

## Bankinter earned 560 million euros in 2022, up 28% from the year before, and delivered its 2023 profit target a year in advance

- All account margins showed sharp increases, illustrating the good performance by the customer business, with increases of 20.1% in net interest income, 12.3% in gross operating income and 16.4% in pre-provision operating profit.
- Customer lending grew by 9.1%, outstripping the sector average and showcasing the bank's commercial strength and support for households and corporates in a challenging environment.
- The bank's results were above pre-pandemic and pre-Línea Directa spin-off levels, underpinned by recurring profits.
- Return on equity (RoE) and the CET1 fully-loaded capital ratio were 12%, while the non-performing loans (NPL) ratio was 2.10%, one of the lowest in the sector.

**19/01/2023.** Bankinter Group performed well in 2022, delivering its profit targets for 2023 a year earlier and surpassing pre-pandemic and pre-Línea Directa spin-off levels.

The bank's healthy results were driven by considerable improvement in all margins, thanks to a stronger commercial activity and an ability to bring in new business, resulting in growth across all business lines, customer segments and geographies where it operates.

Bankinter Group reported a 46.3% increase in profit before tax in 2022 to 785 million euros. Net profit was 28.1% higher at 560.2 million euros even though 2021 still included four months of income from the insurance company. However, comparisons do not include the capital gain on Línea Directa's IPO recorded by the bank that year.

The robust business came alongside good performances by the various ratios and indicators. RoE (return on equity) ended the year at 12%, compared to 9.6% at year-end 2021, which did not include the one-off capital gain from Línea Directa. ROTE was 12.7%. The overall cost-to-income ratio improved to 44% and in Spain to 40.5%. These numbers are among the best of any bank in Europe.

Turning to solvency, the CET1 fully-loaded capital ratio increased to 12%, well above of the ECB's 7.726% minimum requirement for Bankinter for FY 2023, which is unchanged from 2022.

Meanwhile, Bankinter kept non-performing loans in check despite the worsening macroeconomic landscape. The NPL ratio eased to 2.10% at year-end 2022 from 2.24% the year before, while NPL coverage increased to 66.3% from 63.6%.

On the liquidity front, Bankinter still had a negative customer funding gap of 102.8% as deposit growth outstripped loan growth, although the bank it is not facing wholesale maturities this year.

Bankinter's share price also performed well, gaining 39% during the year and leaving a total shareholder return, including dividends, of 45%.

### **Balance sheet figures**

The Group's total assets as at 31 December 2022 were in line with previous year levels: 107,507 million euros.

Customer lending increased by 9.1% from 2021 to 74,243.4 million euros, illustrating the bank's commercial strength and willingness to continue supporting household and business financing projects amid a challenging environment.

Looking strictly at figures for Spain, loans and receivables grew by 5.3%, outstripping the sector average by six-fold taking Banco de España data as at end-November. Growth was even stronger in other geographies: 15% in Portugal, while Ireland doubled its loan book.

Retail funds ended the year at 75,164.3 million euros, 3.7% higher than at year-end 2021 amid fierce competition among banks.

Off-balance-sheet managed funds fell by 9.4% during the year, due mainly to poor bond and stock market performances and the related impact on asset values. However, Bankinter Gestión de Activos' investment fund assets under management increased by 3.3%.

### **Account margins**

All account margins grew sharply from the year before on the back of favourable interest-rate trends and increased commercial activity, which fed through to higher volumes, especially in lending.

Net interest income rose 20.5% from 2021 to 1,536.7 million euros in 2022. The fourth quarter was one of the best of the last few years.

Gross operating income surpassed 2,000 million euros for the first time, reaching 2,084.3 million euros, up 12.3% from 2021.

Pre-provision operating profit in 2022 was a healthy 1,166.3 million euros, 16.4% higher than in the year before. This was after a 7.6% increase in operating costs due to increased investment in new projects and the resulting increase in staff expenses, along with total regulatory costs of 140 million euros, compared to 124 million euros in 2021, representing 7% of gross operating income.

### **Increased commercial activity, consistent strategy and solid reputation**

A strategic focus that is consistent over time and well defined, a solid reputation and increased commercial activity across the bank's network fed through to strong growth in all business lines, products and geographies.

The Corporate business, which accounted for a third of bank's gross operating income in 2022, featured a 9.3% increase in loans and receivables from 2021, and 28% growth in new lending.

Looking solely at the corporate loan book in Spain, growth was 8.2%, compared to the sector average of 1.8%, based on Banco de España data as at the end of November. Accordingly, Bankinter continues to up its market share, standing by its customers and funding their business activity against a stressed backdrop.

Supporting corporates in their foreign operations as well by offering new services and increasingly specialised teams helped drive a 25% increase in international corporate loans, which reached the 8,000-million-euro mark. Bankinter continues to strengthen relations with corporates as borne out by the transactional business' more prominent role; growth in operating income in this business was 48% higher than in 2021.

In Commercial Retail Banking, or business with individuals, assets under management grew among the highest profiles, such as Wealth Banking and Retail Banking. Private Banking assets under management at 31 December 2022 stood at 51,100 million euros, up from the year-earlier figure of 49,900 million euros, even though the market effect had a negative impact on the value of these assets to the tune of around 3,300 million euros. Bankinter secured over 4,000 million euros of new assets under management during the year.

In Personal Banking, assets under management amounted to 41,400 million euros, up from 39,700 million euros the year before, despite a negative market impact of 1,500 million. Net new assets totalling 3,400 million euros were raised in this segment in 2022.

The salary account is still the main product for attracting Commercial Retail Banking customers. It is the only one on its kind that has kept its advantageous conditions since it was launched over a decade ago. Bankinter ended the year with over 16,700 million euros of salary accounts, 2.4 times higher than five years ago, i.e., in 2017.

The total mortgage portfolio ended the year at 33,700 million euros. The mortgage portfolio in Spain grew 2.8% in the year, compared to the sector average of 0.4%, according to Banco de España figures through November. New mortgages including all geographies and EVO in 2022 totalled 6,700 million euros, up 13% from 2021 and implying a 6.7% market share in new transactions.

Particularly eye-catching was the performance of the investment banking activity, especially the alternative investment business, carried out by the Bankinter Investment subsidiary. Bankinter has launched 19 investment vehicles to date, with over 4,000 million euros of capital committed from investors. This business, which generated gross operating income of 154 million euros in 2022, will embark on a new path of growth in 2023 in the wake of the launch of the new alternative investment manager, which will provide access to these assets by retail customers.

Overall performance in the various countries where Bankinter operates can be considered extremely positive. A case in point is Portugal, where business volume managed has grown consistently since the bank first started up there. This business, the sum of on- and off-balance sheet funds and loans, amounted to 18,200 million euros in 2022 compared to 11,400 million in 2017. In 2022, loans increased by 15% to 8,000 million euros and customer funds by 9%, to 6,400 million euros.

Bankinter Portugal's statement of income showed impressive figures, with growth of 35% in net interest income, 25% in gross operating income and 47% pre-provision profit. Profit before tax amounted to 78 million euros, 54% higher than in 2021.

In Ireland, business performance showcased the strong performance by the mortgage activity, where the good results are already feeding through to gross operating income. The loan book at Avant Money, the brand under which Bankinter operates in Ireland, reached 2,300 million euros in 2022, up 132% from 2021. Of this amount, 1,600 million euros corresponded to mortgages, triple the year-earlier figure, with an NPL ratio of barely 0.4%. Avant Money reported gross operating income in 2022 of 80 million euros, 34% higher than in 2021.

Bankinter Consumer Finance, the bank's subsidiary that consolidates figures for Ireland, also fared well during the year. Its loan book at year-end stood at 5,500 million euros, of which 1,600 million euros were mortgages in Ireland and the remainder from the Consumer business, of which 2,600 million related to loans and the rest to the various types of cards.

For EVO Banco, loan figures are a testament to the acceptance by digital customers of the subsidiary's new strategy. New mortgages arranged in the year amounted to 984 million euros, 35% more than in 2021. Of these, 98% were at fixed rates, thanks to one of the market's most competitive offers. The balance of loans and receivables ended the year at 2,700 million euros after growth of 45%. Gross operating income for the business in 2022 soared 55% from 2021 to 37 million euros.

To conclude, following are certain sustainability-related data from the three dimensions: environmental, social and governance. In the environmental dimension, the bank made further inroads in decarbonising its Corporate portfolio in 2022 and plans are to add the mortgage portfolio to this decarbonisation roadmap. Meanwhile, the sustainable business continued on an uptrend, delivering some excellent results, e.g., over 1,600 million euros of sustainable financing for companies, or the increase in proprietary ESG investment funds and pension plans, which exceeded 1,000 million euros for the first time ever. As for the social and governance dimensions, highlights included digital accessibility data on the bank's websites and apps, the commitment to employment and full compliance with good governance recommendations.