

Results Presentation 1Q2017

27 April 2017

bankinter.

Bankinter presents its financial statements in accordance with the regulatory framework applicated to the Group, which is that established in the Code of Commerce and other company law and in the International Financial Reporting Standards adopted by the European Union, and taking in consideration Circular 4/2004 of the Banco de España.

Bankinter cautions that this presentation contains forward looking statements. Such forward looking statements are found in various places throughout this document and include, without limitation, statements concerning our future business development and economic performance. While these forward looking statements represent our judgment and future expectations regarding the development of our business, 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) general market , macro-economic, governmental and new regulations, (2) 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.

1Q17 Summary

Net income: €124.4M +19 %

Gross op. income: €467.4M +14 %

C/I banking activity: 46.6% +3.5 pps

NPL ratio: 3.88% -7 bps

CET1 FL: 11.3% -30 bps

ROE: 12.0% +1.3 pps

Agenda

- 01 Results
- 02 Risk management
- 03 Businesses
- 04 Recap

01

Results

1Q17 P&L account

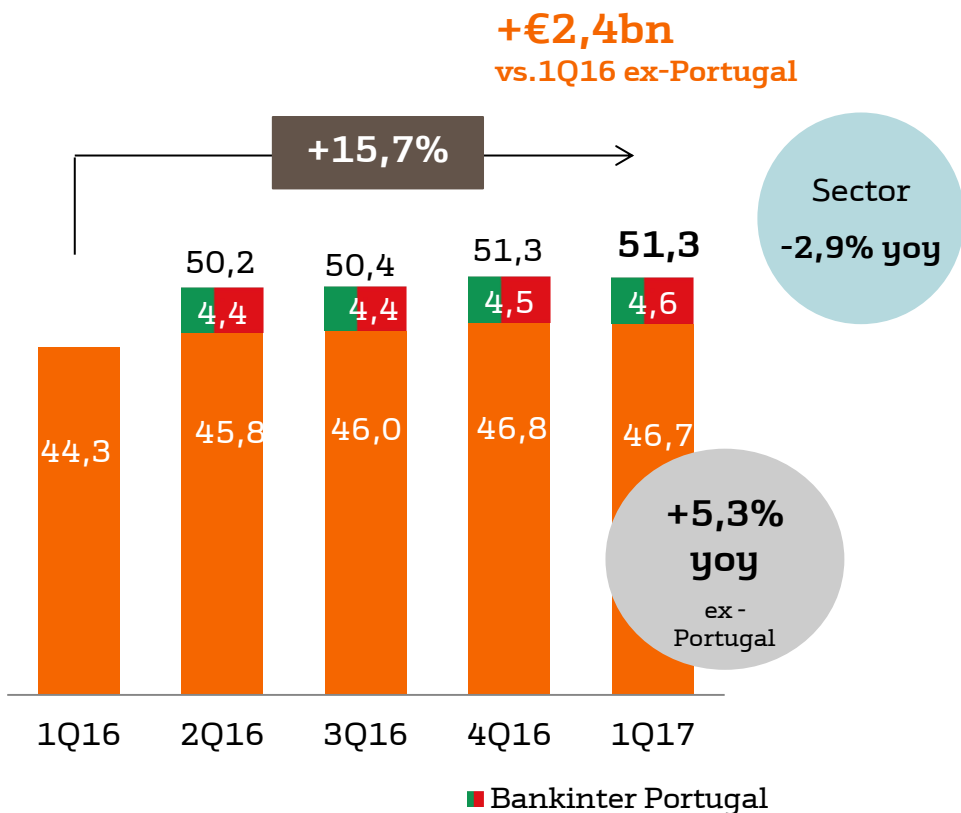
Quarterly P&L account (€ millions)

	Bankinter Group			ex-Portugal*	
	1Q17	1Q16	Dif. % 17/16	1Q17	Dif. % 17/16
Net Interest Income	257,7	220,1	17,1%	232,5	5,6%
Net Fee Income	100,2	85,2	17,6%	92,0	8,0%
Other Income/ Expenses	85,6	88,2	-2,9%	84,8	-3,8%
Trading Income	23,9	17,3	38,4%	23,9	38,5%
Gross Operating Income	467,4	410,8	13,8%	433,2	5,5%
Operating Expenses	-232,7	-198,9	17,0%	-211,6	6,4%
Pre Provision Profit	234,8	211,8	10,8%	221,6	4,6%
Other Provisions	-7,7	-8,0	-3,4%	-8,4	5,4%
Cost of Risk	-55,4	-56,3	-1,5%	-45,3	-19,5%
Profit Before Tax	171,6	147,6	16,3%	167,9	13,8%
Net Income	124,4	104,8	18,7%	120,6	15,1%

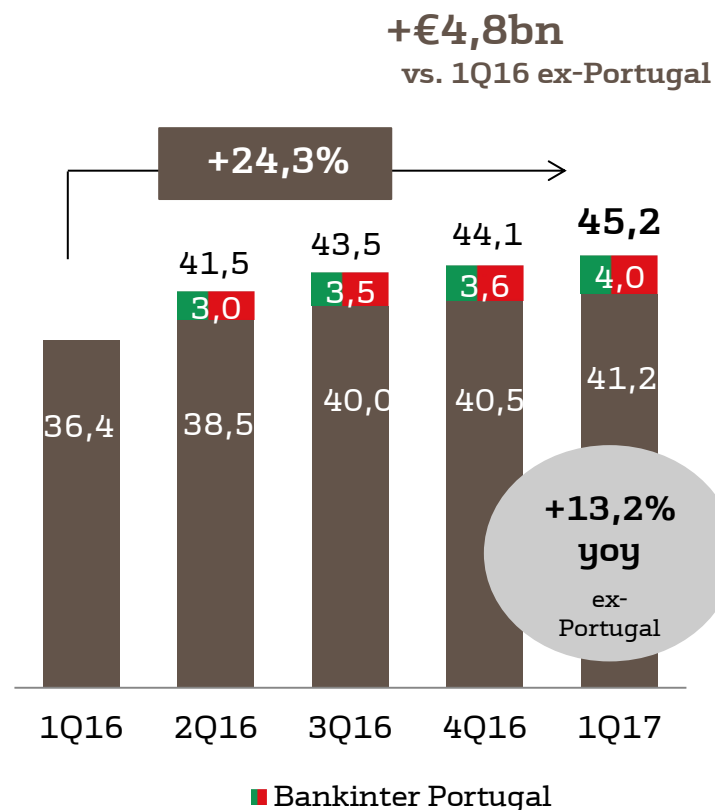
* For comparative purposes the Portugal franchise is excluded

Loan book and retail deposits

Loan book (€bn)

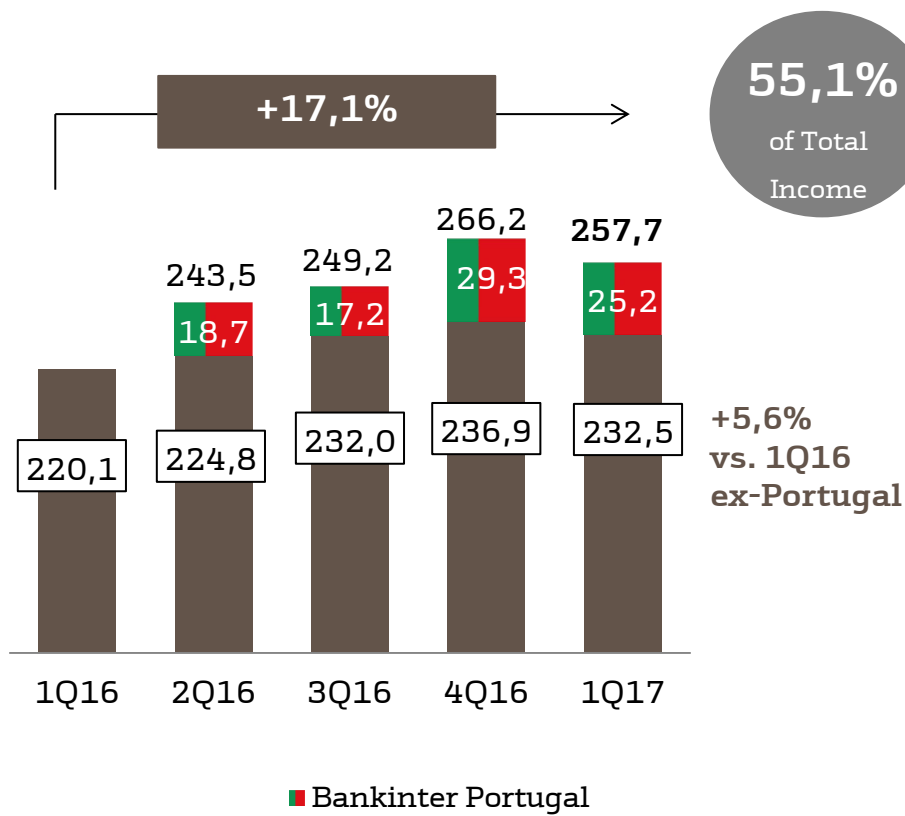


Retail deposits (€bn)

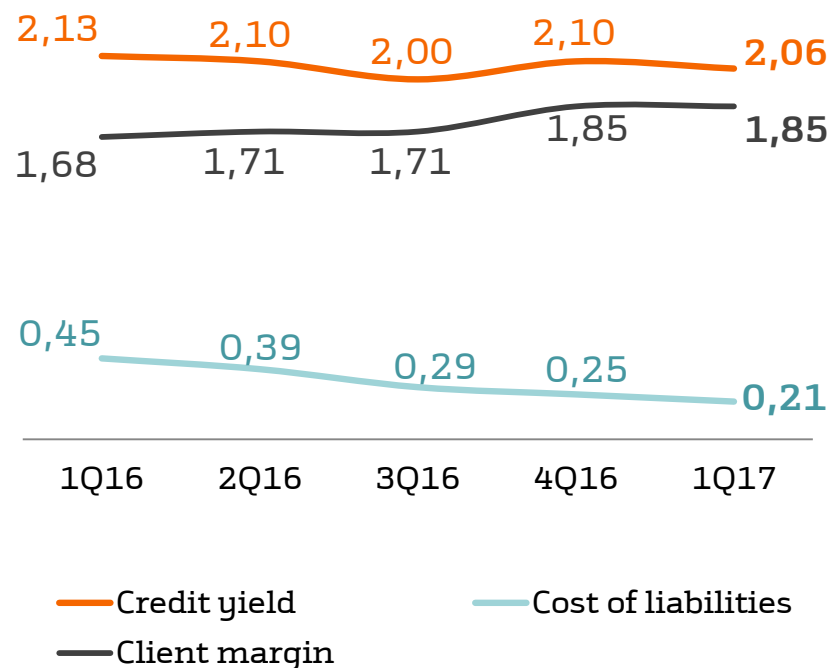


NII and Customer margin

Quarterly net interest income (€millions)



Quarterly customer margin and breakdown (in %)

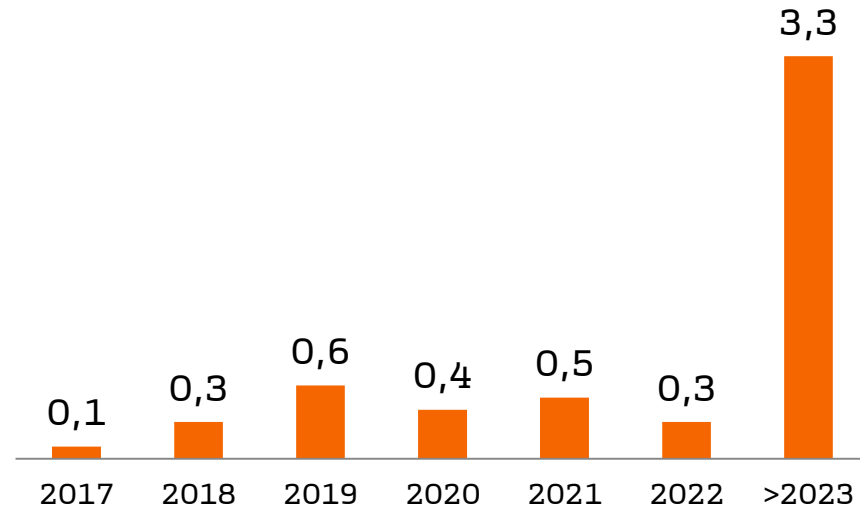


NII and ALCO portfolio

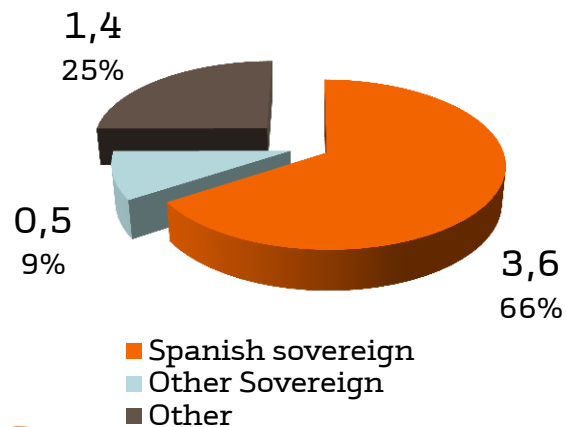
Breakdown of ALCO portfolio

ALCO portfolio	HTM	AFS	Credit	TOTAL
Nominal amount (€bn)	2,3	3,0	0,2	5,5
Duration (years)	4,9	1,8	1,3	2,9
Avg. maturity (years)	5,8	8,6	2,5	7,2
Yield (%)	3,8	2,1	1,2	2,9
Unrealised gains (€bn)	0,38	0,04	n.r.	0,4

ALCO portfolio maturities (bn €)



Breakdown ALCO portf. by asset type (€bn & % of total)

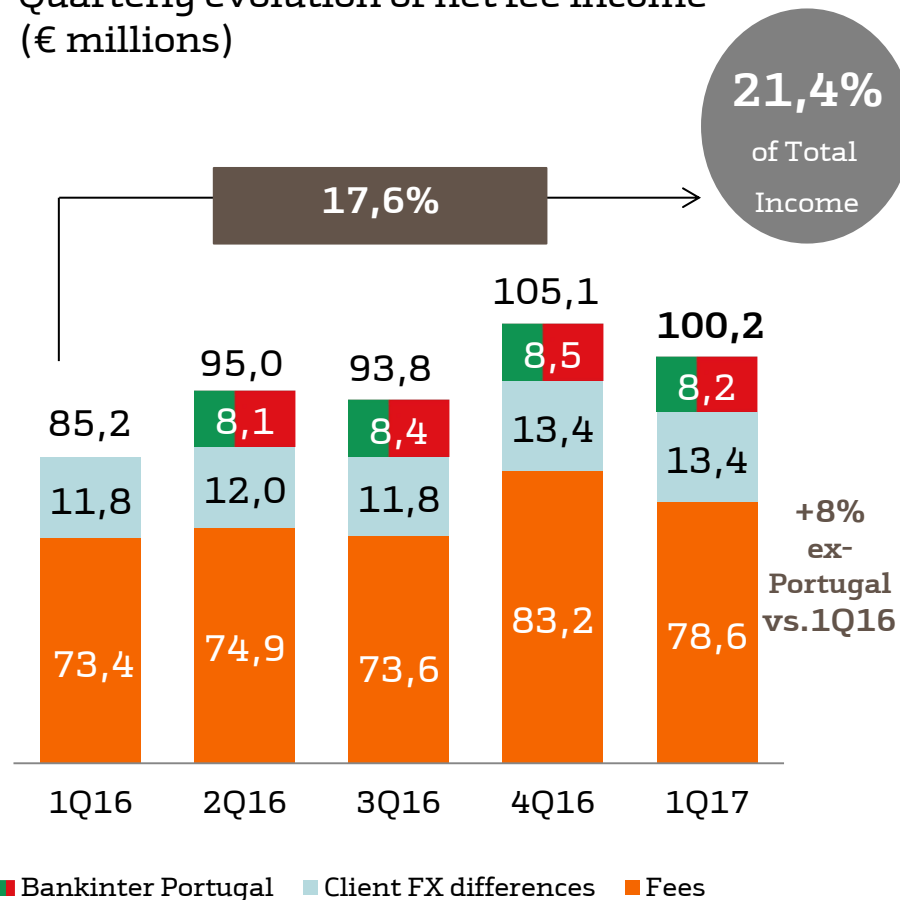


Net fee income

Fee income breakdown (€ millions)

	Bankinter group			
	1Q17	1Q16	Dif. €	Dif. %
Asset management	35,7	30,8	4,9	16,1%
Payments & collections	21,1	17,7	3,4	19,2%
Brokerage	17,8	15,3	2,5	16,2%
Insurance	14,5	11,1	3,4	30,5%
FX differences	13,4	11,8	1,6	12,9%
Fees on contingent risks	12,4	11,5	0,9	7,9%
Other fees	10,0	8,7	1,3	14,7%
Total fees received	124,9	106,9	18,0	16,8%
Total fees paid	24,7	21,7	3,0	13,5%
Net fees	100,2	85,2	15,0	17,6%

Quarterly evolution of net fee income (€ millions)



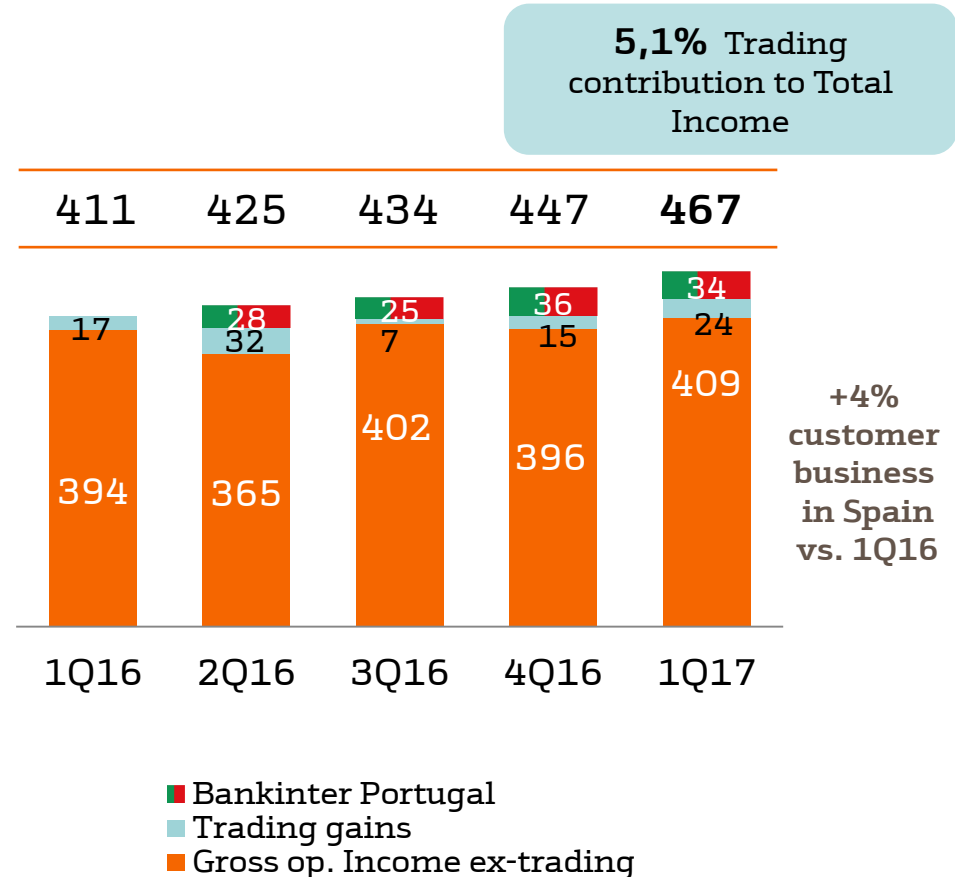
Other income and Gross operating income

Other income breakdown (€ millions):

	Bankinter Group		
	1Q17	1Q16	% Dif.
Insurance tech. margin	85,8	80,1	7,1%
Other income/expenses	-0,2	8,1	n.a.
Other income	85,6	88,2	-2,9%

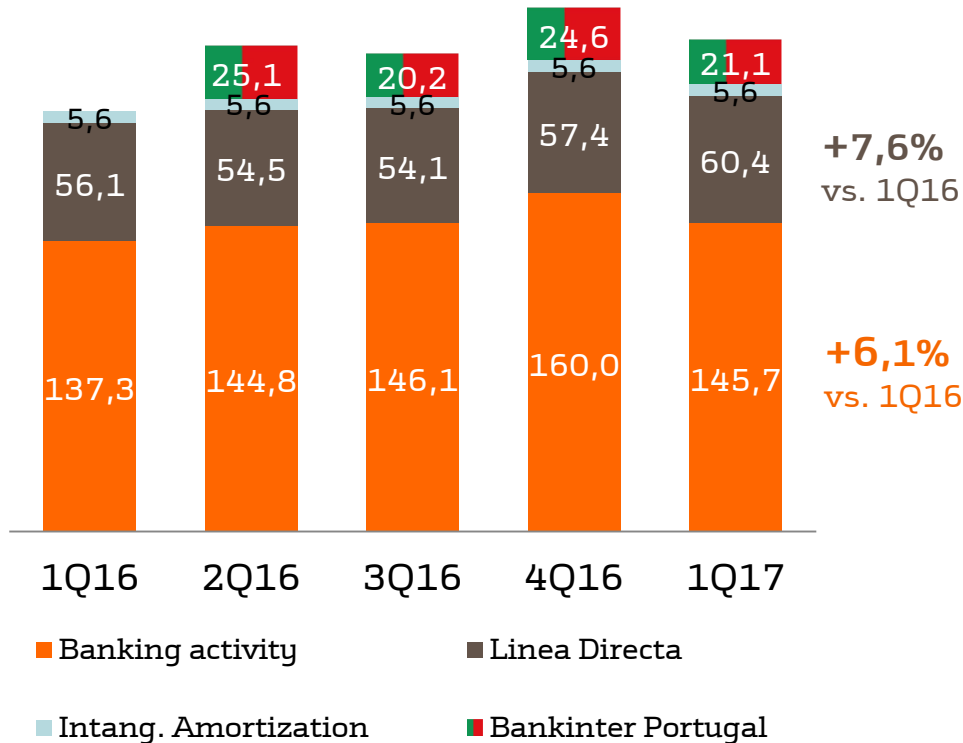
18,3%
of Total
Income

Quarterly gross operating income (€millions)

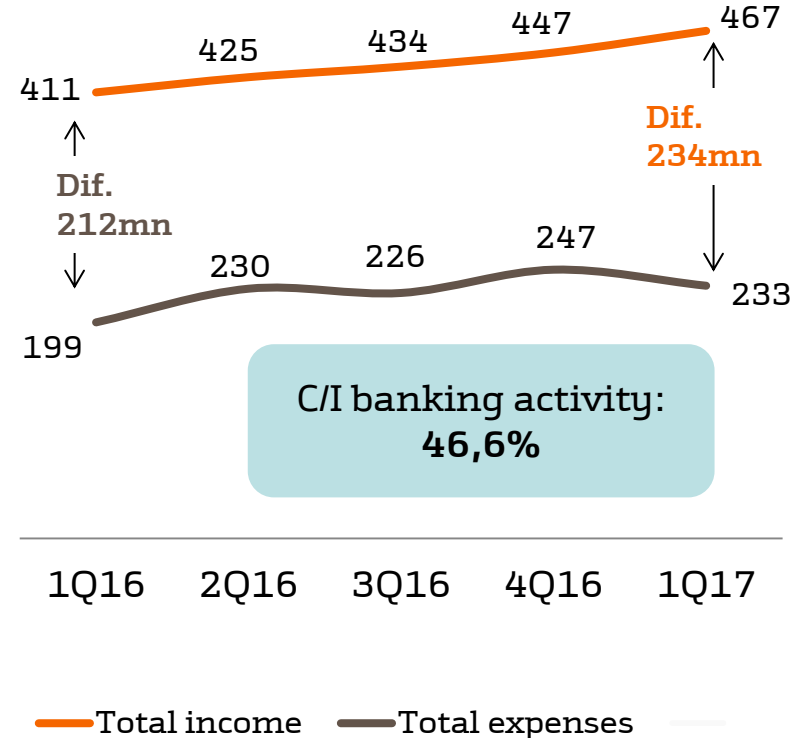


Costs and operating expenses

Total operating expenses breakdown (€ millions)

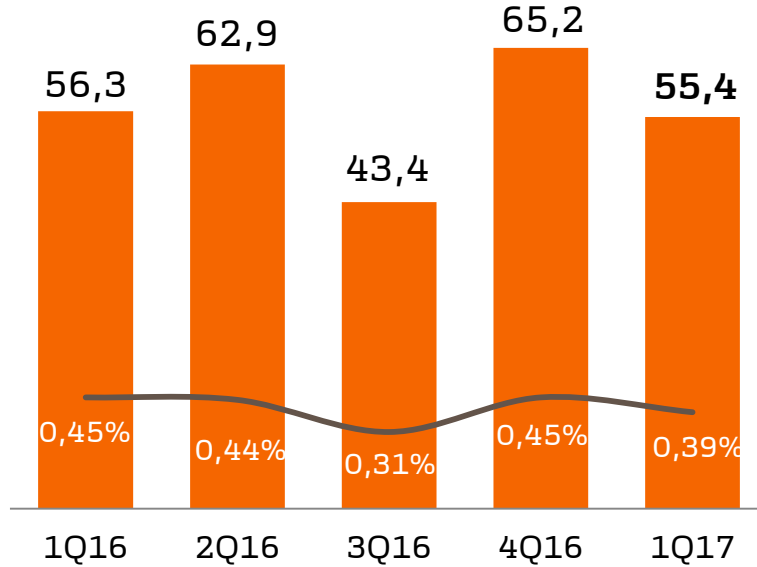


Quarterly total income vs. expenses (€ millions)



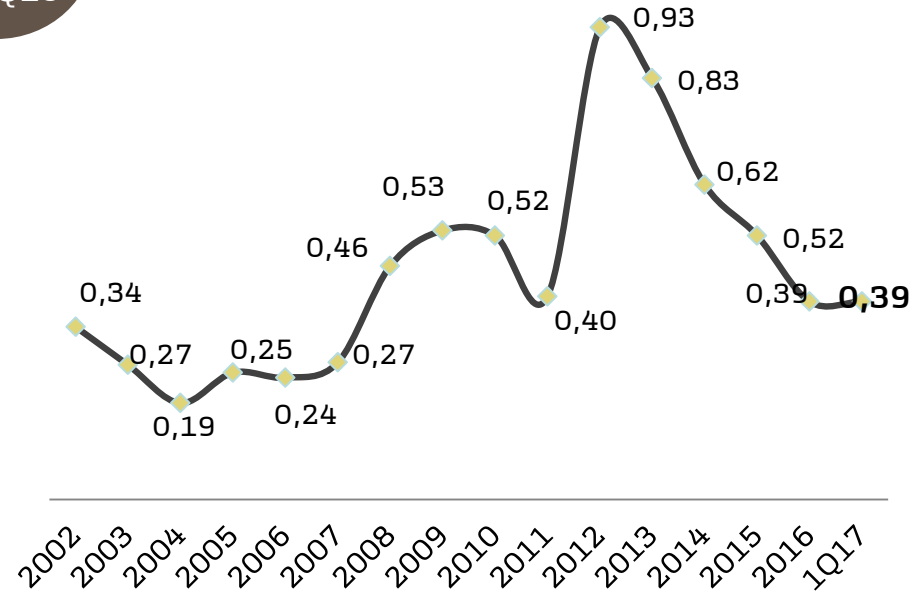
Cost of Risk

Quarterly cost of risk*
(€millions & % of total risk exposure)



-15%
vs 4Q16

Annual cost of risk * (% of total risk exposure)

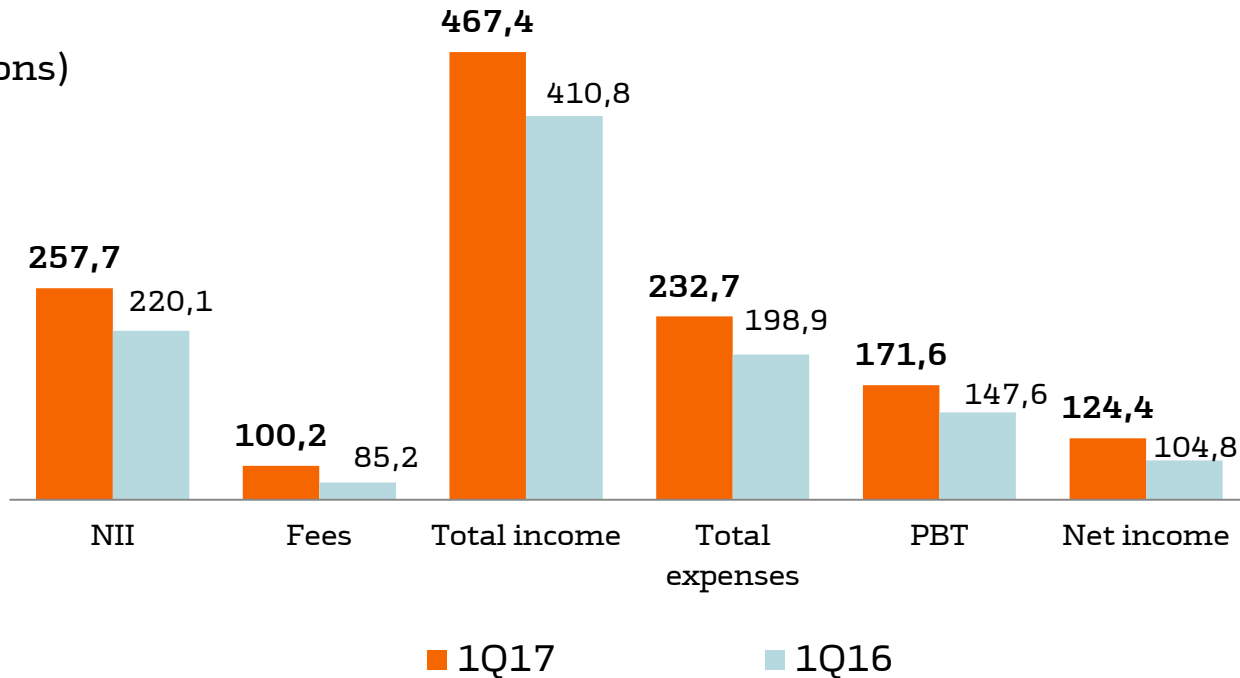


Breakdown of results

Var. 1Q17/16

17%	18%	14%	17%	16%	19%
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(€millions)



ROE: 12,0%

vs 10,7% in 1Q16

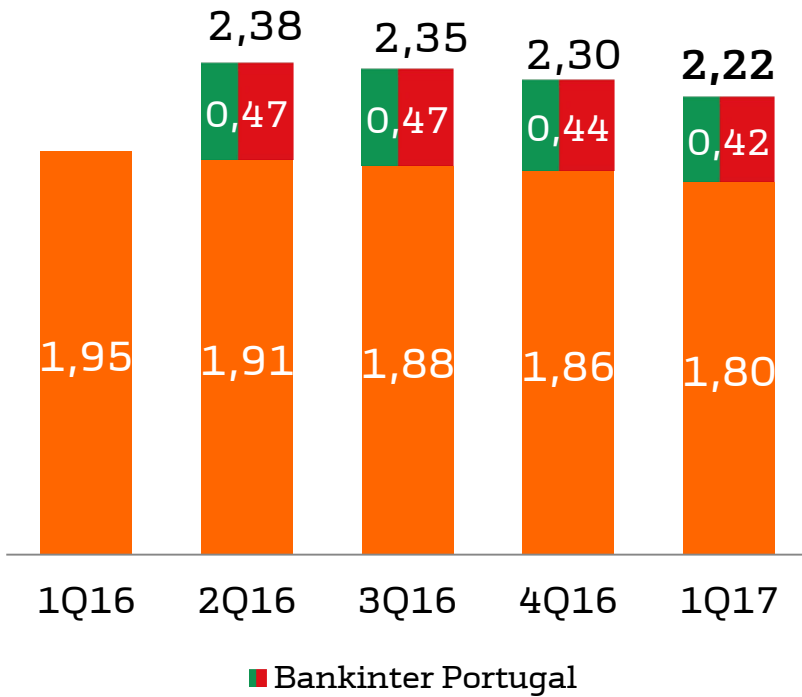
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Risk management

Credit quality

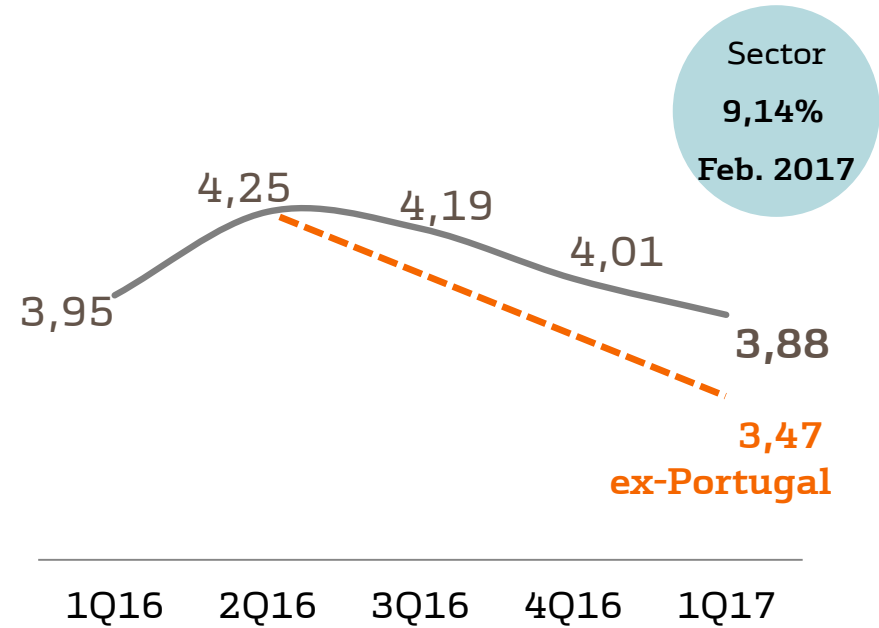
NPL balances (€bn)

-7,7%
vs. 1Q16
ex.-Portugal



NPL ratio (in %)

-13pbs
vs. 4Q16



Provision coverage

49%

NPL coverage
vs 42% in 1Q16

44%

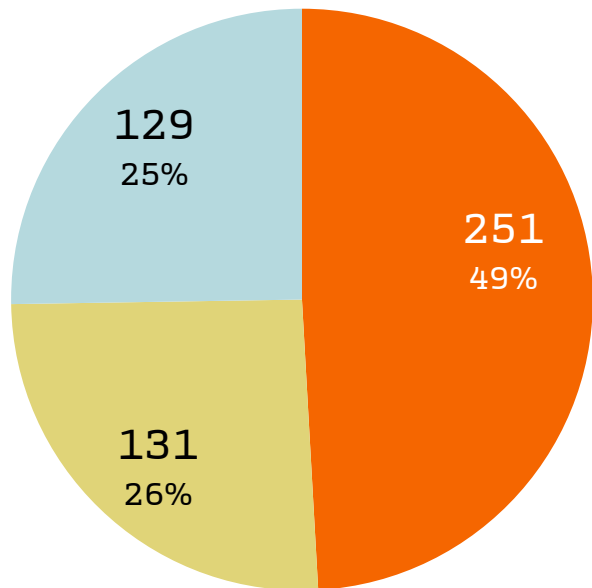
Foreclosed asset
coverage
vs 41% in 1Q16

48%

NPA coverage

Foreclosed assets portfolio

Breakdown by asset type and coverage (€millions & % of total)



■ Residential ■ Land ■ Commercial

€510,9mill. portfolio

-12% vs. 1Q16 in Spain

Foreclosed asset sales (€millions) **1Q17**

Assets sold book value 49,6

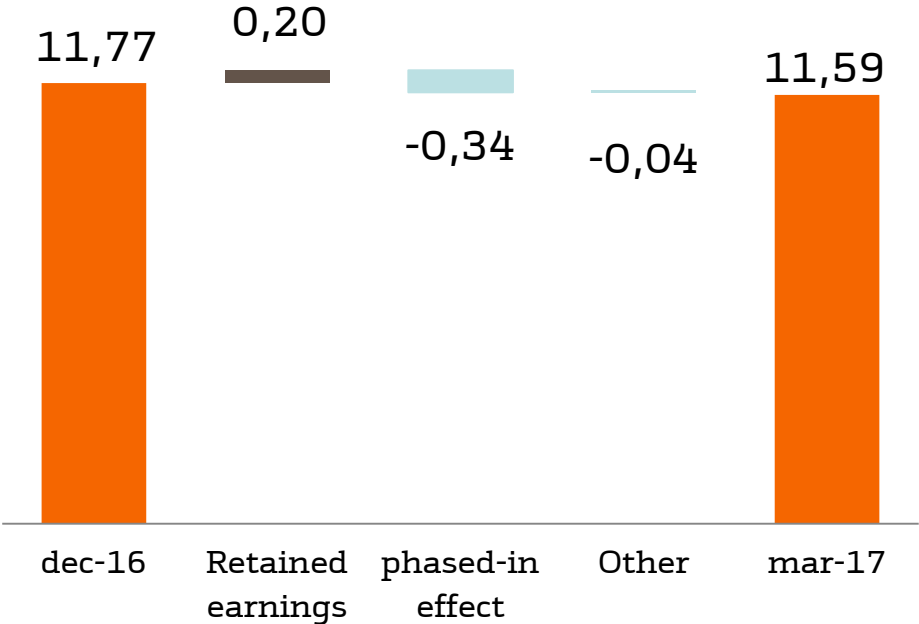
Assets sold sale price 32,1

Assets sold average discount on book value -35%

Assets sold average provision coverage 39%

Solvency

CET1 ratio breakdown (in %)



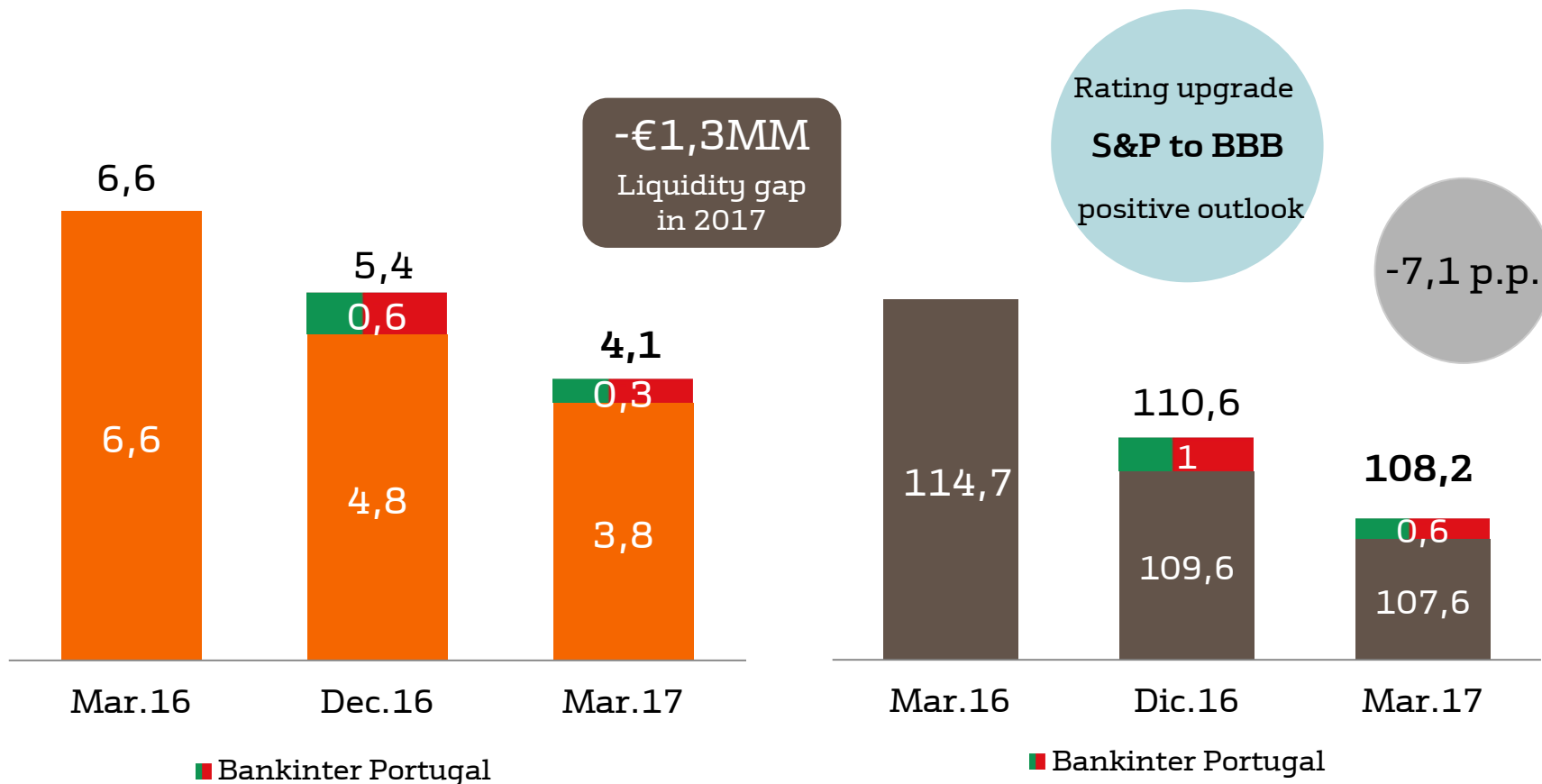
11,3%
CET1 Fully Loaded

5,2%
Leverage ratio FL

Liquidity management

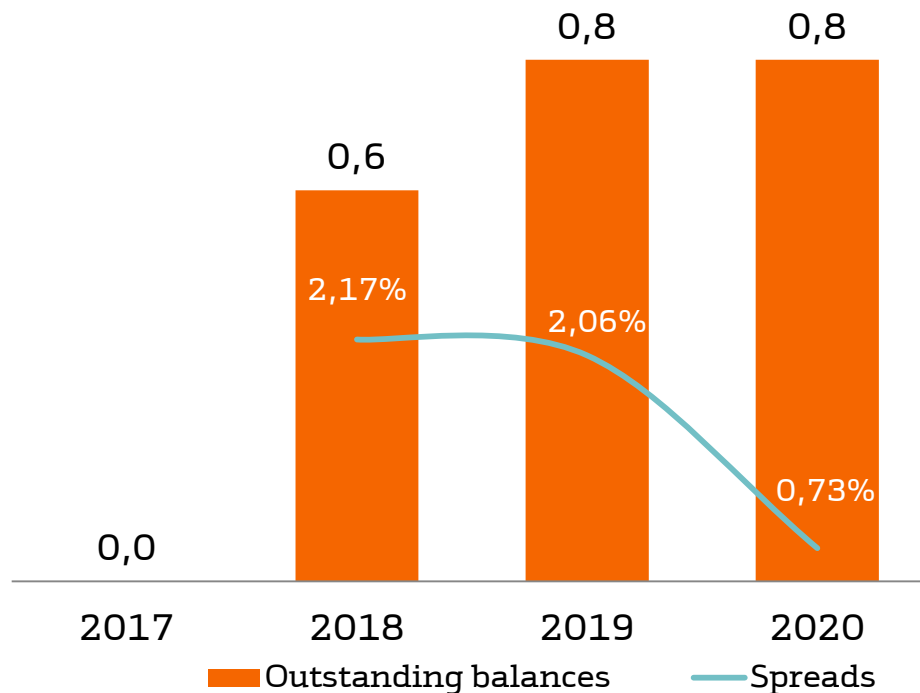
Liquidity gap (€bn)

Loan to deposit ratio (in %)



Wholesale funding

M/T wholesale funding maturities (€bn) and cost (in %)



500mill.€ T2

Subordinated debt

2.5% coupon

Lowest Cost in last 2 yrs.

€10.4 bn

Liquid assets

€8.5 bn

Covered bond issuance capacity

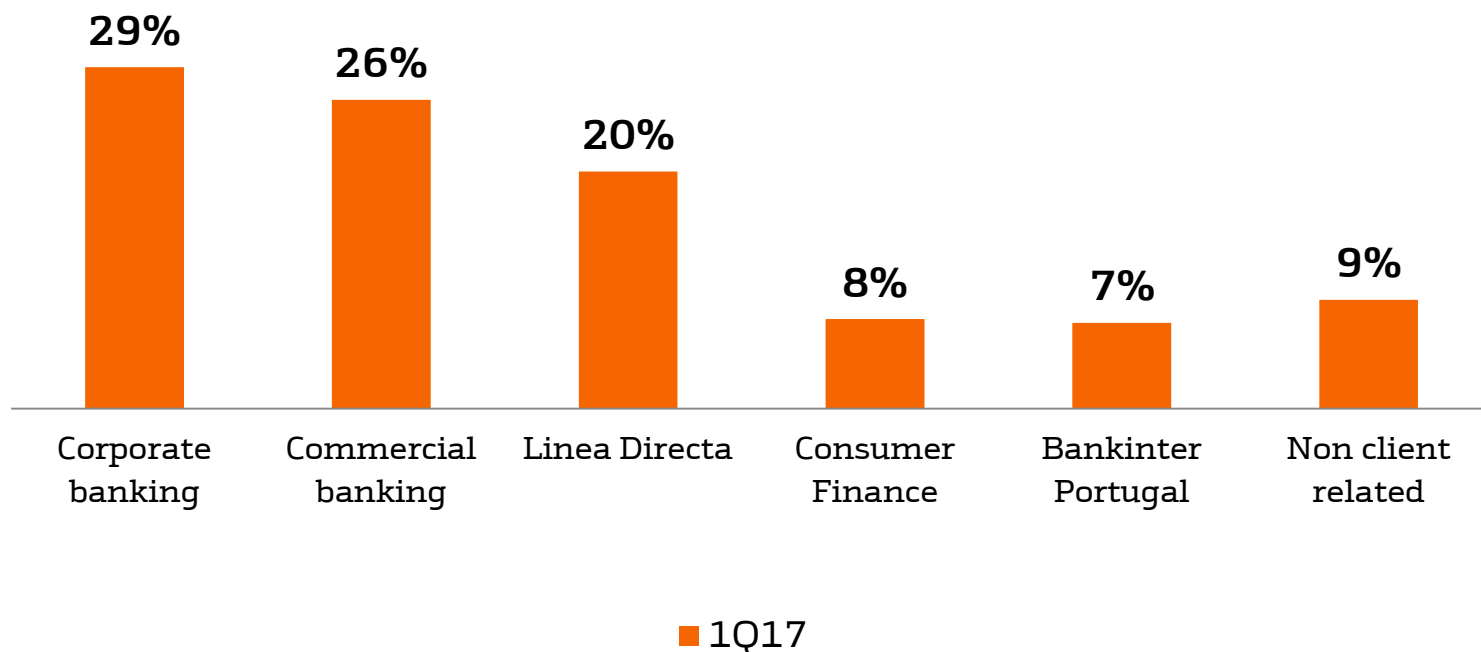
03

Businesses



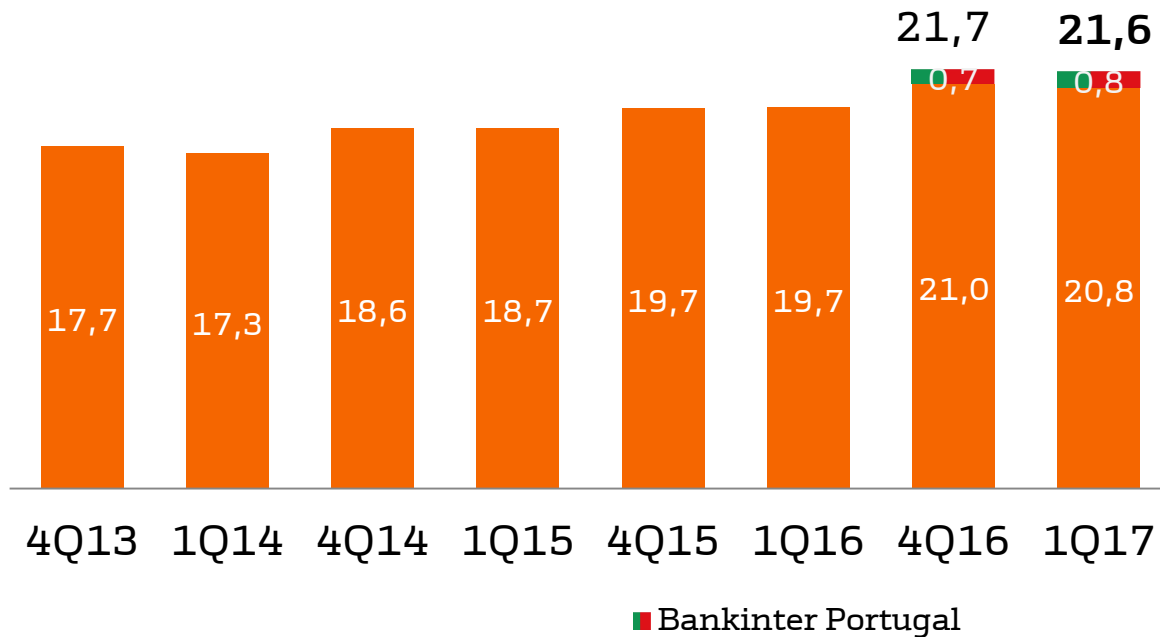
Contribution to total income

Contribution to total income by business segment (in %)



Corporate/ SME banking

Enterprises loan book (€bn)



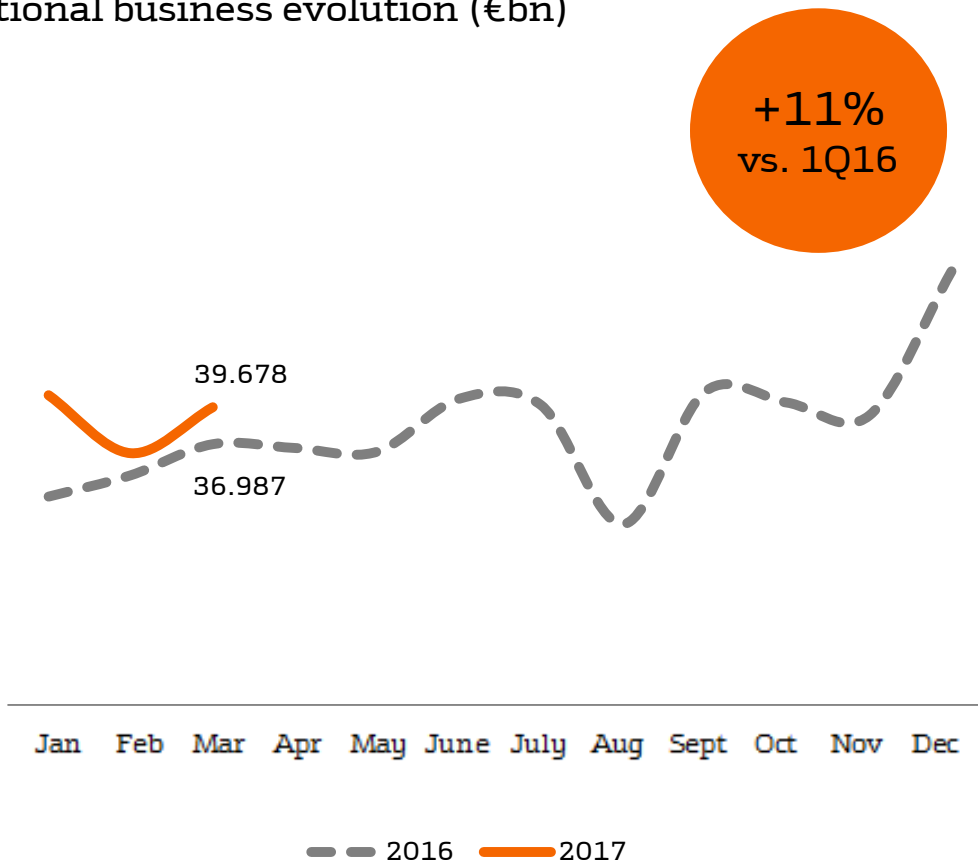
+5,2% vs.1Q16
ex-Portugal
vs. sector **-4%**

+7%
Portugal
vs. 1Q16

4,5%
market share on
new production

Corporate/ SME banking

Transactional business evolution (€bn)



33 mill.
total income from
International
business
+17% vs .1Q16

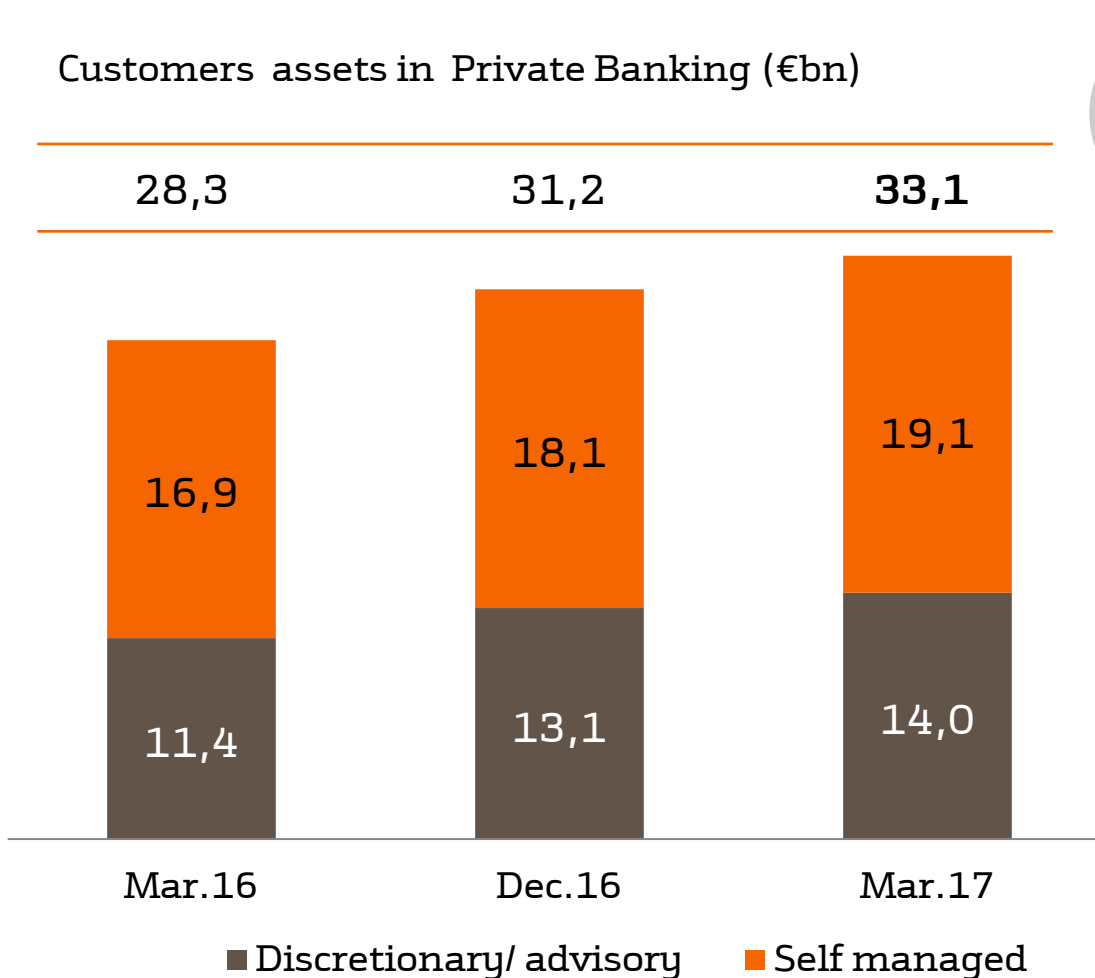
+41%
Tax & social security
payments
vs. +7% sector

+15%
Direct Debits
vs. 2% sector

+22%
Money transfers
vs. -4% sector

Private banking

Customers assets in Private Banking (€bn)

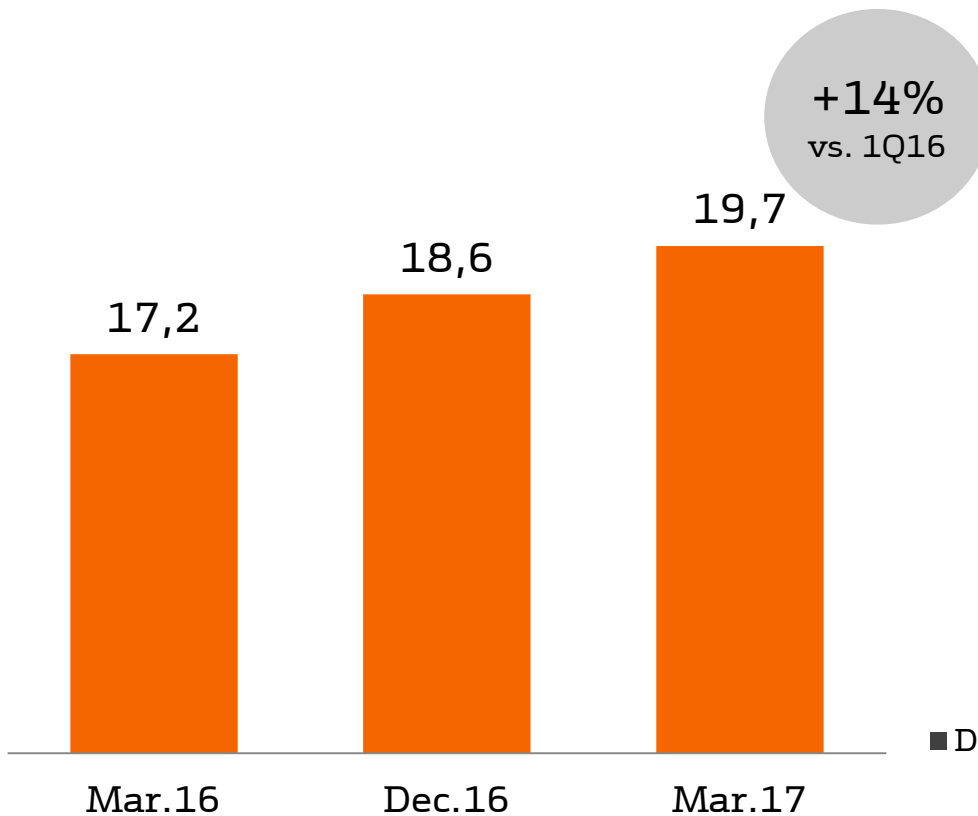


+17%
vs. 1Q16

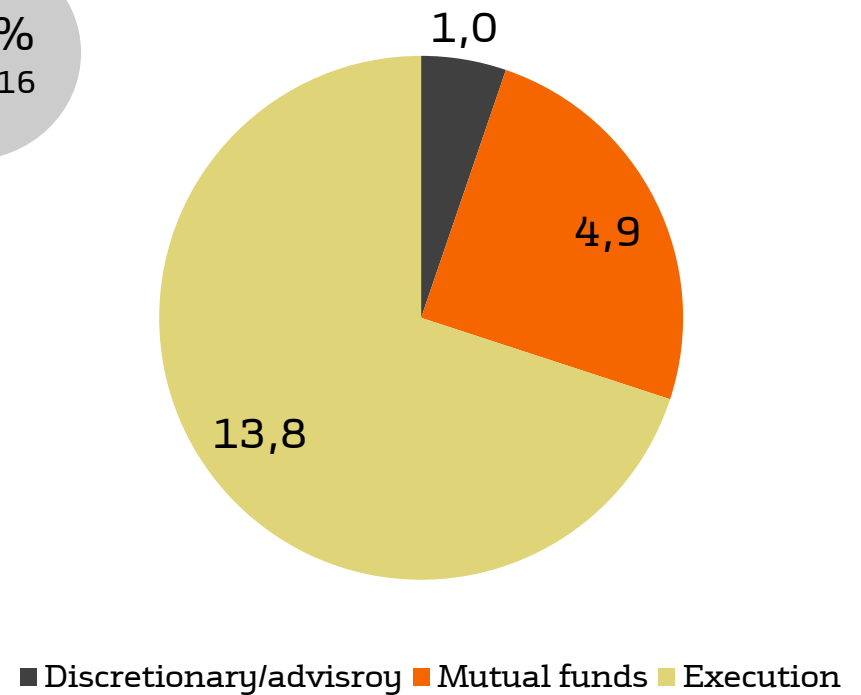
Net new money in 1Q17
€0,8 bn
Of which 28% on
advisory (vs. 8% in 1Q16)

Personal banking

Customers assets in Personal bkg. (€bn)



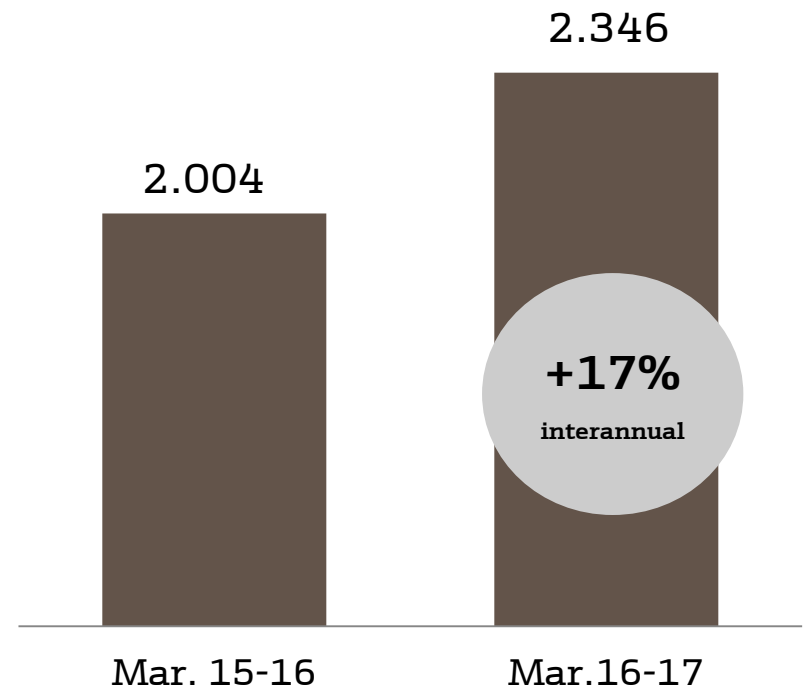
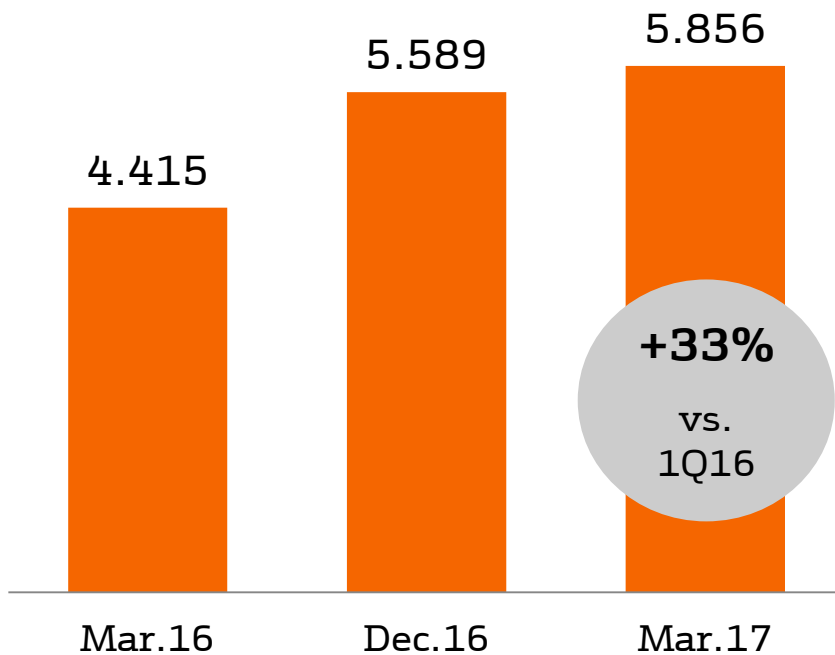
Breakdown by asset type (€bn)



Commercial banking

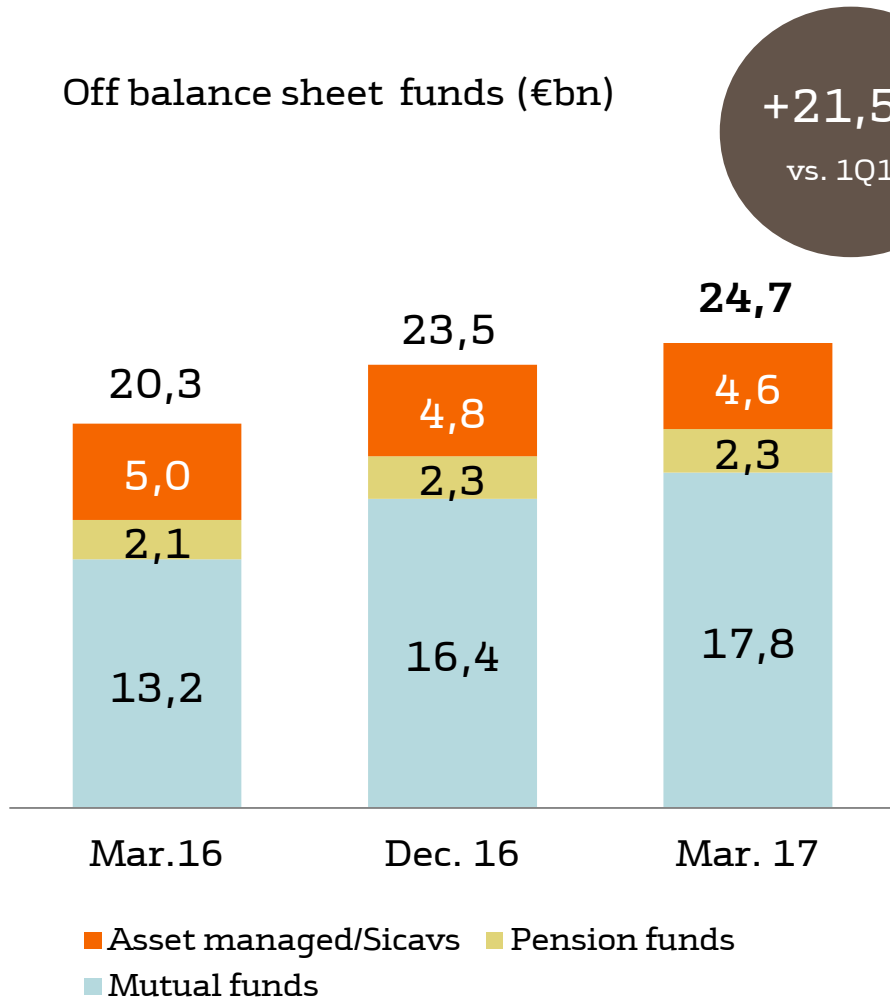
Total payroll account balances (€ millions)

New mortgage production (€millions)



Assets under Management

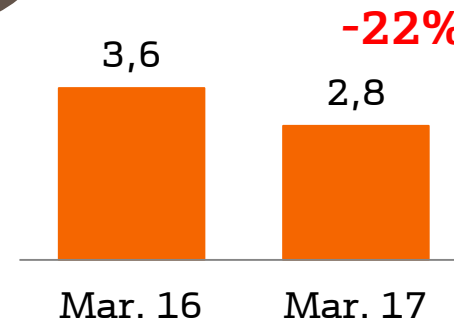
Off balance sheet funds (€bn)



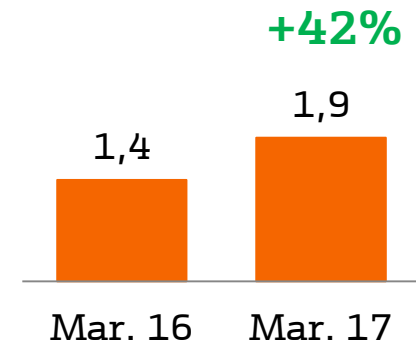
+21,5%
vs. 1Q16

Bankinter managed mutual funds by type (bn€)

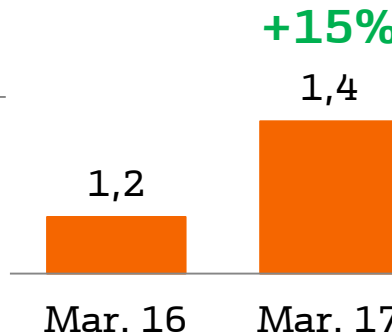
Money markets



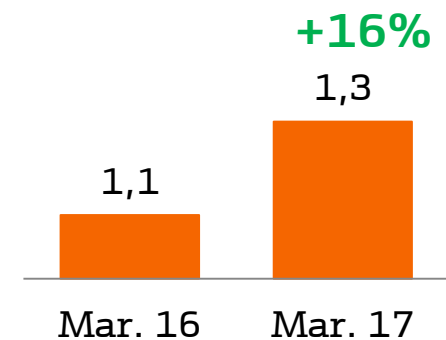
Equities



Guaranteed



LT fixed income



Customer business

2010- mar. 2017 variation in Customers and Business volumes in Spain:

	Bankinter	Sector average
Active Customers	22,4%	n.a.
Credit & Loans	11,7%	-33%
of which Corporate loan book	50%	-45%
Customer deposits	78,4%	3%
Investment Funds	99,8%	77%

Bankinter Portugal

€4,6bn

Loan book
+ 3% vs. 1Q16

Commercial banking: €3,8bn

Corporate banking: €0,8bn

€4,0bn

Retail deposits
+46% vs. 1Q16

Recurrent results (€millions)

**Bankinter
Portugal
1Q 2017**

Net Interest Income	25,2
Net Fee Income	8,2
Other	0,8
Gross Op. Income	34,2
Operating Expenses	-21,1
Pre Provision Profit	13,1
Other Provisions	0,7
Cost of Risk	-10,1
Profit Before Tax	3,7

Consumer Finance

952 thousand
Customers
+ 25% vs 1Q16

78 thousand
New Clients
+48% vs 1Q16

1,118M€
Loan book
+44% vs 1Q16

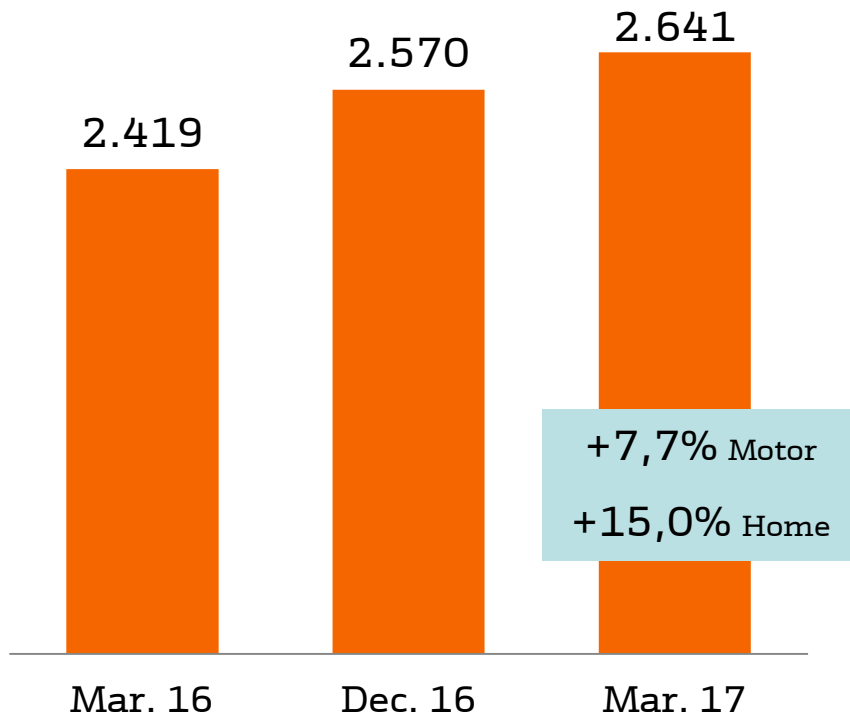
11,3%
Risk adjusted return

6,9%
NPL ratio
vs. 7,3% Mar.16

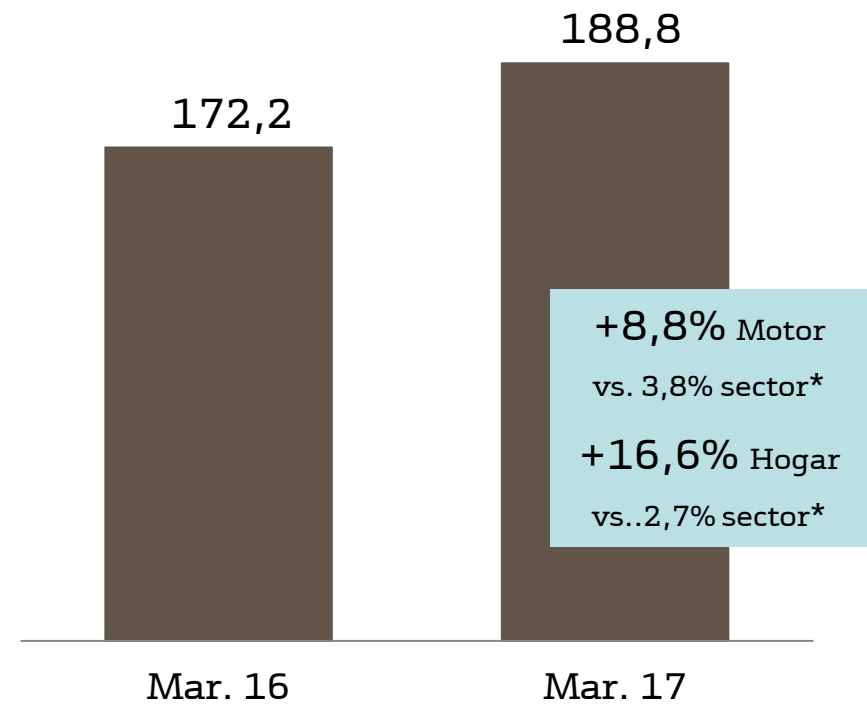
1,9%
Cost of Risk
vs. 2,6% Mar. 16

Linea Directa

Total Policies (in thousands)



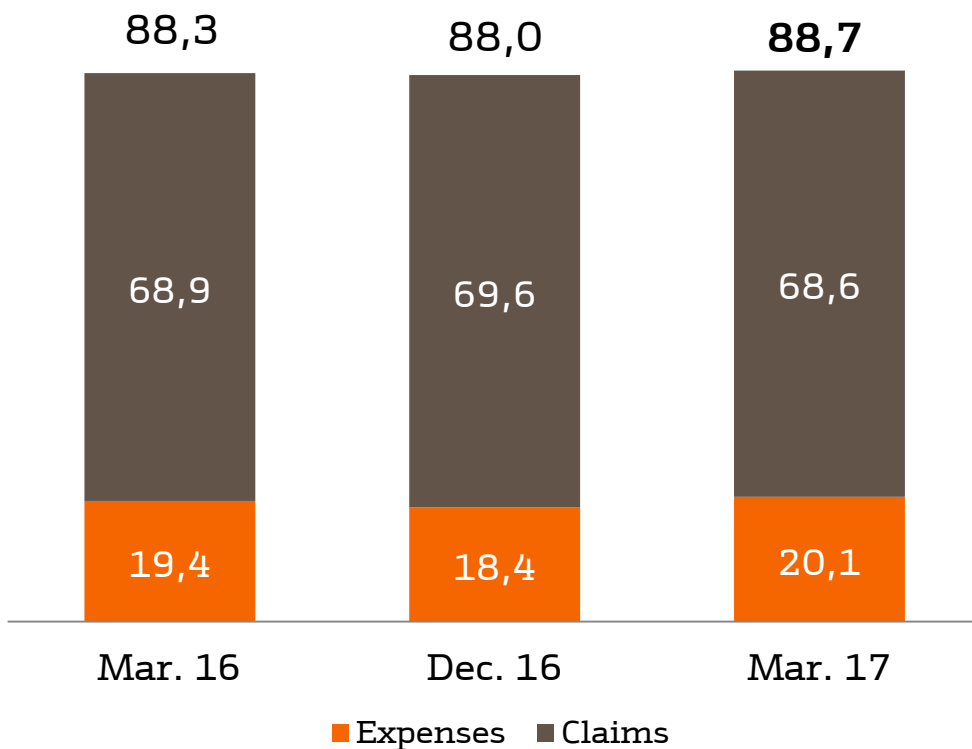
Premiums (€millions)



*sector as of mar-17

Linea Directa

Combined ratio (in %)



Linea Directa

LDA Group standalone P&L account
(€ million)

	1Q17	1Q16	Dif. %
Net written premium	188,8	172,2	10%
Net earned premium	182,5	169,1	8%
Net claims cost	-122,3	-114,4	7%
Operating expenses & other	-36,6	-32,5	12%
Underwriting result	23,7	22,1	7%
Net investment income	9,2	9,5	-4%
Insurance technical result	32,8	31,6	4%
Non insurance result	1,4	1,5	-4%
Profit Before Tax	34,3	33,2	3%
Net Income	25,8	25,2	2%

33,7%

ROE

136%

Technical provision
coverage

231%

Solvencia II ratio

04

Recap

Recap 1Q17

- Recurent Net Profit: 124,4M€, **+18,7%** vs.1Q16
- Gross operating income: 467,4M€, **+13,8%** vs.1Q16
 - Net interest income: **+17,1%** vs.1Q16
 - Net fee income : **+17,6%** vs.1Q16
- Customer business volumes :
 - Credit & Loans : 51.287M€ , **+15,7%** vs.1Q16
 - Retail Deposits : 45.278M€, **+24,3%** vs.1Q16
- Return on Equity ROE: **12,0%** (vs. 10,9% Dec.16)
- NPL ratio: **3,88%** (vs. 4,01% Dec.16)
- CET1 "Fully Loaded": **11,3%** (vs. 11,2% Dec.16)
- Five main strategic business areas - well balanced , profitable and growing:
 - Corporate banking
 - Commercial banking
 - Línea Directa, insurance
 - BK Consumer Finance
 - BK Portugal



Results
Presentation
1Q2017

27 April 2017

Thank you

bankinter.