

BANKINTER

1Q2019

25 April 2019

RESULTS  
PRESENTATION



# 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 and in the International Financial Reporting Standards adopted by the European Union.

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

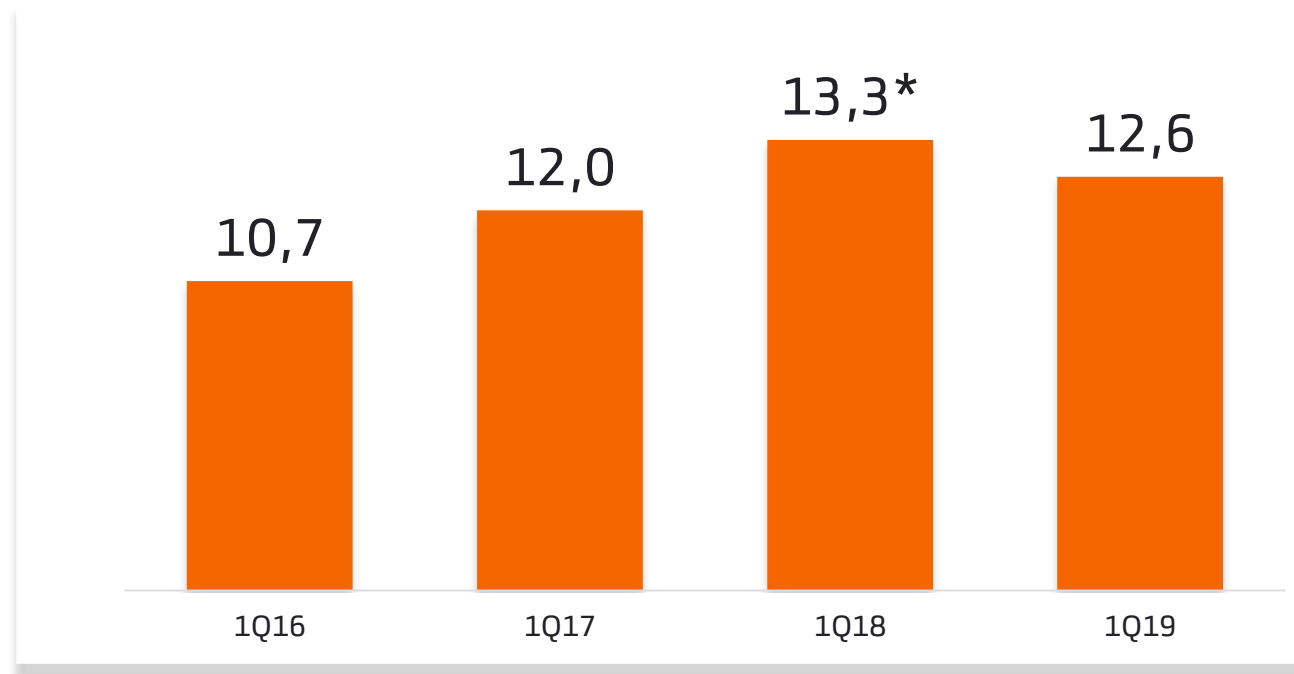
## Summary

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	1Q19	YoY
Loan book	55,8MM€	+5,4%
Gross operating income	505M€	+1,0%
Banking C/I	46,5%	-10pbs
NPL ratio	2,87%	-53pbs
Net profit	145M€	+1,4%
CET1 Fully Loaded	11,80%	-20pbs

# ROE

- in % -





# C

## Content

.....

- Results
- Risk management
- Businessess
- Summary



bankinter.

# R

Results

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1Q19

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# P&L account 1Q2019

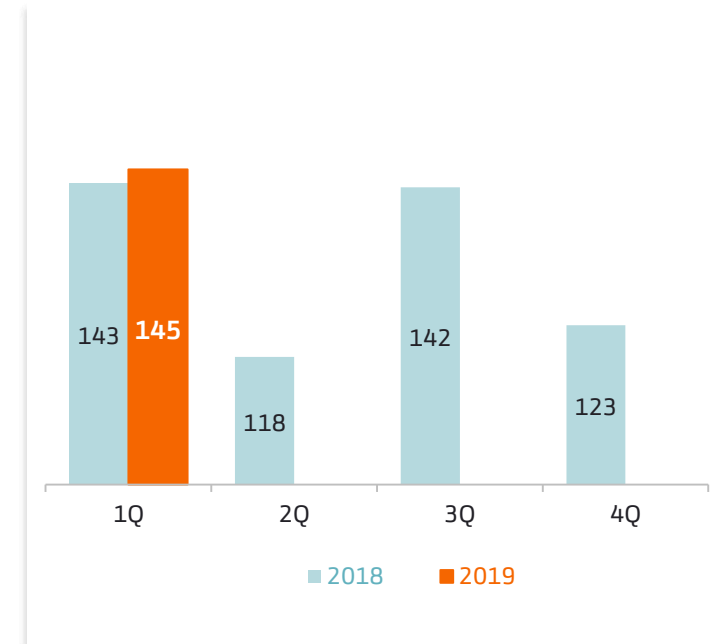
- in millions of euros -

	Bankinter group		
	1Q2019	1Q2018*	Dif. % 19/ 18
Net interest income	275,4	271,8	1,3%
Net fees and commissions	114,5	108,9	5,1%
Other income/expenses	98,9	100,7	-1,8%
Trading income	16,7	19,3	-13,2%
<b>Gross operating income</b>	<b>505,4</b>	<b>500,7</b>	<b>1,0%</b>
Operating expenses	-251,2	-250,9	0,1%
<b>Pre-provision profit</b>	<b>254,3</b>	<b>249,7</b>	<b>1,8%</b>
LLP and other provisions	-55,7	-53,8	3,4%
<b>Earnings before tax</b>	<b>198,6</b>	<b>195,9</b>	<b>1,4%</b>
<b>Net profit</b>	<b>145,0</b>	<b>143,0</b>	<b>1,4%</b>

\* 2018 figures adjusted for comparative purposes due to IFRS16 implementation

## Net Income

- in millions of euros -



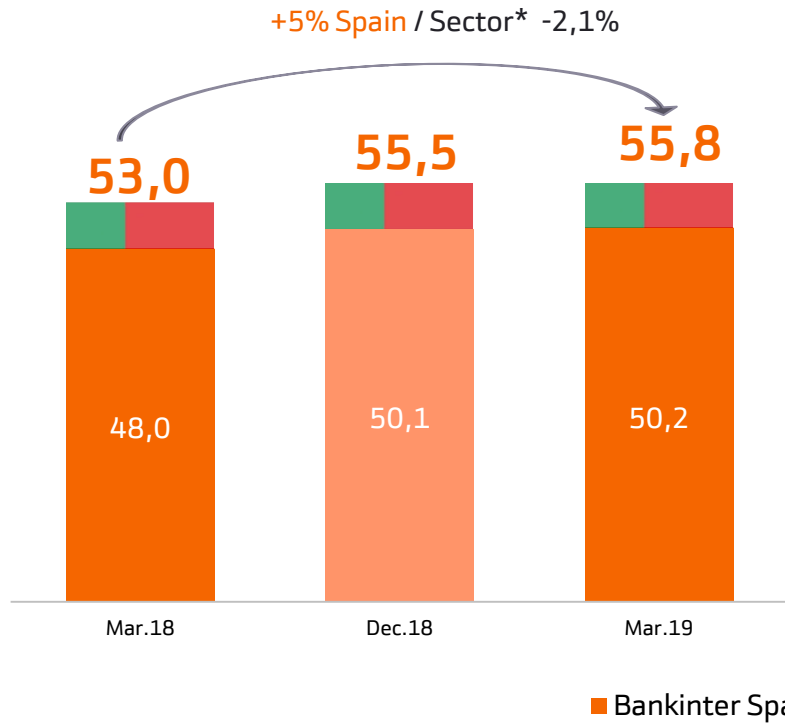
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RESULTS

# L Loan and receivables

- in billions of euros -

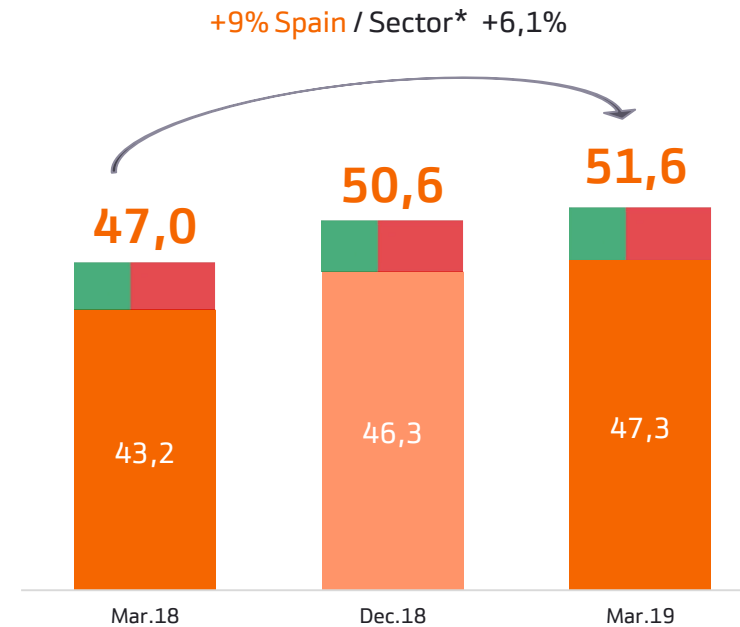
+2,8bn +5,4%



# R Retail funds

- in billions of euros -

+4,5bn +9,6%

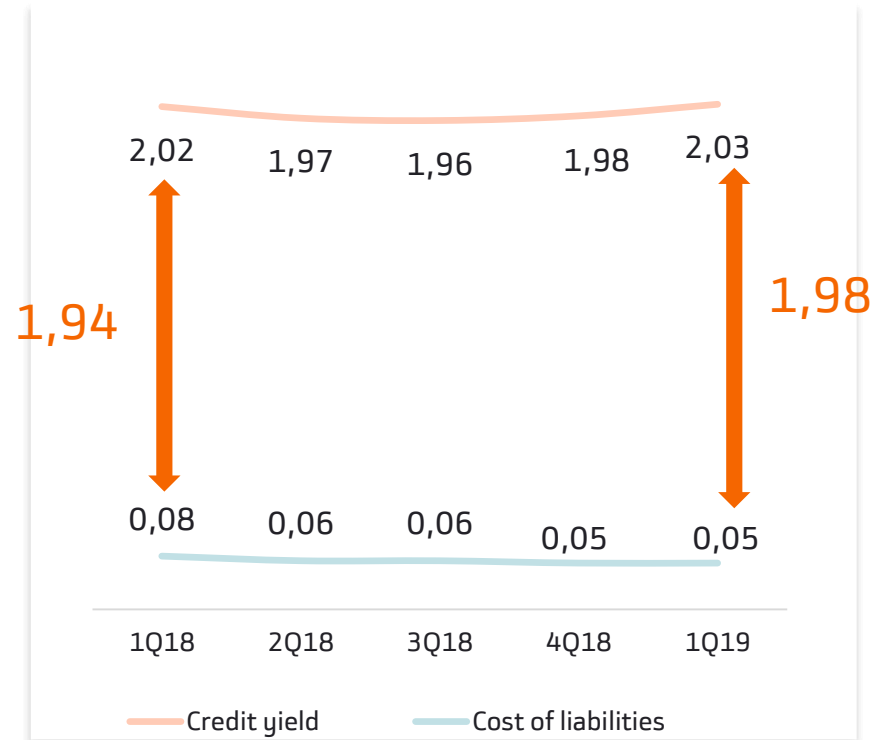
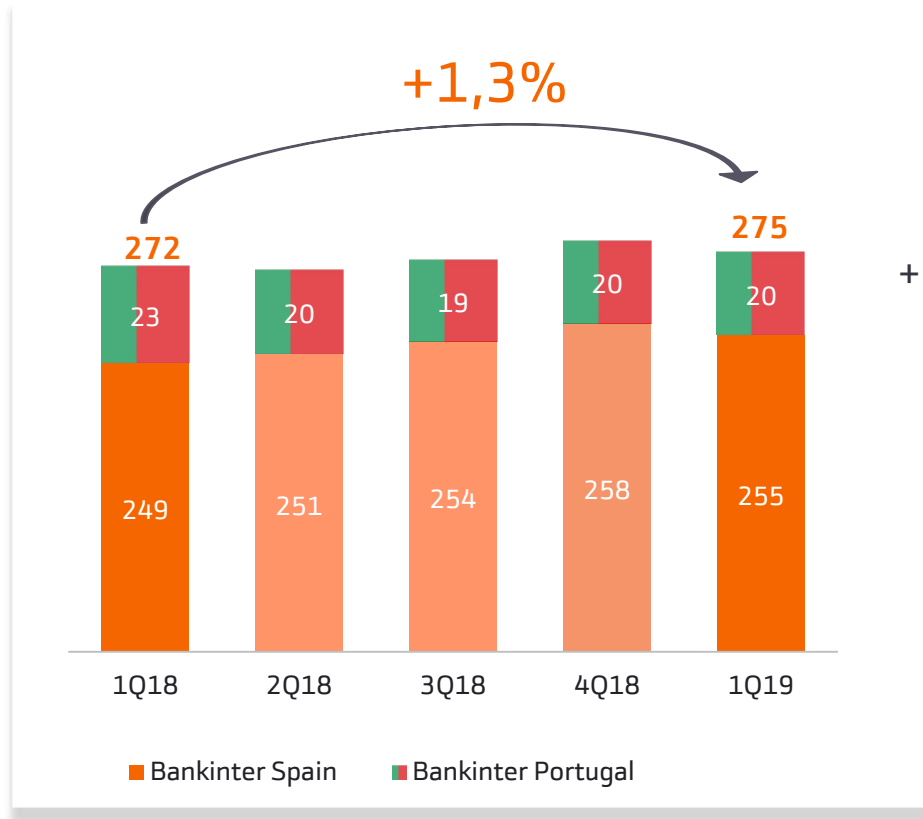




# NII

## Net Interest Income

- Quarterly performance in millions of euros -



\*excluding the impact of the purchase portfolio

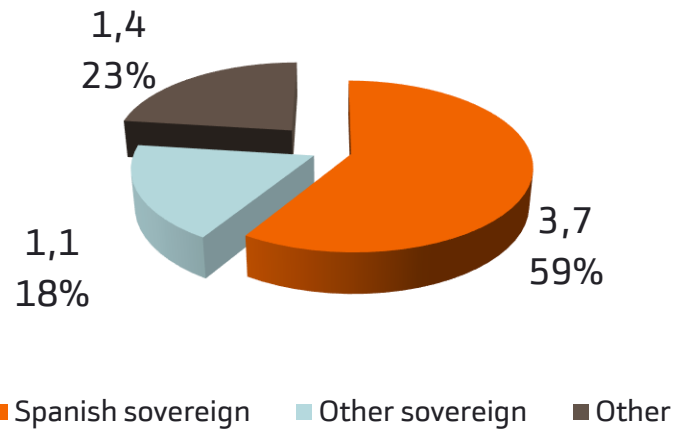
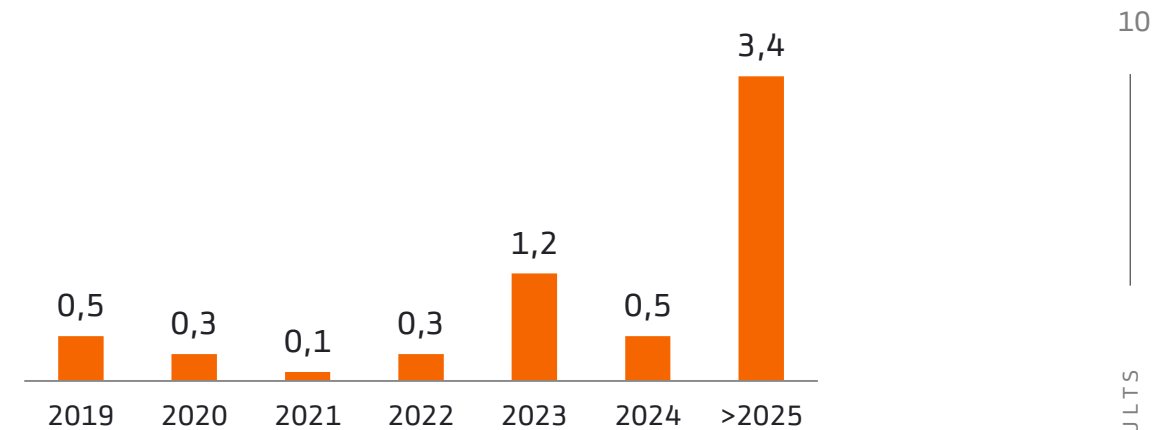
# AL

## ALCO portfolio

- in billions of euros -

ALCO portfolio	Amort.	Fair Value	Total
Nominal amount (€bn)	2,8	3,4	6,2
Duration (years)	4,1	2,8	3,4
Avg. maturity (years)	12,6	4,3	8,0
Yield (%)	2,5	2,8	2,7
Unrealised gains (€bn)	0,19	0,20	0,39

Maturities (€bn)



# F

## Fee Income

Net fee income

114M€

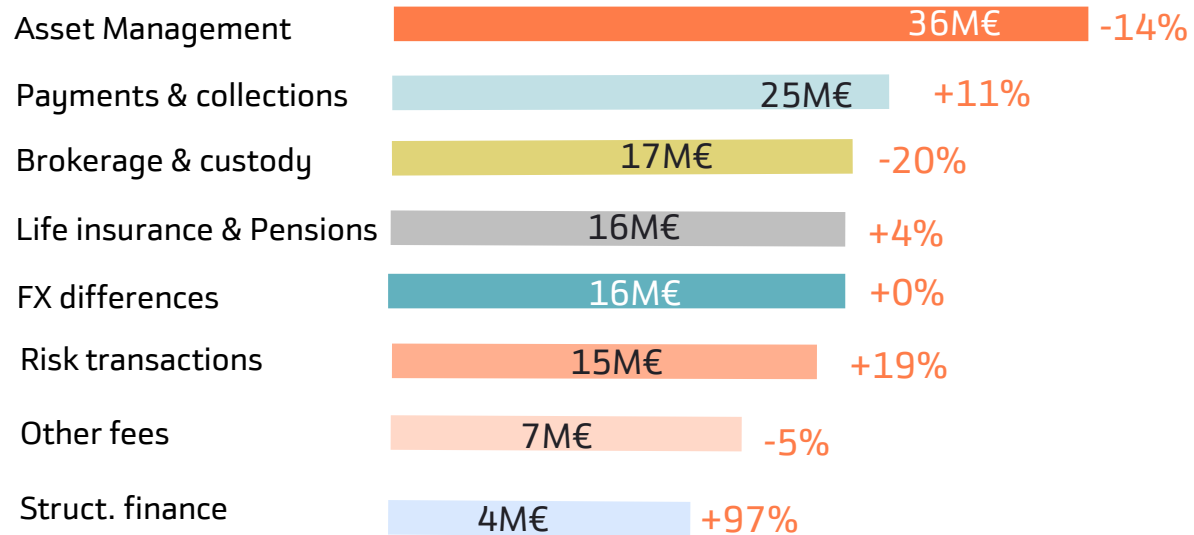
YoY dif.

+5,1%

Contribution to Total Income

23%

- Breakdown of received fees in millions of euros-



# OI

## Other Income/Expenses

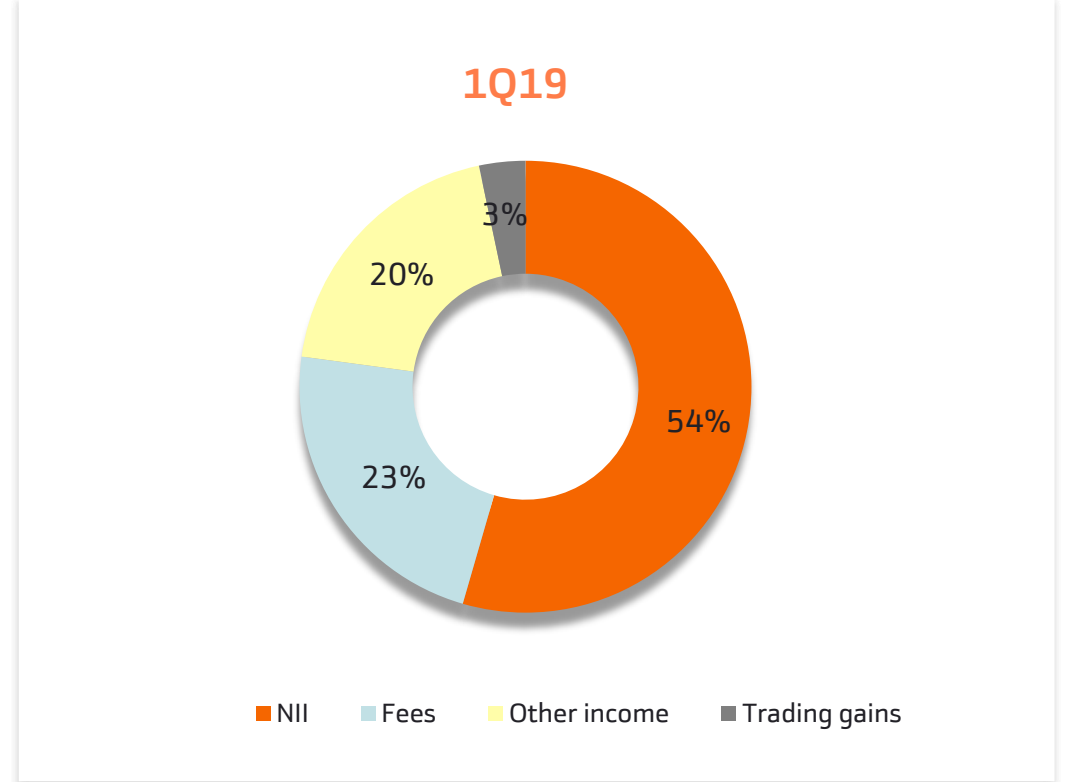
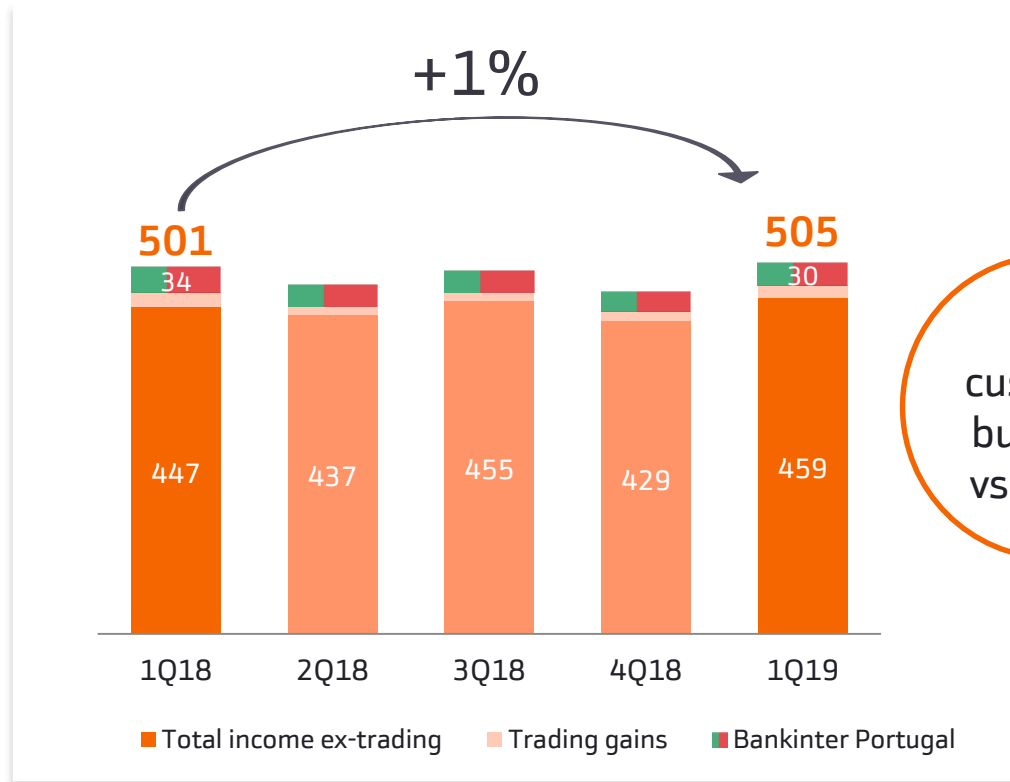
- in millions of euros -

	1Q19	1Q18	% Dif.
LDA insurance margin	95,4	97,8	-2%
Other income/expenses	3,4	2,9	20%
<b>Total other operating income</b>	<b>98,9</b>	<b>100,7</b>	<b>-2%</b>

# TI

## Total Income

- in millions of euros -

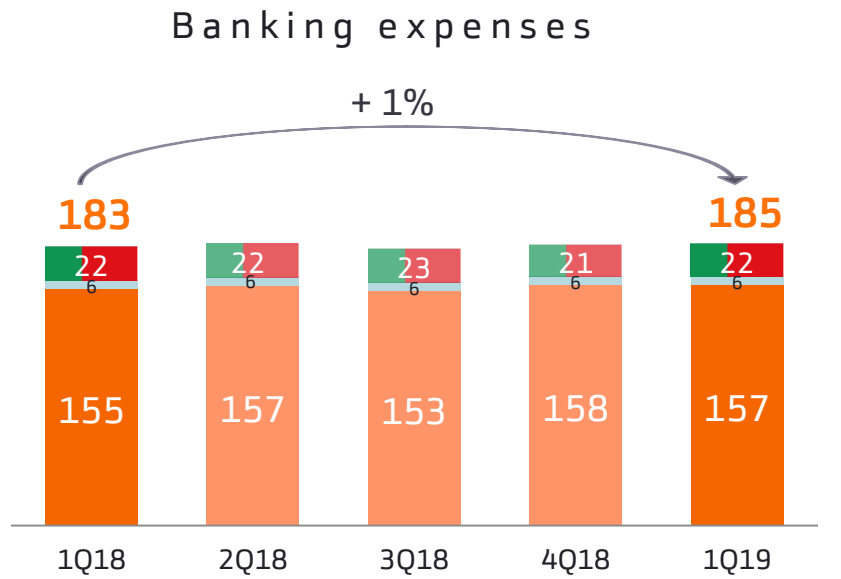




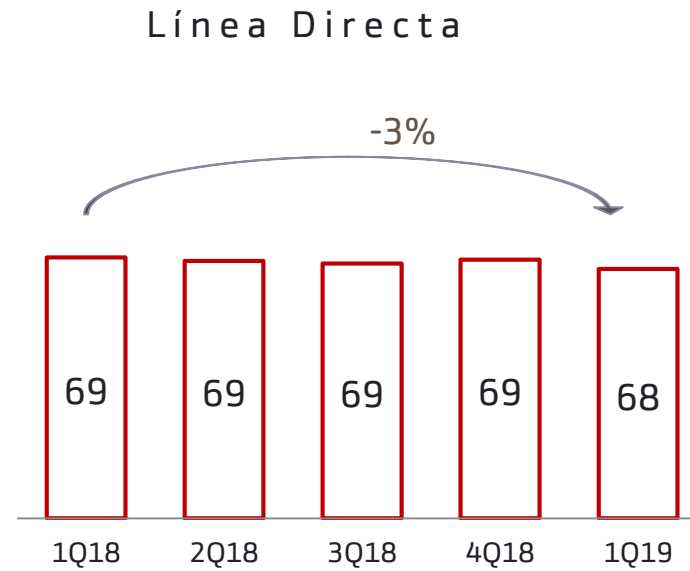
# E

## Operating expenses

- in millions of euros -



■ Banking activity Spain ■ Intang. Amortization ■ Bankinter Portugal



Total expenses  
1Q19 251M€  
+0,1%

# C/I

## Cost-to-income

Banking cost-to-income ratio in %

- Including depreciation and amortization -

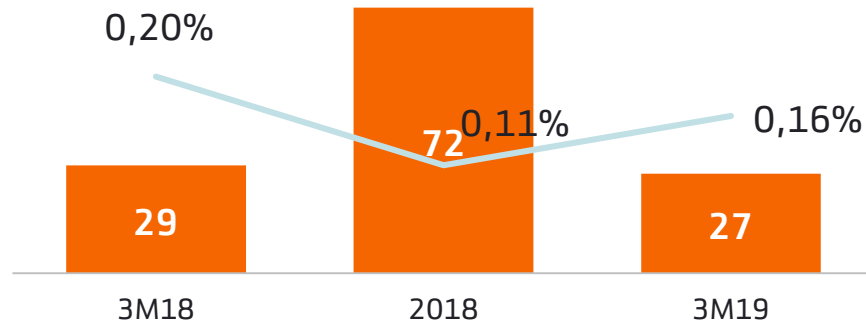


# CR

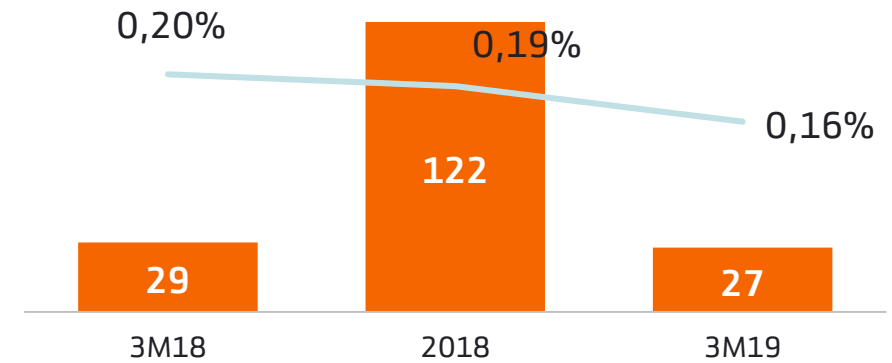
## Cost of Risk

-in millions of euros & % total risk-

### Cost of risk



### Recurrent cost of risk



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RESULTS



# Risk, Solvency & Liquidity management

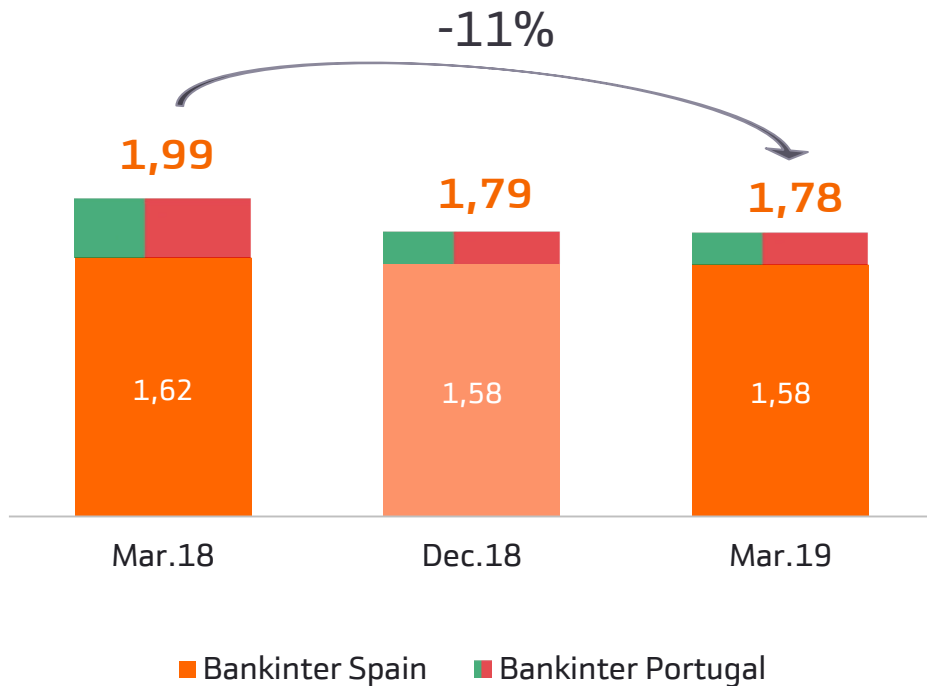
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# CR

## Credit Risk

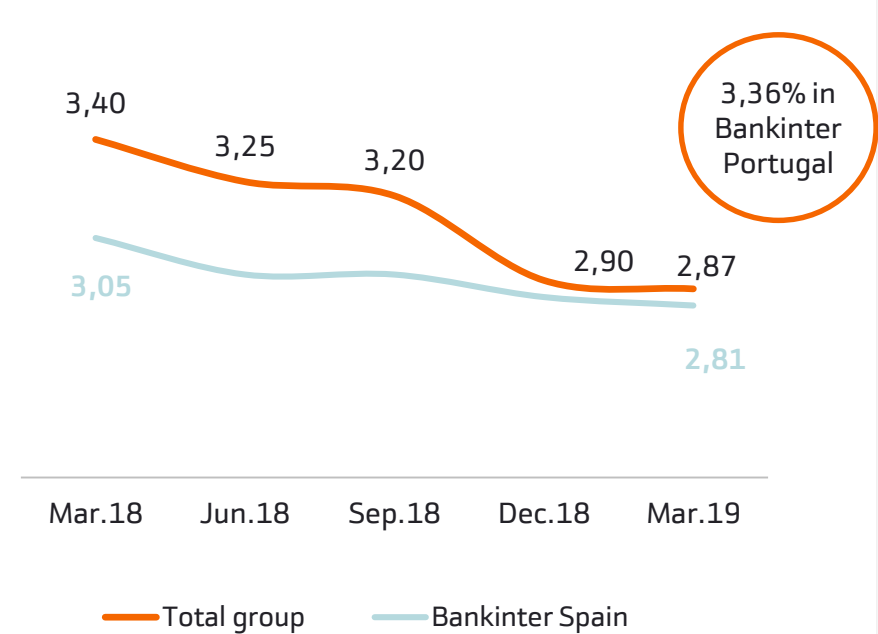
### Non-performing loans

- in billions of euros -



### NPL ratio

- in % -



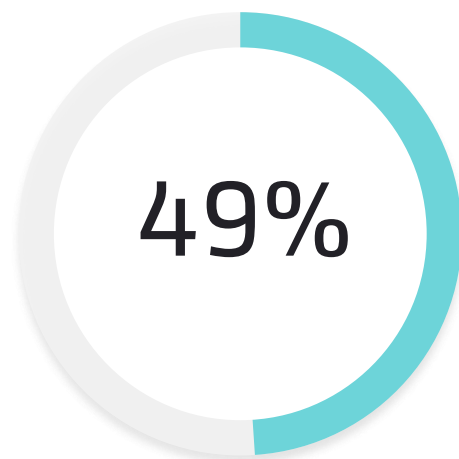
18  
RESULTS



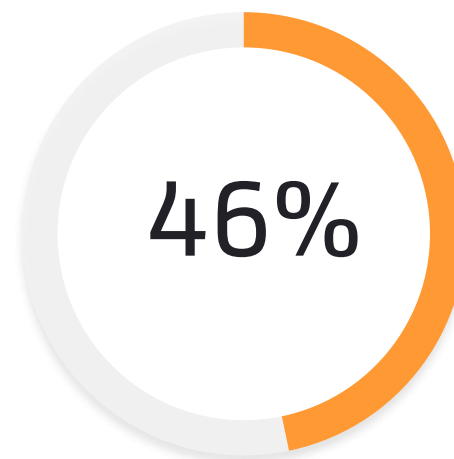
C

# Provision coverage

- in %-



NPL coverage



Foreclosed asset coverage

# A

## Foreclosed assets

- in millions of euros -

March -19

Total balance: €329M

-17%  
yoy

Book value of sold assets

€33M

Total price of sold assets

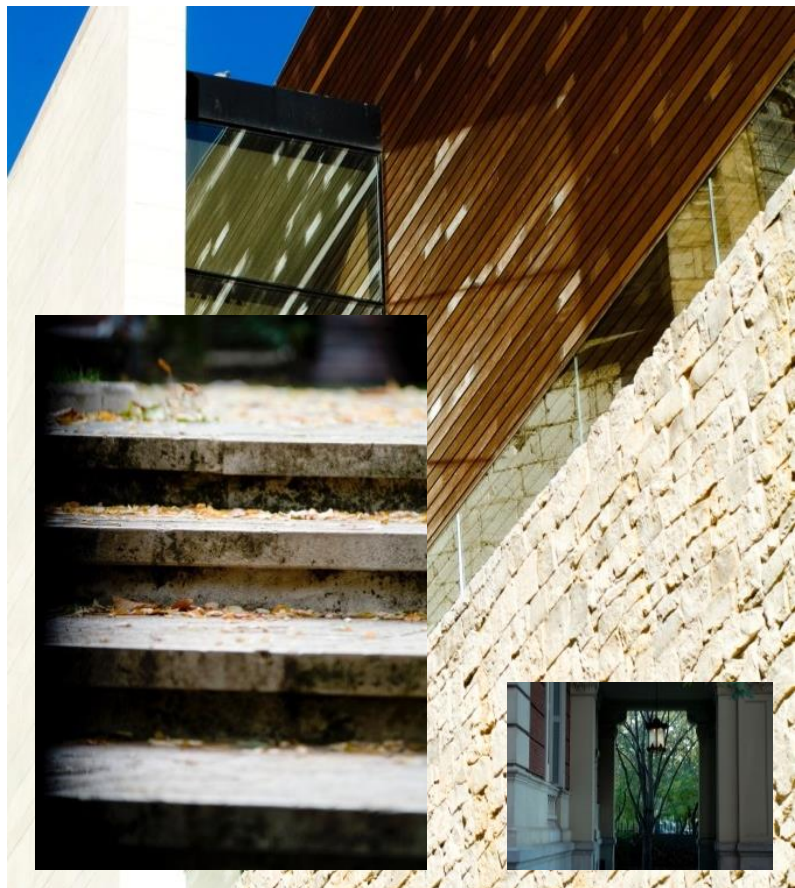
€24M

Average discount on sold assets

-28%

Average coverage on sold assets

31%



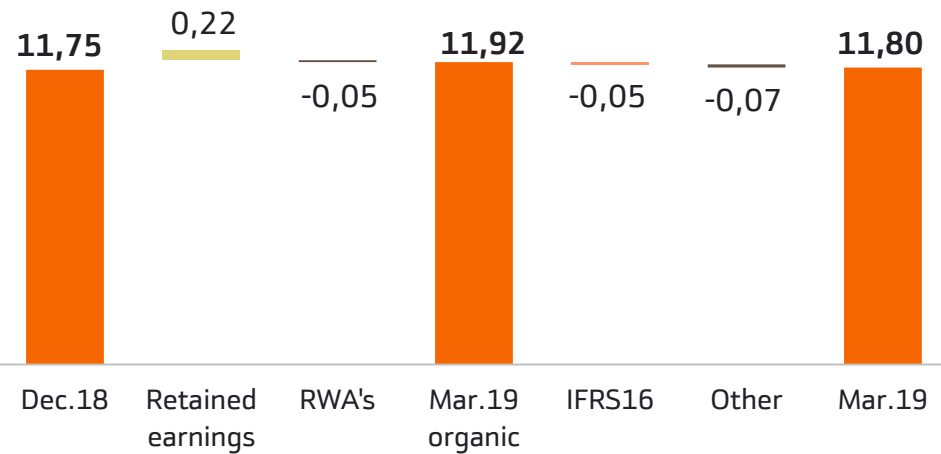
# Solvency

CET 1 "fully loaded"  
11,80%

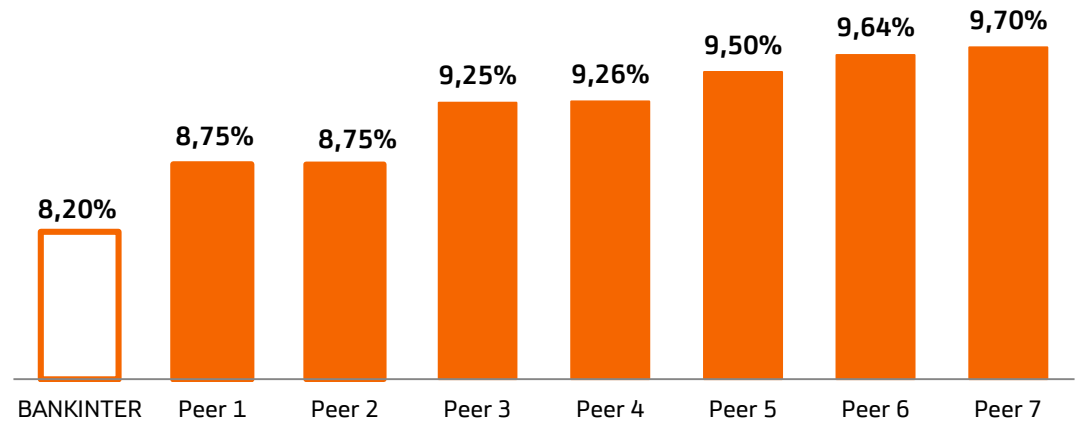
Leverage ratio  
5,1%

Solvency ratio  
14,3%

CET1 "fully loaded" bridge

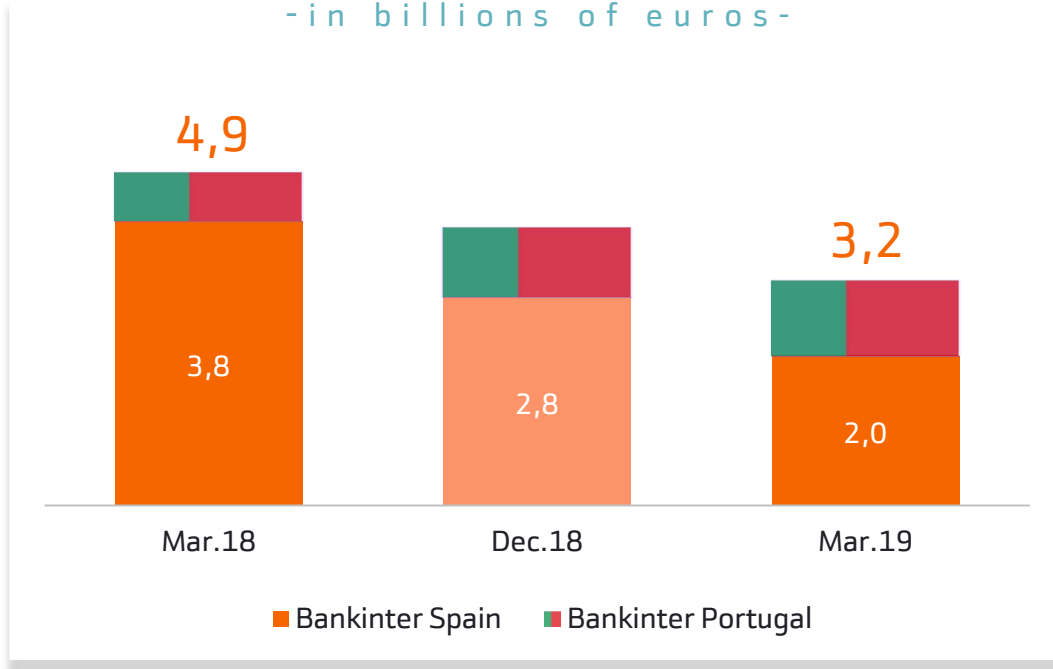


SREP 2019 requirements for quoted Spanish banks

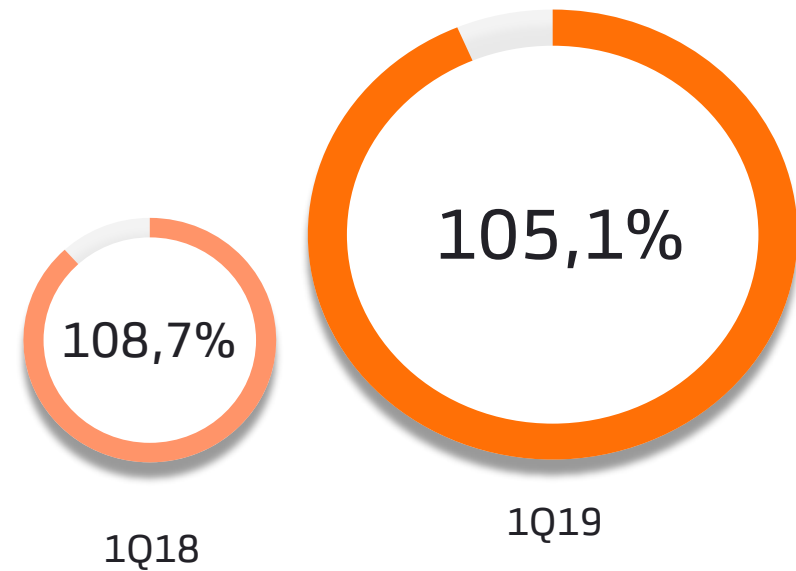


# Liquidity

Commercial gap  
- in billions of euros -



Loan-to-deposit ratio  
- in % -



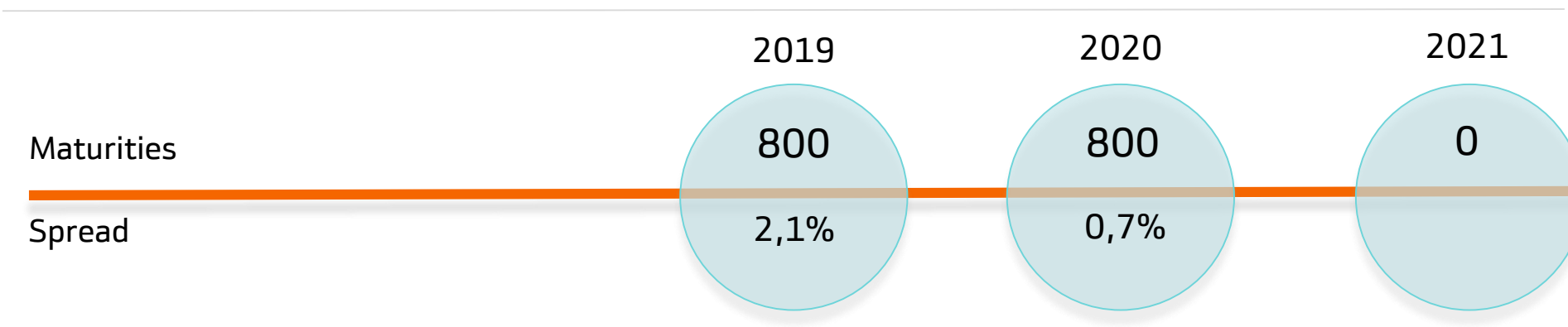
# F

## Wholesale funding maturities

- in millions of euros -

Liquid assets

12.500



Covered bond issuance capacity

6.900





# B Businesses

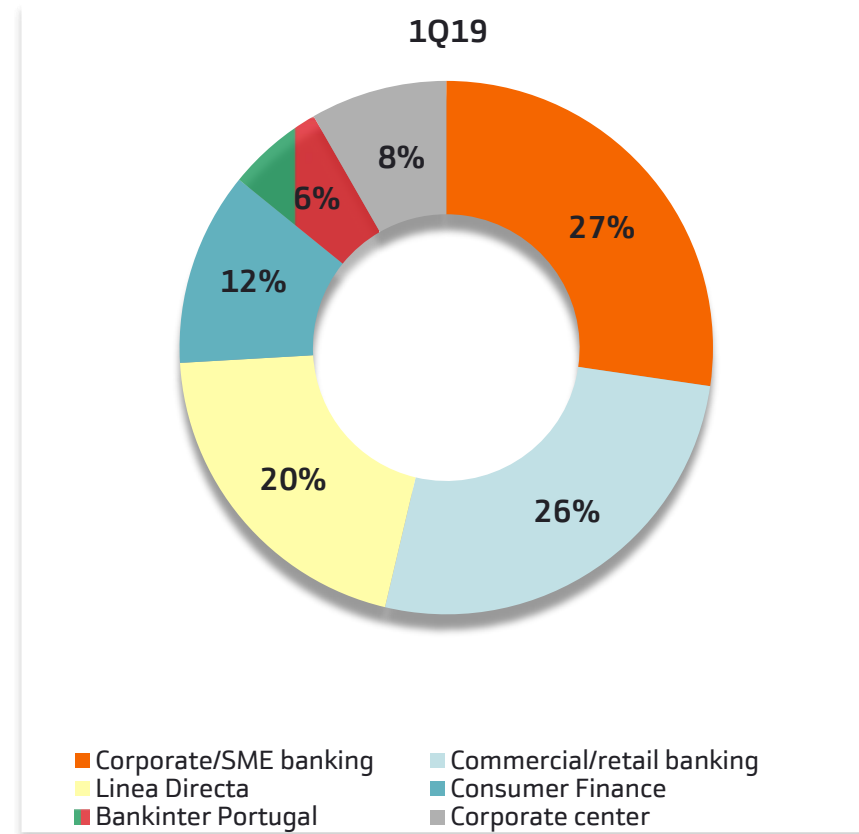
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# CB

## Contribution to Total Income by business

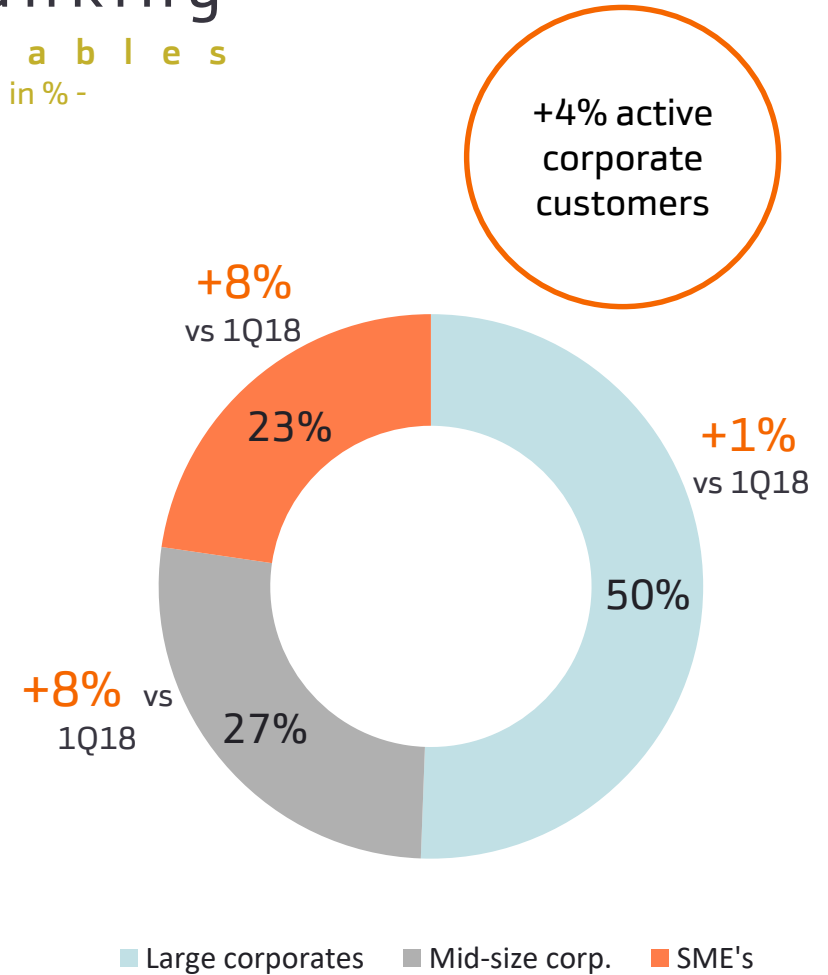
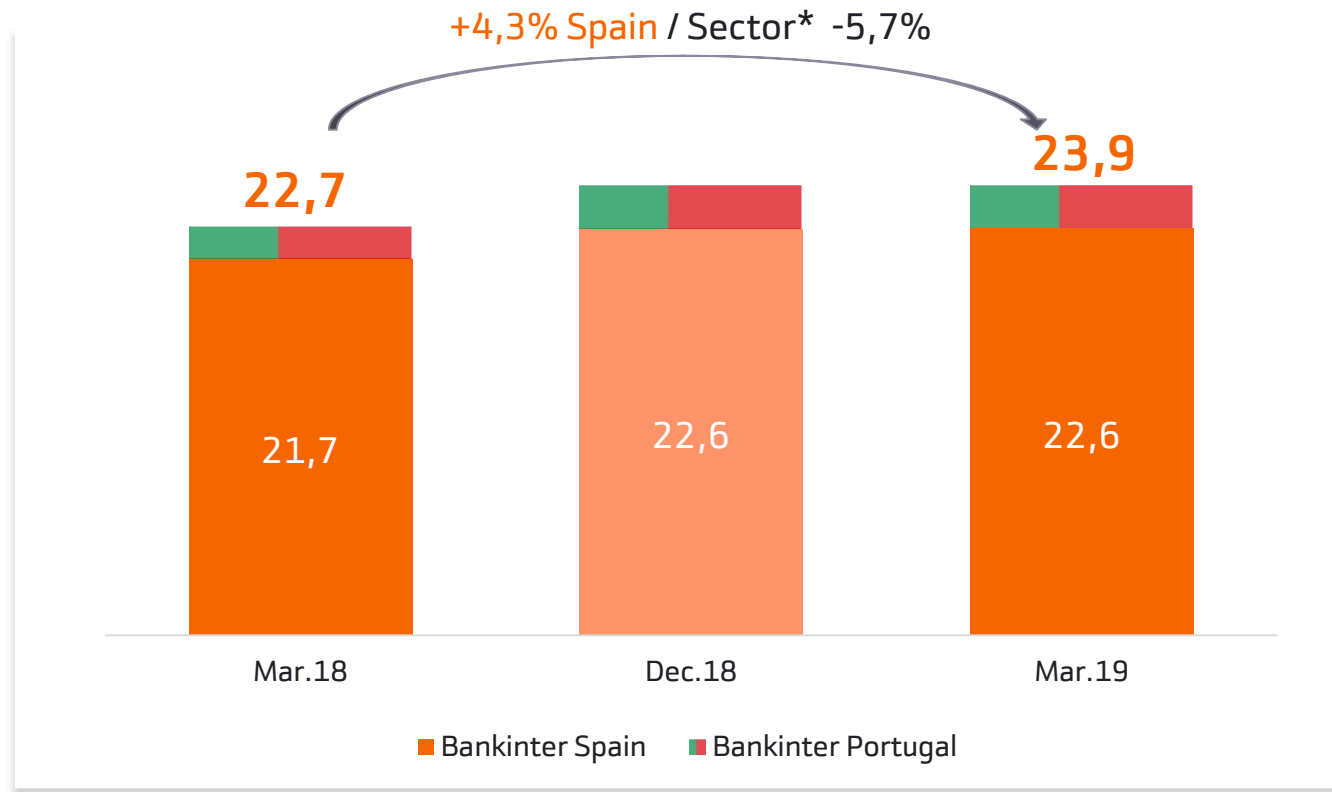
- in % -



# CB

## Corporate/ SME banking

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



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RESULTS

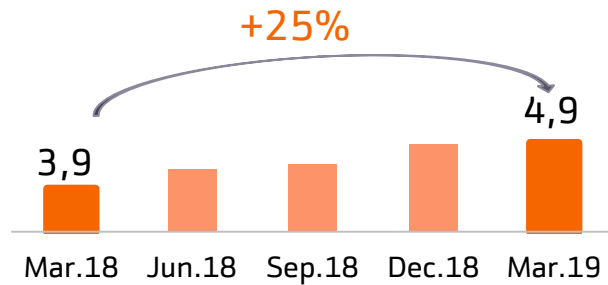
\*BdE Feb-19

# CB

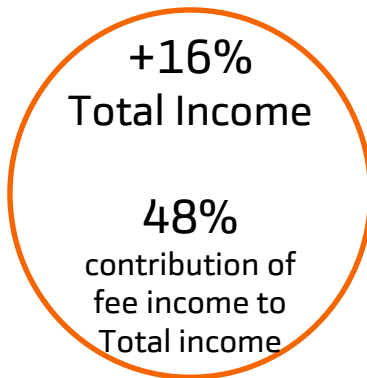
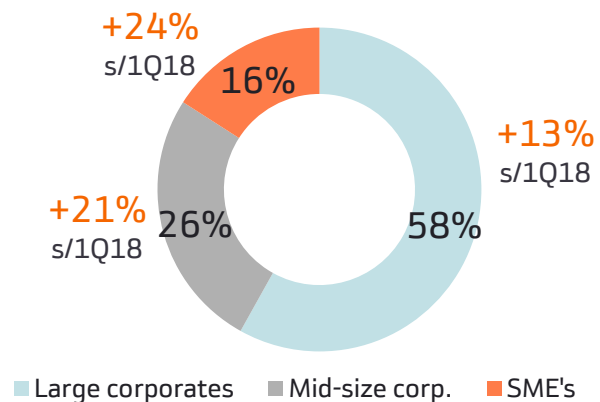
## Corporate/ SME banking

### International trade & export finance

- Loan book in billions of euros -

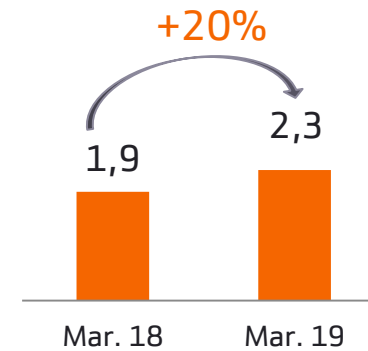


- Total income from International business by segments -



### Investment banking

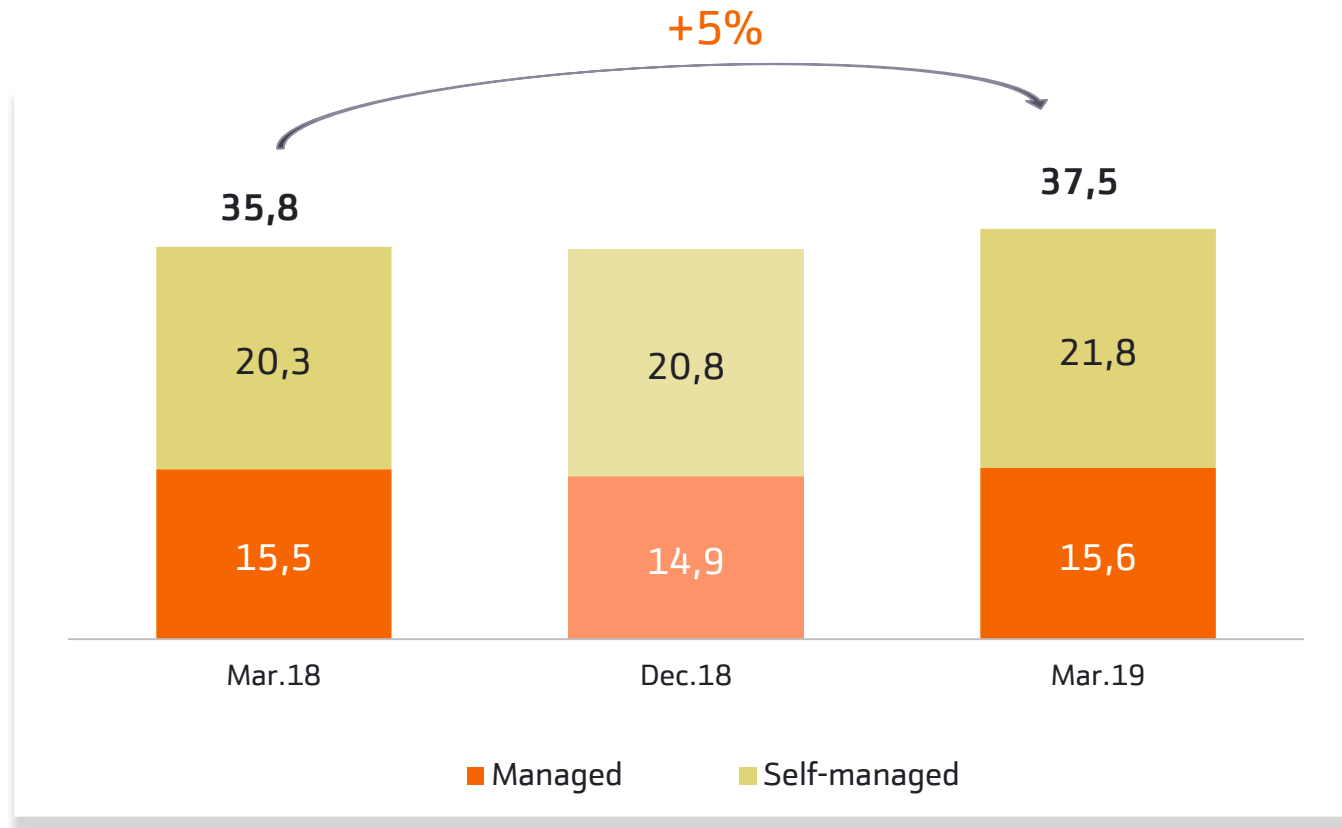
- Loan book in billions of euros -



# PB

## Private banking

Customer assets  
- in billions of euros -



New money in  
1Q19  
+€1,8bn

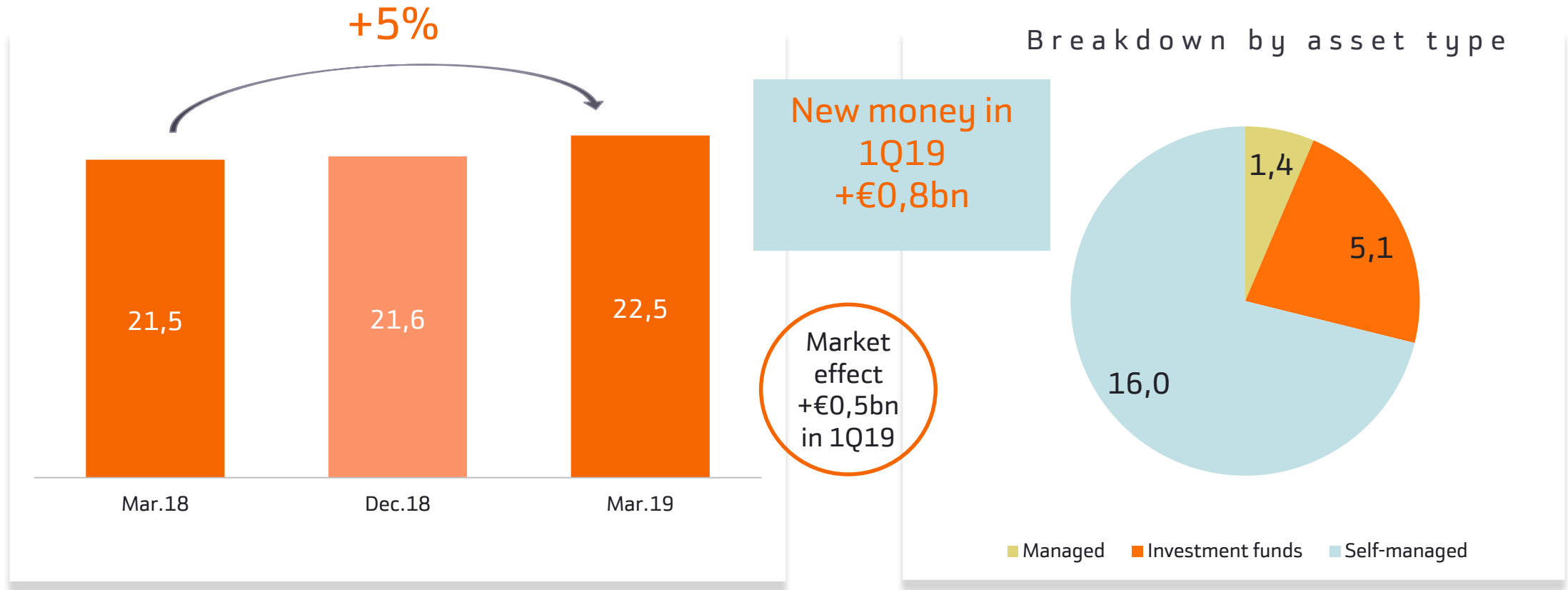
Market  
effect  
+€1,2bn  
en 1Q19



# PB

## Personal banking

Customer assets  
- in billions of euros -



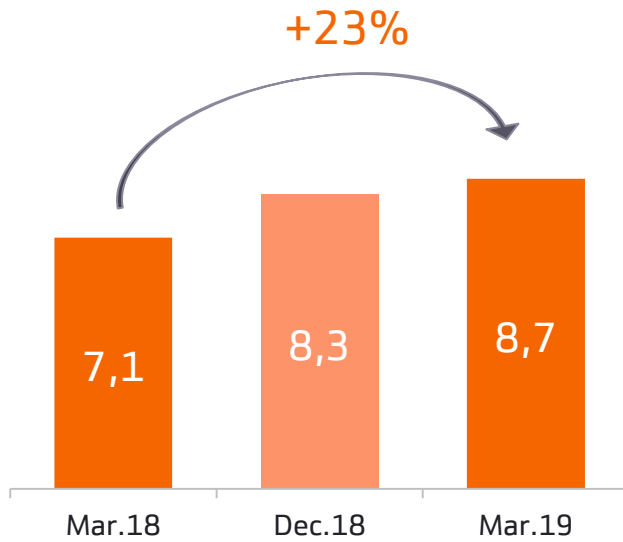
# RB

## Retail banking

Customer deposits and loans

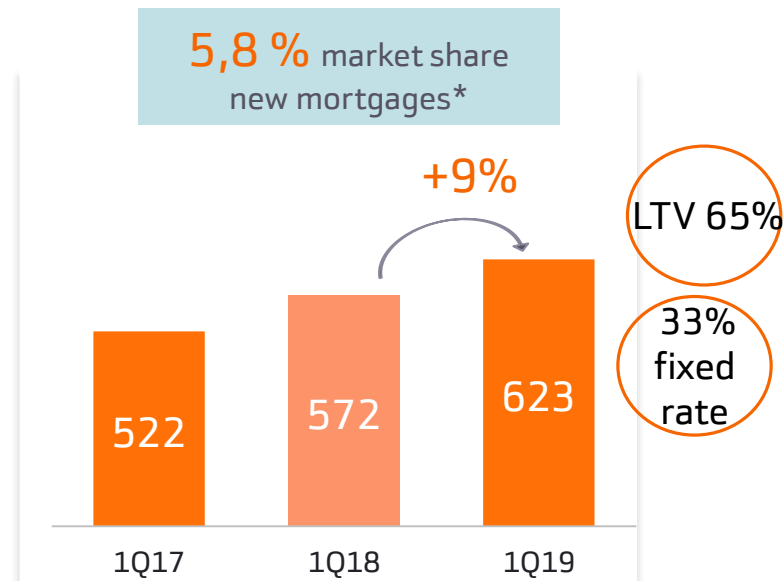
### Payroll account balances

- in billions of euros -



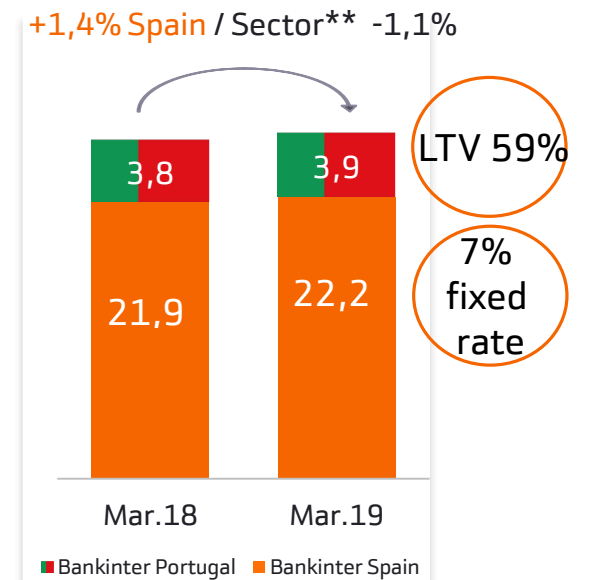
### New mortgage production

- in millions of euros -



### Mortgage stock

- in billions of euros -



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RESULTS

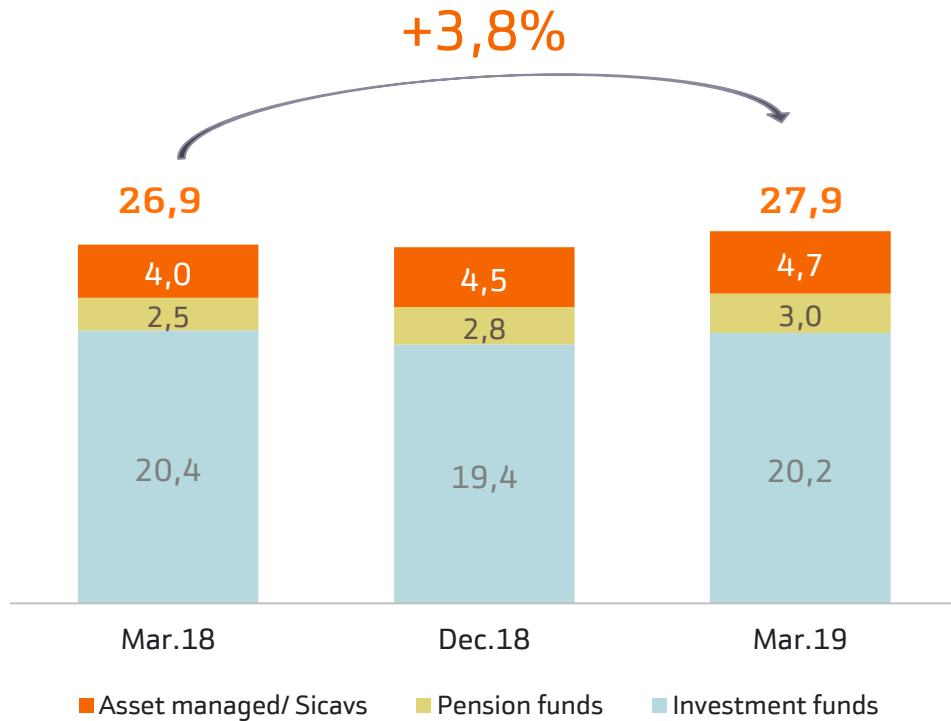
\*INE Jan-19, last 12 months

\*\*BdE Feb-19

# AM

## Asset Management

Off-balance sheet funds  
- in billions of euros -



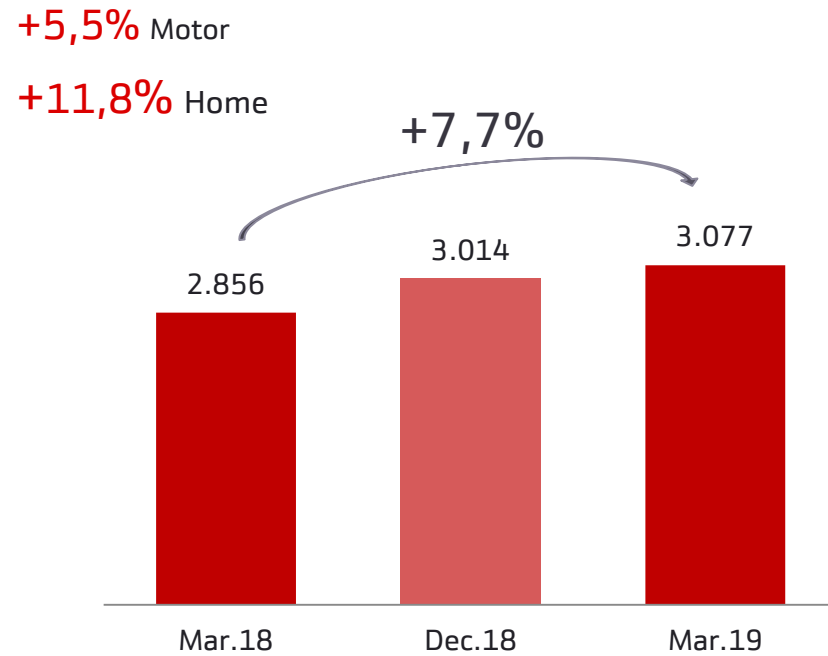
Investment funds by type  
- in % -



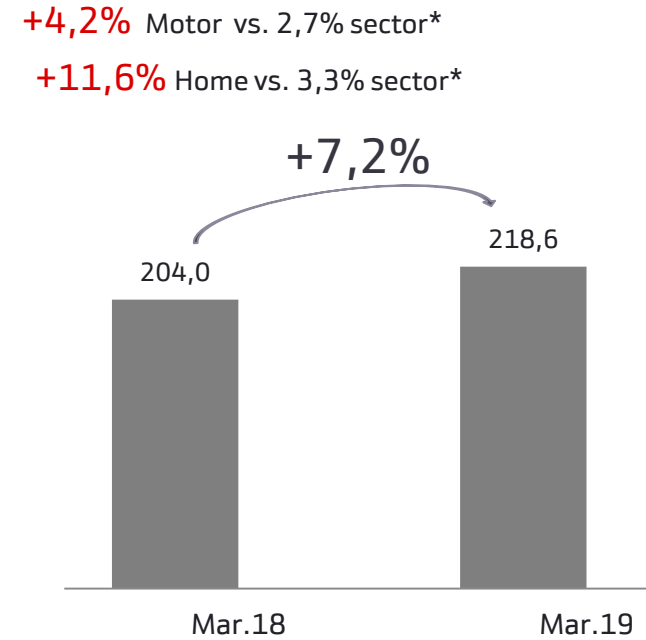
# LD

Linea Directa

Number of risks insured  
- in thousands -



Issued premiums  
- in millions of euros -



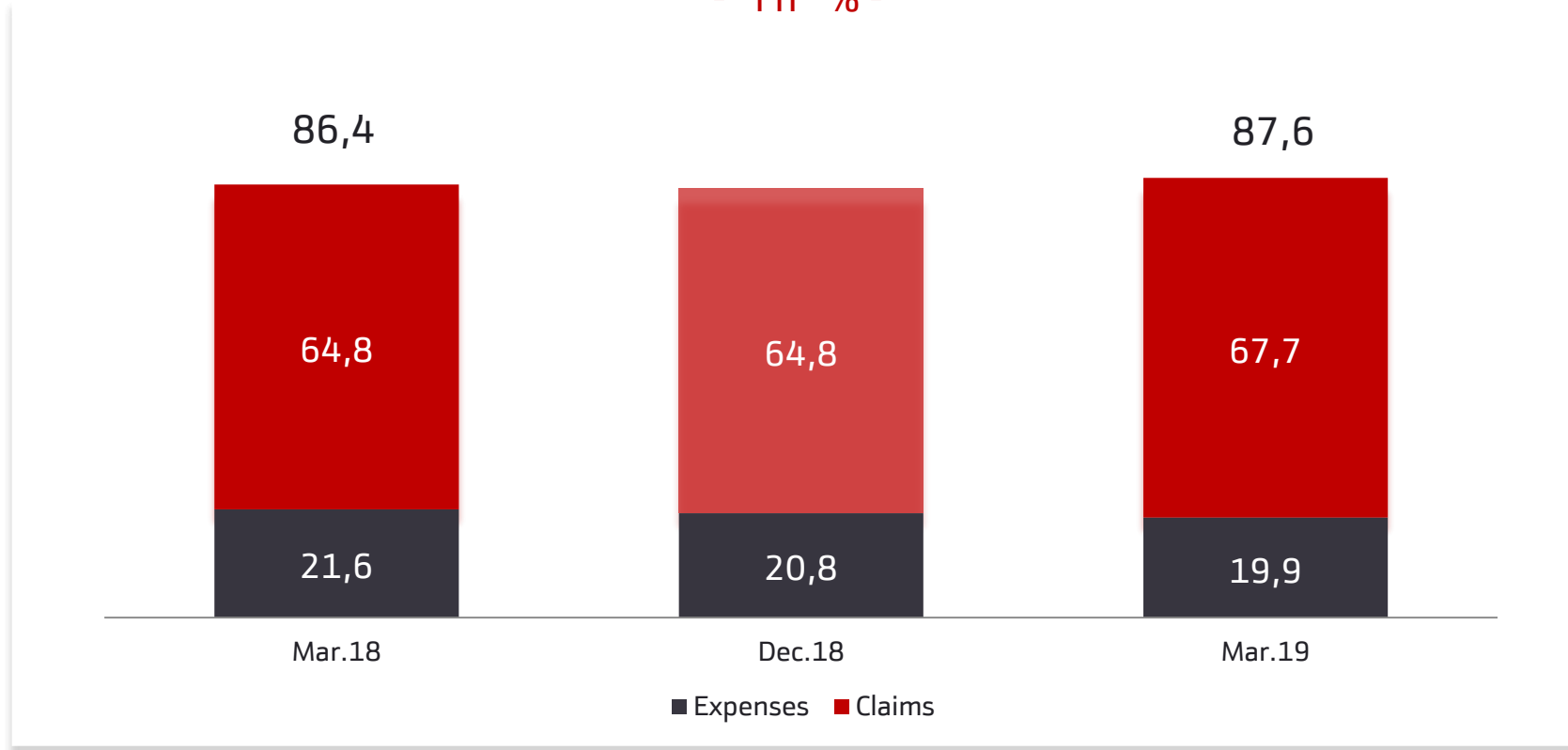
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RESULTS

# LD

## Group combined ratio

- in %-



33

RESULTS

# LD

## P&L account 1Q2019

- in millions of euros -



**linea directa**

	1Q19	1Q18	Dif. %
Net written premium	219	204	7%
Net earned premium	209	196	7%
Net claims cost	-141	-127	12%
Operating expenses and other	-42	-42	-1%
<b>Technical result</b>	<b>26</b>	<b>27</b>	<b>-3%</b>
Net investment income	8	8	-4%
<b>Underwriting result</b>	<b>34</b>	<b>35</b>	<b>-3%</b>
Other income/expenses	1	1	11%
<b>Earnings before tax</b>	<b>35</b>	<b>36</b>	<b>-3%</b>
<b>Net profit</b>	<b>27</b>	<b>27</b>	<b>-3%</b>

ROE

**38%**

Solvencia II ratio

**209%**

34

RESULTS

# CF

## Consumer Finance

1,3 million

Customers

+ 18% YoY

196 million

New loans in 1Q19

+35% YoY

€2,1bn

Loan book

+31% YoY

Risk-adjusted return

8,2%

NPL ratio

8,6%

Cost of risk

3,6%



# Bk Portugal

## Business indicators

**€5,6bn**

Loans **+12%** YoY

Retail banking

€4,2bn +4%

Corporate/SME

€1,4bn +41%

**€4,3bn**

Retail funds **+12%** YoY

€3,4bn

Off-balance sheet

**+8%** YoY

### P & L account

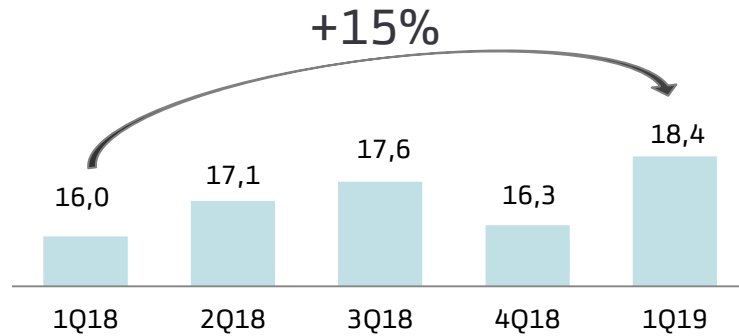
-in millions of euros-

	1Q19	1Q18	Dif. %
Net Interest Income	20	23	-14%
of which purchased portfolio	1,4	7,0	-78%
Net fees and commissions	12	10	17%
<b>Gross operating income</b>	<b>30</b>	<b>34</b>	<b>-14%</b>
Operating expenses	-22	-22	-1%
<b>Pre-provision profit</b>	<b>8</b>	<b>12</b>	<b>-37%</b>
LLP and other provisions	14	7	69%
of which purchased portfolio	2,0	2,7	-26%
<b>Earnings before tax</b>	<b>22</b>	<b>19</b>	<b>16%</b>

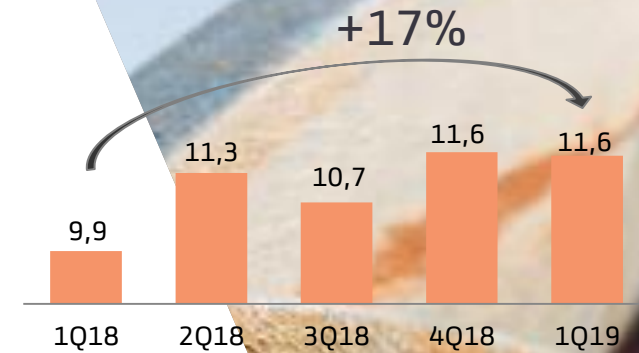
# Bk Portugal

## Financial indicators

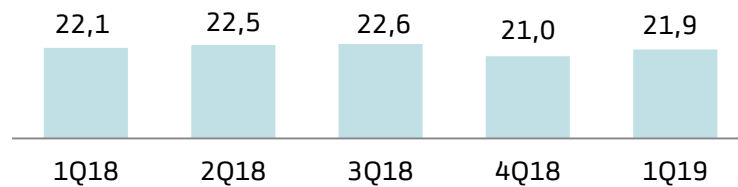
Quarterly recurrent NII  
- in millions of euros -



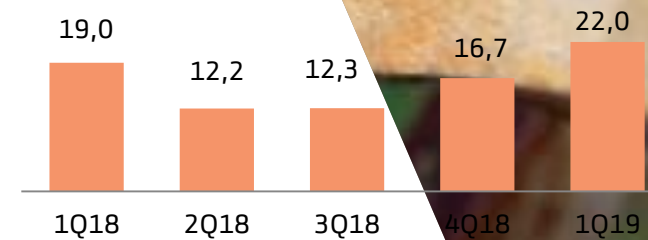
Quarterly fee income  
- in millions of euros -



Quarterly op. expenses  
- in millions of euros -



Quarterly PBT  
- in millions of euros -





# S Summary

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## Summary

**€145M**

Net Income

**+ 1%**

**€505M**

Total Income

**+ 1%**

NII

+ 1%

Fees

+ 5%

Balance sheet

**€56bn**

Loan book

**+ 5%**

**€52bn**

Retail funds

**+ 10%**

ROE

**12,6%**

NPL ratio

**2,9%**

CET1 ratio "FULLY LOADED"

**11,80%**

# 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 average of own funds for the reporting period.
RWAs	Risk-weighted assets
SREP	Supervisory Review and Evaluation Process

BANKINTER

1Q2019

25 April 2019

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