

Bankinter Results Presentation FY2018

24 January 2019



Regulatory framework

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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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	2018	YoY
Loan book	€55,5bn	+4%
Gross operating income	€1.940M	+6%
NPL ratio	2,90%	-55bps
Net profit	€526M	+6%
CET1 Fully Loaded	11,75%	+29bps
ROE	13,2%	+55bps

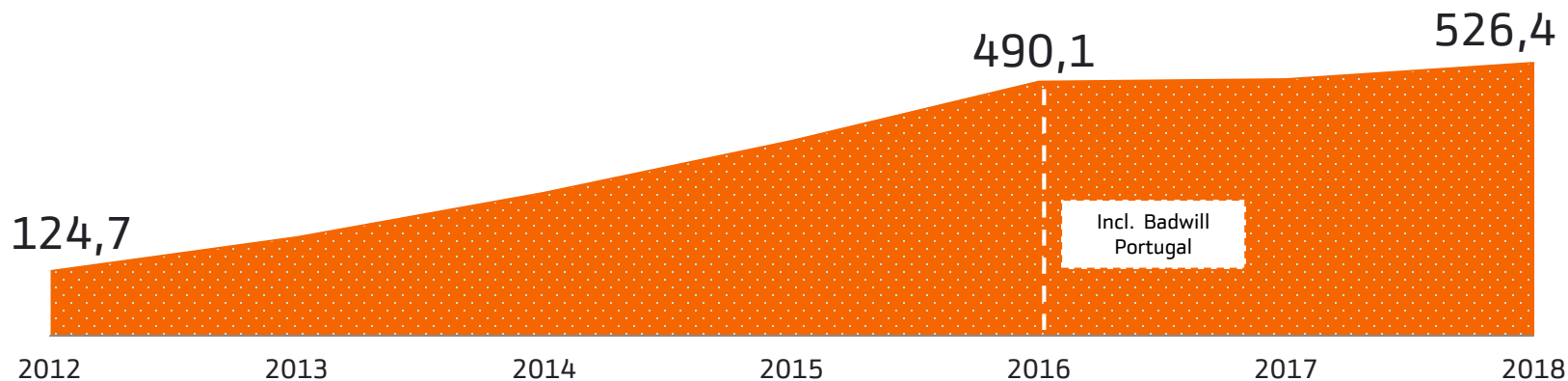
NI

Net Income

- in millions of euros -

.....

+27% CAGR



C

Content

.....

- Results
- Risk Management
- Businesses
- Summary



bankinter.

R

Results

2018

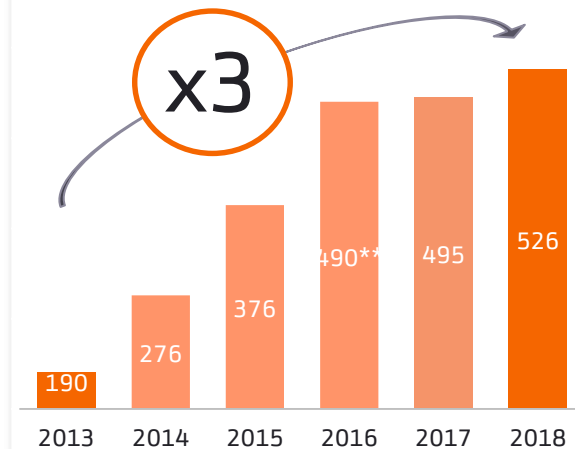
P&L account 2018

- in millions of euros -

	Bankitner Group		
	2018	2017	Dif. % 18/ 17
Net interest income*	1.094	1.034	5,8%
Net fees and commissions	450	424	6,2%
Other income/expenses	343	304	12,8%
Trading income	53	62	-14,2%
Gross operating income	1.940	1.824	6,4%
Operating expenses	-1.003	-945	6,2%
Pre-provision profit	937	879	6,5%
LLP and other provisions*	-216	-202	6,6%
Earnings before tax	721	677	6,5%
Net profit	526	495	6,3%

Net Income

- in millions of euros -



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

** Inc. extraordinary profit from Bankinter Portugal purchase

P&L account

- in millions of euros -

	Bankinter Group				
	4Q18	3Q18	4Q17	QoQ	YoY
Net interest income*	278,0	273,4	269,2	1,7%	3,3%
Net fees and commissions	117,3	107,7	110,5	9,0%	6,2%
Other income/expenses	59,8	103,2	63,0	-42,1%	-5,0%
Trading income	12,5	10,6	11,8	18,0%	6,2%
Gross operating income*	467,6	494,9	454,4	-5,5%	2,9%
Operating expenses	-251,9	-248,2	-241,1	1,5%	4,5%
Pre-provision profit	215,8	246,7	213,3	-12,5%	1,2%
LLP and other provisions*	-47,6	-51,6	-53,8	-7,7%	-11,5%
Earnings before tax	168,1	195,1	159,5	-13,8%	5,4%
Net profit	122,7	142,4	119,2	-13,8%	3,0%

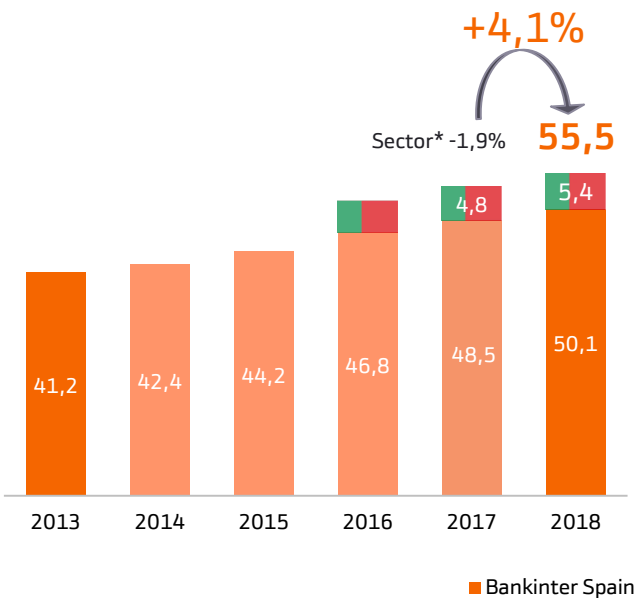
* 2017 figures adjusted for comparative purposes due to IFRS 9 impact in Portugal

L

Loans and receivables

- in billions of euros -

+2,2bn

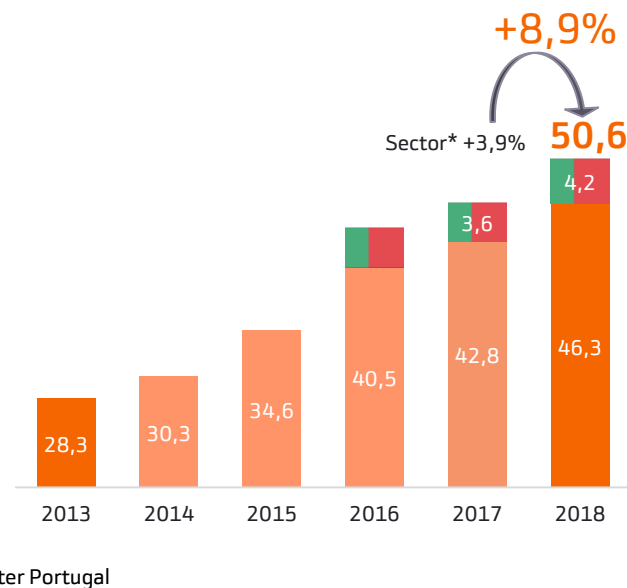


R

Retail funds

- in billions of euros -

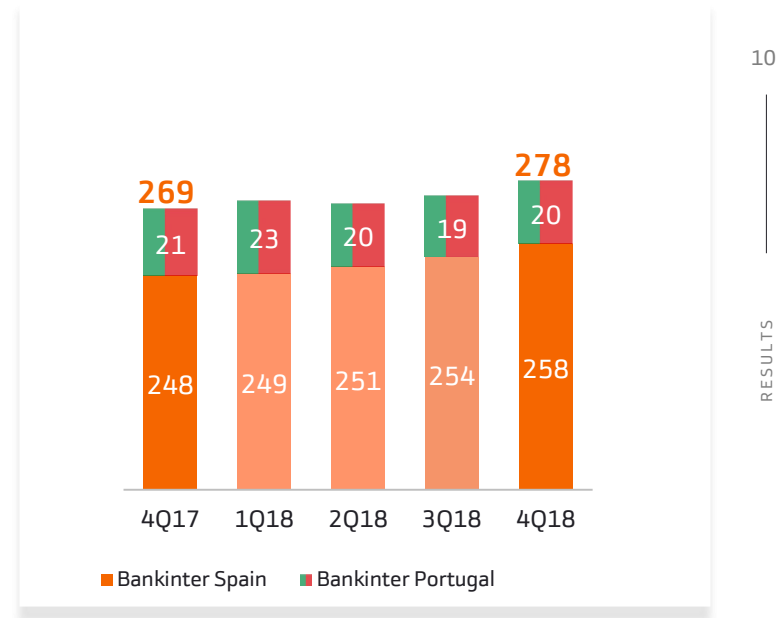
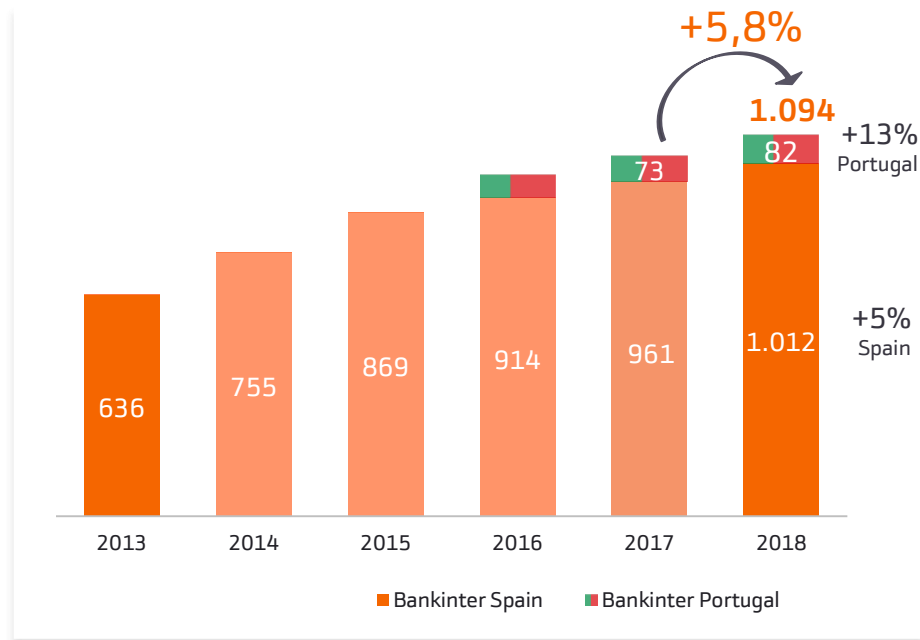
+4,2bn



NII

Net Interest Income*

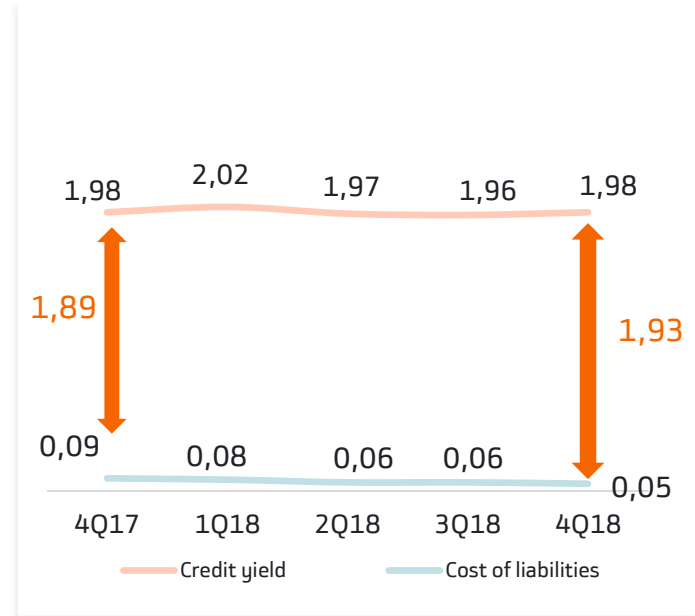
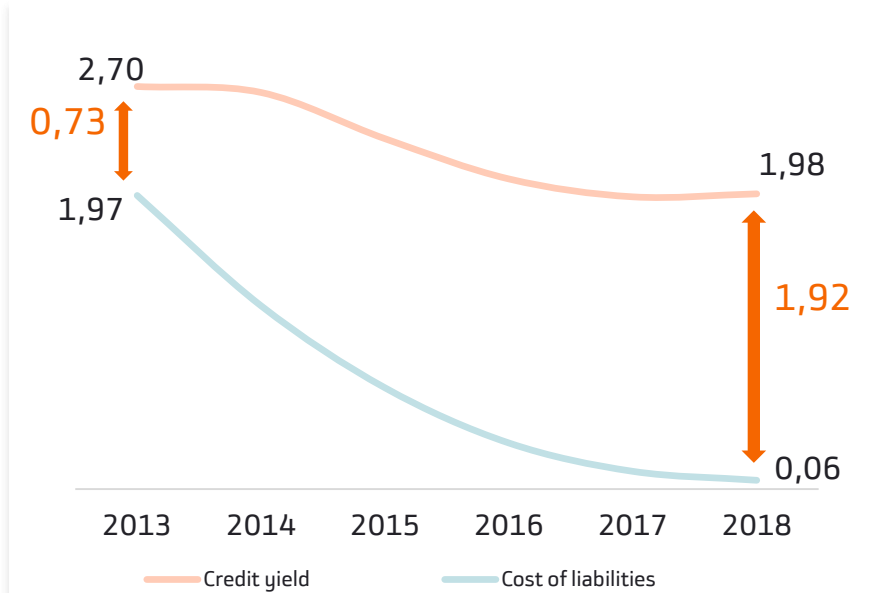
- Yearly and quarterly performance in millions of euros -



NII

Customer margin

- Yearly and quarterly performance in % -



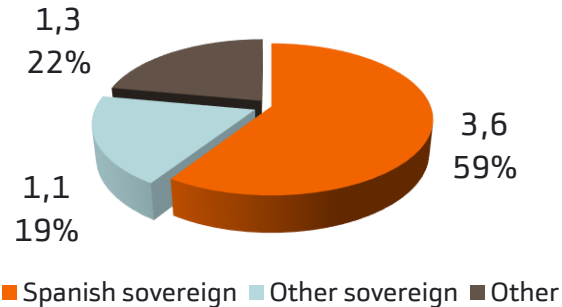
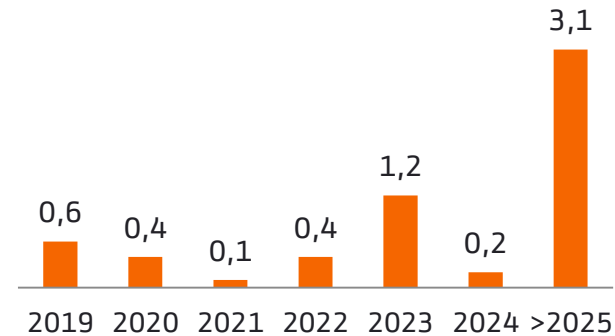
AL

ALCO portfolio

- in billions of euros -

ALCO portfolio	Amort.	Fair Value	Total
Nominal amount (€bn)	2,5	3,5	6,0
Duration (years)	4,3	2,2	3,0
Avg. maturity (years)	12,6	4,3	7,7
Yield (%)	2,5	2,9	2,7
Unrealised gains (€bn)	0,13	0,20	0,33

Maturities (€bn)



Spanish sovereign Other sovereign Other

F

Fee Income

Net fee income	YoY	Contribution to total income
€450M	+6,2%	23%

- Breakdown of received fees in millions of euros -

Asset management	€160M	+0,9%
Payments & collections	€100M	+9,1%
Brokerage & custody	€78M	+5,2%
Life insurance & Pensions	€65M	+6,2%
Risk transactions	€53M	+7,2%
FX differencees	€52M	+1,6%
Other	€50M	+13,6%

Total received: +5,2%

Total paid: +1,5%

OI

Other Income

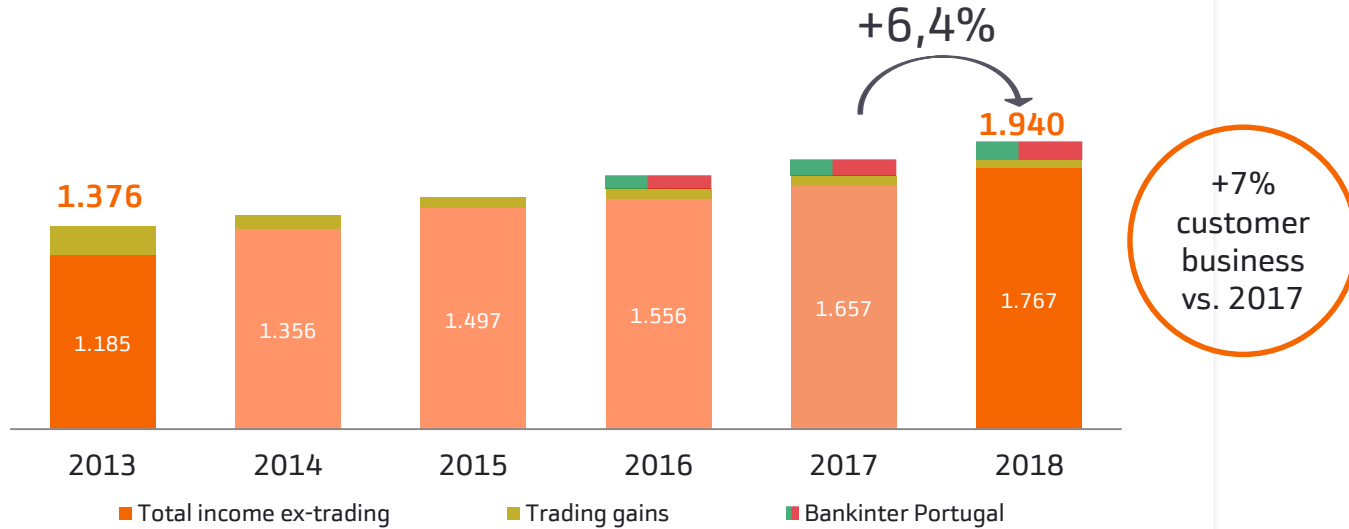
- in millions of euros -

	2018	2017	% Dif.
LDA insurance margin	398,6	361,0	10,4%
Other income/expenses	-55,5	-56,8	-2,2%
of which regulatory expenses	-79,8	-76,0	5,0%
Total other operating income	343,1	304,3	12,8%

TI

Total Income

- in millions of euros -

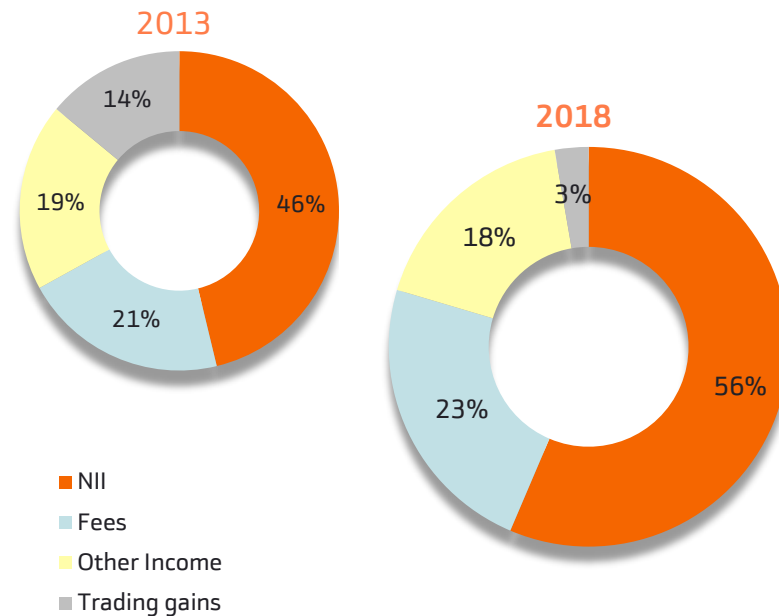




TI

Contribution to Total Income

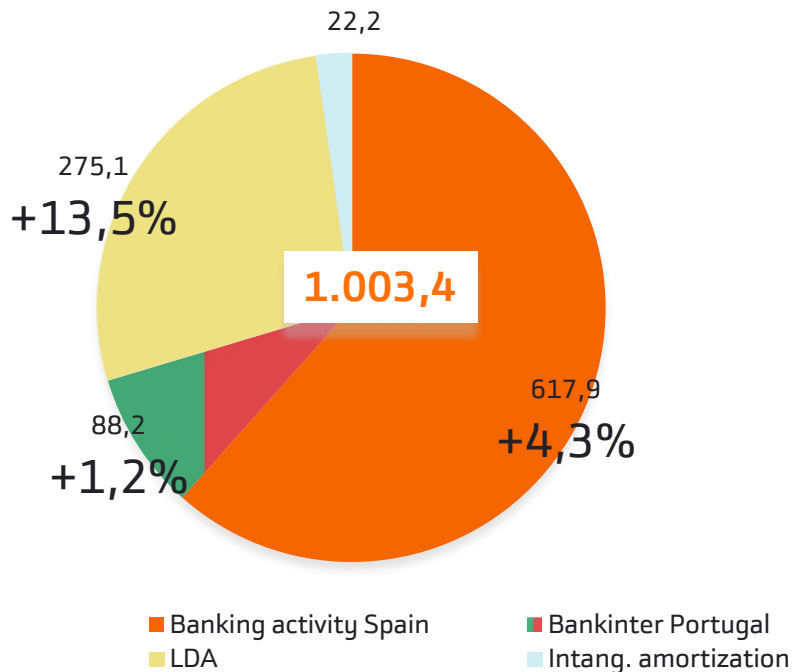
- in % -



E

Operating expenses

- in millions of euros -



+6,2%
Total expenses YoY

+8%
Personnel exp.

+11% LDA
+7% Banking

+4%
General exp.

+16% LDA
+0% Banking

17

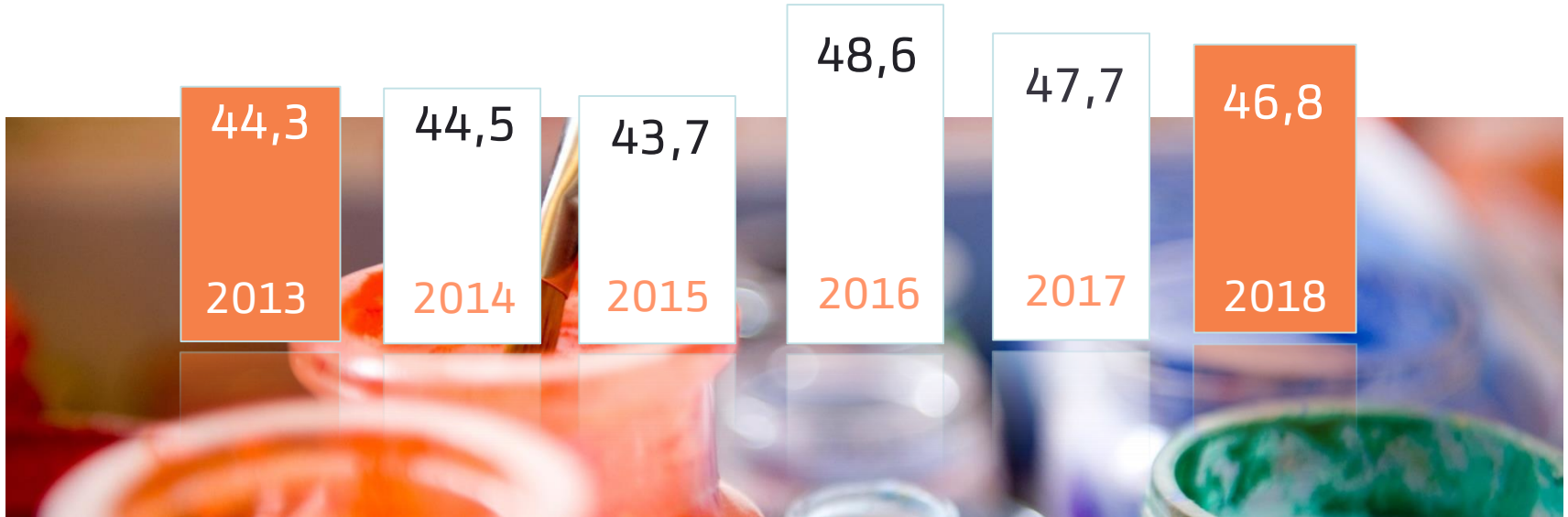
RESULTS

CI

Cost-to-income

- Banking cost-to-income ratio in %-

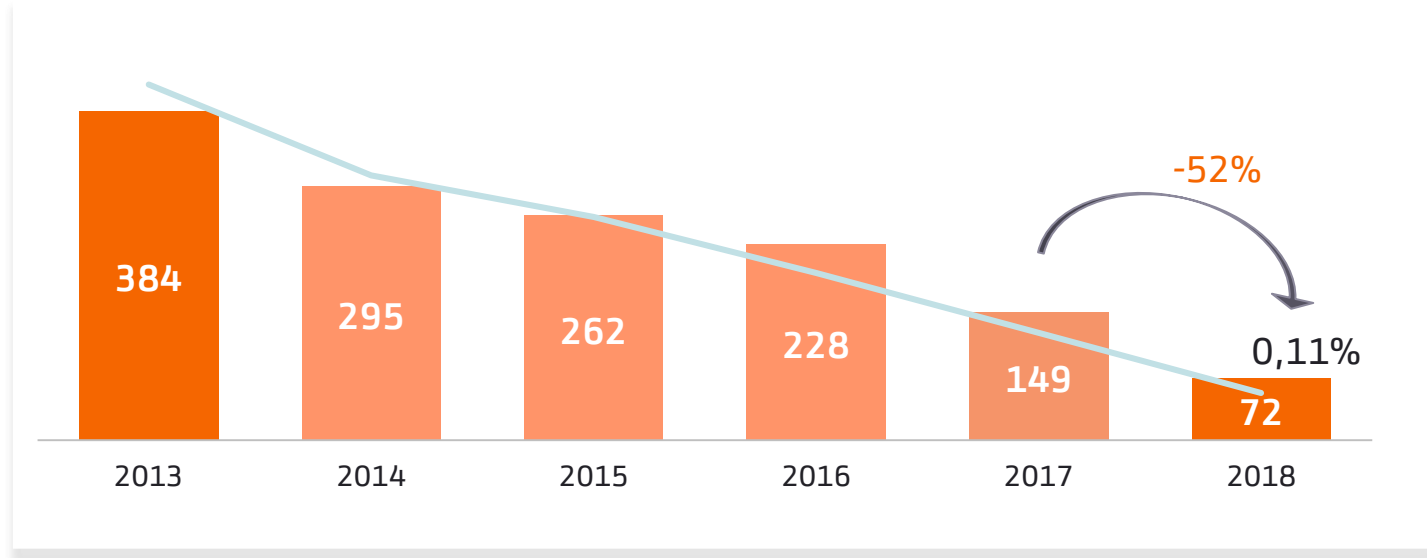
- Including depreciation and amortization -



CR

Cost of Risk

- in millions of euros & % of total risk -

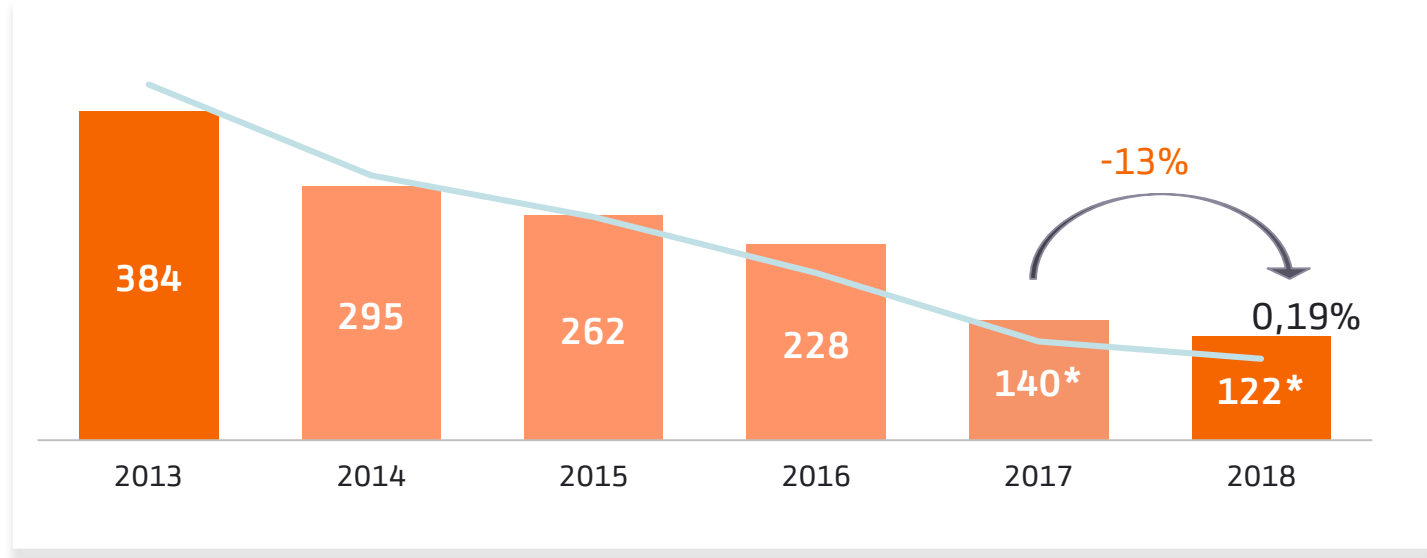


* CoR includes impairments and gain/losses on disposals of assets

CR

Cost of Risk (normalised)

- in millions of euros & % of total risk -

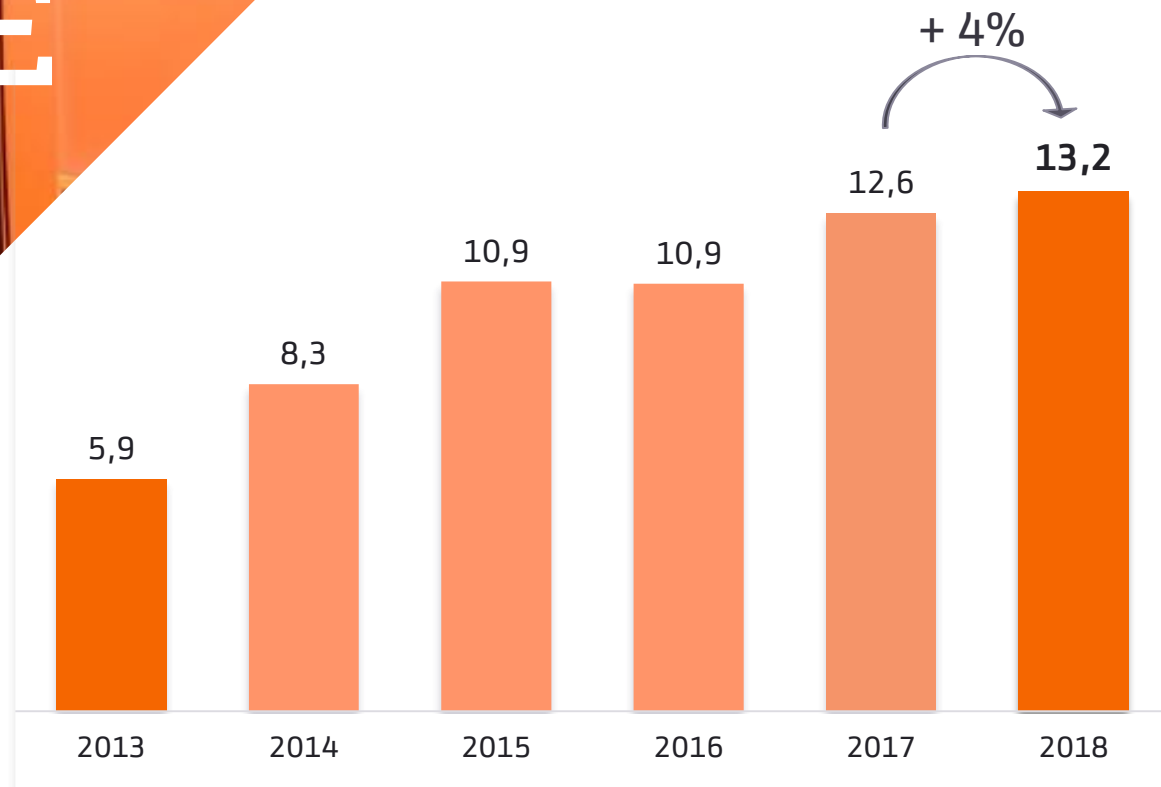


20

RESULTS

ROE

- in % -





Risk management

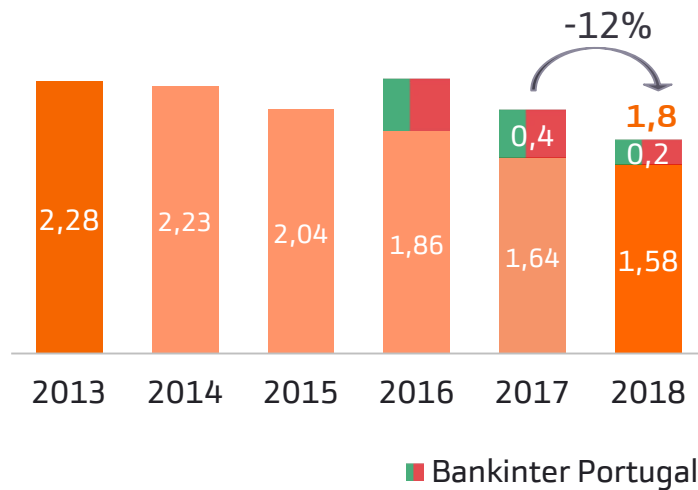
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CR

Credit Risk

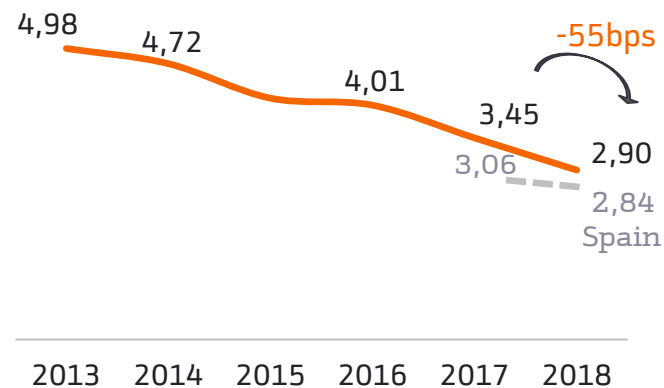
Non-performing loans

- in billions of euros -



NPL ratio

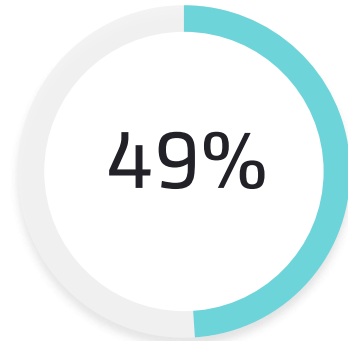
- en % -



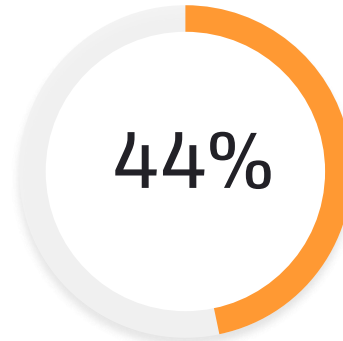
C

Provision coverage

- in % -



NPL coverage



Foreclosed asset
coverage

F

Foreclosed assets - in millions of euros -

December -18

Total balance: €348M

-15%

Book value of sold assets

€150M

Total price of sold assets

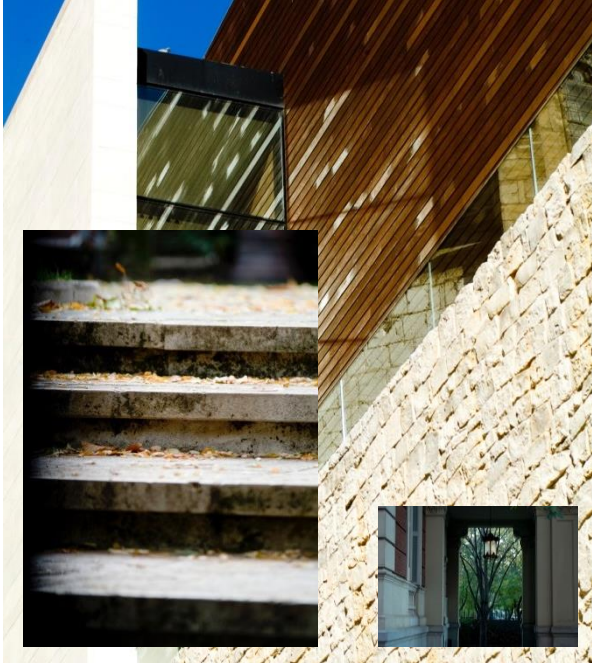
€101M

Average discount on sold assets

-32%

Average coverage on sold assets

41%





CET1 solvency ratio

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

CET 1 "fully loaded"

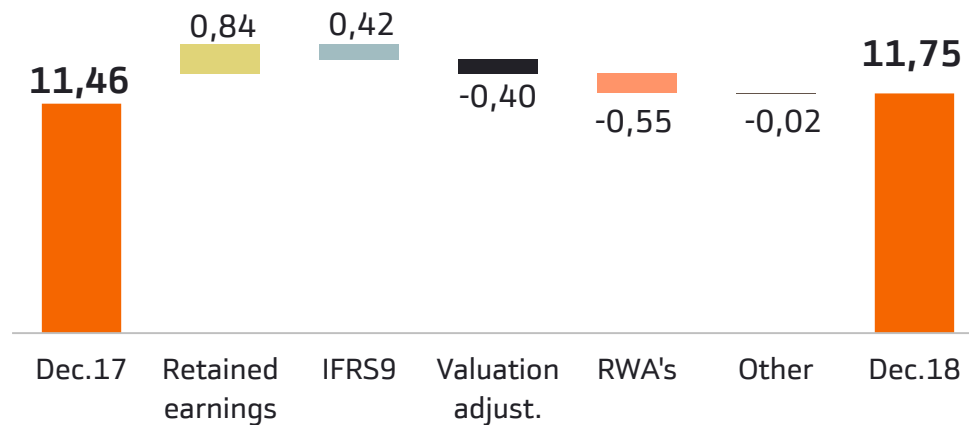
11,75%

Leverage ratio

5,1%

Total capital

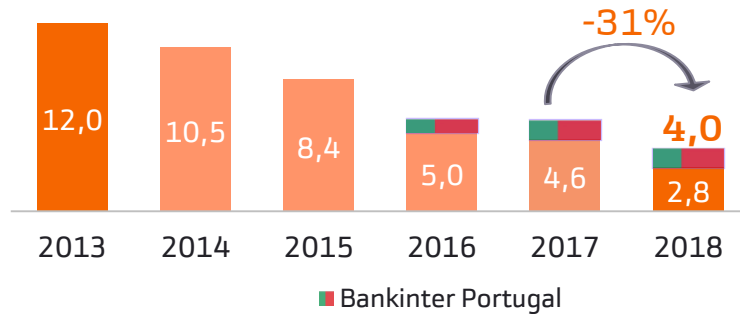
14,3%



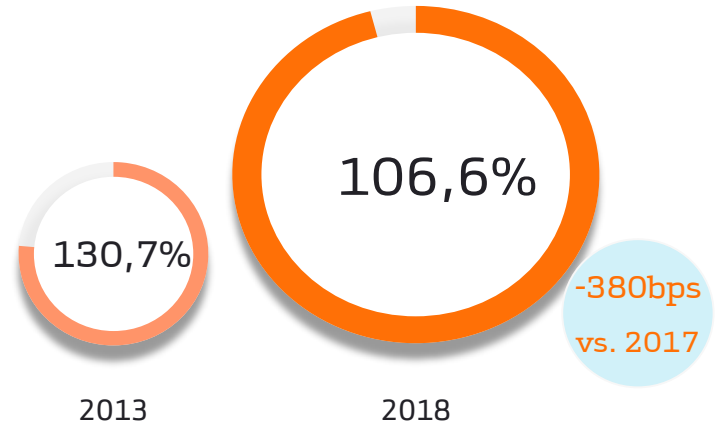
L

Liquidity

Commercial gap
-- in billions of euros --



Loan-to-deposit ratio
- in % -





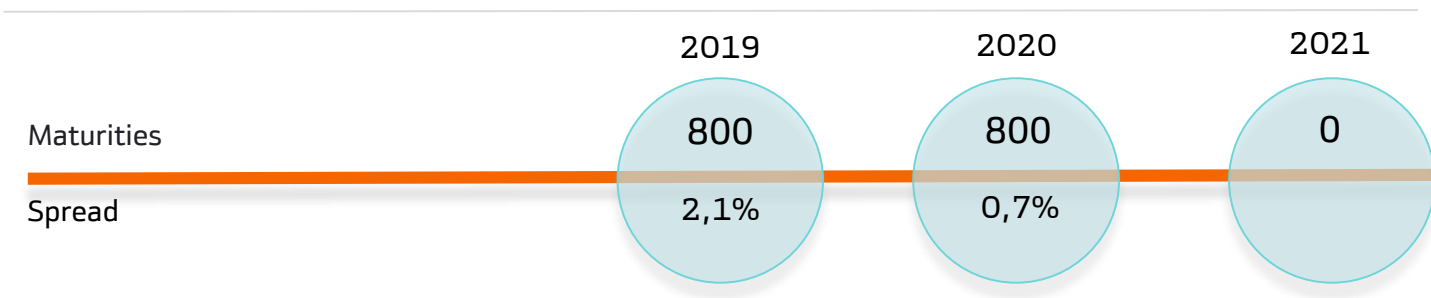
F

Whoselale funding maturities

- in millions of euros -

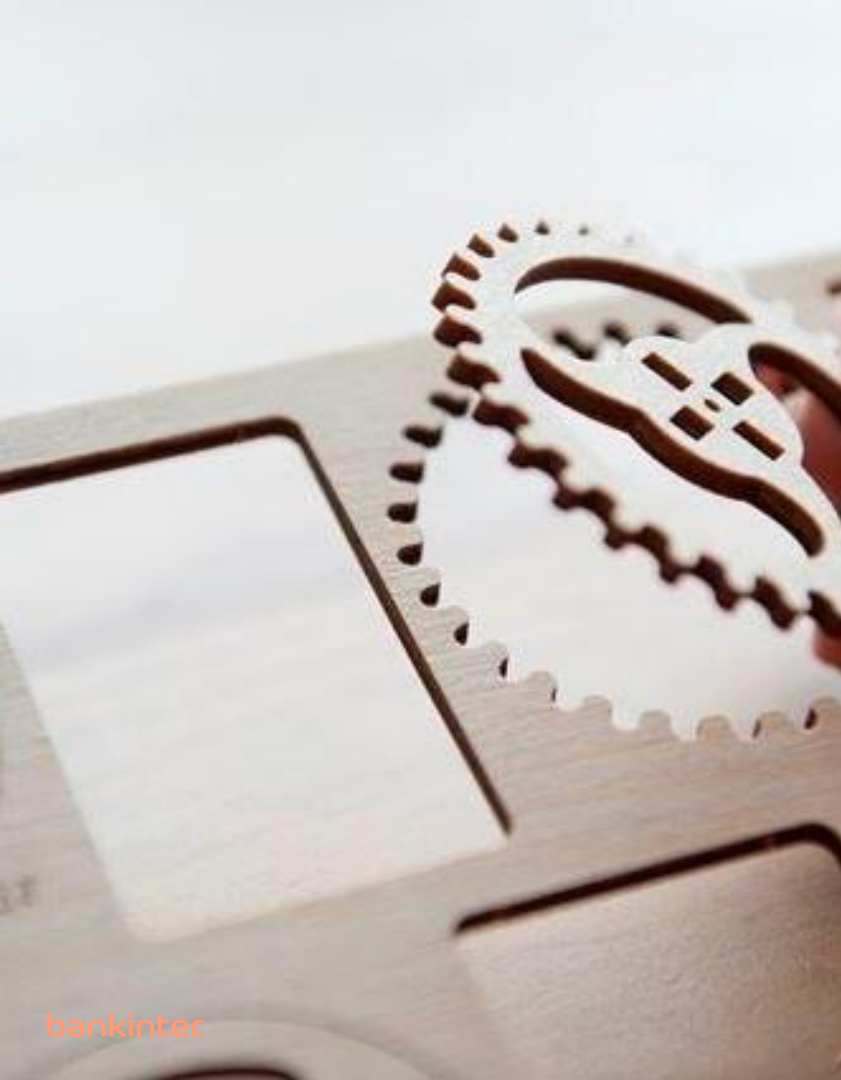
Liquid assets

10.900



Covered bond issuance capacity

6.500



B Businesses

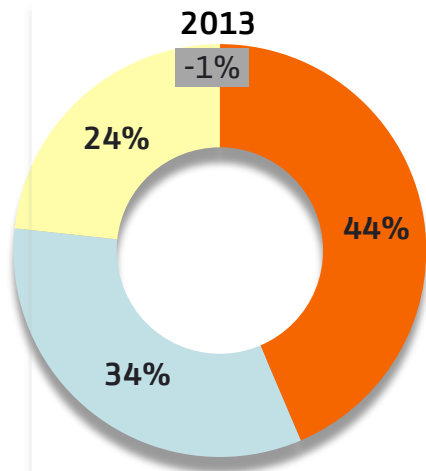
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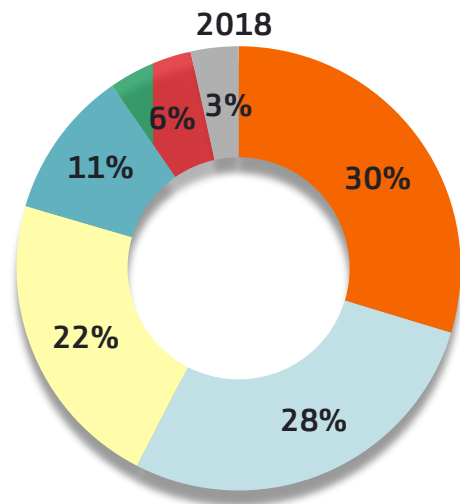
CN

Contribution to Total Income by business

- in % -



- Corporate/SME banking
- Linea Directa
- Bankinter Portugal



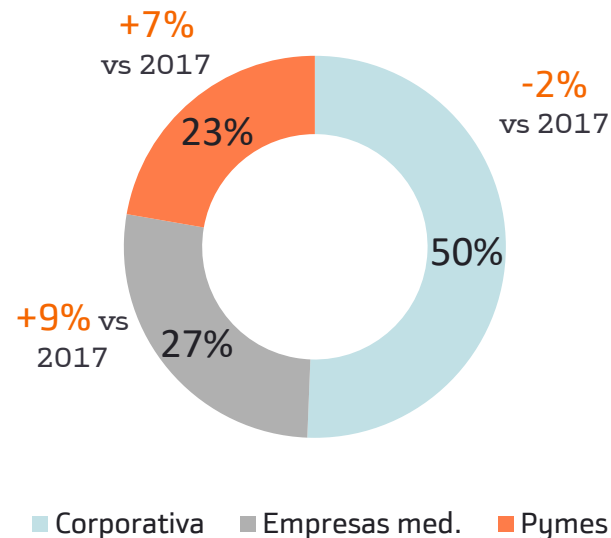
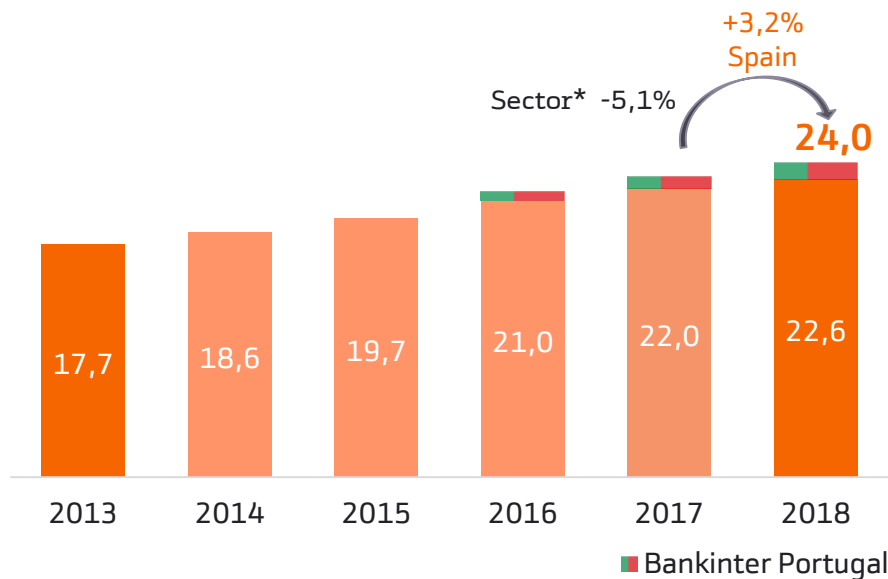
- Commercial/retail banking
- Consumer Finance
- Non-customer related



Corporate/ SME banking

Loans and receivables

- in billions of euros and broken down in % -



4,7 % market share in new production*

*BdE Nov-18

CB

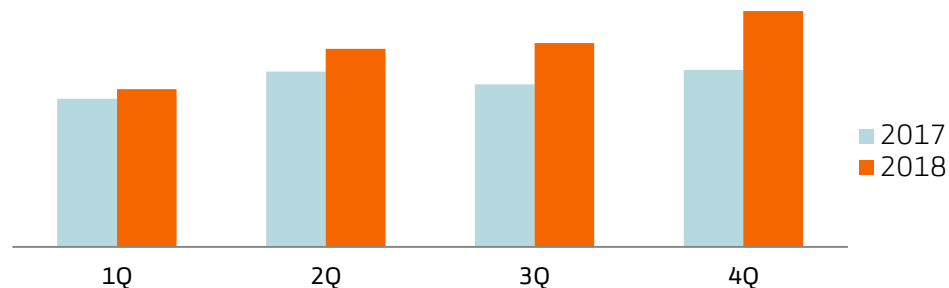
Corporate/ SME banking

INTERNATIONAL TRADE & EXPORT FINANCE

- Total Income in millions of euros -

Total Income 2018
€155 mill.
+11%

27% of Total
income of
Corporate banking



Quarterly increases of total income in 2018

47%
Contribution
of fee income
to Total
income

1Q
4 %

2Q
7%

3Q
14%

4Q
20%



32

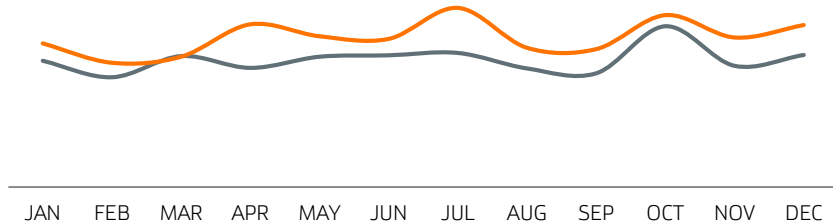
RESULTS

CB

Corporate/ SME banking

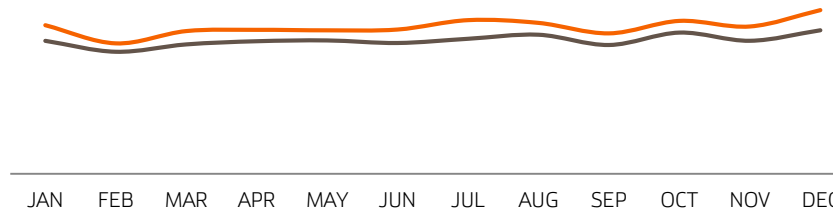
Relationship business
- in millions of euros -

Fees



+18%
vs
Dec.17

NII



+11%
vs
Dec.17

Investment banking

Loan book
+16 %

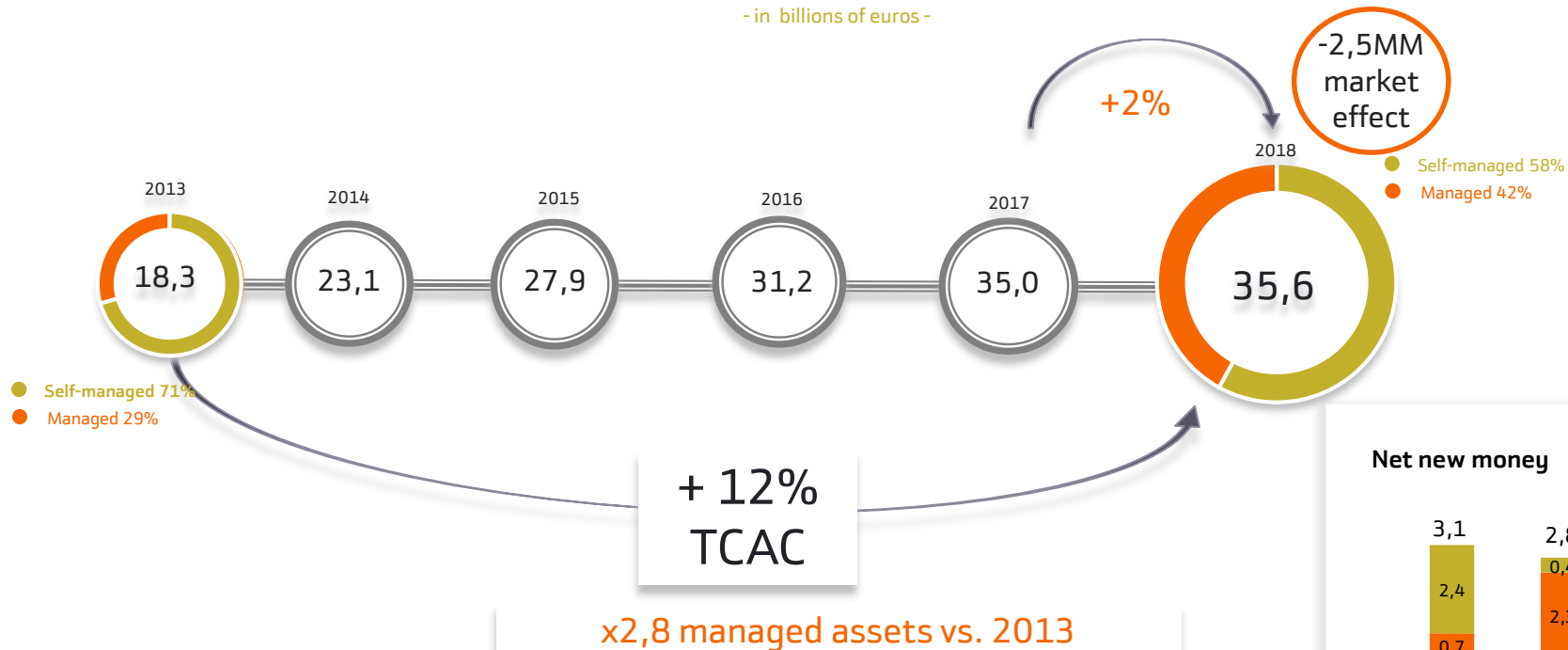
Fees
+16%

Front book
+40%

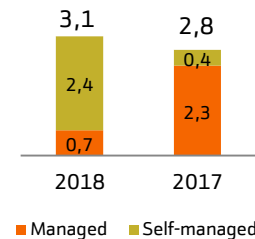
PB

Private banking

Customer assets
- in billions of euros -



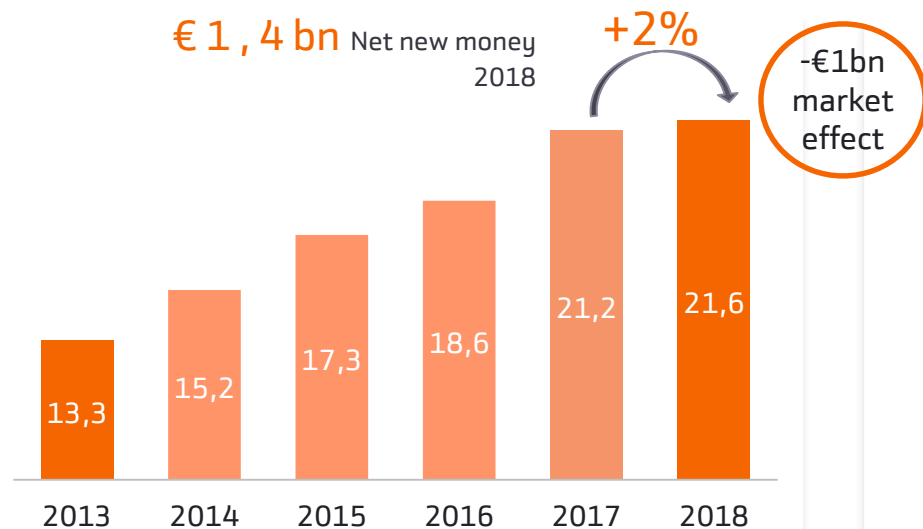
Net new money



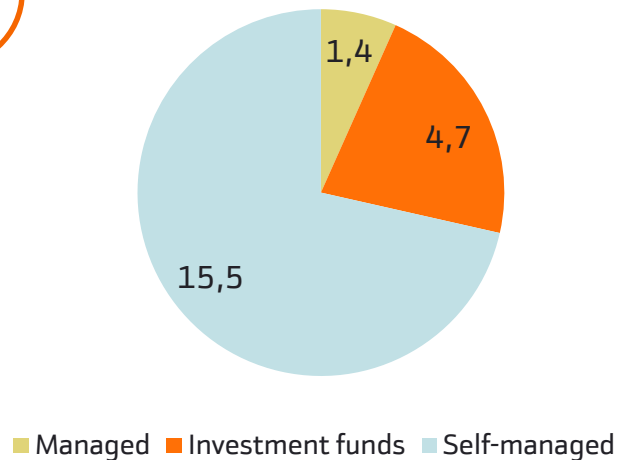
PB

Personal banking

Customer assets
- In billions of euros -



Breakdown by asset type



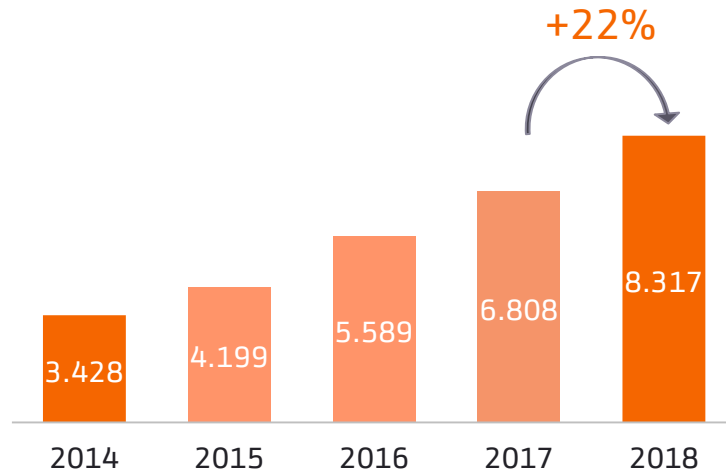


Retail banking

Customer deposits and loans

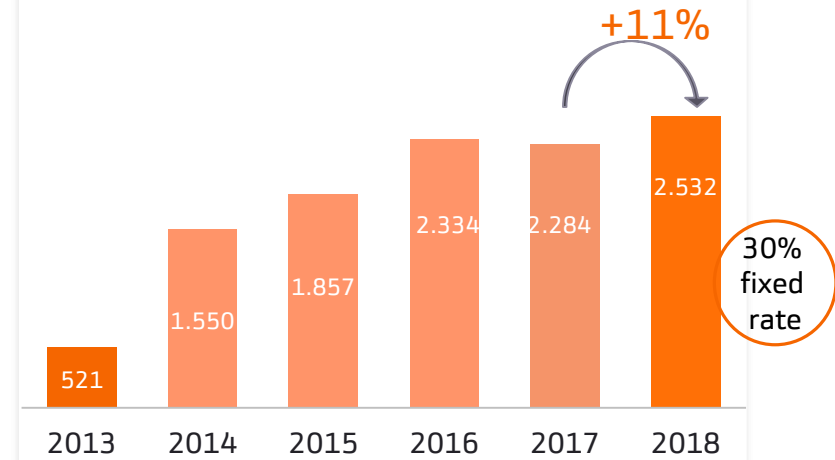
- In millions of euros -

Payroll account balances



Residential new mortgage production

5,8 % market share new production*



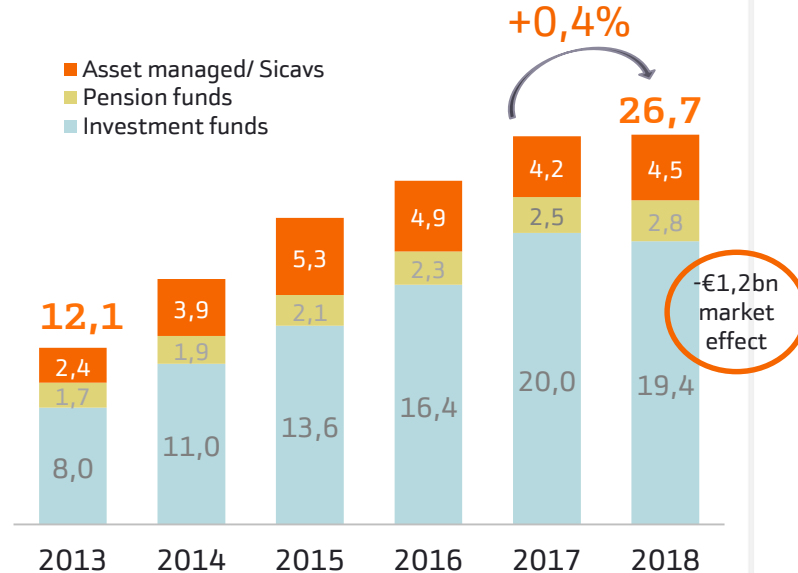
36

RESULTS

AM

Asset management

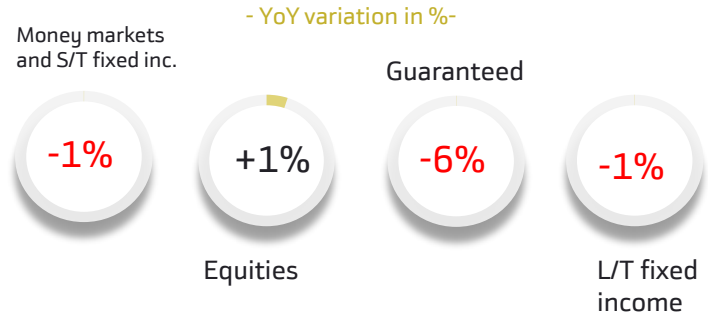
Off-balance sheet funds
- in millions of euros -



Breakdown by Investment fund type
- in % -



Funds managed by Bankinter



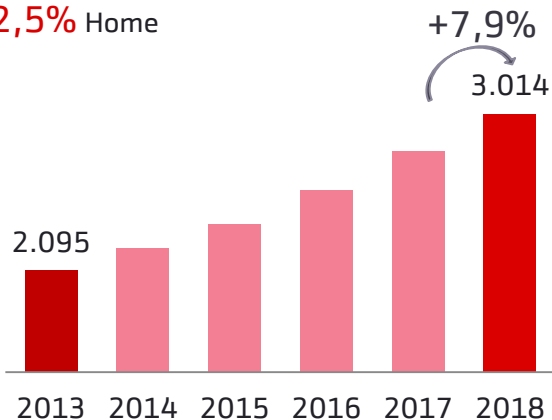
Linea Directa

Number of risks insured

- in thousands -

+5,8% Auto

+12,5% Home

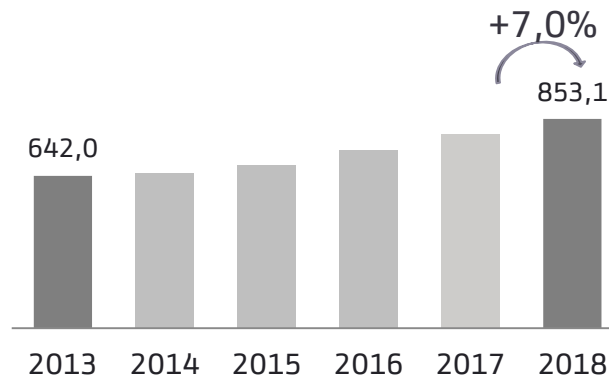


Issued premiums

- in millions of euros -

+5,3% Auto vs. 2,4% sector*

+12,4% Home vs. 3,2% sector*



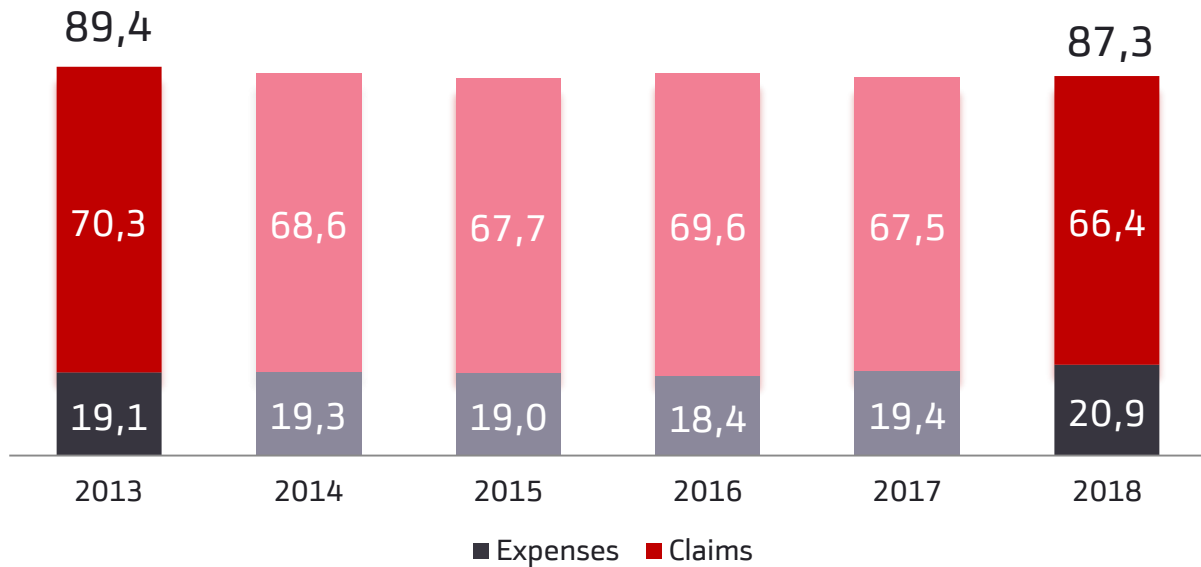
38

RESULTS

LD

Combined ratio

- in % -



39

RESULTS

P&L account 2018

- in millions of euros -



<u>linea directa</u>	2018	2017	Dif. %
Net written premium	853	797	7%
Net earned premium	817	761	7%
Net claims cost	-529	-502	5%
Operating expenses and other	-170	-147	15%
Technical result	118	112	5%
Net investment income	33	35	-4%
Underwriting result	151	147	3%
Other income/expenses	5	5	-8%
Earnings before tax	156	152	3%
Net profit	117	112	5%

ROE

38%

Solvency II ratio

209%

40

RESULTS

LD

Summary LDA

2018: Record year

Net Policy
sales

> 653 K

Growth on
insured
customers

> 221K

Turnover

€853M

PBT

€156M

YoY improvement
on all of
management
ratios

Provisions in excess

€24M

99,5% percentile

First year of Health
Insurance



Vivaz



Vivaz
Actividad

CF

Consumer Finance

1,3 million

Customers

+ 18% YoY

€0,6bn

New loans in 2018

+46% YoY

€2,0bn

Loan book

+34% YoY

Risk-adjusted return

9,2%

NPL ratio

8,4%

Cost of risk

2,9%

Bk Portugal

Business indicators

€5,4bn

Loans **+12%** YoY

Retail banking
€4,1bn +5%

Corporate/ SME
€1,3bn +42%

€4,2bn

Retail funds **+17%** YoY

Off-balance sheet
+6% YoY

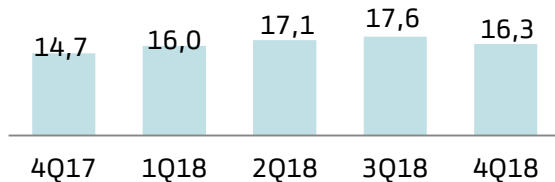
P&L account
- in millions of euros -

	2018	2017	Dif. %
Net interest income	82	73	13%
Net fees and commissions	44	35	24%
Gross operating income	119	105	14%
Operating expenses	-88	-87	1%
Pre-provision profit	31	18	73%
LLP and other provisions	29	13	117%
Earnings before tax	60	31	92%

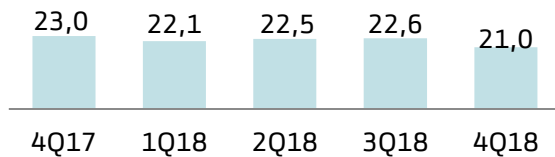
Bk Portugal

Business indicators

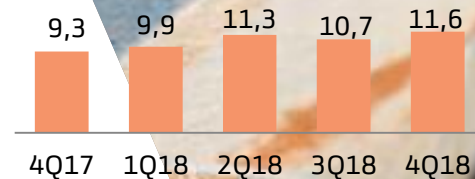
Quarterly recurrent NII
- in millions of euros -



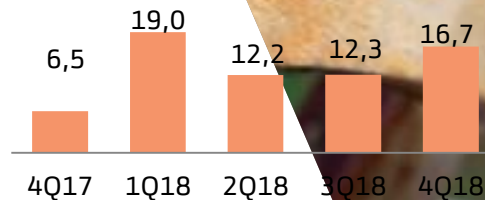
Quarterly op. expenses
- in millions of euros -



Quarterly fee income
- in millions of euros -



Quarterly PBT
- in millions of euros -





S Summary

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S

Summary

€526M

Net Income

+ 6%

€1.940M

Total Income

+ 6%

NII

+ 6%

Fees

+ 6%

Balance Sheet

€55bn

Loan book

+ 4%

€51bn

Retail funds

+ 9%

ROE

13,2%

NPL ratio

2,9%

Ratio de Capital CET1

"FULLY LOADED"

11,75%

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

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24 January 2019

