

Bankinter's 2019 profit reaches record 551 million euros, up 4.6%, with growth in all account margins and business lines.

- The bank has had seven consecutive years of increasing profits, with a compound annual growth rate of 24% between 2012 and 2019.
- Loans to customers increased by 9% from 2018, and customer funds swelled by 14.3%. Loan book is larger than in 2018, even without acquired entities.
- Bankinter ended the year with a return on equity (RoE) of 13% and a CET1 fully loaded capital ratio of 11.61%, exceeding its minimum capital requirement set by the ECB.

23.01.2020. Bankinter Group ended 2019 with record profits, marking a period of seven consecutive years of higher earnings at a compound annual growth rate of 24% since 2012.

The Group's net profits in 2019 amount to 550.7 million euros, with pre-tax profits of 741.4 million. Respectively, this indicates year-on-year increases of 4.6% and 2.8%. These figures also cover EVO and Avantcard, which have been included within the Group's accounts since 31 May.

Without these outfits and the impact from integrating them, pre-tax profits would have grown by 2.4% with respect to 2018.

Bankinter ended the year with a return on equity (RoE) of 13%, outperforming other listed banks in Europe.

At 2.51%, its non-performing loan ratio is also in a privileged position, having improved by 39 basis points since the end of 2018. Furthermore, foreclosed property assets fell significantly. In one year, their total went from 348.2 million euros to 290.7 million euros, a 16.5% decrease.

With respect to capital adequacy, the CET1 fully-loaded capital ratio closed the year at 11.61%. This is well above the ECB's minimum capital requirement for Bankinter, which will once again be 8.20% this year as it had been in 2019.

In terms of liquidity, the funding gap (between lending and customer deposits) fell to 1.3 billion euros from last year's 3.7 billion. As a result, the loan-to-deposit ratio stands at 101.8%.

Wholesale issues expected to mature this year only amount to 800 million euros, with another 1 billion expected for 2022. Still, Bankinter has 13.4 billion euros in liquid assets and can issue up to 6 billion euros in covered bonds.

All margins increasing, even without contribution from EVO and Avantcard

Bankinter's customer business continues to be the driver of its excellent profits in 2019, as revealed by the increases across all P&L account margins.

First, its net interest income ended the year at 1.1906 billion euros, up 8.8% from a year ago. Without EVO Banco and Avantcard, NII growth would have been 5.1%. The net interest rate spread for the year reached 2.01%, an improvement of 9 basis points since 2018.

Gross operating income ended the year at 2.0547 billion euros, a 5.9% increase from last year, with a net 479.5 million euros in free income (up 6.6% from 2018). Minus EVO Banco, gross operating income would have grown by 3.4%.

Furthermore, operating profit in 2019 was 977.5 million euros, 4.4% more year-on-year (7.9% more, without EVO Banco). Operating costs increased this year by 7.2%, owing by and large to the integration of the acquired entities. Nonetheless, the costs of banking operations (Spain and Portugal) only increased by 0.2%. Despite this, the cost-to-income ratio of banking ended the year at 47.4%; without EVO Banco, it would rise to 45.3%.

On Bankinter's balance sheet, total Group assets at the end of the year amount to 83.7323 billion euros, a 9.5% increase from 2018 (although, as of 31 May 2019, this includes EVO Banco and Avantcard).

By the end of the year, total customer loans and receivables amounted to 60.411 billion euros, 8.9% more than in 2018. Minus EVO Banco, lending in Spain alone increased by 5%, which compares very well to the rest of the Spanish financial system (down by 1% according to *Banco de España* in November).

Customer funds amount to 57.8146 billion euros (up 14.3% year-on-year) with a spike in Spain alone (without EVO Banco) of 7% above the industry average. Off-balance-sheet managed funds grew by 13.7%.

Improvements in all customer business lines.

The earnings indicate that Bankinter's customer-based operations maintain its potential and continue to be the Group's primary driver of revenues. Its purely banking lines are outgrowing its insurance operations.

Corporate Banking performed well this year, with 25.5 billion euros in its loan book. In Spain alone, loans to businesses amount to 23.8 billion euros (up 5.1% from the end of 2018), even though November figures show that corporate lending fell by 2.7% across the industry.

Three corporate banking lines were particularly noteworthy: International Trade and Export Finance, with a 7% year-on-year increase in gross operating income; Transaction Banking, with a 14% increase in fee income; and Investment Banking (operating under the new brand, 'Bankinter Investment', since November), which has increased fee income by 52% and gross operating income by 22%.

The Commercial (or 'retail') Banking line also had a satisfactory year. For the first time, its contribution to the Group's gross operating income matched that of Corporate Banking (28%).

The main driver of this business line was Private Banking, with 40.4 billion euros in managed assets (up 13% from a year ago) and a compound annual growth rate of 7% since 2014.

Personal Banking saw a 9% increase in managed wealth (amounting to 23.7 billion euros).

In regard to Commercial Banking's most significant products (deposits and loans), its total salary accounts reached a remarkable 10.436 billion euros (up 25% from 2018). This speaks to the strength and popularity of this product in the Spanish market. New mortgage origination this year amounted to 2.956 billion euros, 17% more than in 2018. 38% of mortgages taken out this year were fixed rate.

Línea Directa Aseguradora closed the year with 3.16 million euros in insured risks, up 5% from 2018. It sold 3.6% more motor policies, while new home insurance policies also increased (9.6%). By the end of the year, issued premiums had amounted to 891.3 million euros, up 4.5% from last year. Both home and motor premiums grew above the industry average (as usual in recent years). Now, Línea Directa is the fifth leading insurer in terms of issued motor premiums.

Línea Directa's combined ratio stands at 87.9%, its RoE at 33% and its solvency ratio at 211%.

Bankinter Consumer Finance ended the year with over 1.4 customers, an 8% increase from a year ago. Its loan book totals 2.4 billion euros, up 21% year-on-year. It granted 917 million euros in new loans, 45% more than those taken out in 2018. This business's non-performing loan ratio stands at 5.7%.

Bankinter Portugal, once again, had a brilliant year, with 66 million euros in pre-tax profits (compared to 60 million in 2018). Its customer-based operations kept up a very positive pace throughout the year. Its lending increased by 13%, especially in terms of loans to companies (up by 26%). Its deposits grew by 7% with respect to 2018. Furthermore, its off-balance-sheet managed funds increased by 12% from last year.

EVO Banco and Avantcard are already having a positive impact on the banking business, despite having been recently integrated with the bank. Since June, EVO added 50,000 new customers and originated 85 million euros in new loans. Avantcard's loan book also continues on a strong upwards trend: 23% lending growth year on year.

Bankinter builds on its digital track record.

In addition to these business figures, it should be noted that Bankinter is a reference in the industry in digitalisation, building on its long and successful track record with customers in this regard. 93.3% of the bank's active customers interact with it digitally. Furthermore, 89% of consumer loans are taken out online, along with 44% of investment fund subscriptions and 8% of mortgages.

The positive performance of Bankinter's online investment manager was also very prominent. Operating under the brand name, Popcoin, it was the first robo-adviser launched by a bank in Spain. This year, the wealth managed by this service grew by 212%, increasing from 3.6 million euros in 2018 to 11.4 million in 2019.