

# Bankinter Results Presentation 1Q2018

26 April 2018

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# Regulatory framework



Bankinter presents its financial statements in accordance with the regulations that apply to the Group, set out in the Code of Commerce and other company regulations, in the International Financial Reporting Standards adopted by the European Union, and in Circular 4/2004 of Banco de España and any updated versions thereof.

Bankinter advises that this presentation contains forward-looking statements. These can be found in various parts of this document and include, without limitation, statements concerning our future business development and economic performance. While these statements represent our judgement and future expectations about our business development, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, (1) the general market, and macro-economic, governmental and new regulations, (2) the variation in local and international securities markets, currency exchange rates and interest rates as well as change to market and operational risk, (3) competitive pressures, (4) technological developments, (5) changes in the financial position or credit worthiness of our customers, obligors and other counterparties.

# S

## Summary

.....

	1Q18	YoY
Gross operating income	<b>500M€</b>	<b>+9%</b>
NPL ratio	<b>3,40%</b>	<b>-48bps</b>
Net Income	<b>143M€</b>	<b>+15%</b>
CET1 FL	<b>12,0%</b>	<b>+75bps</b>
ROE	<b>13,3%</b>	<b>+1,3pp</b>

# C

## Content

.....

- Results
- Risk Management
- Business
- Summary



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# R

Results

1Q18

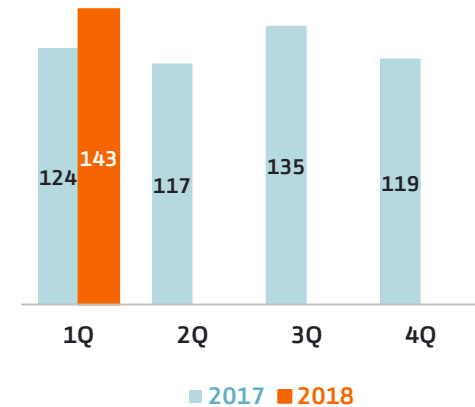
# 1Q18 P&L account

- in millions of euros -

	Bankinter Group			
	1Q18	1Q17	YoY	QoQ
Net interest income*	271,8	249,1	9,1%	1,0%
Net fees and commissions	108,9	100,2	8,7%	-1,4%
Other income	100,4	85,6	17,3%	63,3%
Trading income	19,3	23,9	-19,5%	59,5%
<b>Gross operating income</b>	<b>500,4</b>	<b>458,8</b>	<b>9,1%</b>	<b>10,1%</b>
Operating expenses	-252,3	-232,7	8,5%	4,6%
<b>Pre-provision profit</b>	<b>248,1</b>	<b>226,1</b>	<b>9,7%</b>	<b>16,3%</b>
LLP and other provisions*	-52,2	-54,5	-4,3%	-3,0%
<b>Earnings before tax</b>	<b>195,9</b>	<b>171,6</b>	<b>14,2%</b>	<b>22,8%</b>
<b>Net profit</b>	<b>143,0</b>	<b>124,4</b>	<b>15,0%</b>	<b>20,0%</b>

## Quarterly Net income

- in millions of euros -



\* 2017 figures adjusted for comparative purposes due to IFRS 9 impact in Portugal

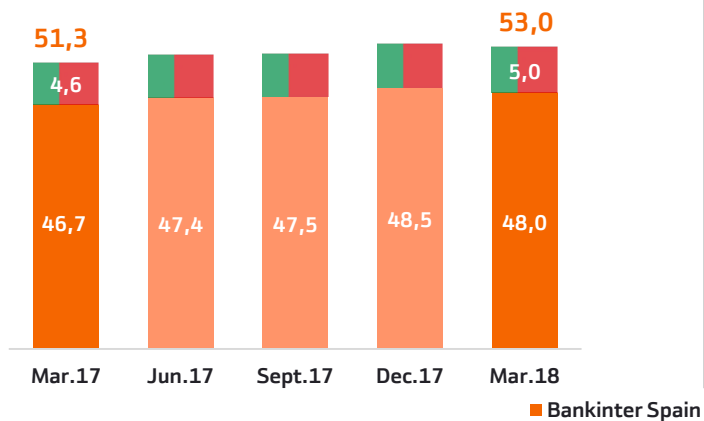
# L Loans and receivables

- in billions of euros -

+1,7bn

+3,3%

Sector\* -1,6%



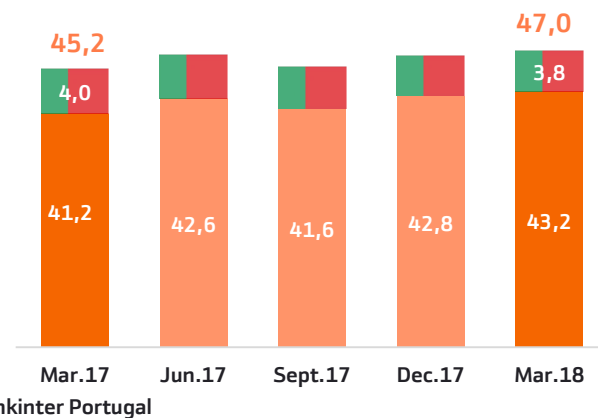
# R Retail funds

- in billions of euros -

+1,8bn

+3,9%

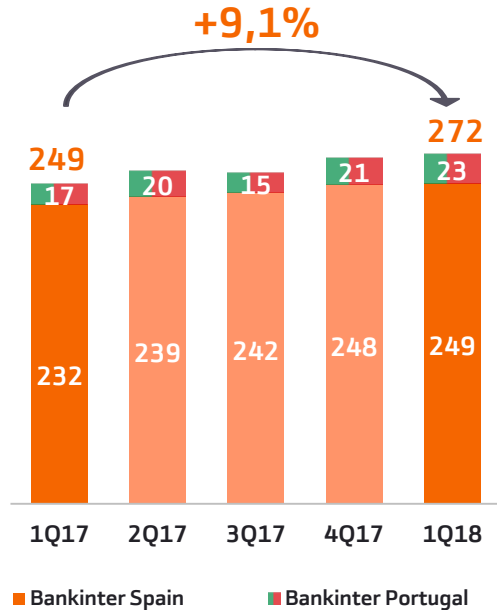
Sector\* +1,6%



# NII

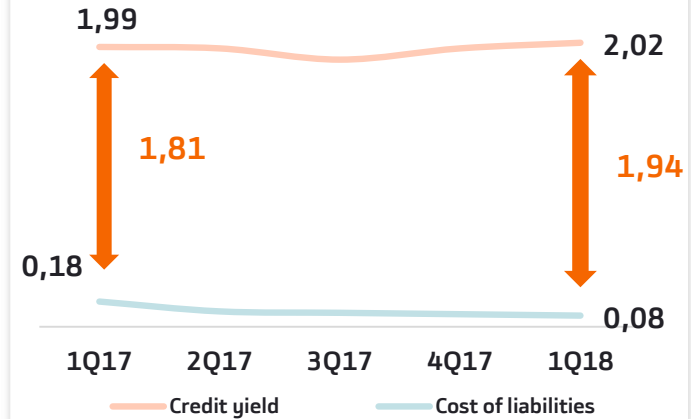
## Net Interest Income\*

- Quarterly performance in millions of euros -



## Customer margin\*

- Quarterly in % -



\*2017 figures adjusted for comparative purposes due to IFRS 9 impact in Portugal

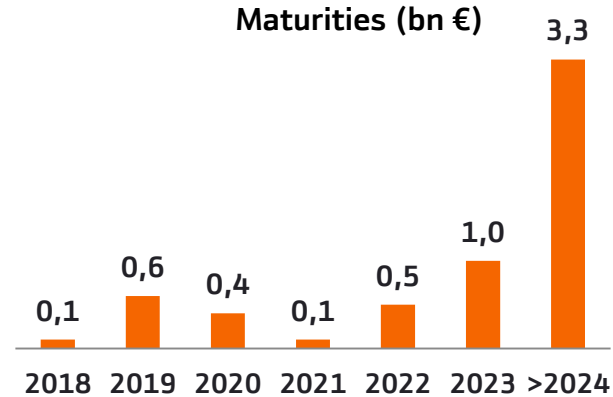
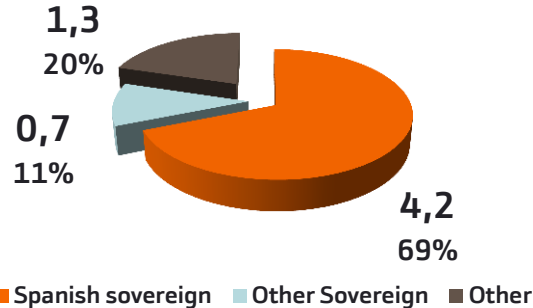


# AL

## ALCO portfolio

- in billions of euros -

ALCO portfolio	AMORT.	AFS	TOTAL
Nominal amount (€bn)	2,2	3,9	6,2
Duration (years)	4,1	2,3	2,9
Avg. maturity (years)	13,8	4,5	8,2
Yield (%)	2,4	2,7	2,7
Unrealised gains (€bn)	0,3	0,3	0,6



# F Fees

Net fee income  
**€109M€**

YoY  
**+8,7%**

Contribution to total income  
**22%**

## - Breakdown of received fees in millions of euros -

Asset management	41M€	+15,1%
Payments & collections	23M€	+6,7%
Brokerage & custody	21M€	+16,5%
Life Insurance	15M€	+5,4%
FX differences	13M€	-4,3%
Risk transactions	12M€	-1,5%
Other	11M€	+6,5%

Total received: **+8,3%**

Total paid: **+6,8%**

# OI

## Other Income

- in millions of euros -

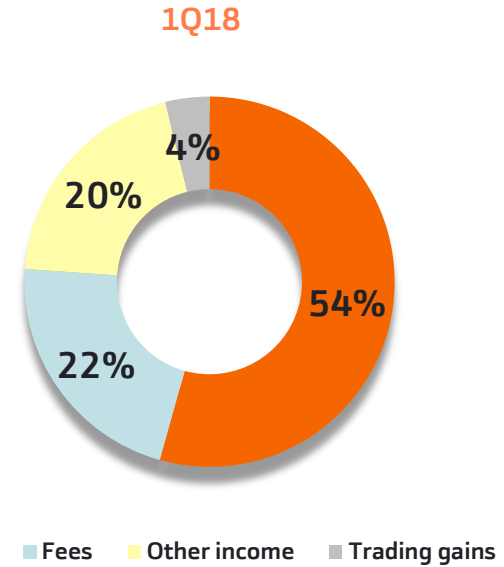
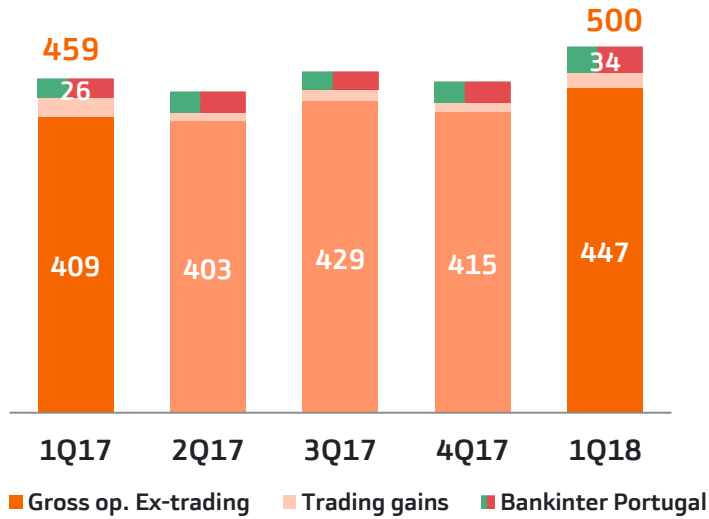
	1Q18	1Q17	YoY
LDA insurance margin	97,5	85,8	13,6%
Other income/ expenses	2,9	-0,2	n.r.
<b>Total Other income</b>	<b>100,4</b>	<b>85,6</b>	<b>17,3%</b>

# TI

## Total Income

- in millions of euros and breakdown in % by weight of contribution to total income -

+ 9,1%



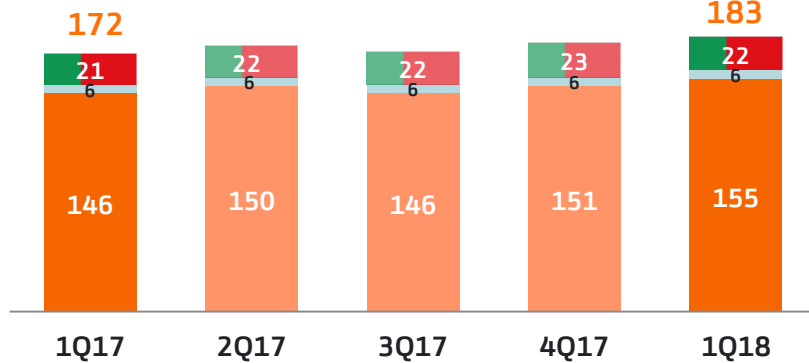
# E

## Operating expenses

- in millions of euros -

### Banking expenses

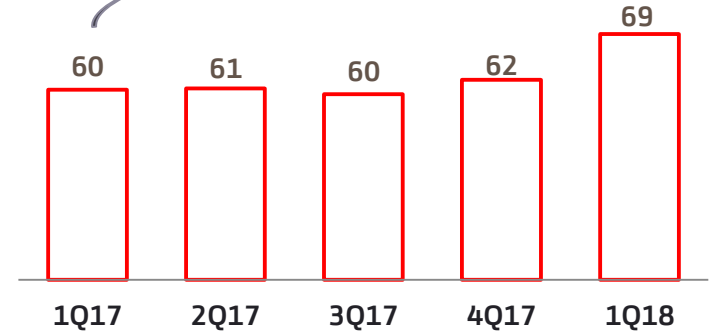
+6%



Total  
Expenses 1Q18  
€252M

### Linea Directa

+15%



■ Banking activity Spain ■ Intang. Amortization ■ Bankinter Portugal

# CI

## Cost-to-income

- Banking cost-to-income ratio in % -

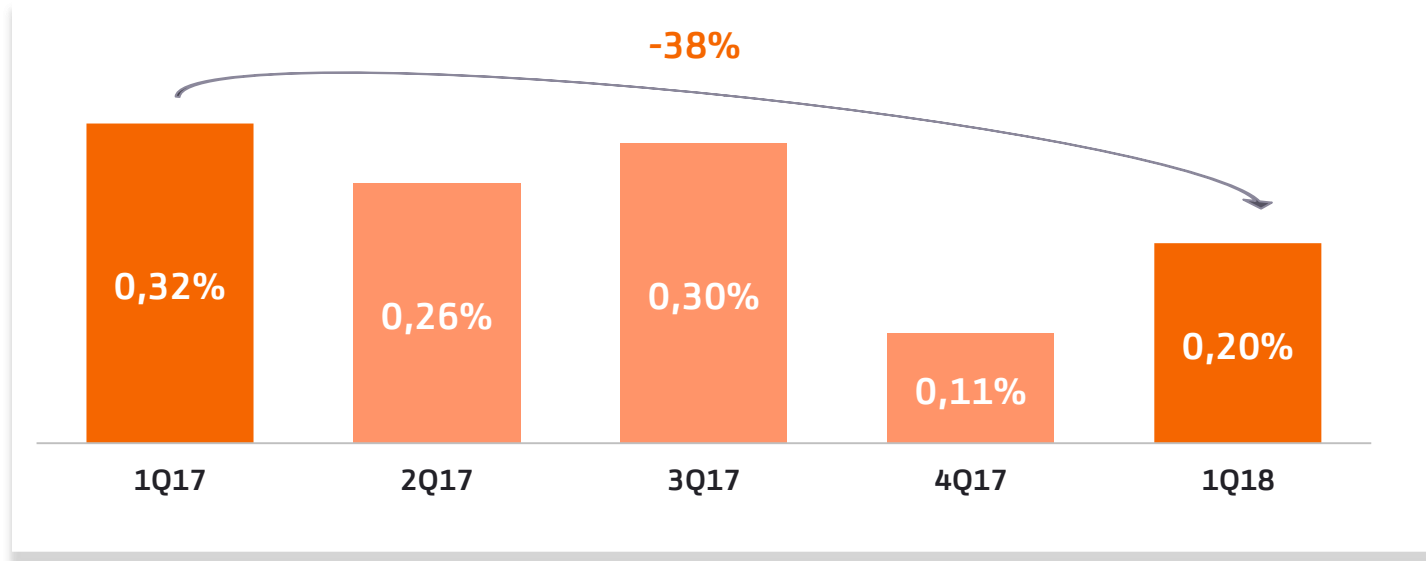
- Includes depreciation and amortisation



# CR

## Cost of Risk

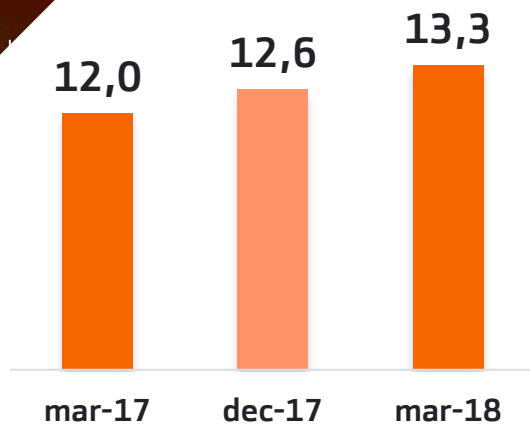
- in % of total risk\* -



\*2017 figures adjusted for comparative purposes due to IFRS 9 impact in Portugal

# ROE

- in % -



## Credit ratings latest actions:

	Senior L/T debt	Covered bonds
S&P Global ratings	↑ BBB+	↑ AA-
Moody's		↑ Aa1



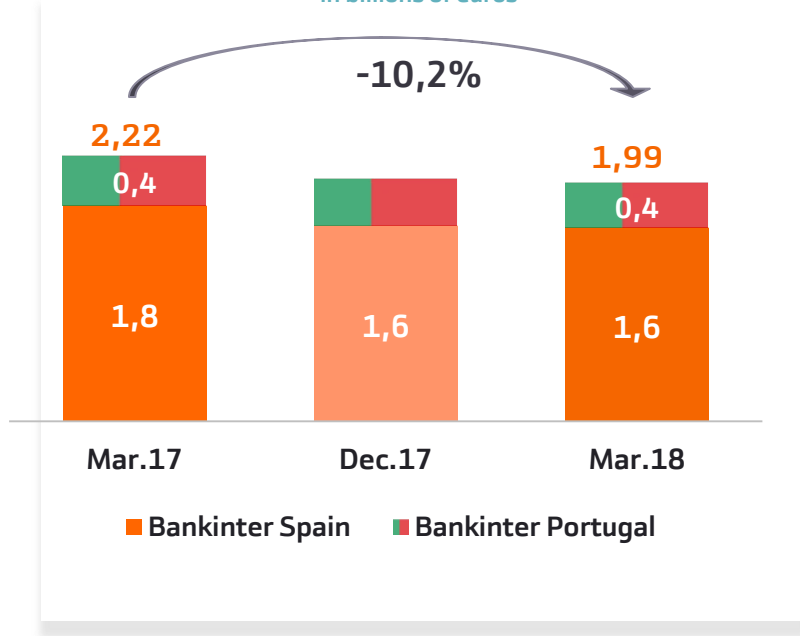


# Risk management

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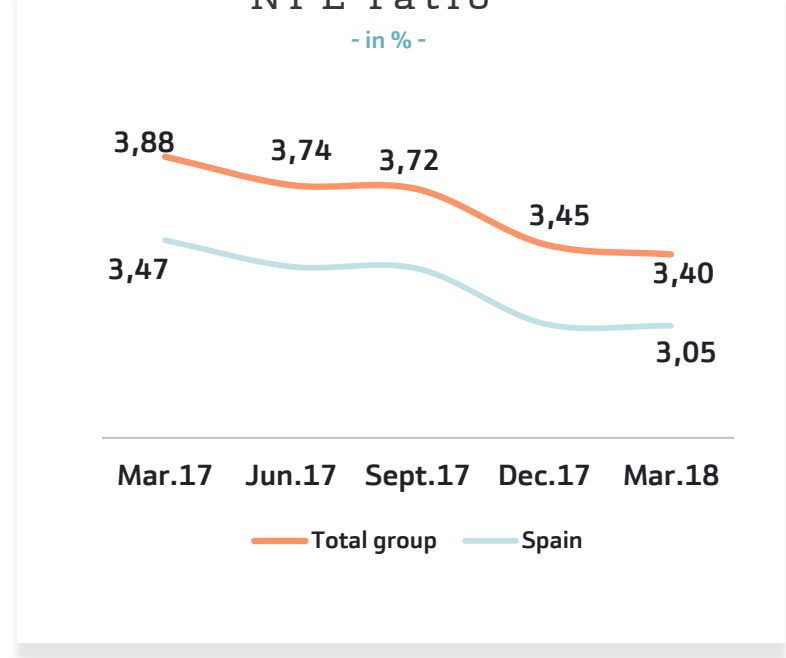
### Non-performing loans

- in billions of euros -



### NPL ratio

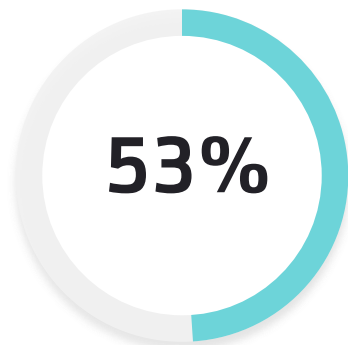
- in % -



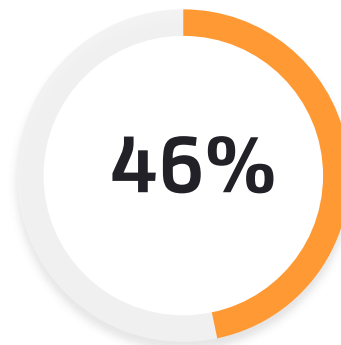
C

# Provision coverage

- in %-



**NPL coverage**



**Foreclosed  
asset coverage**

# F

## Foreclosed assets portfolio

- in millions of euros -



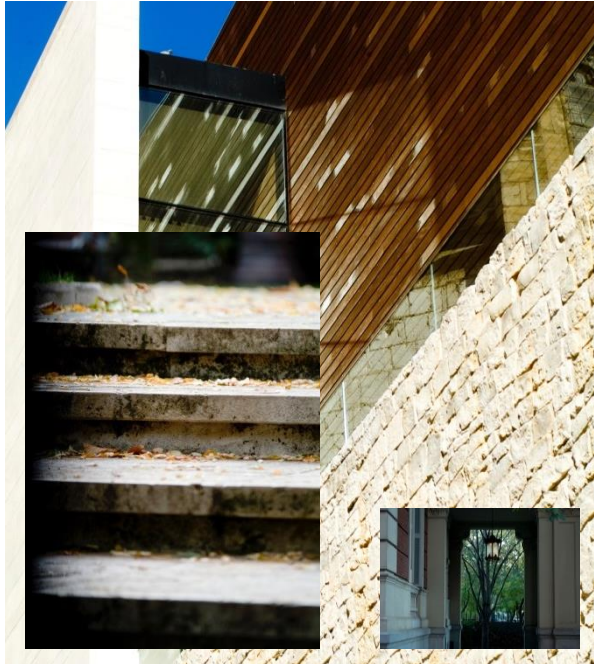
Foreclosed asset balance € 3 9 8 M



# F

## Foreclosed assets sales - in millions of euros -

1Q18



Book value of sold assets

**€38,4M**

Total sale price of assets

**€24,8M**

Average discount on sold assets

**-35%**

Average coverage on sold assets

**43%**



## CET1 solvency ratio

Breakdown of 'fully loaded' CET1 ratio  
- in % -

CET 1 "fully loaded"

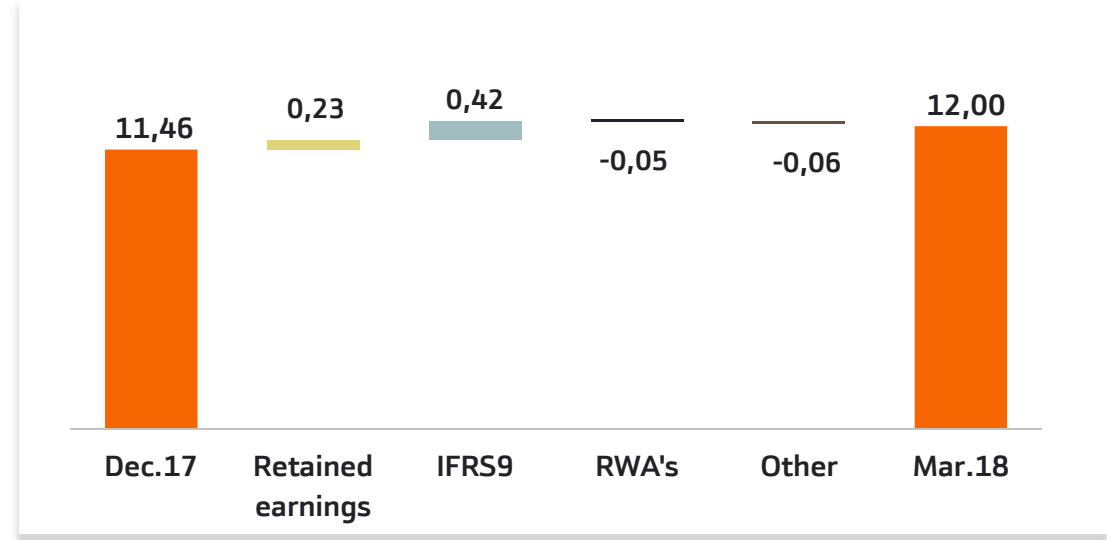
**12,0%**

Leverage ratio

**5,4%**

Total solvency ratio

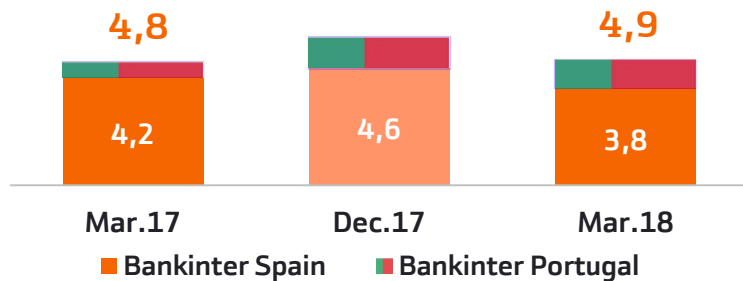
**14,8%**



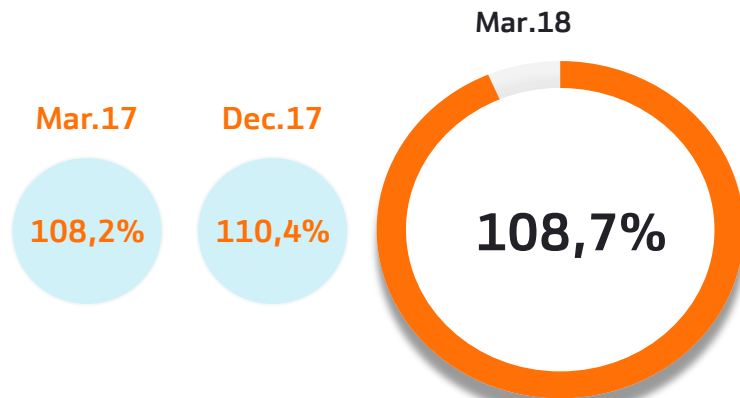
# L

## Liquidity

Commercial gap  
- in billions of euros -



Loan-to-deposit ratio  
- in % -



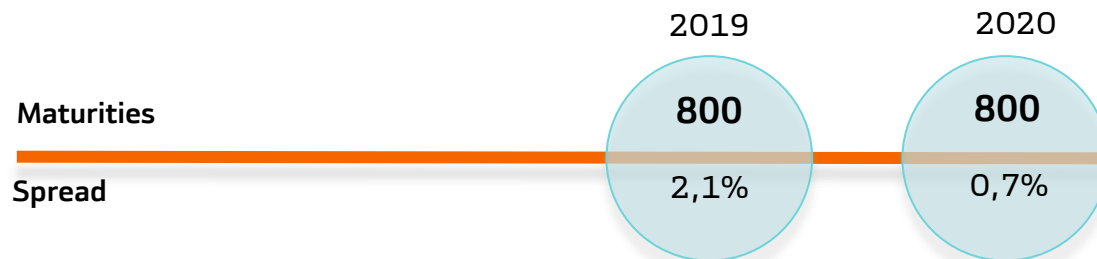
# M

## Wholesale funding maturities

- in millions of euros -

Liquid assets

# 10.500



Covered bond issuance capacity

# 7.000





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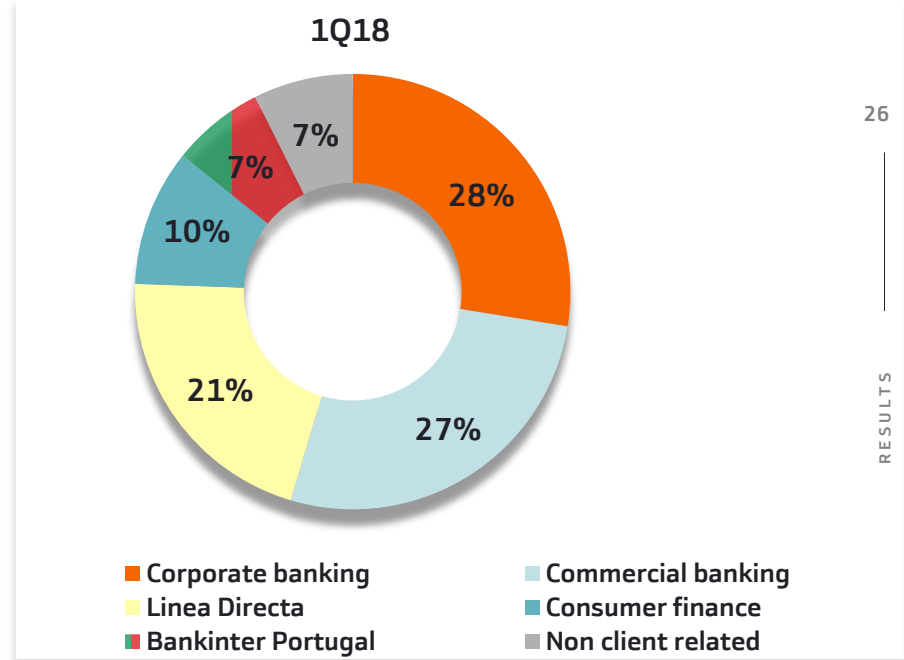
# B Business

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# CN

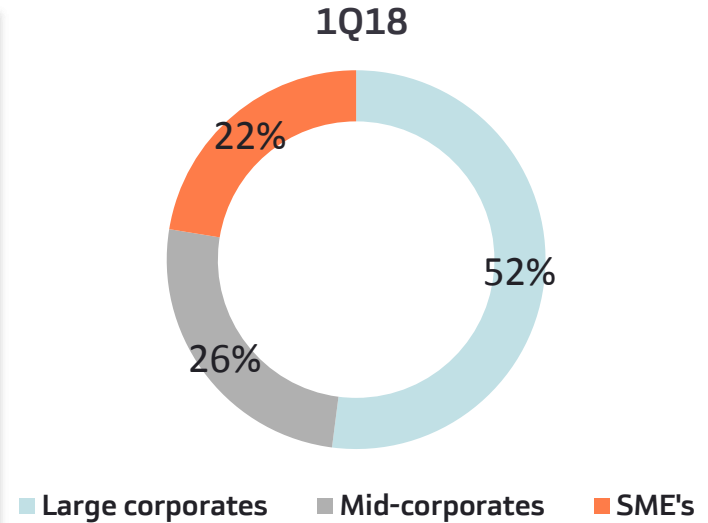
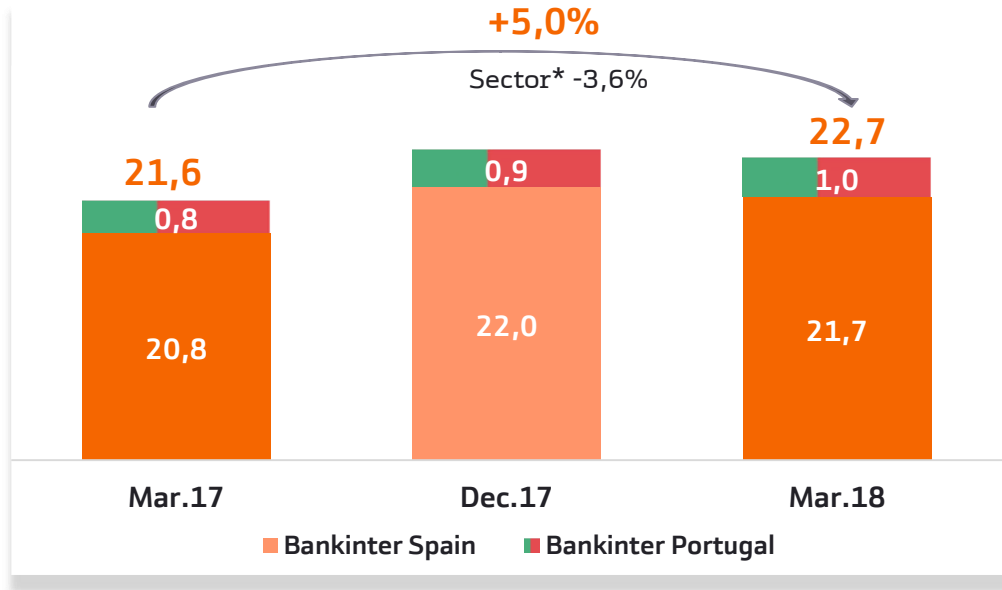
## Contribution to total income by business - in %-



# CB

## Corporate/ SME banking

Loans and receivables  
- in billions of euros and broken down in % -



27

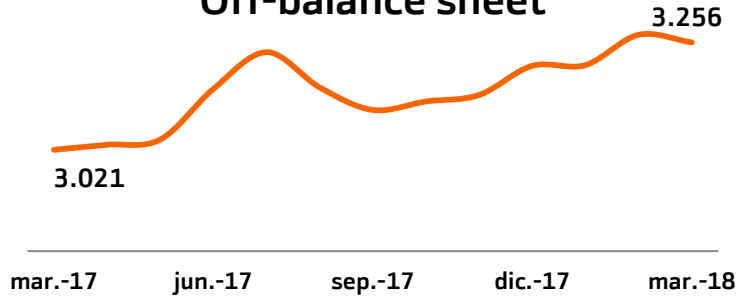
RESULTS

# CB

## Corporate/ SME banking

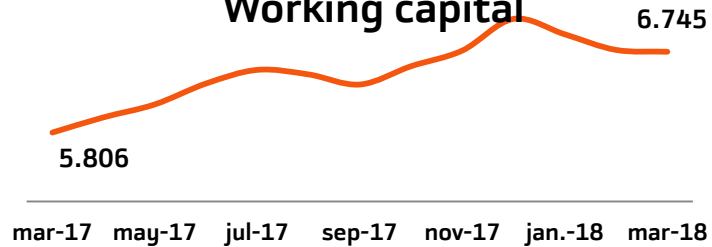
Relationship business  
- in millions of euros and in % -

### Off-balance sheet



+8%  
vs.  
1Q17

### Working capital



+16%  
vs.  
1Q17

### International banking

International  
bkg. income  
**25%** of  
Corporate bkg.  
income

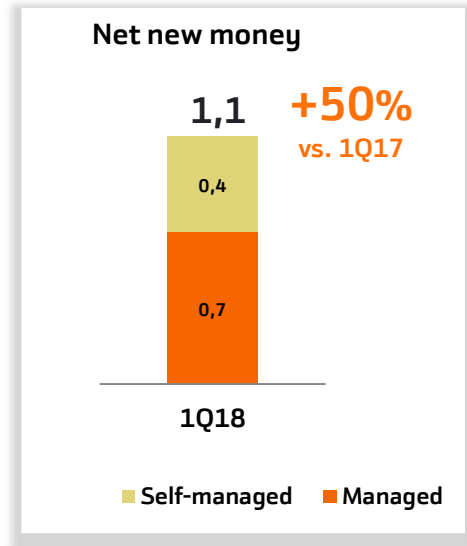
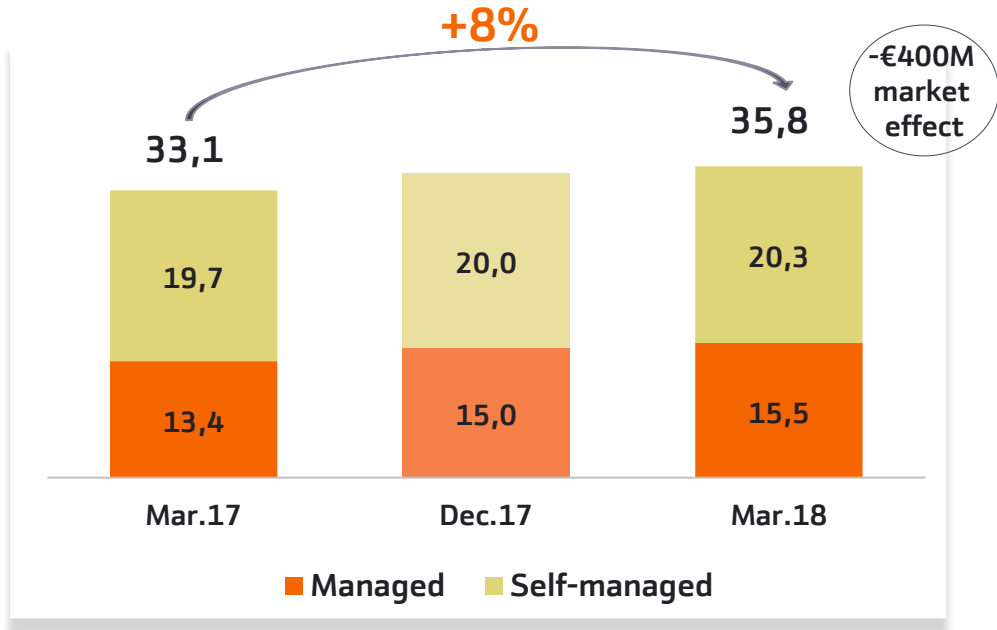
International  
payments &  
collections  
**€15bn +13%**  
vs. 1Q17



# PB

## Private banking

Customer assets  
- in billions of euros -

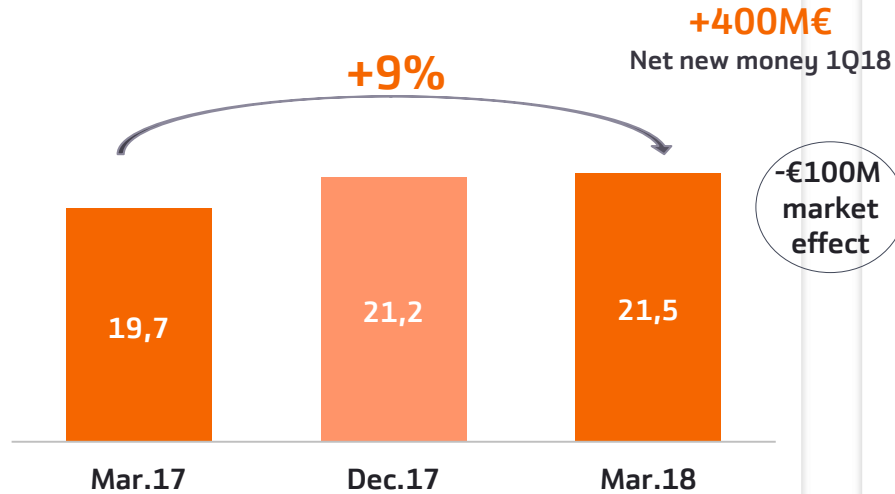


# PB

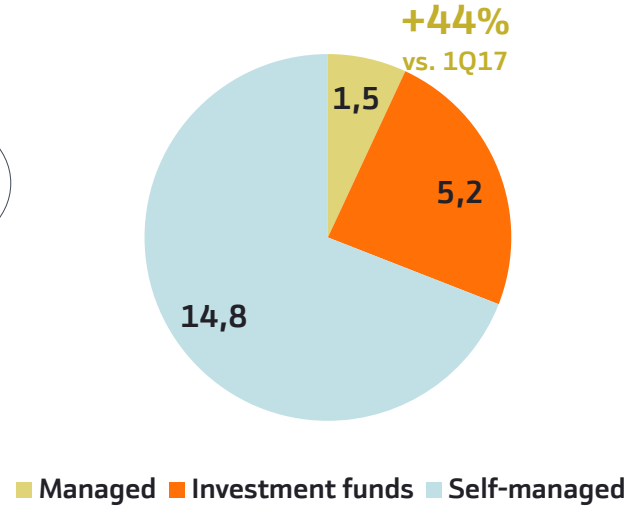
## Personal banking

Customer assets

- in billions of euros -



### Breakdown by asset type



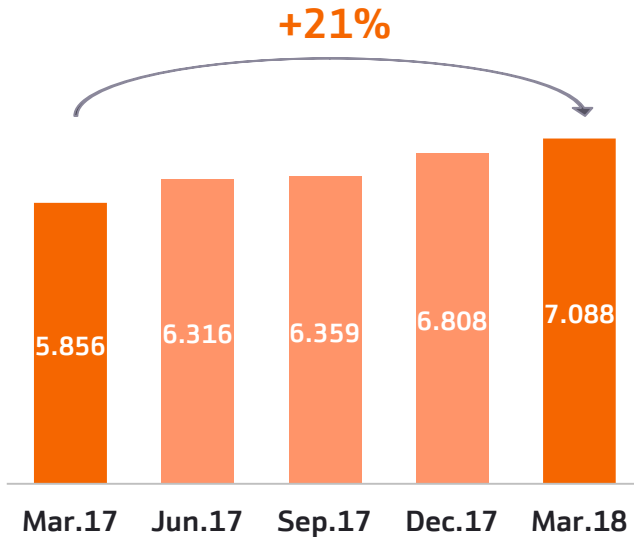
# RB

## Retail banking

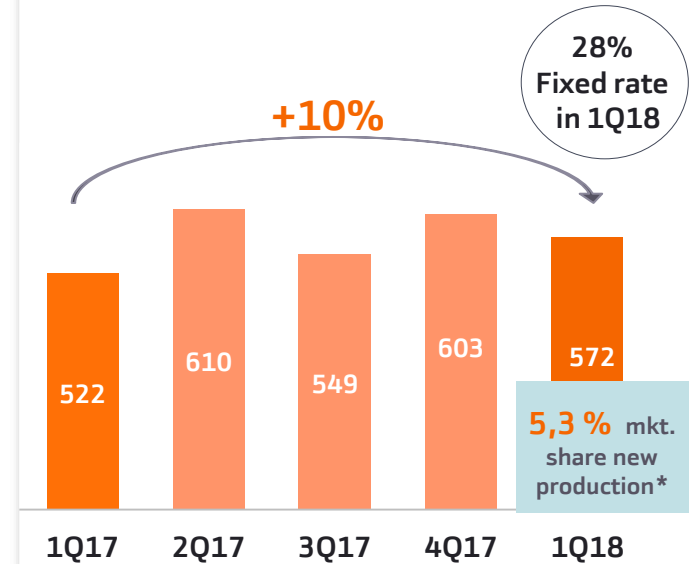
### Customer deposits and loans

- in millions of euros -

Customer payroll account balances



Residential new mortgage quarterly production



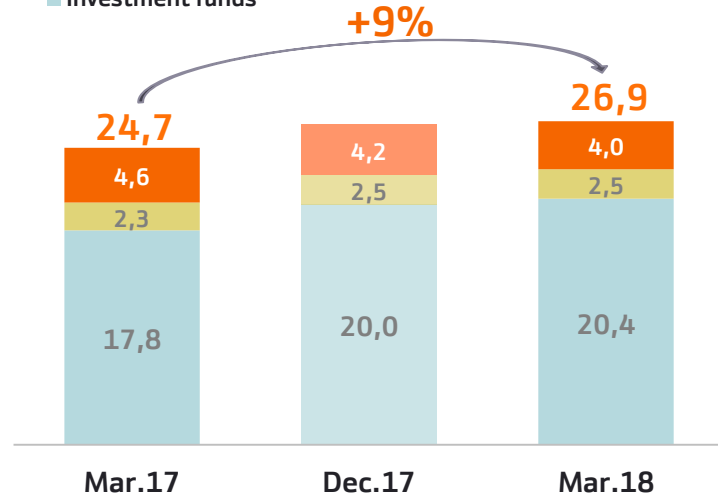
# AM

## Asset management

### Off-balance sheet funds

- in millions of euros -

- Asset managed/ Sicavs
- Pension funds
- Investment funds



### Breakdown by Inv.Fund type

- in % -

55% Third-party funds

45% Own funds

### Funds managed by Bankinter

- YoY variation in % -

Money markets  
and ST fixed inc.

-26%

Guaranteed

+47%

-1%

Equities

+41%

LT fixed income



# Other business

.....



# Bk Portugal

## Business indicators

**€5,0bn**

Loans **+ 7%** vs.1Q17

Retail banking  
€4,0bn +5%

Corporate/ SME  
€1,0bn +19%

**€3,9bn**

Retail funds **-5%** vs.1Q17

Off-balance sheet  
**+19%**

### Results

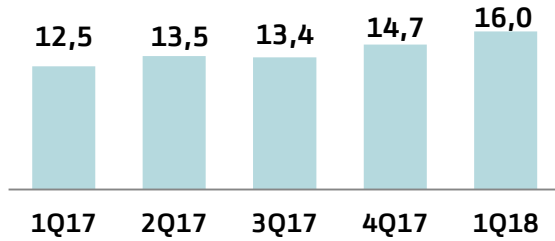
-in millions of euros-

	1Q18	1Q17	YoY
Net interest income	23,0	16,6	38%
Net fees and commissions	9,9	8,2	22%
Gross operating income	34,4	25,6	34%
Operating expenses	-22,1	-21,1	5%
Pre-provision profit	12,3	4,5	172%
LLP and other provisions	6,7	-0,8	n.r.
<b>Earnings before tax</b>	<b>19,0</b>	<b>3,7</b>	<b>418%</b>

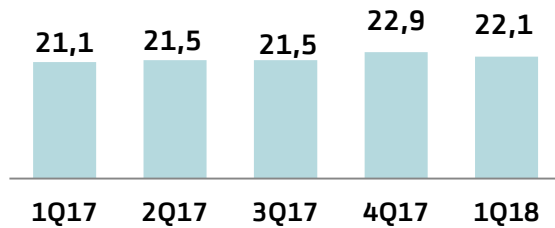
# Bk Portugal

## Business indicators

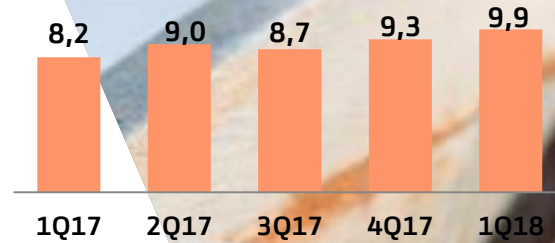
Quarterly recurrent NII  
- in millions of euros -



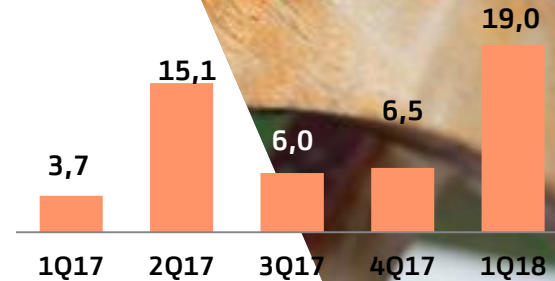
Quarterly op. expenses  
- in millions of euros -



Quarterly fee income  
- in millions of euros -



PBT  
- in millions of euros -



# CF

## Consumer Finance

1,1 million

Customers

+ 23% vs. 1Q17

82,000

new customers

+5% vs. 1Q17

€1,6bn

Loan book

+43% vs. 1Q17

Risk-adjusted return

10,2%

NPL ratio

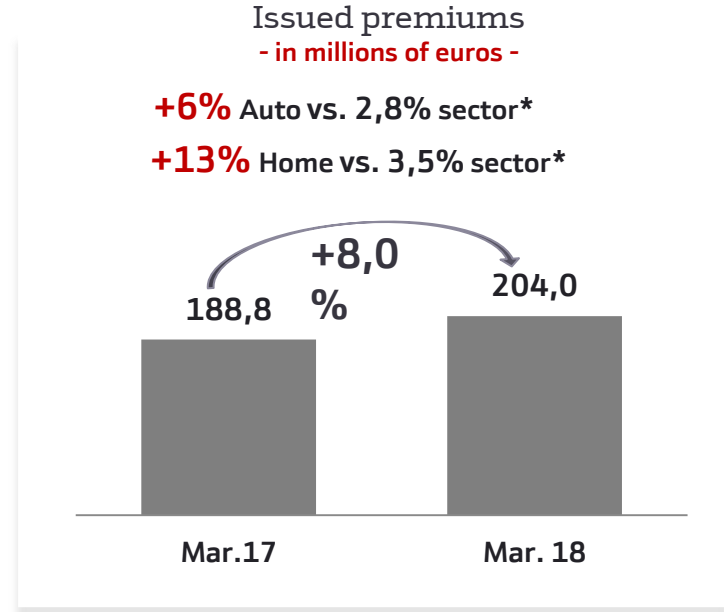
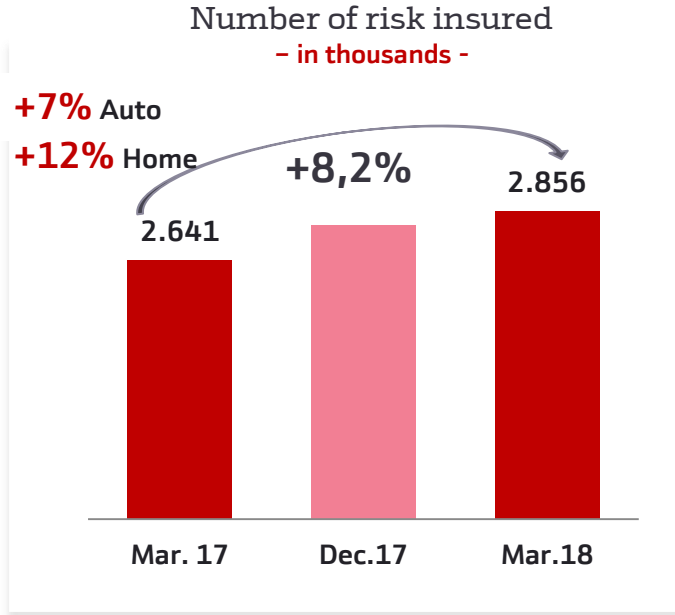
7,5%

Cost of risk

3,3%



# Línea Directa

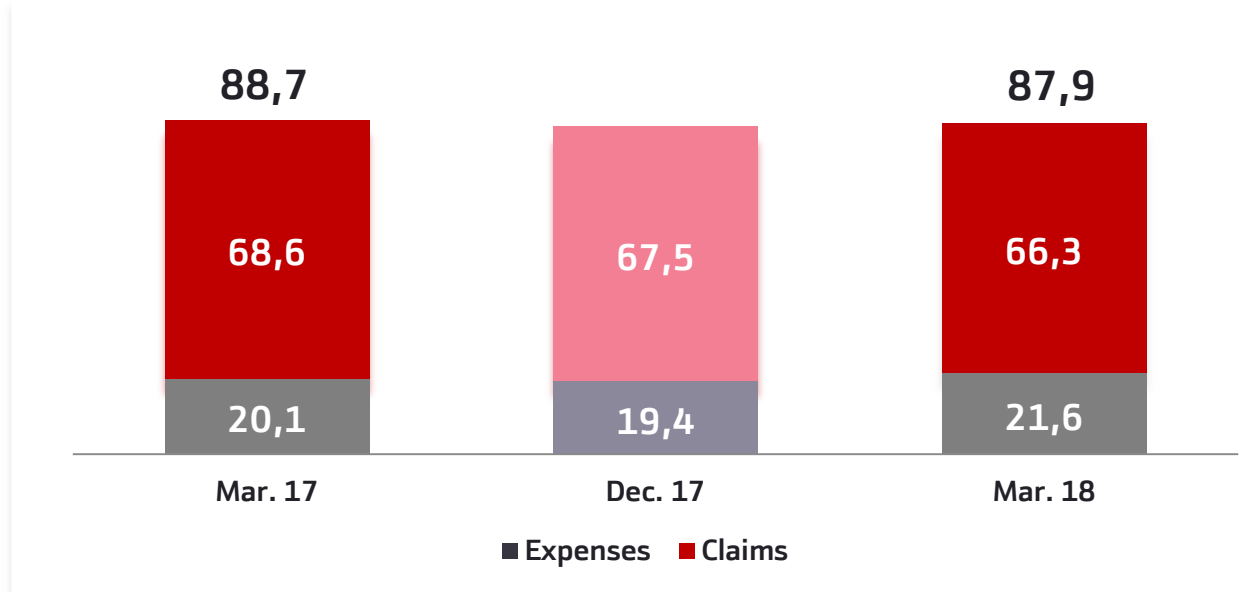


\* sector ICEA as of feb-18

# LD

## Combined ratio

- in % -



# P&L account 1Q18

- in millions of euros -



<b>linea directa</b>	<b>1Q18</b>	<b>1Q17</b>	<b>YoY</b>
Net written premium	204,0	188,8	8%
Net earned premium	195,8	182,5	7%
Net claims cost	-126,8	-122,3	4%
Operating expenses and other	-42,2	-36,6	15%
<b>Technical result</b>	<b>26,7</b>	<b>23,7</b>	<b>13%</b>
Net investment income	8,4	9,2	-8%
<b>Underwriting result</b>	<b>35,1</b>	<b>32,8</b>	<b>7%</b>
Other income/expenses	1,3	1,4	-7%
<b>Earnings before tax</b>	<b>36,5</b>	<b>34,3</b>	<b>6%</b>
<b>Net profit</b>	<b>27,5</b>	<b>25,8</b>	<b>7%</b>

ROE  
**36%**

Solvency II ratio  
**223%**



# S Summary

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# S Summary

**€143M**

Net income

**+ 15%**

**€500M**

Total income

**+ 9%**

NII  
**+ 9%**

Fees  
**+ 9%**

## Customer balance sheet

**€53bn**

Loans and  
receivables

**+ 3%**

**€47bn**

Retail  
funds

**+ 4%**

ROE

**13,3%**

NPL ratio

**3,40%**

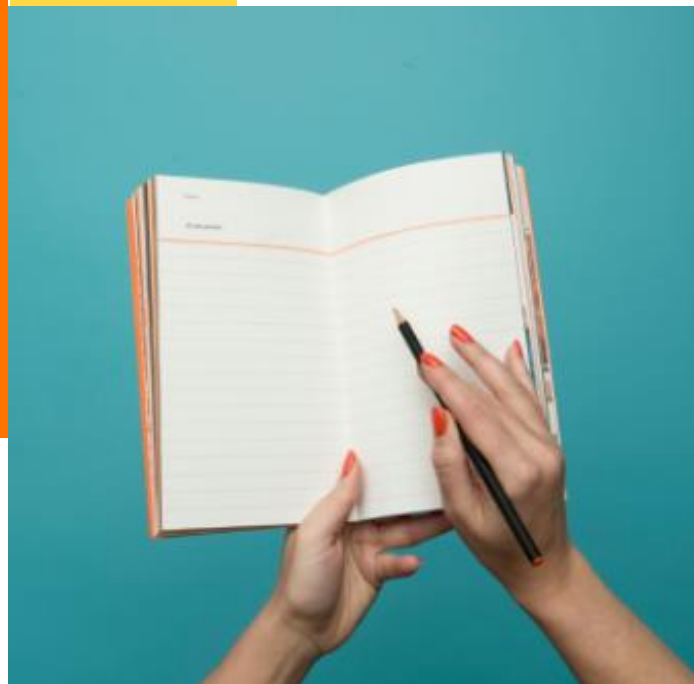
CET1 "FULLY LOADED"

**12,0%**

# Bankinter Results Presentation 1Q2018

26 April 2018

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# Glossary

In addition to financial information prepared in accordance with IFRS Standards, this document includes alternative performance measures ('APMs'), based on the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 30 July 2015 (ESMA/2015/1057) ("the ESMA Guidelines"). Bankinter uses certain APMs, which have not been audited, in order to provide a better understanding of the company's financial performance. These measures should be considered additional information, and in no case do they substitute the financial information prepared in accordance with the IFRS Standards. Furthermore, the manner in which Bankinter defines and calculates these measures may differ from other similar measures calculated by other companies and, therefore, may not be comparable. The ESMA guidelines define APMs as a financial measure of past or future financial performance, of financial situation or of cash flows, except for a financial measure defined or detailed in the applicable financial reporting framework. Pursuant to the recommendations set out in the guidelines previously mentioned, the APMs that have been used are described below.

Alternative performance measure	Definition
ALCO	Asset - Liability Committee
CET1	Common Equity Tier 1
Combined ratio	Indicator that measures the net earned premium from non-life insurance policies. It is the sum of the net claims ratio and the cost ratio, divided by net earned reinsurance premiums.
Cost of risk	This metric includes the total NPL cost as of the reporting date. It includes losses from impaired assets (NPL provisions) and gains and losses on asset disposals.
Cost-to-income ratio	This is the result of dividing the sum of the staff costs, other general administrative expenses and depreciation and amortisation expenses, by the gross margin.
Foreclosed assets	Available-for-sale foreclosed assets
Foreclosure coverage	Calculated as the balance of the provisions divided by the balance of foreclosed assets.
Loan-to-deposit ratio	The loan-to-deposit ratio is the quotient of total loans divided by customer deposits.
NPL coverage	Calculated as the balance of the provisions divided by the balance of doubtful loans (with off-balance sheet exposure).
NPL ratio	Calculated as the balance of doubtful loans (with off-balance sheet exposure) divided by the balance of the total risk.
RoE (Return on equity)	This is the result of dividing attributed net profit by shareholders' equity on the date (excluding the profit/loss for the year, dividends and remunerations and valuation adjustments). In the denominator, average own funds are the moving average of own funds available during the last 12 calendar months or the corresponding period.
RWAs	Risk-weighted assets
SREP	Supervisory Review and Evaluation Process