit for Bankinter Group in 2021 totalled 1,333.1 million euros, which includes a 895.7 million euro gain on Línea Directa Aseguradora's successful IPO.

Stripping out this capital gain, recurring profit for the Group amounted to 437.4 million euros, with Línea Directa contributing four months to revenue. This marks a 37.9% increase from 2020.

Bankinter achieved a CAGR for profit after tax from 2012 to 2021 of 15%, despite the low level of earnings in 2020 caused by extraordinary provisions.

Among the main ratios, return on equity (RoE) excluding the capital gain from Línea Directa was 9.6%, leaving an RoTE of 10.2% and compared to an RoE of 7.03% in 2020. The ratio that year was undermined by the higher provisions recognised against a worse macroeconomic outlook because of the pandemic.

Turning to capital, Bankinter ended the year with a CET1 fully-loaded capital ratio of 12.1%, well clear of the ECB's 7.68% requirement.

The NPL ratio stood at 2.24%, down 13 basis points from the year-earlier figure, with little impact from the end of the mortgage moratoriums. The NPL coverage ratio was 63.56%, an improvement of 302 basis points from year-end 2020.

Turning to liquidity, Bankinter has a negative customer funding gap, with a deposit-to-loan ratio of 108.5%.

Thanks to all these good ratios, Bankinter came out as the most resilient bank in Spain under challenging macroeconomic scenarios and the third best in Europe in the latest stress test conducted by the European Banking Authority (EBA).

Leveraging this soundness, this year the Bank resumed its traditional shareholder remuneration policy of paying two dividends out of 2021 recurring profit: the first in October, for a total amount of 119.78 million euros, and the second in December, for 46.26 million euros, leaving a pay out of 50%, entirely in cash.

All profit margins were higher than in 2020 and 2019.

Stronger commercial activity boosted margins, which in all cases were not just higher than in 2020, but also than in 2019; i.e., before the pandemic. This enabled the Bank to post record revenue. The diverse revenue mix, coupled with the combination of traditional business lines and newly created business lines with far greater potential, bode extremely well for figures going forward and offset Línea Directa's departure from the Group's perimeter and the subsidiary's contribution to overall revenue to date.

Net interest income in 2021 totalled 1,275.3 million euros, up 2.3% from 2020, driven by higher volumes and price optimisation, even amid low interest rates.

Gross operating income, which includes total revenue, rose by 8.6% from the year before. Strong commercial momentum enabled gross operating income in the year to reach 1,855.3 million euros. Of this amount, fee and commission income made a strong contribution, accounting for 33% of the total with 603 million euros, 21% more than in 2020.

The bulk of fees and commissions came from the asset management, brokerage and customer advisory business, all high value-added services. Asset management fees increased by 30% to 204 million euros. Fees from securities trading rose by 16%, to 114 million euros, and fees from insurance and pension funds by 13%. A key highlight for the year was the 45 million euros earned on the sale of the Helia I renewable energies fund to Northland Power, as part of Bankinter Investment's operations. This amount was earmarked entirely to cover all estimated legal costs for 2021 and 2022.

For the first time ever, operating income before provisions topped the 1,000 million euro mark, reaching 1,002.1 million euros. This was 13.9% higher than in 2020 and 19% higher than in 2020, before the pandemic. Operating costs rose by 3%. The cumulative cost-to-income ratio fell to 46% from 48.5% in 2020. In Spain, the cost-to-income ratio stood at a healthy 42.1%.

Balance sheet figures.

The Group's total assets amounted to 107,584.1 million euros at the end of 2021, up 11.8% from the year before.

Loans to customers rose by 5.7%, to 68,048.8 million euros. In Spain, lending rose by 3.9%, compared to an average 0.3% contraction by the sector, according to Banco de España figures through to November.

Retail funds from customers rose even higher, by 11.50% to 72,484.9 million euros. In Spain, these retail funds grew by 10.8%, compared to a sector average of 4.8%, once again according to figures through to November.

A year of record growth in commercial activity.

Bankinter achieved excellent results in commercial activity in 2021 in all types of products and businesses and in all its footprint markets.

In the Corporate Banking business, lending volume amounted to 28,700 million euros, with growth in the loan book in Spain of 1% compared to an average decline for the sector of 1.4% according to figures by Banco de España through to November. This came despite the absence during the year of ICO-backed loans, which featured prominently the year before. Higher organic growth in loans to companies in 2021 boosted the Bank's market share to 5.4% from 5.3% in 2020.

As for the Commercial and Retail Banking business for individuals, the Bank posted strong growth in all customer segments, led by Private Banking and Personal Banking. Assets under management (AuM) of Private Banking customers reached 49,900 million euros, up from 42,800 million euros in 2020, with net new assets for the year of 3,600 million. Private Banking AuM grew by more than 60% between 2016 and 2021.

The volume in Personal Banking, the segment immediately below, totalled 29,800 million euros, with 2,800 million euros of new net assets.

All Commercial and Retail Banking products, above all those with the greatest capacity to bring in new customers, performed just as well. To illustrate, the balance held in salary accounts in Spain reached 14,900 million euros, up from 12,700 million euros in 2020. Thanks to a trend that is holding up over time, the Bank achieved a 2.7-fold increase in the portfolio between 2016 and 2021, cementing the success of an industry leading product whose terms and conditions have not changed in nearly 10 years.

Elsewhere, 2021 was one of the best years ever for Bankinter's mortgage business, with new loans - including EVO Banco - of 5,900 million euros, a 58% increase from the year before. The total mortgage portfolio stood at around 31,300 million euros. Growth in the mortgage loan book in Spain alone was 8.6%, compared to the sector average of 1.3% according to Banco de España figures through to November. Market share in new transactions reached 9%.

In the Asset Management business, customers were delighted with the Bank's commercial and advisory activity in the current interest rate environment. Off-balance-sheet managed funds were 26.9% higher than at the end of 2020, at 39,533,6 million euros. Growth was particularly strong in investment funds, both proprietary and third-party, rising 30% in the year to 29,800 million euros. Some Bankinter Asset Management funds were among the year's most profitable in their respective categories.

The investment banking business, overseen by Bankinter Investment, merits special analysis because of the type of business and its projection. Needless to say, the Bank has become a benchmark in some activities, e.g. alternative investment. So far it has launched 16 investment vehicles in diverse economic sectors, mobilising 3,200 million euros of capital of over 3,000 private banking and institutional customers. Meanwhile, structured financing volume stand at

4,000 million euros. Overall, Bankinter obtained gross operating income of 187 million euros in 2021, up from 116 million euros the year before.

Meanwhile, Bankinter Portugal had an equally successful year, reporting profit before tax of 50 million euros and growth in all business indicators and margins. The loan book grew by 6% to 6,900 million euros, while customer deposits increased by 23% to 5,900 million euros. Off-balance sheet assets under management increased by 22% to 4,400 million euros. This enabled Bankinter Portugal to deliver increases compared to 2020 of 5% in net interest income, to 99 million euros, and of 10% in gross operating income, to 152 million euros, driven by the good performance of fee and commission income, which totalled 61 million euros.

Bankinter Consumer Finance, the brand under which the Consumer business is operated, ended the year with a loan book of 3,500 million euros, 23% higher than in December 2020. New origination in the year amounted to 1,500 million euros, reflecting the rebound in household consumption alongside an improvement in the overall economy. Consumer loans accounted for 1,900 million euros, while the rest relates to cards, in their various types, and to the mortgages marketed in Ireland.

The activity carried out in Ireland, through the Avant Money brand, expanded considerably in 2021, with 1,000 million euros in the loan book at year-end, of which 400 million euros were new mortgages. Despite just having started up this business there recently, the Bank has already become a major player in this market. Avant Money's NPL ratio is 0.6%.

Meanwhile, EVO Banco continues to bolster its positioning among younger and more digital customers, with a total of 678,000 customers at the end of December. Total lending at year-end stood at 1,860 million euros, up from 1,224 million euros in 2020. New mortgages awarded in the year totalled 729 million euros, compared to 395 million euros the year before, which gives an idea of how much the digital bank has turned round this business.