Bankinter, S.A. and its subsidiaries

Independent auditor’s report on the condensed consolidated interim financial statements at 30 June 2024
Consolidated interim management report

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the condensed consolidated interim financial statements

To the shareholders of Bankinter, S.A.

Report on the condensed consolidated interim financial statements

Opinion

We have audited the condensed consolidated interim financial statements of Bankinter, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 30 June 2024, and the income statement, statement of recognised income and expense, total statement of changes in equity, cash flow statement and related notes, all condensed and consolidated, for the six month period then ended.

In our opinion, the accompanying condensed consolidated interim financial statements of Bankinter, S.A. and its subsidiaries for the six month period then ended have been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the condensed consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the condensed consolidated interim financial statements in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the condensed consolidated interim financial statements of the current period. These matters were addressed in the context of our audit of the condensed consolidated interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters	How our audit addressed the key audit matters
Measurement adjustments for credit risk of loans and advances to customers at amortized cost	
The Group applies the International Financial Reporting Standard 9 Financial instruments (IFRS 9) when it comes to measurement for credit risk under an expected loss model. The calculation of the credit risk coverage loans and advances to costumers at amortized cost is one of the most significant estimates in the preparation of the accompanying condensed consolidated interim financial statements, reason why it has been considered as a key audit matter. In relation to the calculation of the credit risk coverage collectively estimated, the Group applies internal models which take into account items such as: • The classification of the various credit portfolios and debtors based on their credit risk profile. • The identification and classification of assets under special monitoring or that are impaired ("Stage 2" or "Stage 3"). • The estimation of the probability of default (PD) and the loss given default (LGD) for each of the models. • The use of prospective information in the different scenarios considered in the models, as well as the probability of their occurrence. To define these scenarios, the macroeconomic forecasts of the main national and international organizations are taken as a basis. • The reasonableness of applying expert judgements to models, when applicable. • The realizable value of the collateral associated with credit transactions.	Our work has focused primarily on the analysis, evaluation and verification of the general internal control framework, as well as the performance of detailed tests on provisions that are collectively and individually estimated. With respect to internal control system, we have obtained an understanding of the general internal control framework and main procedures and controls implemented by the Group, including the validation of key controls. Our procedures, in collaboration with our internal specialists in credit risk models have focused on the following aspects: • Analysis the methodologies developed by the Group for the credit risk coverage including an understanding and verification of the updates made during the period. • Evaluation of regulatory compliance and the operation of the internal models approved. • The reasonableness of macroeconomic scenarios used. • The periodic evaluation of risks and monitoring for the classification of assets. Additionally, we have performed detailed tests consisting of: • Selective checks of the calculation methods, the portfolio segmentation, the classification of loans, the information used for the estimations, the criteria for determining a significant increase in credit risk and the inclusion of certain attributes in the databases. • Replication of a sample of models, considering the prospective information on the scenarios used by the Group, in order to check the results obtained in the credit risk coverage of the impairment collectively estimated for certain credit portfolios.

Key audit matters	How our audit addressed the key audit matters
In addition, the Group carries out an individualized estimation in the impairment calculations for those assets considered as significant, based on a detailed future cash flows analysis. See Notes 5 and 17.5 to the accompanying condensed consolidated interim financial statements.	• Obtaining of a selection of individual files to evaluate their adequate classification and credit risk coverage. As result of the procedures described above, no differences have arisen outside of a reasonable range, with respect to the amount of credit risk coverage of loans and advances at amortized cost, in the context of the applicable accounting framework under the accompanying condensed consolidated interim financial statements are prepared.
Provisions for litigation and claims	
The Group is involved in some administrative, judicial or other proceedings, relating primarily to legal matters deriving from the normal course of its business. The Group's directors and management have designed a policy in this respect, under which they decide when to recognize a provision for these items. Specifically, for certain legal processes, the Group estimates the provision amount, applying consistent calculation procedures with the experience of success, legal analysis and uncertainty inherent conditions of in the obligations they cover. Both the determination of the expected result of those proceedings and the evaluation of their financial effect are generally particularly complex given the existing uncertainty in terms of their possible outcome, the period end and/or, where appropriate the definitive amount. As a result, the determination of provisions for litigation and claims is one of the largest components of judgment and estimated items in relation to their possible impact on the accompanying condensed consolidated interim financial statements, reason why it has been considered as a key audit matter. See Note 11 to the condensed consolidated interim financial statements.	We have carried out our understanding and analysis of the process to identify and assess open litigation and proceedings, as well as the process for recognizing provisions and the relevant internal controls, focusing our procedures on aspects such as: • Understanding the internal control environment and the policy for classifying claims and litigation approved by the Group, as well as, the assignment of any provision, including controls related with calculation and analyses of provisions. • Evaluation of the methodology used by the Group in the estimation of the provisions related to the main open legal processes. • Analyzing the main types of claims and litigation relating to legal matters, in progress on 30 June 2024. • Testing of the information related with the lawsuits evolution and the sentences evolution in the main open legal processes • Analysis of a selection of lawsuits, verifying the proper grouping of cases by type, in order to calculate provisions. • Testing of the historical data used to determine the provisions to be maintained, regarding the results of the main judicial process.

Key audit matters	How our audit addressed the key audit matters
	As a result of the procedures performed regarding the provisions for litigation and claims, no differences were shown outside of a reasonable range, regarding to the amounts recognized on the accompanying condensed consolidated interim financial statements.
Financial information systems	
The Group's financial information is highly dependent on information technology (IT) systems, so adequate control over them is vital to guarantee the correct processing of the information. In this regard, the Group's management monitors internal control over IT systems, including access control that supports the Group's technology processes. In this context, it is critical to evaluate aspects such as the organization of the Group's Technology and Operations Area, controls over the maintenance and development of applications, physical and logical security and the exploitation of the systems, which is why it has been considered as a key audit matter.	With the collaboration of our IT systems specialists, our work has consisted of evaluating and verifying internal control in relation to the systems, databases and applications that support the Group's financial information. For this objective, procedures have been carried out on the effectiveness of the design and operation of key controls and substantive tests related to: • Operation of the IT governance framework. • Access control and logical security over the applications, operating systems and databases that support relevant financial information. • Change management and application developments. • Maintenance of IT operations, including understanding management's response to cybersecurity risks. • Evaluation of management and control tools for automatic processes and potential incidents. • Analysis of the process of generating manual entries and selective tests of extraction and filtering of unusual entries in financial information systems. • Contrast of the operational effectiveness of the automatic controls that support the main key business processes that affect the recording in the accounting systems. As a result of the procedures described above, no relevant aspects have been identified that could affect the accompanying condensed consolidated interim financial statements.

Emphasis of matters

We draw attention to note 1.c), which describes that these condensed consolidated interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and therefore the accompanying condensed consolidated interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2023. Our opinion is not modified in respect of this matter.

Other information: Consolidated interim management report

Other information comprises only the consolidated interim management report for the seis month period ended 30 June 2024, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the condensed consolidated interim financial statements.

Our audit opinion on the condensed consolidated interim financial statements does not cover the consolidated interim management report. Our responsibility regarding the consolidated interim management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the consolidated interim management report and the condensed consolidated interim financial statements as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the consolidated interim management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the consolidated interim management report is consistent with that contained in the condensed consolidated interim financial statements for the seis month period ended 30 June 2024, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors and the audit commission for the condensed consolidated interim financial statements

The Parent company's directors are responsible for the preparation of the accompanying condensed consolidated interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007, and for such internal control as the directors determine is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed consolidated interim financial statements, the Parent company’s directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit commission is responsible for overseeing the process of preparation and presentation of the condensed consolidated interim financial statements.

Auditor's responsibilities for the audit of the condensed consolidated interim financial statements

Our objectives are to obtain reasonable assurance about whether the condensed consolidated interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed consolidated interim financial statements.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed consolidated interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed consolidated interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the condensed consolidated interim financial statements, including the disclosures.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the condensed consolidated interim financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit commission regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit commission with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit commission, we determine those matters that were of most significance in the audit of the condensed consolidated interim financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Appointment period

The General Ordinary Shareholders' Meeting held on 21 March 2024 appointed us as auditors of the Group for a period of one year, for the year ended 31 December 2024.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2016.

Services provided

The services, other than the audit of accounts, that have been provided to the audited Group are broken down in note 20 of the condensed consolidated interim financial statements.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Ana Isabel Peláez Morón (20499)

17 July 2024

bankinter.

Half-year financial report

2024

Bankinter Group condensed consolidated interim financial statements for the six months ended 30 June 2024

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2024 AND 31 DECEMBER 2023

BANKINTER GROUP (Thousands of euros)

ASSETS	Note	30/06/2024	31/12/2023 (*)
Cash, cash balances at central banks and other demand deposits		**11,382,260**	**13,859,595**
Financial assets held for trading	**5**	**6,096,517**	**4,505,254**
Memorandum items: loaned or pledged		691,089	886,196
Non-trading financial assets mandatorily at fair value through profit or loss	**5**	**235,322**	**178,110**
Memorandum items: loaned or pledged		—	—
Financial assets designated at fair value through profit or loss	**5**	**—**	**—**
Memorandum items: loaned or pledged		—	—
Financial assets at fair value through other comprehensive income	**5**	**1,045,077**	**1,232,596**
Memorandum items: loaned or pledged		50,700	186,779
Financial assets at amortised cost	**5**	**97,194,828**	**90,836,049**
Memorandum items: loaned or pledged		17,300,265	12,987,118
Derivatives – hedge accounting	**7**	**870,492**	**853,258**
Fair value changes of the hedged items in portfolio hedge of interest rate risk		**(500,764)**	**(377,646)**
Investments in joint ventures and associates		**222,821**	**235,499**
a) Joint ventures		160,660	167,139
b) Associates		62,161	68,360
Assets under reinsurance and insurance contracts		**—**	**—**
Tangible assets	**8/9**	**430,972**	**426,764**
a) Property, plant and equipment		428,412	424,178
i) For own use		425,239	420,368
ii) Leased out under an operating lease		3,173	3,810
iii) Assigned to welfare projects (savings banks and credit cooperatives)		—	—
b) Investment property		2,560	2,586
Of which: leased out under operating leases		2,560	2,586
Memorandum items: acquired under finance leases		121,890	120,876
Intangible assets	**8**	**307,328**	**302,018**
a) Goodwill		2,276	2,276
b) Other intangible assets		305,052	299,742
Tax assets		**675,094**	**583,054**
a) Current tax assets		426,077	322,289
b) Deferred tax assets		249,017	260,765
Other assets		**266,146**	**193,113**
a) Insurance contracts linked to pensions		—	—
b) Inventories		—	—
c) Other assets		266,146	193,113
Non-current assets and disposal groups classified as held for sale	6	**173,749**	**183,978**
TOTAL ASSETS		**118,399,842**	**113,011,642**

The accompanying Notes 1 to 20 are an integral part of the condensed consolidated interim financial statements for the six months ended 30 June 2024.

(*) Presented for comparison purposes only.

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2024 AND 31 DECEMBER 2023

BANKINTER GROUP (Thousands of euros)

EQUITY AND LIABILITIES	Note	30/06/2024	31/12/2023 (*)
Financial liabilities held for trading	**10**	**4,706,989**	**3,895,791**
Financial liabilities designated at fair value through profit or loss		**—**	**—**
Memorandum items: subordinated liabilities		—	—
Financial liabilities at amortised cost	**10**	**106,288,383**	**102,070,062**
Memorandum items: subordinated liabilities		1,625,023	1,421,995
Derivatives – hedge accounting	**7**	**449,135**	**611,660**
Fair value changes of the hedged items in portfolio hedge of interest rate risk		**(78,945)**	**(105,156)**
Liabilities under insurance contracts		**—**	**—**
Provisions	**11**	**327,312**	**346,190**
a) Pensions and other post-employment defined benefit obligations		1,509	1,408
b) Other long-term employee benefits		—	—
c) Pending legal issues and tax litigation		133,751	133,524
d) Commitments and guarantees given		30,019	29,441
e) Other provisions		162,033	181,817
Tax liabilities		**689,310**	**463,012**
a) Current tax liabilities		620,308	399,716
b) Deferred tax liabilities		69,002	63,296
Share capital repayable on demand		**—**	**—**
Other liabilities		**373,847**	**407,143**
Of which: welfare fund (savings banks and credit cooperatives only)		—	—
Liabilities included in disposal groups classified as held for sale	**6**	**—**	**—**
TOTAL LIABILITIES		**112,756,031**	**107,688,702**

The accompanying Notes 1 to 20 are an integral part of the condensed consolidated interim financial statements for the six months ended 30 June 2024.

(*) Presented for comparison purposes only.

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2024 AND 31 DECEMBER 2023

BANKINTER GROUP (Thousands of euros)

LIABILITIES AND EQUITY (continued)	Note	30/06/2024	31/12/2023 (*)
SHAREHOLDERS' EQUITY		**5,694,917**	**5,445,304**
Capital	**12**	**269,660**	**269,660**
a) Paid up capital		269,660	269,660
b) Unpaid capital which has been called up		—	—
Memorandum items: uncalled up capital		—	—
Share premium		**—**	**—**
Equity instruments issued other than capital		**—**	**—**
a) Equity component of compound financial instruments		—	—
b) Other equity instruments issued		—	—
Other equity		**10,221**	**19,807**
Retained earnings		**5,051,921**	**4,650,297**
Revaluation reserves		**—**	**—**
Other reserves		**(8,154)**	**(12,312)**
(-) Treasury shares		**(1,812)**	**(1,365)**
Profit or loss attributable to owners of the parent		**473,482**	**844,787**
(-) Interim dividends	**3**	**(100,401)**	**(325,570)**
ACCUMULATED OTHER COMPREHENSIVE INCOME		**(51,106)**	**(122,364)**
Items that will not be reclassified to profit or loss		**(24,278)**	**(81,224)**
a) Actuarial gains or (-) losses on defined benefit pension plans		5,877	5,876
b) Non-current assets and disposal groups classified as held for sale		—	—
c) Share of other recognised income and expense of investments in joint ventures and associates		—	—
d) Fair value changes of equity instruments measured at fair value through other comprehensive income		(30,155)	(87,100)
e) Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income		—	—
f) Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]		—	—
g) Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]		—	—
h) Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		—	—
Items that may be reclassified to profit or loss		**(26,828)**	**(41,140)**
a) Hedge of net investments in foreign operations (effective portion)		—	—
b) Foreign currency translation		—	—
c) Hedging derivatives. Cash flow hedges (effective portion)		(7,252)	(12,548)
d) Fair value changes of debt instruments measured at fair value through other comprehensive income		(21,965)	(27,321)
e) Hedging instruments [not designated elements]		—	—
f) Non-current assets and disposal groups classified as held for sale		—	—
g) Share of other recognised income and expense of investments in joint ventures and associates		2,389	(1,271)
MINORITY INTERESTS (non-controlling interests)		**—**	**—**
Accumulated other comprehensive income		**—**	**—**
Other items		**—**	**—**
TOTAL EQUITY		**5,643,811**	**5,322,940**
TOTAL EQUITY AND LIABILITIES		**118,399,842**	**113,011,642**
MEMORANDUM ITEMS: OFF-BALANCE-SHEET EXPOSURES			
Guarantees given		1,673,270	1,689,894
Financial guarantees given		17,290,390	16,129,393
Other commitments given		6,906,111	11,462,378

The accompanying Notes 1 to 20 are an integral part of the condensed consolidated interim financial statements for the six months ended 30 June 2024.

(*) Presented for comparison purposes only.

CONSOLIDATED INCOME STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND 2023

(Thousands of euros)

		(Debit)/Credit	
	Note	30/06/2024	30/06/2023 (*)
Interest income		2,198,862	1,592,881
Interest expenses		(1,038,579)	(524,623)
Expenses on share capital repayable on demand		—	—
A) NET INTEREST INCOME		**1,160,283**	**1,068,258**
Dividend income		5,081	11,160
Share of the profit or loss of entities accounted for using the equity method		11,720	16,189
Fee and commission income		439,768	404,881
Fee and commission expenses		(97,811)	(101,445)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	16	22,384	30,672
Gains or losses on financial assets and liabilities held for trading, net		(25,852)	35,573
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net		(1,450)	6,341
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net		—	—
Gains or losses from hedge accounting, net		(377)	(72)
Exchange differences [gain or loss], net		29,973	(35,578)
Other operating income		19,766	17,273
Other operating expenses	1	(152,994)	(175,308)
Income from assets under insurance and reinsurance contracts		—	—
Expenses from liabilities under insurance and reinsurance contracts		—	—
B) GROSS OPERATING INCOME		**1,410,491**	**1,277,944**
Administrative expenses		(438,589)	(411,239)
a) Staff expenses		(265,233)	(250,492)
b) Other administrative expenses		(173,356)	(160,747)
Redemption		(42,749)	(41,024)
Provisions or reversal or provisions	11	(38,020)	(45,665)
Impairment or reversal of impairment and gains or losses on modifications of cash flows of financial assets not measured at fair value through profit or loss or modification gains or losses, net		(171,586)	(147,795)
a) Financial assets at fair value through other comprehensive income		29	(129)
b) Financial assets at amortised cost		(171,615)	(147,666)
Impairment or reversal of impairment of investments in joint ventures and associates		—	—
Impairment or reversal of impairment on non-financial assets		—	4,230
Tangible assets		—	—
Intangible assets	9	—	4,230
Other		—	—
Gains or losses on derecognition of non-financial assets and investments, net		(595)	(1,033)
Negative goodwill recognised in profit or loss	2	—	—
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations		(3,546)	(1,770)
C) PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**715,406**	**625,188**
Tax expense or income related to profit or loss from continuing operations		(241,924)	(207,282)
D) PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS		**473,482**	**417,906**
Profit or loss after tax from discontinued operations		—	—
E) PROFIT OR LOSS FOR THE PERIOD		**473,482**	**417,906**
Attributable to minority interests (non-controlling interests)		—	—
Attributable to the owners of the parent		473,482	417,906
EARNINGS PER SHARE:			
Basic	3	0.53	0.47
Diluted	3	0.51	0.45

The accompanying Notes 1 to 20 are an integral part of the condensed consolidated interim financial statements for the six months ended 30 June 2024.

(*) Presented for comparison purposes only.

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND 2023

(Thousands of euros)

	30/06/2024	30/06/2023 (*)
A) PROFIT OR LOSS FOR THE PERIOD	**473,482**	**417,906**
B) OTHER COMPREHENSIVE INCOME	**71,258**	**(50,059)**
Items that will not be reclassified to profit or loss	**56,946**	**(38,648)**
a) Actuarial gains or (-) losses on defined benefit pension plans	—	—
b) Non-current assets and disposal groups held for sale	—	—
c) Share of other recognised income and expense of investments in joint ventures and associates	—	—
d) Fair value changes of equity instruments measured at fair value through other comprehensive income	57,813	(39,237)
e) Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	—	—
f) Fair value changes of equity instruments measured at fair value through other comprehensive income (hedged item)	—	—
g) Fair value changes of equity instruments measured at fair value through other comprehensive income (hedging instrument)	—	—
h) Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	—	—
i) Income tax relating to items that will not be reclassified	(867)	589
Items that may be reclassified to profit or loss	**14,312**	**(11,410)**
a) Hedge of net investments in foreign operations [effective portion]	**—**	**—**
Valuation gains or (-) losses taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
b) Foreign currency translation	**—**	**—**
Translation gains or (-) losses taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
c) Cash flow hedges [effective portion]	**7,567**	**(13,852)**
Valuation gains or (-) losses taken to equity	7,567	(13,852)
Transferred to profit or loss	—	—
Transferred to initial carrying amount of hedged items	—	—
Other reclassifications	—	—
d) Hedging instruments [not designated elements]	**—**	**—**
Valuation gains or (-) losses taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
e) Debt instruments at fair value through other comprehensive income	**7,651**	**1,310**
Valuation gains or (-) losses taken to equity	6,217	5,811
Transferred to profit or loss	1,434	(4,501)
Other reclassifications	—	—
f) Non-current assets and disposal groups held for sale	**—**	**—**
Valuation gains or (-) losses taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
g) Share of other recognised income and expense of investments in joint ventures and associates	**3,659**	**(2,631)**
h) Income tax relating to items that may be reclassified to profit or (-) loss	**(4,565)**	**3,763**
C) TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**544,740**	**367,847**
Attributable to minority interests (non-controlling interests)	**—**	**—**
Attributable to the owners of the parent	**544,740**	**367,847**

The accompanying Notes 1 to 20 are an integral part of the condensed consolidated interim financial statements for the six months ended 30 June 2024.

(*) Presented for comparison purposes only.

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND 2023

(Thousands of euros)

												Minority interests		
	Share capital (Note 12)	Share premium (Note 12)	Equity instruments issued other than capital	Other equity	Retained earnings	Revaluation reserves (Note 12)	Other reserves (Note 12)	(-) Treasury shares (Note 12)	Profit or loss attributable to owners of the parent	(-) Interim dividends (Note 3)	Accumulated other comprehensive income (Note 12)	Accumulated other comprehensive income	Other items	Total
Closing balance at 31/12/2023	**269,660**	**—**	**—**	**19,807**	**4,650,297**	**—**	**(12,312)**	**(1,365)**	**844,787**	(325,570)	**(122,364)**	**—**	**—**	**5,322,940**
Effects of correction of errors	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Opening balance 01/01/2024	**269,660**	**—**	**—**	**19,807**	**4,650,297**	**—**	**(12,312)**	**(1,365)**	**844,787**	(325,570)	**(122,364)**	**—**	**—**	**5,322,940**
Total comprehensive income for the period	—	—	—	—	—	—	—	—	473,482	—	71,258	—	—	544,740
Other changes in equity	**—**	**—**	**—**	**(9,586)**	**401,624**	**—**	**4,158**	**(447)**	**(844,787)**	225,169	**—**	**—**	**—**	**(223,868)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of preference shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exercise or expiration of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital reduction	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends (or remuneration to shareholders)	—	—	—	—	—	—	—	—	—	(197,216)	—	—	—	(197,216)
Purchase of treasury shares	—	—	—	—	(1,208)	—	—	(50,741)	—	—	—	—	—	(51,949)
Sale or cancellation of treasury shares	—	—	—	—	—	—	—	50,294	—	—	—	—	—	50,294
Reclassification of financial instruments from equity to liability	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial instruments from liability to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers among components of equity	—	—	—	—	422,402	—	—	—	(844,787)	422,385	—	—	—	—
Equity increase or (-) decrease resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	(9,586)	—	—	—	—	—	—	—	—	—	(9,586)
Other increases or (-) decreases in equity	—	—	—	—	(19,570)	—	4,158	—	—	—	—	—	—	(15,412)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Closing balance at 30/06/2024	**269,660**	**—**	**—**	**10,221**	**5,051,921**	**—**	**(8,154)**	**(1,812)**	**473,482**	**(100,401)**	**(51,106)**	**—**	**—**	**5,643,811**

The accompanying Notes 1 to 20 are an integral part of the condensed consolidated interim financial statements for the six months ended 30 June 2024.

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND 2023

(Thousands of euros)

												Minority interests		
	Share capital (Note 12)	Share premium (Note 12)	Equity instruments issued other than capital	Other equity	Retained earnings	Revaluation reserves (Note 12)	Other reserves (Note 12)	(-) Treasury shares (Note 12)	Profit or loss attributable to owners of the parent	(-) Interim dividends (Note 3)	Accumulated other comprehensive income (Note 12)	Accumulated other comprehensive income	Other items	Total
Closing balance at 31/12/2022 (*)	**269,660**	**—**	**—**	**11,905**	**4,406,753**	**—**	**(13,290)**	**(1,393)**	**560,203**	**(199,838)**	**(129,028)**	**—**	**—**	**4,904,972**
Effects of correction of errors	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Opening balance 01/01/2023	**269,660**	**—**	**—**	**11,905**	**4,406,753**	**—**	**(13,290)**	**(1,393)**	**560,203**	**(199,838)**	**(129,028)**	**—**	**—**	**4,904,972**
Total comprehensive income for the period	—	—	—	—	—	—	—	—	417,906	—	(50,059)	—	—	367,847
Other changes in equity	**—**	**—**	**—**	**176**	**250,230**	**—**	**17,239**	**84**	**(560,203)**	**117,169**	**—**	**—**	**—**	**(175,305)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of preference shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exercise or expiration of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital reduction	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends (or remuneration to shareholders)	—	—	—	—	—	—	—	—	—	(162,872)	—	—	—	(162,872)
Purchase of treasury shares	—	—	—	—	(340)	—	—	(45,140)	—	—	—	—	—	(45,479)
Sale or cancellation of treasury shares	—	—	—	—	—	—	—	45,224	—	—	—	—	—	45,224
Reclassification of financial instruments from equity to liability	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial instruments from liability to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers among components of equity	—	—	—	—	280,162	—	—	—	(560,203)	280,041	—	—	—	—
Equity increase or (-) decrease resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	176	—	—	—	—	—	—	—	—	—	176
Other increases or (-) decreases in equity	—	—	—	—	(29,592)	—	17,239	—	—	—	—	—	—	(12,353)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Closing balance at 30/06/2023 (*)	**269,660**	**—**	**—**	**12,081**	**4,656,983**	**—**	**3,950**	**(1,310)**	**417,906**	**(82,668)**	**(179,087)**	**—**	**—**	**5,097,515**

(*) Presented for comparison purposes only.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND 2023

(Thousands of euros)

	Note	30/06/2024	30/06/2023 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES		**(2,449,847)**	**(1,292,812)**
Profit or loss for the period		**473,482**	**417,906**
Adjustments to obtain cash flows from operating activities		**527,794**	**461,002**
Redemption		42,749	41,024
Other adjustments		485,045	419,978
Net increase/(decrease) in operating assets		**8,002,231**	**3,985,038**
Financial assets held for trading		1,591,263	(50,499)
Non-trading financial assets mandatorily at fair value through profit or loss		57,175	12,291
Financial assets designated at fair value through profit or loss		–	–
Financial assets at fair value through other comprehensive income		(276,549)	(798,305)
Financial assets at amortised cost		6,424,681	4,787,015
Other operating assets		205,661	34,535
Net increase/(decrease) in operating liabilities		**4,656,129**	**1,923,060**
Financial liabilities held for trading	10	811,198	(503,065)
Financial liabilities designated at fair value through profit or loss		–	–
Financial liabilities at amortised cost		3,855,654	2,346,948
Other operating liabilities		(10,722)	79,177
Income tax recovered/(paid)		**(105,022)**	**(109,742)**
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		**(29,815)**	**39,743**
Payments		**40,433**	**68,094**
Tangible assets		14,875	9,692
Intangible assets		25,558	24,623
Investments in joint ventures and associates	2	–	–
Subsidiaries and other business units		–	6,008
Non-current assets and liabilities classified as held for sale	6	–	27,771
Other payments related to investment activities		–	–
Proceeds		**10,618**	**107,837**
Tangible assets		–	4,840
Intangible assets		–	144
Investments in joint ventures and associates		–	3,917
Subsidiaries and other business units		–	–
Non-current assets and liabilities classified as held for sale	6	10,618	98,937
Other proceeds related to investment activities		–	–
C) CASH FLOWS FROM FINANCING ACTIVITIES		**2,327**	**137,151**
Payments		**247,967**	**208,072**
Dividends	3	197,225	162,933
Subordinated liabilities	10	–	–
Redemption of own equity instruments		–	–
Acquisition of own equity instruments		50,742	45,140
Other payments related to financing activities		–	–
Proceeds		**250,294**	**345,224**
Subordinated liabilities	10	200,000	300,000
Issuance of own equity instruments		–	–
Disposal of own equity instruments		50,294	45,224
Other proceeds related to financing activities		–	–
D) EFFECT OF EXCHANGE RATE CHANGES		**–**	**–**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(2,477,335)**	**(1,115,918)**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**13,859,595**	**13,351,217**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD		**11,382,260**	**12,235,299**

Memorandum items	Note	30/06/2024	30/06/2023 (*)
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
Of which: held by group entities but not available to the group		438,205	392,073
Cash		170,689	221,507
Cash equivalents at central banks		10,035,987	11,086,373
Other financial assets		1,175,584	927,420
Less: bank overdrafts repayable on demand			–

The accompanying Notes 1 to 20 are an integral part of the condensed consolidated interim financial statements for the six months ended 30 June 2024.

(*) Presented for comparison purposes only

Bankinter Group

Explanatory notes to the condensed consolidated interim financial statements for the first half of 2024

1. Introduction, basis of preparation of the condensed consolidated interim financial statements and other information

a) Introduction

Bankinter, S.A. (hereinafter, the Bank, Bankinter or the Entity) was incorporated in Spain by notarial deed issued in Madrid on 4 June 1965, under the name Banco Intercontinental Español, S.A. On 24 July 1990 it acquired its current name. It is entered in the Official Banks and Bankers Register. Its tax identification number is A-28157360 and it belongs to the Deposit Guarantee Fund with code number 0128. Bankinter, S.A.'s legal entity identification (LEI) code is VWMYAEQSTOPNV0SUGU82.

Its registered office is Paseo de la Castellana 29, 28046 Madrid, Spain. The Bank's by-laws and other relevant public information are available on its corporate website www.bankinter.com/webcorporativa and at its registered office.

Bankinter, S.A. engages in banking activities and is subject to the laws and regulations applicable to banking entities operating in Spain.

In addition to the activities it carries out directly, the Bank is the parent company of a group of subsidiaries dedicated to various activities and which constitute, together with the Bank, the Bankinter Group (hereinafter, the 'Group' or 'Bankinter Group').

The Group's condensed consolidated interim financial statements ('half-year financial statements') for the six-month period ended on 30 June 2024 have been prepared and authorised by its directors, at the meeting held on 17 July 2024. The Group's consolidated financial statements for 2023 were approved at the Bank's Annual General Meeting held on 21 March 2024.

b) Significant events in the period

In 2022, Bankinter and Liberty Seguros signed an agreement to jointly carry out their insurance businesses through Bankinter Liberty Hogar y Auto, S.A. However, the parties ended this agreement in 2024.

In February 2024, EVO Banco, S.A.U. performed a capital increase in the amount of 5 million euros with an issue premium of 75 million euros, increasing its own funds by 80 million euros.

On 17 April 2024, the boards of directors of Bankinter, S.A. and its subsidiary in Ireland, Avantcard Designated Activity Company (Avantcard DAC), decided to reorganise the Group's activity in that county, through the merger of the two companies and the creation of a subsidiary to continue the development of the business. Under this agreement, Bankinter acquired all of the shares in the issued share capital of Avantcard DAC from Bankinter Consumer Finance, E.F.C., S.A. Following this purchase, Bankinter and Avantcard DAC were merged and a subsidiary of Bankinter in Ireland was created, which was allocated all of the assets, liabilities, rights, obligations and other legal relationships acquired by Bankinter as a result of the merger. This subsidiary will be a permanent establishment in Ireland, continuing the activities currently performed by Avantcard DAC in that jurisdiction.

On 19 June 2024, the boards of directors of Bankinter, S.A., the parent of Bankinter Group, and EVO Banco, S.A.U., a wholly owned subsidiary of Bankinter, S.A., agreed to a merger by absorption, through which EVO Banco was integrated into the structure of Bankinter, S.A., improving the Group's profitability and efficiency. The purpose of this merger is to exploit the synergies between the two entities, fostering the Group's digital transformation. Through this merger, the customers, business and employees of EVO Banco will be incorporated into the structure of Bankinter. The merger is expected to be completed in the first half of 2025, subject to regulatory authorisation.

Documents relating to the plans for the mergers are published on the Group's corporate website, in compliance with Royal Decree-Law 5/2023.

During the first half of the year, 1,294 million euros drawn by the entity from the third tranche of the European Central Bank's targeted longer-term refinancing operations (TLTRO III) matured, bringing all such operations to an end.

Law 38/2022, which set forth a temporary tax rate on credit institutions or financial credit establishments, stipulates that this tax is a temporary payment for two years, from 1 January 2023 and 1 January 2024. This payment must be made within the first twenty calendar days of September of that year, without prejudice to the early payment of 50% of the amount, to be made within the first twenty days of February of that year. Therefore, Bankinter, S.A. has recognised in 2024 the estimated amount for this tax at 95 million euros (77.5 million euros in 2023).

In March 2024, Bankinter issued subordinated debt eligible as Tier 2 capital for a total amount of 200 million euros. This was a fixed income issue for institutional investors with an early redemption date starting from March 2029, paying a nominal interest rate of 5% until June 2029. The coupon will be paid annually on 25 June.

c) Basis of preparation of the half-year financial statements

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies that are governed by the Law of a member state of the European Union, and whose equity securities are listed on a regulated market of any of the States that constitute it, must prepare their consolidated financial statements for the years beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

On 6 December 2017, Banco de España Circular 4/2017, of 27 November, for credit institutions, on public and confidential financial reporting rules and formats, was published in the Spanish Official State Gazette. This Circular, which became effective on 1 January 2018, repealed Banco de España Circular 4/2004, of 22 December, and its subsequent amendments to adapt the accounting regime of Spanish credit institutions to International Financial Reporting Standards 9 and 15 adopted by the European Union (IFRS-EU 9 and IFRS-EU 15).

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, the accompanying half-year financial statements have been prepared and are presented in accordance with IAS 34 'Interim Financial Reporting' for the purpose of preparing condensed consolidated interim financial statements, and also in accordance with Article 12 of Royal Decree 1362/2007 and in view of the requirements of Circular 3/2018, of 28 June, of the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores or "CNMV").

IAS 34 states that the interim financial report is intended to provide an update on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances occurring during the six-month period and does not duplicate information previously reported in the latest complete set of annual consolidated financial statements.

Therefore, these half-year financial statements do not include all the disclosures required of a full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards. Accordingly, for an appropriate understanding of the information included in these half-year financial statements, they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

The accounting policies and methods used in the preparation of these half-year financial statements are consistent with those applied in the latest set of approved annual consolidated financial statements, taking into consideration the standards and interpretations that became effective during the first six months of the current year. New accounting standards became effective in the first half of the current year and have been taken into account in the preparation of the half-year condensed consolidated financial statements.

New standards, amendments and IFRS interpretations

i) Mandatory standards, amendments and interpretations for all annual periods beginning on or after 1 January 2024

IFRS 16 (Amendment) "Lease Liability in a Sale and Leaseback": IFRS 16 sets forth requirements on how to post a sale with leaseback on the date the transaction takes place. However, it did not specify how to recognise the transaction after that date. This amendment explains how to post a sale with leaseback after the transaction date.

Adoption of this standard did not have any impact on the Group's financial statements in the period.

IAS 1 (Amendment) 'Classification of liabilities as current and non-current' and IAS 1 (Amendment) 'Non-current liabilities with conditions': These amendments, simultaneously adopted throughout the European Union, clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by the expectations of the entity or events after the reporting period (e.g. the receipt of a waiver or a breach of the covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In addition, the amendment aims to improve the information provided when the right to defer the payment of a liability is subject to covenants, within the 12 months after the reporting period.

This amendment came into effect on 1 January 2024 and applies retrospectively, pursuant to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Adoption of this standard did not have any impact on the Group's financial statements in the period.

IAS 7 (Amendment) and IFRS 7 (Amendment) 'Supplier Finance Arrangements': The IASB amended IAS 7 and IFRS 7 to improve the disclosures on supplier finance arrangements and their effects on a company's liabilities, cash flows and liquidity risk exposure. The amendment comes in response to investor concerns that the supplier finance arrangements of some companies are not sufficiently visible.

Adoption of this standard did not have any impact on the Group's financial statements in the period.

ii) Standards, amendments and interpretations that have not yet become effective but may be adopted early

To date, there are no standards, amendments and interpretations that have not yet become effective and may be adopted early.

iii) Standards, interpretations and amendments to existing standards that cannot be adopted early or that have not been endorsed by the European Union.

At the date of authorisation for issue of these consolidated financial statements, the IASB and the IFRS Interpretations Committee had issued the following standards, amendments and interpretations that have yet to be adopted by the European Union.

IFRS 10 (Amendment) and IAS 28 (Amendment) 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture': These amendments clarify the accounting treatment for sales and contributions of assets between an investor and its associates and joint ventures, which will depend on whether or not the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss. If the assets do not meet the definition of a business, the investor will recognise the gain or loss only to the extent of the other investors' interest. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture.

Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015 the IASB decided to defer their effective date (although it did not set any specific new date), as it is planning to undertake a more extensive review that could lead to the simplification of accounting for these transactions and other aspects of accounting for associates and joint ventures.

Adoption of this standard is not expected to have significant impacts on the Group's financial statements.

IAS 21 (Amendment) 'Lack of Exchangeability': The IASB has amended IAS 21 to add requirements to help entities determine whether one currency is exchangeable for another and the spot exchange rate to use when it is not. When a currency cannot be exchanged for another, the spot exchange rate on a measurement date must be estimated in order to determine the rate at which an exchange transaction would take place on that date between market participants.

When an entity applies the new requirements for the first time, the comparative information cannot be restated. Instead, the affected amounts must be converted using the estimated spot exchange rates at the amendment's initial application date, with an adjustment against reserves.

This amendment, which is pending endorsement by the European Union, is effective for annual periods beginning on or after 1 January 2025. he amendment may be applied before this date, but it is pending approval by the European Union.

Adoption of this standard is not expected to have significant impacts on the Group's financial statements.

IFRS 18 "Presentation and disclosure in financial statements": The IASB has issued a new standard on presentation and disclosure in financial statements, replacing IAS 1 "Presentation of financial statements". Many of the principles in IAS 1 have been maintained. The main new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss, requiring the presentation of some specific totals and subtotals, and requiring the items in this statement to be classified into one of five categories: operating; investing; financing; income taxes; and discontinued operations.
- Disclosures required in the financial statements for certain performance measurements reported in the financial statements (i.e. performance measures defined by management); and
- Improved aggregation and disaggregation principles for the main financial statements and the notes in general.

IFRS 18 does not affect the recognition or measurement of items in the financial statements, but it could change what an entity reports as its "operating profit".

The new standard is effective for annual periods beginning on or after 1 January 2027, including interim financial statements, and requires retrospective application. This standard may be applied before this date although it is pending approval by the European Union.

Adoption of this standard is not expected to have significant impacts on the Group's financial statements.

IFRS 19 "Subsidiaries without public accountability: disclosures": This new standard has been developed to allow subsidiaries without public accountability to apply IFRS standards with reduced disclosure requirements when their parent company applies IFRS standards in their consolidated financial statements. IFRS 19 is a voluntary standard that eligible subsidiaries can apply in preparing their consolidated, separate or individual financial statements, provided that this is permitted under pertinent regulatory legislation. These subsidiaries will continue to apply the other IFRS recognition, measurement and presentation requirements, but can apply reduced disclosures requirements in doing so.

This new standard, which is pending approval by the European Union, is effective from 1 January 2027, although it may be applied before this date.

Adoption of this standard is not expected to have significant impacts on the Group's financial statements.

Amendment of IFRS 9 and IFRS 7 'Modifications to the classification and measurement of financial instruments': These amendments to IFRS 9 and IFRS 7:

a) Clarify the recognition and derecognition dates of some financial assets and liabilities, with a new exception for some financial liabilities settled through electronic money-transfer systems;

b) Clarify and provide additional guidance for assessing whether a financial asset meets the criteria of only paying principal and interest;

c) Add new information disclosure requirements for some instruments with contractual terms that can affect their cash flows, such as some instruments with characteristics related to achieving environmental, social and governance (ESG) objectives; and

d) Update the information to be disclosed for equity instruments measured at fair value through other comprehensive income.

e) The amendments to point (b) are more relevant for financial institutions, while amendments (a), (c) and (d) are relevant to all entities.

These amendments are effective from 1 January 2026, although they may be applied before this date. However, the standard is pending approval by the European Union.

Adoption of this standard is not expected to have significant impacts on the Group's financial statements.

d) Accounting policies not described in the consolidated annual financial statements for the year ended 31 December 2023

The Group does not apply any accounting policies that might help readers better understand these interim financial statements beyond those already mentioned in the consolidated annual financial statements for 2023.

Unless stated otherwise, these condensed consolidated interim financial statements are presented in thousands of euros. The accounting balances have been rounded to present amounts in thousands of euros. Therefore, amounts appearing in certain tables may not be the exact arithmetic sum of the figures preceding them.

e) Estimates made

The information included in these condensed consolidated interim financial statements is the responsibility of the Group's directors. Estimates were used to measure certain assets, liabilities, revenue, expenses and obligations, which were made by the Group's senior management and confirmed by the directors. The main judgements and estimates used are explained in Note 2.c to the 2023 consolidated annual financial statements.

f) Seasonal nature of the Group's transactions

Given the business activities carried out by the various Group companies, the Group's transactions are not considered cyclical or seasonal. Therefore, no specific disclosures have been provided in these notes to the condensed consolidated interim financial statements for the first half of the year.

g) Materiality

When determining the information to be disclosed under the various line items of the financial statements or other business, the Group has, in accordance with IAS 34, considered materiality in relation to the financial statements for the six-month period.

h) Events after the reporting period

No significant event occurred between the end of the first half and the date of authorisation for issue of the half-year financial statements worth disclosing.

i) Deposit Guarantee Fund and Single Resolution Fund

The *Single Resolution Board* has announced that it does not expect to request contributions to the Single Resolution Fund in 2024, as it reached its target level in 2023. This contribution amounted to 47.27 million euros in the first half of 2023.

The Management Committee of the Deposit Guarantee Fund has also announced that it will not be requesting contributions to the *monetary* deposit guarantee compartment of the fund in 2024 (54.7 million euros in the second half of 2023).

j) Comparative information

The information contained in these half-year financial statements for the prior period is presented solely and exclusively for comparative purposes.

k) Condensed consolidated statements of cash flow

The condensed consolidated statements of cash flows use the following expressions with the meanings described below:

1. Cash flows: inflows and outflows of cash and cash equivalents; cash equivalents understood as short-term investments with high liquidity and a low risk of fluctuation in their value.
2. Operating activities: typical activities of credit institutions, as well as other activities that cannot be classified as investment or financing activities.
3. Investment activities: the acquisition, disposal or use by other means of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that produce changes in the size and composition of the shareholders' assets and of the liabilities that do not form part of the operating activities.

When preparing the condensed consolidated statements of cash flow, 'cash and cash equivalents' means highly liquid short-term investments with little risk of any change in value. Therefore, the Group considers as cash and cash equivalents the balances reported under "Cash, cash balances at central banks and other demand deposits" in the condensed consolidated balance sheet.

2. Bankinter Group

The latest set of annual consolidated financial statements provides relevant information on the consolidated Group companies and the companies accounted for using the equity method.

The main events affecting the Group's scope of consolidation arising in the first half of the year are described below:

In 2022, Bankinter and Liberty Seguros signed an agreement to jointly carry out their insurance businesses through Bankinter Liberty Hogar y Auto, S.A. However, the parties ended this agreement in 2024.

In February 2024, EVO Banco, S.A.U. performed a capital increase in the amount of 5 million euros with an issue premium of 75 million euros, increasing its own funds by 80 million euros.

On 17 April 2024, the boards of directors of Bankinter, S.A. and its subsidiary in Ireland, Avantcard Designated Activity Company (Avantcard DAC), decided to reorganise the Group's activity in that county, through the merger of the two companies and the creation of a subsidiary to continue the development of the business. Under this agreement, Bankinter acquired all of the shares in the issued share capital of Avantcard DAC from Bankinter Consumer Finance, E.F.C., S.A. Following this purchase, Bankinter and Avantcard DAC were merged and a subsidiary of Bankinter in Ireland was created, which was allocated all of the assets, liabilities, rights, obligations and other legal relationships acquired by Bankinter as a result of the merger. This subsidiary will be a permanent establishment in Ireland, continuing the activities currently performed by Avantcard DAC in that jurisdiction.

On 19 June 2024, the boards of directors of Bankinter, S.A., the parent of Bankinter Group, and EVO Banco, S.A.U., a wholly owned subsidiary of Bankinter, S.A., agreed to a merger by absorption, through which EVO Banco was integrated into the structure of Bankinter, S.A., improving the Group's profitability and efficiency. The purpose of this merger is to exploit the synergies between the two entities, fostering the Group's digital transformation. Through this merger, the customers, business and employees of EVO Banco will be incorporated into the structure of Bankinter. The merger is expected to be completed in the first half of 2025, subject to regulatory authorisation.

In relation to the European directive for guaranteeing a minimum global tax of 15% on multinationals (Pillar II), Bankinter Group operates in Spain, Portugal, Ireland and Luxembourg.

The Pillar II regulation in those jurisdictions is at the following stage:

a) In Spain, this regulation is in the process of being approved at the date of approval of these condensed consolidated interim financial statements, with a draft law having been published. As explained in the draft law, the effective date of the regulation, once approved, will be 1 January 2024.

b) In Ireland, Luxemburg and Portugal, the legislation corresponding to Pillar II has been approved at the date of approval of these condensed consolidated interim financial statements.

Bankinter Group falls within the scope of application of the Pillar II regulation. Once the legislation is approved in Spain, Bankinter, S.A., as the ultimate parent, in general terms, will be obliged to pay any additional tax that accrues in relation to jurisdictions where the minimum effective tax rate is less than 15%. Without prejudice to this, the Group entities will be subject to any complementary national taxes approved in those countries that introduce them in accordance with the Pillar II rules. This is the case in Ireland, where the subsidiary Avantcard D.A.C. is subject to the "Qualified Domestic Minimum Top-up Tax" under the legislation approved in that country, which started to apply from 1 January 2024.

3. Dividends paid by the Bank and earnings per share

In June 2024, the Entity's board of directors approved a new schedule of dividend distributions charged to profit for the year, comprising two interim dividends, in June and December, respectively, and a final dividend, subject to approval by the Annual General Meeting (expected for April of the following year). The first interim dividend will be based on the results in the first quarter of the year; the second interim dividend will be based on the results in the second and third quarters of the year; and the final dividend will be based on profit for the year.

Dividends paid out of 2023 and 2024 profit are as follows:

Date of board approval	Amount (thousands of euros)	Profit (loss) for the year
June-2023	82,668	2023
Sept-2023	115,104	2023
Dec-2023	127,798	2023
Mar-2024	96,824	2023
Total 2023	**422,394**	
June-2024	100,401	2024
Total 2024	**100,401**	

The provisional financial statements prepared by Bankinter, S.A. in accordance with legal requirements justifying the existence of sufficient resources for the distribution of interim dividends were as follows:

	March 2024
	First
Profit after tax (thousands of euros)	200,803
Dividends paid (thousands of euros)	
Interim dividend (thousands of euros)	100,401
Accumulated interim dividends (thousands of euros)	100,401
Gross dividend per share (euros)	0.11172225
Payment date	June-24

Basic and diluted earnings per share in the first half of the year are set out below, calculated as explained in the Group's most recently published annual financial statements:

	30/06/24	30/06/23
Profit/(loss) for the period (thousands of euros)	473,482	417,906
Coupon amount of perpetual non-cumulative contingent convertible instrument	(15,393)	(13,499)
Earnings for the period (thousands of euros)	**458,089**	**404,407**
Weighted average number of shares outstanding (thousands of shares)	898,669	898,566
Basic earnings per share (euros)	**0.53**	**0.47**
Diluted earnings per share (euros)	**0.51**	**0.45**

4. Remuneration and other benefits payable to the Bank's board of directors and senior management

Note 36 to the Group's consolidated financial statements for the year ended 31 December 2023 provides information on the remuneration and other benefits paid to the Bank's board members and senior management in 2023.

The annual general meeting held on 21 April 2021 approved the directors' remuneration policy for financial years 2022, 2023 and 2024. The annual general meeting held on 21 March 2024 approved the directors' remuneration policy from the date of approval for the following three years (2025, 2026 and 2027). In both cases, this was in accordance with the reasoned proposal approved by the board of directors, accompanied by a report from the Remuneration Committee, all of which are available on Bankinter's corporate website.

These policies include the maximum amount of annual remuneration to be paid to the directors in their capacity as such. There were no changes in the directors' remuneration policy approved in 2024 compared to the previous version.

This policy, together with the latest annual report on the remuneration of directors approved at the Annual General Meeting held on 21 March 2024, which contains detailed information on the amounts of the various remuneration items paid in 2023 and the proposals for 2024, and the changes with respect to the previous year, make up the remuneration policy for Bankinter directors for the current year.

There have been various changes to the composition of the board in 2024. However, these have not affected the total number of board members compared to 30 June or 31 December 2023, which remains eleven. Information on these changes is provided in the Corporate Governance report and the documents provided when the Annual General Meeting was called, which are available on the company's corporate website.

The following table provides a breakdown of the most significant information on remuneration and benefits for the six months ended 30 June 2024 and 2023:

Remuneration of members of the board of directors

	Thousands of euros	
	30/06/2024	**30/06/2023**
Members of the board of directors:		
Remuneration item		
Fixed remuneration (1)	1,353	1,383
Variable remuneration (2)	-	-
Attendance fees (3)	257	244
By-law allowances (4)	761	735
Share options and/or other financial instruments	-	-
Other	-	-
	2,371	**2,362**

(1) Corresponds to fixed remuneration of executive directors in their status as such and to the chairman of the board as a result of their non-executive institutional functions.

(2) Corresponds to variable remuneration of executive directors in their status as such. The annual report on director remuneration published by Bankinter on its corporate website (www.bankinter.com/webcorporativa) approved at the Annual General Meeting held on 21 March 2024 describes the system of annual variable remuneration payable to all Bankinter Group employees, including executive directors and senior managers. The variable remuneration corresponding to 2023 accrued on 31 December 2023. The accrual for 2024 will not occur until 31 December 2024. Therefore, no amount is shown for 2023 and 2024.

(3) Fees for attending board and committee meetings (all directors).

(4) Comprises fixed remuneration for duties as directors.

Other benefits of members of the board of directors

	Thousands of euros	
	30/06/2024	**30/06/2023**
Members of the board of directors:		
Other benefits -		
Advances	-	-
Credit facilities granted	2,864	1,181
Pension plans and funds: Contributions (1)	311	609
Pension plans and funds: Obligations undertaken (2)	1,398	3,969
Life insurance premiums (3)	5	1
Guarantees provided to directors	-	-

(1) On 20 December 2017, Bankinter's board of directors, on the recommendation of the remuneration committee, approved a "Supplementary pension scheme for executive directors and management committee members". Compatible with the Entity's corporate strategy, objectives, values and long-term interests, the scheme includes mechanisms to adjust the Entity's contributions based on earnings or adverse circumstances. . The amounts included for 2023 relate to the previous Chief Executive Officer. There were no contributions for the previous Chief Executive Officer in 2024 as she had reached retirement age. The amounts included in 2024 relate to the new Chief Executive Officer, who was appointed on 21 March 2024

(2) Bankinter does not have any pension obligations to its non-executive director or, at present, to the executive vice chairman. The figures for the obligations assumed in 2024 relate to contributions to the "Supplementary pension scheme" for the current Chief Executive Officer, from the date of her appointment to this role, and current contributions in favour of the previous Chief Executive Officer, once the corresponding part has been settled in her favour in accordance with the regulations of the system.

(3) Life insurance premiums were for the chairman of the board and the Chief Executive Officer

Remuneration of senior management

	Thousands of euros	
	30/06/2024	**30/06/2023**
Senior management:		
Total remuneration received by senior management	1,622	1,403

For members of the senior management, 50% of the amount accrued as variable remuneration is typically deferred on a straight-line basis over a five-year period payable in January of the year following the year the remuneration is approved at the Annual General Meeting. Meanwhile, 50% of the deferred portion and the portion not deferred of the total variable remuneration accrued during the year is paid with delivery of shares of the Company after approval by shareholders at the Annual General Meeting held in the year following the year of accrual. If the amount is particularly large, the deferred portion will represent 60% of the variable remuneration, and 60% of the deferred portion will be delivered in shares. This rule also applies to the variable remuneration received by executive directors for their executive duties.

The variable remuneration for senior management corresponding to 2023 accrued on 31 December 2023. The accrual for 2024 will not occur until 31 December 2024. Therefore, no amount is shown for 2023 and 2024. The total amount for remuneration received only refers to fixed remuneration.

In addition to the information presented in the preceding table, on 20 December 2017, Bankinter's board of directors, on the recommendation of the remuneration committee, approved a 'Supplementary pension scheme for executive directors and management committee members'. Compatible with the Entity's corporate strategy, objectives, values and long-term interests, the scheme includes mechanisms to adjust the Entity's contributions based on earnings or adverse circumstances. At 30 June 2024, contributions had been made to senior management in the amount of 1,430 thousand euros (considering, as explained below, that eleven people were included in this period, although the number of members of senior management at 30 June 2024 was nine). A contribution to senior management was made on 30 June 2023 amounting to 875 thousand euros.

Following the organisational changes in 2024, at the date of approval of these condensed consolidated interim financial statements, the Bank's senior management at 30 June 2024 comprised nine individuals (seven in June 2023). However, the figure for remuneration includes the remuneration of all members of senior management during these months, irrespective of how long they belonged to the Bank's senior management, excluding executive directors (the figures for the first six months of 2024, therefore, are the accrued figures for eleven people).

Certain groups of Group employees receive remuneration in the form of shares; i.e. own equity instruments in exchange for services rendered. In accordance with applicable accounting regulations, the services received under this remuneration scheme are recognised in profit or loss as an increase in equity.

5. Financial assets

Composition and breakdown

The following table provides a breakdown of the Group's financial assets other than balances relating to 'Cash, cash balances at central banks and other demand deposits' and 'Derivatives - hedge accounting', at 30 June 2024 and at 31 December 2023, presented by type and category for measurement purposes.

Thousands of euros

Nature/ category	30/06/2024 Financial assets held for trading	Financial assets designated at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Non-trading financial assets mandatorily at fair value through profit or loss
Derivatives	594,467	—	—	—	—
Equity instruments	166,452	—	219,121	—	234,804
Debt securities	1,495,716	—	825,957	12,758,545	200
Loans and advances	3,839,882	—	—	84,436,284	318
Central banks	—	—	—	—	—
Credit institutions	3,839,843	—	—	8,821,995	—
Customers	39	—	—	75,614,289	318
	6,096,517	**—**	**1,045,077**	**97,194,828**	**235,322**

Thousands of euros

Nature/ category	31/12/2023 Financial assets held for trading	Financial assets designated at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Non-trading financial assets mandatorily at fair value through profit or loss
Derivatives	756,160	—	—	—	—
Equity instruments	151,858	—	161,308	—	176,943
Debt securities	1,255,441	—	1,071,288	10,577,989	887
Loans and advances	2,341,795	—	—	80,258,060	280
Central banks	—	—	—	—	—
Credit institutions	2,203,838	—	—	6,059,036	—
Customers	137,957	—	—	74,199,024	280
	4,505,254	**—**	**1,232,596**	**90,836,049**	**178,110**

Movements between stages 1, 2 and 3 in the first half of 2024 and 2023 in the gross carrying amount of loans and advances of the portfolio of financial assets at amortised cost and changes in the corresponding impairment allowances:

Loans and advances	Stage 1	Stage 2	Stage 3	30/06/2024 Total
Gross carrying amount at 31/12/2023	**77,089,976**	**2,506,600**	**1,773,209**	**81,369,785**
Additions, disposals and changes in balance	4,773,391	(251,865)	(195,874)	4,325,652
Transfers between stages	(406,790)	94,040	312,750	—
Removals from Stage 1	(868,129)	852,706	15,423	—
Removals from Stage 2	443,126	(795,639)	352,513	—
Removals from Stage 3	18,213	36,973	(55,186)	—
Write-offs	—	—	(27,071)	(27,071)
Gross carrying amount at 30/06/2024	**81,456,577**	**2,348,775**	**1,863,014**	**85,668,366**

Loans and advances				30/06/2023
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 31/12/2022	**72,214,541**	**2,690,888**	**1,686,167**	**76,591,596**
Additions, disposals and changes in balance	4,889,252	(313,564)	(61,366)	4,514,322
Transfers between stages	(364,654)	124,608	240,046	–
Removals from Stage 1	(992,716)	972,556	20,160	–
Removals from Stage 2	607,753	(874,228)	266,475	–
Removals from Stage 3	20,309	26,280	(46,589)	–
Write-offs	–	–	(55,416)	(55,416)
Gross carrying amount at 30/06/2023	**76,739,139**	**2,501,932**	**1,809,431**	**81,050,502**

At 30 June 2024, including these figures, the 'Gross carrying amount' of the portfolio of impaired loans and advances acquired amounted to 18,382 thousand euros (19,200 thousand euros at 31 December 2023), representing an average discount of 58.7% (58.5% at 31 December 2023) with respect to the principal owed in these exposures, plus an impairment loss of 503 thousand euros (2,575 thousand euros at 31 December 2023).

Loans and advances. Impairment losses.				30/06/2024
	Stage 1	Stage 2	Stage 3	Total
Closing balance at 31/12/2023	**129,056**	**93,604**	**889,065**	**1,111,725**
Additions, disposals and changes in provisions	(2,559)	43,601	100,660	141,702
Transfers between stages	5,052	(48,401)	43,349	–
Removals from Stage 1	(13,939)	12,789	1,150	–
Removals from Stage 2	14,512	(68,154)	53,642	–
Removals from Stage 3	4,479	6,964	(11,443)	–
Write-offs	–	–	(21,345)	(21,345)
Closing balance at 30/06/2024	**131,549**	**88,804**	**1,011,729**	**1,232,082**

Loans and advances. Impairment losses.				30/06/2023
	Stage 1	Stage 2	Stage 3	Total
Closing balance at 31/12/2022	**153,786**	**94,942**	**832,706**	**1,081,433**
Additions, disposals and changes in provisions	(28,179)	35,264	126,236	133,322
Transfers between stages	12,683	(37,867)	25,184	–
Removals from Stage 1	(7,242)	6,515	727	–
Removals from Stage 2	14,545	(50,848)	36,303	–
Removals from Stage 3	5,380	6,465	(11,845)	–
Write-offs	–	–	(47,789)	(47,789)
Closing balance at 30/06/2023	**138,290**	**92,339**	**936,338**	**1,166,966**

In the first half of 2024, there were no sales of non-performing loans or write-offs (59.3 million euros at 30 June 2023).

Credit quality of the portfolio of financial assets at amortised cost

The following tables present data on credit quality of the loan book at the respective reporting dates:

		Gross amount
	30/06/2024	31/12/2023
Performing loans	94,217,846	87,660,601
Underperforming loans	2,348,775	2,506,600
Non-performing loans	1,863,014	1,782,856
Total gross amount	**98,429,635**	**91,950,057**

		Impairment losses
	30/06/2024	31/12/2023
Total impairment losses on assets	**1,234,807**	**1,114,008**
Collectively measured allowances	955,751	946,999
Individually measured allowances	279,056	167,009

		Carrying amount
	30/06/2024	31/12/2023
Total carrying amount	**97,194,828**	**90,836,049**

		Guarantees received
	30/06/2024	31/12/2023
Value of collateral	42,562,797	41,678,632
Of which: guarantees underperforming loans	1,013,143	1,104,559
Of which: non-performing exposures	391,223	394,956
Value of other guarantees	11,910,805	11,652,754
Of which: guarantees underperforming loans	719,308	759,875
Of which: non-performing exposures	471,100	403,188
Total value of guarantees received	**54,473,602**	**53,331,386**

	Commitments and financial guarantees given	
	30/06/2024	31/12/2023
Loan commitments given	**17,290,390**	**16,129,393**
Of which: classified as underperforming	222,117	265,612
Of which: classified as non-performing	–	–
Amount recognised under liabilities on the balance sheet	18,602	18,034
Financial guarantees given	**1,673,270**	**1,689,894**
Of which: classified as underperforming	66,154	61,309
Of which: classified as non-performing	5,998	6,896
Amount recognised under liabilities on the balance sheet	4,470	4,467
Other commitments given	**6,906,111**	**11,462,378**
Of which: classified as underperforming	126,768	142,779
Of which: classified as non-performing	4,851	5,468
Amount recognised under liabilities on the balance sheet	6,947	6,940

6. Non-current assets and disposal groups classified as held for sale

The breakdown of the balance recognised for this item at 30 June 2024 and 31 December 2023 is as follows:

		Thousands of euros
	30/06/2024	31/12/2023
Assets foreclosed or received in payment of debt	24,549	30,778
Gross value	71,792	85,253
Valuation adjustments	(47,243)	(54,475)
Other assets	149,200	153,200
Carrying amount	**173,749**	**183,978**

'Other assets' includes mainly owner-occupied properties currently being sold. It also includes financial assets acquired solely for subsequent disposal within less than one year in the course of the operations of investment banking.

7. Derivatives - asset and liability hedge accounting

The detail of the outstanding hedging instruments at the end of the first half of the current period and December last year is as follows:

				Thousands of euros
	Nominal		Fair value Hedging instruments	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Fair value				
Interest rate				
Fixed income (EUR)	1,671,900	1,471,900	215,789	182,341
Loans (EUR)	559,291	474,370	18,611	12,452
Loans (USD)*	20,251	28,739	1,238	1,578
Loans (MXN)**	39	316		4
Mortgage macro-hedges	6,155,405	5,802,232	510,020	383,985
Total financial assets	**8,406,886**	**7,777,557**	**745,658**	**580,361**
Senior debt	2,500,000	3,000,000	(117,996)	(102,866)
Subordinated debt	989,823	789,823	(64,376)	(62,389)
Covered bonds	1,750,000	1,750,000	(35,432)	(16,846)
Demand account macro-hedges	2,000,000	3,000,000	(96,138)	(138,640)
Total financial liabilities	**7,239,823**	**8,539,823**	**(313,942)**	**(320,741)**
Cash flows				
Interest rate				
Mortgage macro-hedges	3,600,000	63,000	(10,359)	(286)
Other				
Forward sales	–	299,940	–	(17,736)
Total assets	**12,006,886**	**8,140,497**	**735,299**	**562,339**
Total liabilities	**7,239,823**	**8,539,823**	**(313,942)**	**(320,741)**

* US dollar

** Mexican Pesos

The detail of hedged items at the end of the first half of the current period and December last year is as follows:

	Carrying amount		Cumulative adjustment for hedges (*)		Adjustments for hedges recognised in the period	Cash flow hedges	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023		Continuing Hedges	Discontinued Hedges
Fair value							
Fixed income (EUR)	1,530,550	1,362,137	(151,557)	(243,162)	91,605	—	—
Loans (EUR)	540,181	463,287	(19,110)	(11,082)	(8,027)	—	—
Loans (USD)*	18,994	27,146	(1,257)	(1,593)	336	—	—
Loans (MXN)**	39	313	—	(3)	3	—	—
Mortgage macro-hedges	5,654,641	5,424,586	(500,764)	(377,646)	(123,118)	—	—
Total financial assets	**7,744,405**	**7,277,468**	**(672,688)**	**(633,487)**	**(39,201)**	**—**	**—**
Senior debt	2,397,456	2,918,943	102,544	81,057	21,487	—	—
Subordinated debt	925,388	728,640	64,435	61,183	3,252	—	—
Covered bonds	1,726,799	1,730,877	23,201	19,123	4,078	—	—
Demand account macro-hedges	1,921,055	2,894,844	78,945	105,156	(26,211)	—	—
Total financial liabilities	**6,970,698**	**8,273,304**	**269,125**	**266,518**	**2,606**	**—**	**—**
Cash flow	**—**	**—**	**—**	**—**	**—**	**—**	
Mortgage macro-hedges	3,600,000	63,000	—	—	—	10,359	—
Forward sales	—	151,583	—	—	—	—	—
Total assets	**11,344,405**	**7,492,051**	**(672,688)**	**(633,487)**	**(39,201)**	**10,359**	**—**
Total liabilities	**6,970,698**	**8,273,304**	**269,125**	**266,518**	**2,606**	**—**	**—**

* US dollar

** Mexican Pesos

(*) Cumulative hedging adjustments in this table include hedging adjustments for assets classified in the portfolio of Assets at fair value through other comprehensive income of -7.4 million euros (-7.0 million euros in 2023).

8. Tangible and intangible assets

a) Tangible assets

No significant impairment losses on tangible assets were recognised in the first six months of 2024 and 2023.

Moreover, the Group did not have any significant commitments to acquire property, plant and equipment at 30 June 2024 or 2023.

b) Intangible assets

Goodwill

The balance of 'Intangible assets – Goodwill' at 30 June 2024 relates to the goodwill arising from the acquisition of Bankinter Luxembourg, S.A.

The Group performs an assessment at least annually (and whenever there are indications of impairment) of the potential loss in value of goodwill recognised compared to its recoverable amount. Note 16 to the Bank's consolidated financial statements at 31 December 2023 describes the estimates made by the Bank.

No indications of significant impairment requiring the recognition of impairment losses arose in the first half of 2024 and 2023.

Other intangible assets

No significant impairment losses on intangible assets were recognised in the first six months of 2024 and 2023.

The Group began amortising intangible assets comprising software in the first half of the year, for 45,957 thousand euros, arising mainly from its strategic projects (38,577 thousand euros at 30 June 2023).

9. Right-of-use assets

The Group has rights to use assets under leases, mainly of buildings, premises and offices where it carries out its business and, to a lesser extent, motor vehicles, IT equipment and car parks.

No significant impairment losses on right-of-use assets were recognised in the first six months of 2024 and 2023.

10. Financial liabilities

Composition and breakdown

Details of the Group's financial liabilities other than 'Derivatives - hedge accounting' as at 30 June 2024 and at 31 December 2023 by type and measurement category:

Thousands of euros

30/06/2024	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Financial liabilities at amortised cost
Derivatives	770,455	—	—
Short positions	1,110,048	—	—
Deposits	2,826,486	—	95,223,956
Central banks	—	—	—
Credit institutions	323,181	—	11,003,089
Customers	2,503,305	—	84,220,868
Debt securities issued	—	—	7,986,538
Other financial liabilities	—	—	3,077,889
Total	**4,706,989**	**—**	**106,288,383**

Thousands of euros

31/12/2023	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Financial liabilities at amortised cost
Derivatives	836,110	—	—
Short positions	1,042,100	—	—
Deposits	2,017,581	—	90,584,931
Central banks	—	—	1,323,987
Credit institutions	483	—	10,272,080
Customers	2,017,098	—	78,988,864
Debt securities issued	—	—	8,546,380
Other financial liabilities	—	—	2,938,750
Total	**3,895,791**	**—**	**102,070,062**

During the first half of the year, 1,294 million euros drawn by the entity from the third tranche of the European Central Bank's targeted longer-term refinancing operations (TLTRO III) matured, bringing all such operations to an end.

In March 2024, Bankinter issued subordinated debt eligible as Tier 2 capital for a total amount of 200 million euros. This was a fixed income issue for institutional investors with an early redemption date starting from March 2029, paying a nominal interest rate of 5% until June 2029. The coupon will be paid annually on 25 June.

Information on issues, repurchases and redemptions of debt securities

The main features of the most significant issuances, repurchases and redemptions by the Group in the first six months of 2024 and 2023 are as follows:

Details of the issuer					Details of issuances carried out in 2024 (a)							
Name	**Relationship with the Group**	**Country**	**Issuer or issue credit rating**	**ISIN code**	**Type of security**	**Type of transaction**	**Date of transaction**	**Amount of the issue, repurchase or redemption (thousands)**	**Outstanding balance at 30/06/2024 (thousands of euros)**	**Interest rate**	**Market on which it is quoted**	**Type of guarantee or collateral given**
Bankinter, S.A.	Parent	SPAIN	AA1	ES0413679574	Covered bonds	Issue	13/02/2024	500,000	500,000	3M EUR+0.75%	AIAF	Mortgage portfolio
Bankinter, S.A.	Parent	SPAIN	AA1	ES0413679491	Covered bonds	Redemption	19/02/2024	500,000	—	3M EUR+0.30%	AIAF	Mortgage portfolio
Bankinter, S.A.	Parent	SPAIN	A(low)/A-	ES0313679K13	Senior preferred	Redemption	05/03/2024	500,000	—	0.875%	AIAF	—
Bankinter, S.A.	Parent	SPAIN	BBB-	ES0213679OQ1	Subordinated debentures	Issue	25/03/2024	200,000	200,000	5.000%	AIAF	—
							Total issues:	**1,700,000**				
							Total redemptions:	**1,000,000**				

(a) Where these relate to securities denominated in a foreign currency, the amounts have been converted to euros at the closing exchange rate.

Details of the issuer					Details of issuances carried out in 2023 (a)							
Name	Relationship with the Group	Country	Issuer or issue credit rating	ISIN code	Type of security	Type of transaction	Date of transaction	Amount of the issue, repurchase or redemption (thousands)	Outstanding balance at 31/12/2023 (thousands of euros)	Interest rate	Market on which it is quoted	Type of guarantee or collateral given
Bankinter, S.A.	Parent	SPAIN	Aa1/AA+	ES0413679533	Covered bonds	Redemption	19/01/2023	500,000	—	3M EUR+0.15%	AIAF	Mortgage portfolio
Bankinter, S.A.	Parent	SPAIN	BB	XS2585553097	Preference debentures	Issue	15/02/2023	300,000	300,000	7375.00%	AIAF	—
Bankinter, S.A.	Parent	SPAIN	Aa1	ES0413679533	Covered bonds	Issue	02/03/2023	1,500,000	1,500,000	3M EUR+0.50%	AIAF	Mortgage portfolio
Bankinter, S.A.	Parent	SPAIN	Aa1/AA+	ES0413679533	Covered bonds	Redemption	14/03/2023	1,200,000	—	3M EUR+0.15%	AIAF	Mortgage portfolio
Bankinter, S.A.	Parent	SPAIN	Aa1	ES0413679541	Covered bonds	Issue	13/04/2023	1,000,000	1,000,000	3M EUR+0.40%	AIAF	Mortgage portfolio
Bankinter, S.A.	Parent	SPAIN	Aa1	ES0413679558	Covered bonds	Issue	13/04/2023	1,000,000	1,000,000	3M EUR+0.50%	AIAF	Mortgage portfolio
Bankinter, S.A.	Parent	SPAIN	A-	ES0213679OO6	Straight debentures	Issue	03/05/2023	500,000	500,000	4.38%	AIAF	—
Bankinter, S.A.	Parent	SPAIN	Aa1	ES0413679566	Covered bonds	Issue	22/06/2023	250,000	250,000	3M EUR+0.70%	AIAF	Mortgage portfolio
Bankinter, S.A.	Parent	SPAIN	BBB/BBBH	ES0213679OP3	Senior non-preferred	Issue	13/09/2023	500,000	500,000	6M EUR+1.73%	AIAF	—
							Total issues:	**6,750,000**				
							Total redemptions:	**1,700,000**				

(a) Where these relate to securities denominated in a foreign currency, the amounts have been converted to euros at the closing exchange rate.

Other issuances guaranteed by the Group

At 30 June 2024 and 2023, no debt securities issued by associates or third parties (unrelated to the Group) were guaranteed by the Bank or any other Group entity.

11. Provisions

Balances of and changes in provisions at 30 June 2024 and 31 December 2023:

	Thousands of euros	
	30/06/2024	31/12/2023
Pensions and other post-employment defined benefit obligations	1,509	1,408
Other long-term employee benefits	–	–
Pending legal issues and tax litigation	133,751	133,524
Commitments and guarantees given	30,019	29,441
Other provisions	162,033	181,817
	327,313	**346,190**

	Thousands of euros	
	30/06/2024	30/06/2023
Closing balance (previous period)	**346,190**	**376,159**
Net increases in the period	38,020	45,665
Amounts used	(48,786)	(52,389)
Other movements	(8,112)	(10,612)
Balance at the end of the period	**327,312**	**358,823**

The amounts of provisions were estimated in accordance with the procedures described in the Group's annual financial statements for the year ended 31 December 2023.

"Net increases in the period" includes mainly provisions arising from multicurrency loan agreements in which the Entity has claims pending ruling by the courts. The Group considers that the provisions recognised at 30 June 2024 are sufficient to cover any potential losses arising from the multicurrency loan portfolio and to handle any risks that may affect the Group. The criteria, calculations and monitoring mechanisms were consistent with those described in Note 44 to the 2023 consolidated annual financial statements.

The Group's management and directors have assessed the potential impact on the Group's related portfolio at 30 June 2024 of Supreme Court ruling 149/2020 nullifying a revolving credit facility after deeming that the interest rate charged was usurious, and have estimated the provisions required to cover the potential losses from lawsuits that could be brought against the Group in this connection.

Finally, under this heading, Bankinter Group includes provisions for estimated contingencies for claims from customers in relation to formalisation costs for mortgages. The Group's estimates consider the most recent Spanish and European case law, including monitoring the effects of Ruling 857/2024 from the Civil Chamber of the Supreme Court, following the preliminary question settled by the Court of Justice of the European Union. It will continue to monitor subsequent Rulings handed down by other courts.

12. Equity

Bankinter, S.A.'s share capital at 30 June 2024 and 31 December 2023 amounted to 269,660 thousand euros and was represented by 898,866,154 fully subscribed and paid registered shares with a par value of 0.3 euros each. These shares confer the same voting and dividend rights.

13. Segment reporting

The following table provides the distribution of 'Interest income' by the geographic area at 30 June 2024 and 2023:

Distribution of interest income by geographic area (thousands of euros)				
Geographic area	Individual		Consolidated	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Domestic market	1,738,454	1,269,861	1,872,664	1,386,350
Exports:				
a) European Union	214,340	124,995	326,198	206,531
b) OECD countries	–	–	–	–
c) Other countries	–	–	–	–
Total	**1,952,794**	**1,394,856**	**2,198,862**	**1,592,881**

The distribution of revenue by business segment used by the Group is shown below. For the purposes of the following table, revenue comprises the following line items of the condensed consolidated income statement:

- 'Interest income'
- 'Dividend income'
- 'Fee and commission income'
- 'Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net'
- 'Gains or losses on financial assets and liabilities held for trading, net'

- 'Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net'
- 'Gains or losses from hedge accounting, net'
- 'Exchange differences, net',
- 'Other operating income' and
- "Income from assets under insurance and reinsurance contracts".

Thousands of euros

Segment	Revenue			
	Revenue from foreign customers		Total revenue	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Wealth Management & Retail Banking	732,259	582,094	732,259	582,094
Corporate Banking	864,152	689,906	864,152	689,906
Bankinter Ireland	81,265	57,534	81,265	57,534
BKCF (Spain)	163,345	150,879	163,345	150,879
Bankinter Portugal	285,065	183,782	285,065	183,782
Other businesses	562,068	398,936	562,068	398,936
	2,688,155	**2,063,131**	**2,688,155**	**2,063,131**

14. Related parties

The following table shows the main transactions carried out by the Group in the first half of 2024 and 2023 with its related parties, distinguishing between significant shareholders, members of the Bank's board of directors and members of its management, Group entities and other related parties. Transactions with related parties are carried out on an arm's length basis and the corresponding remuneration in kind has been recognised.

Expenses and revenue — Thousands of euros

30/06/2024

	Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
Finance costs	–	143	–	2,921	3,064
Total	**–**	**143**	**–**	**2,921**	**3,064**
Finance income (*)	–	60	–	6,328	6,388
Dividends received	–	–	–	27,887	27,887
Services rendered	–	–	–	1,118	1,118
Other income	–	–	–	33,570	33,570
Total	**–**	**60**	**–**	**68,903**	**68,963**

(*) Finance income relates to interest accrued in the period calculated using amounts drawn down under financing agreements.

Balances on the reporting date — Thousands of euros

30/06/2024

	Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
Trade receivables	–	–	–	–	–
Loans and credit given	–	6,950	–	275,759	282,709
Other receivables	–	–	–	–	–
TOTAL RECEIVABLES	**–**	**6,950**	**–**	**275,759**	**282,709**
Trade payables	–	–	–	–	–
Loans and credit received	–	8,713	–	339,722	348,435
Other payment obligations	–	–	–	–	–
TOTAL PAYABLES	**–**	**8,713**	**–**	**339,722**	**348,435**

Expenses and revenue — Thousands of euros

30/06/2023

	Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
Finance costs	–	19	–	251	270
Total	**–**	**19**	**–**	**251**	**270**
Finance income (*)	–	43	–	2,637	2,680
Dividends received	–	–	–	20,516	20,516
Services rendered	–	–	–	1,402	1,402
Other income	–	–	–	31,997	31,997
Total	**–**	**43**	**–**	**56,551**	**56,594**

(*) Finance income relates to interest accrued in the period calculated using amounts drawn down under financing agreements.

Balances on the reporting date					Thousands of euros
					30/06/2023
	Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
Trade receivables	–	–	–	–	–
Loans and credit given	–	6,145	–	233,746	239,891
Other receivables	–	–	–	–	–
TOTAL RECEIVABLES	**–**	**6,145**	**–**	**233,746**	**239,891**
Trade payables	–	–	–	–	–
Loans and credit received	–	7,111	–	273,166	280,277
Other payment obligations	–	–	–	–	–
TOTAL PAYABLES	**–**	**7,111**	**–**	**273,166**	**280,277**

At 30 June 2024 and 2023, no valuation adjustments were recognised for non-performing loans relating to amounts included as part of the outstanding balances, nor had any expenses been recognised in relation to uncollectible or non-performing loans of related parties.

15. Workforce and number of branches

The following table shows the Group's and Bank's workforce at 30 June 2024 and 2023, by gender:

	Bankinter, S.A.		Group	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Men	2,346	2,338	3,302	3,237
Women	2,508	2,449	3,310	3,223
	4,854	**4,787**	**6,612**	**6,460**

The following table shows the Group's and Bank's average number of employees at 30 June 2024 and 2023, by gender:

	Bankinter, S.A.		Group	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Average workforce	**4,833**	**4,775**	**6,566**	**6,449**
Men	2,336	2,330	3,276	3,228
Women	2,497	2,445	3,290	3,221

The following table shows the number of Group offices, broken down by Spanish and foreign branches.

	30/06/2024	31/12/2023
Number of offices	**446**	**445**
Spain	365	364
Abroad	81	81

16. Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net

At 30 June 2024 and 2023, the main component of the result recognised under this item in the condensed income statement arose on the sale of debt securities.

17. Other information

17.1 Regulation on covered bonds

Decree-Law 24/2021, of 2 November, entered into force in July 2022 (hereinafter, RDL 24/2021). It transposes the European Union directors on, inter alia, covered bonds.

Since RDL 24/2021 entered into force, the bonds issued are now covered by assets incorporated by Bankinter to the pool of cover assets provided for in the regulation (the Cover Pool), which differs in its composition and value from the pool of assets that used to cover covered bonds until then.

The Cover Pool is composed of the cover assets that Bankinter has incorporated into to the Special Cover Register subject to authorisation from the Cover Pool Monitor, according to RDL 24/2021.

Article 34 of RDL 24/2021 stipulates that issuing institutions must have a covered bond programme in place with prior authorisation from Banco de España. Intermoney Agency Services, S.A. ('IMAS') has been chosen as the Cover Pool Monitor. Bankinter received approval from Banco de España for its covered bond programme on 4 July 2022.

17.2 Information on exposure to credit risk

Information on exposure to credit risk

Information on exposure to real estate credit risk and assets foreclosed or received in payment of debts at 30 June 2024 and 31 December 2023:

Exposure to real estate credit risk (business in Spain)

	Gross amount (thousands of euros)	
	30/06/2024	**31/12/2023**
Financing for real estate construction and development (including land)	399,676	367,214
Of which: non-performing	3,091	3,320
Total gross amount	**399,676**	**367,214**

	Impairment losses (thousands of euros)	
	30/06/2024	**31/12/2023**
Financing for real estate construction and development (including land)	2,962	2,963
Of which: non-performing	1,073	1,321
Total impairment losses on assets	**2,962**	**2,963**

	Carrying amount (thousands of euros)	
	30/06/2024	**31/12/2023**
Financing for real estate construction and development (including land)	396,714	364,251
Of which: non-performing	2,018	1,999
Total carrying amount	**396,714**	**364,251**
Total carrying amount of financing granted to customers	**63,377,576**	**62,823,645**

	Guarantees received (thousands of euros)	
	30/06/2024	**31/12/2023**
Value of collateral	352,985	328,082
Of which: non-performing exposures	2,881	3,571
Value of other guarantees	2,532	2,274
Of which: non-performing exposures	46	50
Total value of guarantees received	**355,517**	**330,356**

	Financial guarantees (thousands of euros)	
	30/06/2024	**31/12/2023**
Financial guarantees given for real estate construction and development	–	–
Amount recognised under liabilities on the balance sheet	–	–

Assets foreclosed or received in payment of debts in Spain

	Gross amount (*) (thousands of euros)	
	30/06/2024	**31/12/2023**
Real estate assets foreclosed or received in payment of debts	38,877	46,796
Of which: land	9,522	11,723
Foreclosed equity instruments or instruments received as payment for debts, holdings in capital and lending to entities holding foreclosed property or property received as payment for debts	–	–
Total gross amount	**38,877**	**46,796**

	Impairment losses (*) (thousands of euros)	
	30/06/2024	31/12/2023
Real estate assets foreclosed or received in payment of debts	16,831	20,297
Of which: land	6,042	7,749
Foreclosed equity instruments or instruments received as payment for debts, holdings in capital and lending to entities holding foreclosed property or property received as payment for debts	–	–
Total impairment losses on assets	**16,831**	**20,297**

	Carrying amount (*) (thousands of euros)	
	30/06/2024	31/12/2023
Real estate assets foreclosed or received in payment of debts	22,046	26,499
Of which: land	3,480	3,974
Foreclosed equity instruments or instruments received as payment for debts, holdings in capital and lending to entities holding foreclosed property or property received as payment for debts	–	–
Total carrying amount	22,046	26,499

(*) Includes the value of tangible assets classified as investment property and non-current assets classified as held for sale from foreclosure of property in payment of debts.

Portfolio of commercial real estate loans

The following table shows the commercial real estate (CRE) loans with non-financial companies at 30 June 2024 and 31 December 2023, as per the definition in the regulations of the European Systemic Risk Board (ESRB). Commercial real estate loans are loans given to legal entities to purchase real estate that generates income or real estate for use by its owners to perform their operations, be it finished or under construction, and exposure backed by this type of real estate:

Non-financial corporations. Gross carrying amount 30/06/2024 (thousands of euros)

	Total	Homes	Branches	Commercial establishments and buildings	Other real estate	Average amount by contract
Total commercial real estate	**6,048,712**	**1,659,365**	**389,223**	**1,348,041**	**2,652,083**	**457**
- Purchase of real estate that generates income	3,058,511	1,060,779	218,017	858,863	920,853	478
Of which: Private Banking	1,397,951	627,713	104,356	357,521	308,360	483
Of which: structured finance	435,188	20,227	61,157	116,907	236,896	7,503
- For own use and other purposes	2,667,376	275,761	171,206	489,178	1,731,231	405
- Real estate development	322,825	322,825	–	–	–	1,291

Non-financial corporations. Gross carrying amount 31/12/2023 (thousands of euros)

	Total	Homes	Branches	Commercial establishments and buildings	Other real estate	Average amount by contract
Total commercial real estate	**5,883,070**	**1,598,295**	**359,695**	**1,462,123**	**2,462,957**	**442**
- Purchase of real estate that generates income	2,978,084	1,037,257	205,307	931,767	803,753	471
Of which: Private Banking	1,345,701	604,984	101,328	343,130	296,258	477
Of which: structured finance	405,837	24,384	52,401	195,489	133,562	7,247
- For own use and other purposes	2,610,453	266,505	154,388	530,357	1,659,204	389
- Real estate development	294,533	294,533	–	–	–	1,155

17.3 Additional information on risks: Refinancing and restructuring transactions.

The refinancing policy conforms to best practices set out in prevailing legislation. The main objective is to recover all amounts due, which means any amounts considered unrecoverable must be recognised immediately. The definition, policy and accounting treatment of refinancing is described in Note 44 to the Annual Report. There were no changes in this six-month period.

The following table details the outstanding balance of refinancing and restructuring transactions at 30 June 2024 and 31 December 2023, respectively:

Outstanding refinancing and restructuring balances as at 30 June 2024:

(thousands of euros)

	TOTAL							Of which: NON-PERFORMING						
	Without collateral		With collateral				Accumulated impairment or accumulated losses in fair value due to credit risk	Without collateral		With collateral				Accumulated impairment or accumulated losses in fair value due to credit risk
					Maximum amount of eligible collateral							Maximum amount of eligible collateral		
	Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Real estate collateral	Other collateral		Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Real estate collateral	Other collateral	
Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
General governments	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other financial corporations and individual entrepreneurs (financial business)	21	3,405	4	322	271	22	(1,840)	14	2,662	4	322	271	22	(1,834)
Non-financial corporations and individual entrepreneurs (non-financial business)	3,705	360,676	998	269,332	229,982	3,934	(155,528)	2,305	203,079	421	104,590	73,104	1,316	(148,327)
Of which: financing for construction and property development (including land)	1	50	7	3,806	3,372	–	(441)	1	50	3	702	337	–	(372)
Other households	4,008	30,739	2,227	257,376	239,095	589	(25,550)	1,495	13,664	549	64,582	51,896	67	(20,356)
Total	**7,734**	**394,820**	**3,229**	**527,030**	**469,348**	**4,545**	**(182,918)**	**3,814**	**219,405**	**974**	**169,494**	**125,271**	**1,405**	**(170,517)**
ADDITIONAL INFORMATION														
Financing classified as non-current assets and disposal groups classified as held for sale	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Outstanding balances of refinancing and restructuring transactions at 31 December 2023:

(thousands of euros)

	TOTAL							Of which: NON-PERFORMING						
	Without collateral		With collateral				Accumulated impairment or accumulated losses in fair value due to credit risk	Without collateral		With collateral				Accumulated impairment or accumulated losses in fair value due to credit risk
					Maximum amount of eligible collateral							Maximum amount of eligible collateral		
	Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Real estate collateral	Other collateral		Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Real estate collateral	Other collateral	
Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
General governments	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other financial corporations and individual entrepreneurs (financial business)	21	4,165	6	1,292	1,262	0.09668	(1,696)	15	2,675	3	301	271	–	(1,679)
Non-financial corporations and individual entrepreneurs (non-financial business)	3,559	335,558	1,084	294,073	254,406	6,816	(142,279)	2,152	184,545	441	101,641	71,995	909	(134,115)
Of which: financing for construction and property development (including land)	1	50	9	3,866	3,101	–	(760)	1	50	4	1,447	687	–	(754)
Other households	3,608	27,900	2,247	267,497	246,820	829	(25,367)	1,302	11,964	557	66,586	52,434	131	(19,841)
Total	**7,188**	**367,623**	**3,337**	**562,862**	**502,488**	**7,646**	**(169,342)**	**3,469**	**199,184**	**1,001**	**168,528**	**124,700**	**1,040**	**(155,635)**
ADDITIONAL INFORMATION														
Financing classified as non-current assets and disposal groups classified as held for sale	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Details of the average probability of non-compliance of the groups of refinanced and restructured transactions:

At 30 June 2024:

	TOTAL				Of which: NON-PERFORMING			
	Without collateral		With collateral		Without collateral		With collateral	
	Number of transactions	PD	Number of transactions	PD	Number of transactions	PD	Number of transactions	PD
Credit institutions								
General governments								
Other financial corporations and individual entrepreneurs (financial business)	21	0.99	4	1.00	14	1	4	1
Non-financial corporations and individual entrepreneurs (non-financial business)	3,705	0.62	998	0.60	2,305	1	421	1
Of which: financing for construction and property development (including land)	1	1.0000	7	–	1	1.0000	3	1.00
Other households	4,008	0.70	2,227	0.45	1,495	1	549	1
Total	**7,734**	**0.63**	**3,229**	**0.51**	**3,814**		**974**	

Details of the average probability of non-compliance of the groups of refinanced and restructured transactions:

At 31 December 2023:

	TOTAL				Of which: NON-PERFORMING			
	Without collateral		With collateral		Without collateral		With collateral	
	Number of transactions	PD	Number of transactions	PD	Number of transactions	PD	Number of transactions	PD
Credit institutions								
General governments								
Other financial corporations and individual entrepreneurs (financial business)	21	1.00	6	–	15	1	3	1
Non-financial corporations and individual entrepreneurs (non-financial business)	3,559	0.61	1,084	0.55	2,152	1	441	1
Of which: financing for construction and property development (including land)	1	1	9	0.64	1	1	4	1.00
Other households	3,608	0.85	2,247	0.45	1,302	1	557	1
Total	**7,188**	**0.62**	**3,337**	**0.49**	**3,469**	**–**	**1,001**	**–**

17.4 Geographic and sector concentration of risks

The distribution of the carrying amount of the Group's most significant financial assets by geographical area and segment of activity, counterparty and purpose of the financing granted as at 30 June 2024 and 31 December 2023 is set out below.

Distribution of loans and advances to customers by activity (carrying amount).

At 30 June 2024:

(thousands of euros)

	TOTAL	Of which: Real estate collateral	Of which: Other collateral	Secured loans. Loan to value				
				Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%
General governments	**1,600,268**	**3,681**	—	**3,681**	—	—	—	—
Other financial corporations and individual entrepreneurs (non-financial business)	**2,989,448**	**281,156**	**184,106**	**163,408**	**222,681**	**31,485**	**35,414**	**12,273**
Non-financial corporations and individual entrepreneurs (non-financial business)	**31,925,695**	**7,923,660**	**1,300,855**	**3,454,100**	**3,579,731**	**1,474,042**	**346,812**	**369,830**
Real estate construction and development	375,832	359,904	12,603	87,321	189,517	85,743	4,382	5,545
Civil engineering	473,088	9,385	4,065	3,191	4,627	1,640	935	3,056
Other purposes	31,076,775	7,554,371	1,284,187	3,363,588	3,385,587	1,386,659	341,495	361,229
Large corporations	12,046,067	667,588	220,172	331,983	336,576	135,532	37,197	46,473
SMEs and individual entrepreneurs	19,030,708	6,886,783	1,064,015	3,031,605	3,049,011	1,251,127	304,298	314,756
Other households	**38,281,409**	**32,462,458**	**755,289**	**7,344,108**	**11,630,970**	**12,101,658**	**1,534,752**	**606,259**
Homes	30,709,582	30,558,870	93,416	6,604,528	10,759,035	11,353,913	1,390,169	544,641
Consumer loans	4,200,875	431,918	61,983	134,008	191,667	134,123	28,726	5,377
Other purposes	3,370,952	1,471,670	599,889	605,572	680,268	613,622	115,857	56,241
TOTAL	**74,796,820**	**40,670,955**	**2,240,250**	**10,965,297**	**15,433,382**	**13,607,185**	**1,916,978**	**988,362**
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured transactions	**738,932**	**472,368**	**7,763**	**161,285**	**123,017**	**116,918**	**41,477**	**37,434**

Distribution of loans and advances to customers by activity (carrying amount).

At 31 December 2023:

(thousands of euros)

	TOTAL	Of which: Real estate collateral	Of which: Other collateral	Secured loans. Loan to value				
				Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%
General governments	**1,262,339**	**3,952**	—	**3,952**	—	—	—	—
Other financial corporations and individual entrepreneurs (non-financial business)	**3,050,341**	**246,948**	**146,046**	**116,397**	**182,590**	**32,400**	**28,046**	**33,560**
Non-financial corporations and individual entrepreneurs (non-financial business)	**31,494,429**	**7,750,926**	**1,340,259**	**3,251,929**	**3,482,629**	**1,516,369**	**460,756**	**379,502**
Real estate construction and development	355,450	331,755	19,241	64,226	149,698	111,820	8,821	16,431
Civil engineering	422,737	9,815	2,805	3,166	5,023	586	1,855	1,990
Other purposes	30,716,241	7,409,355	1,318,214	3,184,537	3,327,908	1,403,963	450,079	361,082
Large corporations	11,671,089	607,868	242,360	307,891	277,583	84,971	112,211	67,572
SMEs and individual entrepreneurs	19,045,152	6,801,487	1,075,854	2,876,646	3,050,325	1,318,992	337,868	293,510
Other households	**37,393,274**	**31,796,637**	**731,538**	**7,152,185**	**11,206,761**	**12,035,669**	**1,466,066**	**667,493**
Homes	30,032,860	29,895,666	76,477	6,426,742	10,383,387	11,298,825	1,290,532	572,657
Consumer loans	4,087,562	440,557	66,194	132,714	193,268	148,448	26,435	5,886
Other purposes	3,272,852	1,460,413	588,866	592,729	630,106	588,396	149,099	88,950
TOTAL	**73,200,383**	**39,798,462**	**2,217,843**	**10,524,463**	**14,871,980**	**13,584,439**	**1,954,868**	**1,080,556**
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured transactions	**761,144**	**506,010**	**7,942**	**172,850**	**126,290**	**127,244**	**47,078**	**40,488**

Distribution of exposure by activity and geographic area (carrying amount). Total activity.

At 30 June 2024:

(thousands of euros)

	TOTAL	Spain	Other EU	America	Rest of the world
Central banks and credit institutions	**27,263,172**	**14,204,663**	**11,079,263**	**493,943**	**1,485,303**
General governments	**14,155,906**	**10,894,717**	**3,128,596**	**29,809**	**102,785**
Central government	12,210,428	9,300,331	2,865,977	–	44,119
Other general governments	1,945,479	1,594,386	262,618	29,809	58,666
Other financial corporations and individual entrepreneurs (financial business)	**4,312,586**	**2,687,240**	**1,529,250**	**5,734**	**90,361**
Non-financial corporations and individual entrepreneurs (non-financial business)	**40,812,245**	**34,448,423**	**4,482,432**	**1,367,857**	**513,533**
Real estate construction and development	377,749	376,081	1,669	–	–
Civil engineering	747,022	545,424	90,404	105,346	5,849
Other purposes	39,687,474	33,526,919	4,390,360	1,262,511	507,684
Large corporations	17,046,468	13,984,406	1,433,097	1,204,621	424,344
SMEs and individual entrepreneurs	22,641,005	19,542,512	2,957,263	57,890	83,340
Other households	**38,403,503**	**27,635,081**	**9,798,361**	**237,908**	**732,153**
Homes	30,709,582	21,934,418	7,884,654	226,479	664,031
Consumer loans	4,205,795	2,354,743	1,830,626	1,167	19,260
Other purposes	3,488,125	3,345,920	83,081	10,262	48,862
TOTAL	**124,947,411**	**89,870,124**	**30,017,903**	**2,135,250**	**2,924,135**

Distribution of exposure by activity and geographic area (carrying amount). Total activity.

At 31 December 2023:

(thousands of euros)

	TOTAL	Spain	Other EU	America	Rest of the world
Central banks and credit institutions	**25,647,736**	**19,243,779**	**4,489,692**	**521,479**	**1,392,787**
General governments	**11,542,199**	**8,420,312**	**3,018,649**	**14,168**	**89,070**
Central government	9,980,742	7,173,310	2,755,901	6,928	44,604
Other general governments	1,561,456	1,247,002	262,748	7,241	44,465
Other financial corporations and individual entrepreneurs (financial business)	**4,680,875**	**2,835,940**	**1,722,018**	**73,102**	**49,814**
Non-financial corporations and individual entrepreneurs (non-financial business)	**40,495,928**	**34,361,142**	**4,312,684**	**1,189,944**	**632,158**
Real estate construction and development	358,143	355,301	2,843	–	–
Civil engineering	709,087	538,498	91,057	72,948	6,584
Other purposes	39,428,697	33,467,344	4,218,784	1,116,995	625,574
Large corporations	16,671,945	13,615,200	1,462,607	1,052,001	542,136
SMEs and individual entrepreneurs	22,756,753	19,852,144	2,756,177	64,994	83,438
Other households	**37,499,600**	**27,464,114**	**9,095,984**	**228,423**	**711,079**
Homes	30,032,860	21,852,941	7,324,131	216,610	639,178
Consumer loans	4,093,399	2,354,437	1,716,270	1,018	21,674
Other purposes	3,373,341	3,256,736	55,583	10,795	50,227
TOTAL	**119,866,337**	**92,325,287**	**22,639,027**	**2,027,116**	**2,874,907**

Distribution of exposure by activity and geographic area (carrying amount). Activity in Spain.

At 30 June 2024:

(thousands of euros)

	TOTAL	Andalusia	Aragon	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla - La Mancha	Castile and Leon	Catalonia
Central banks and credit institutions	**14,204,663**	**208,143**	**68,426**	**16**	**81**	**—**	**589,728**	**113**	**—**	**186,728**
General governments	**10,894,717**	**131,994**	**21,714**	**94,316**	**13,525**	**106,337**	**119**	**313**	**162,575**	**42,376**
Central government	9,300,331									
Other general governments	1,594,386	131,994	21,714	94,316	13,525	106,337	119	313	162,575	42,376
Other financial corporations and individual entrepreneurs (financial business)	**2,687,240**	**22,377**	**8,459**	**6,023**	**44,263**	**11,449**	**2,821**	**4,507**	**4,249**	**54,475**
Non-financial corporations and individual entrepreneurs (non-financial business)	**34,448,423**	**3,541,922**	**989,492**	**580,515**	**1,495,575**	**1,184,345**	**344,926**	**751,808**	**623,933**	**4,239,202**
Real estate construction and development	376,081	23,283	29,853	1,722	8,623	2,710	7,591	4,985	13,750	54,481
Civil engineering	545,424	45,652	15,011	5,692	9,043	8,753	7,219	14,017	8,759	43,783
Other purposes	33,526,919	3,472,987	944,629	573,101	1,477,908	1,172,881	330,116	732,806	601,425	4,140,938
Large corporations	13,984,406	743,070	341,910	367,859	950,665	483,350	91,120	232,673	180,031	1,463,530
SMEs and individual entrepreneurs	19,542,512	2,729,917	602,719	205,242	527,243	689,531	238,996	500,134	421,394	2,677,408
Other households	**27,635,081**	**3,432,805**	**574,747**	**289,618**	**809,521**	**1,026,391**	**375,014**	**677,004**	**783,751**	**4,323,985**
Homes	21,934,418	2,647,612	439,080	214,053	666,337	744,839	251,247	520,283	612,926	3,550,618
Consumer loans	2,354,743	372,630	55,717	37,118	69,104	140,315	33,972	87,527	98,800	347,325
Other purposes	3,345,920	412,563	79,950	38,448	74,080	141,237	89,795	69,195	72,025	426,041
TOTAL	**89,870,124**	**7,337,242**	**1,662,837**	**970,488**	**2,362,965**	**2,328,521**	**1,312,609**	**1,433,745**	**1,574,508**	**8,846,766**

(thousands of euros)

	TOTAL	Extremadura	Galicia	Madrid	Murcia	Navarre	Valencia	Basque Country	La Rioja	Ceuta and Melilla
Central banks and credit institutions	**14,204,663**	**–**	**223,243**	**10,821,548**	**–**	**–**	**1,487,757**	**618,880**	**–**	**–**
General governments	**10,894,717**	**14,898**	**161,981**	**682,124**	**10,157**	**33,931**	**15,852**	**81,566**	**20,608**	**–**
Central government	9,300,331			–						
Other general governments	1,594,386	14,898	161,981	682,124	10,157	33,931	15,852	81,566	20,608	–
Other financial corporations and individual entrepreneurs (financial business)	**2,687,240**	**1,571**	**21,357**	**2,333,867**	**18,640**	**10,824**	**73,778**	**66,918**	**1,663**	**–**
Non-financial corporations and individual entrepreneurs (non-financial business)	**34,448,423**	**281,082**	**837,773**	**12,188,431**	**788,808**	**484,129**	**3,447,531**	**2,402,443**	**249,663**	**16,843**
Real estate construction and development	376,081	41	3,300	124,947	14,200	11,426	42,787	24,048	8,335	–
Civil engineering	545,424	1,955	16,830	238,770	10,891	32,658	69,403	16,341	645	–
Other purposes	33,526,919	279,086	817,643	11,824,715	763,717	440,045	3,335,341	2,362,054	240,683	16,843
Large corporations	13,984,406	136,946	291,638	5,472,277	280,397	158,184	1,307,537	1,437,779	44,434	1,005
SMEs and individual entrepreneurs	19,542,512	142,140	526,005	6,352,437	483,320	281,861	2,027,804	924,275	196,249	15,839
Other households	**27,635,081**	**185,424**	**620,294**	**10,177,303**	**518,299**	**215,090**	**2,406,859**	**1,072,193**	**132,705**	**14,079**
Homes	21,934,418	139,593	459,816	8,397,806	366,494	169,047	1,861,422	787,228	99,400	6,618
Consumer loans	2,354,743	27,966	88,378	526,713	68,856	18,753	273,986	91,061	12,097	4,425
Other purposes	3,345,920	17,865	72,100	1,252,784	82,949	27,290	271,451	193,903	21,208	3,037
TOTAL	**89,870,124**	**482,974**	**1,864,648**	**36,203,273**	**1,335,904**	**743,973**	**7,431,778**	**4,242,001**	**404,639**	**30,923**

Distribution of exposure by activity and geographic area (carrying amount). Activity in Spain.

At 31 December 2023:

(thousands of euros)

	TOTAL	Andalusia	Aragon	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla - La Mancha	Castile and Leon	Catalonia
Central banks and credit institutions	**19,243,779**	**425,583**	**210,134**	**16**	**333**	**0.02**	**593,986**	**193**	**2**	**42,167**
General governments	**8,420,312**	**78,745**	**10,290**	**88,965**	**1,589**	**85,649**	**49**	**127**	**136,039**	**31,210**
Central government	7,173,310									
Other general governments	1,247,002	78,745	10,290	88,965	1,589	85,649	49	127	136,039	31,210
Other financial corporations and individual entrepreneurs (financial business)	**2,835,940**	**24,770**	**7,763**	**7,558**	**54,039**	**11,404**	**3,178**	**4,088**	**4,686**	**70,033**
Non-financial corporations and individual entrepreneurs (non-financial business)	**34,361,142**	**3,522,985**	**997,525**	**540,295**	**1,506,796**	**1,156,633**	**328,797**	**735,323**	**621,952**	**4,076,819**
Real estate construction and development	355,301	18,469	19,319	4,994	8,230	1,903	4,567	2,354	14,104	46,431
Civil engineering	538,498	38,436	13,812	4,979	7,718	8,968	6,854	12,088	10,637	38,674
Other purposes	33,467,344	3,466,080	964,393	530,322	1,490,849	1,145,762	317,375	720,881	597,211	3,991,714
Large corporations	13,615,200	734,890	346,852	328,934	983,139	443,528	89,137	225,604	162,051	1,384,588
SMEs and individual entrepreneurs	19,852,144	2,731,190	617,542	201,388	507,710	702,234	228,238	495,276	435,161	2,607,126
Other households	**27,464,114**	**3,393,384**	**572,220**	**291,967**	**795,025**	**1,011,925**	**372,076**	**676,548**	**783,844**	**4,330,913**
Homes	21,852,941	2,625,198	431,150	215,565	654,542	734,483	252,947	522,448	618,024	3,556,628
Consumer loans	2,354,437	371,565	54,739	36,897	67,551	140,940	33,409	86,643	96,720	354,809
Other purposes	3,256,736	396,621	86,331	39,505	72,932	136,502	85,721	67,457	69,101	419,476
TOTAL	**92,325,287**	**7,445,466**	**1,797,932**	**928,801**	**2,357,782**	**2,265,612**	**1,298,086**	**1,416,279**	**1,546,523**	**8,551,141**

(thousands of euros)

	TOTAL	Extremadura	Galicia	Madrid	Murcia	Navarre	Valencia	Basque Country	La Rioja	Ceuta and Melilla
Central banks and credit institutions	**19,243,779**	**–**	**655,678**	**15,489,468**	**–**	**–**	**1,502,504**	**323,716**	**–**	**–**
General governments	**8,420,312**	**44,893**	**119,583**	**508,999**	**11,472**	**38,888**	**5,482**	**84,544**	**477**	**–**
Central government	7,173,310			–						
Other general governments	1,247,002	44,893	119,583	508,999	11,472	38,888	5,482	84,544	477	–
Other financial corporations and individual entrepreneurs (financial business)	**2,835,940**	**1,525**	**21,560**	**2,461,604**	**17,582**	**6,112**	**76,324**	**61,880**	**1,835**	**–**
Non-financial corporations and individual entrepreneurs (non-financial business)	**34,361,142**	**276,402**	**850,421**	**12,412,377**	**853,717**	**485,824**	**3,314,893**	**2,421,345**	**241,988**	**17,051**
Real estate construction and development	355,301	3	6,877	139,701	13,978	11,636	37,997	23,533	1,204	–
Civil engineering	538,498	2,287	13,324	250,936	18,451	33,990	58,952	17,470	923	–
Other purposes	33,467,344	274,111	830,220	12,021,740	821,289	440,199	3,217,944	2,380,342	239,861	17,051
Large corporations	13,615,200	131,691	338,502	5,297,623	307,877	149,818	1,212,807	1,424,804	52,352	1,003
SMEs and individual entrepreneurs	19,852,144	142,420	491,718	6,724,116	513,412	290,381	2,005,137	955,539	187,509	16,047
Other households	**27,464,114**	**188,650**	**615,133**	**10,104,747**	**510,932**	**213,869**	**2,380,807**	**1,077,124**	**131,117**	**13,832**
Homes	21,852,941	141,481	454,060	8,369,397	364,413	168,719	1,840,683	797,006	99,950	6,250
Consumer loans	2,354,437	27,842	88,030	527,981	69,087	18,133	272,516	91,701	11,278	4,596
Other purposes	3,256,736	19,327	73,043	1,207,370	77,432	27,017	267,608	188,418	19,889	2,987
TOTAL	**92,325,287**	**511,470**	**2,262,375**	**40,977,195**	**1,393,703**	**744,693**	**7,280,010**	**3,968,610**	**375,418**	**30,883**

17.5 Information and impacts connected with the macroeconomic environment

In order to tackle the transient shock caused by the COVID-19 pandemic, protecting the productive sector and employment, governments in different countries implemented extraordinary measures, including the roll-out of aid instruments in the form of legislative and non-legislative moratoria on loan repayments and government-backed liquidity facilities.
Five years after the start of the pandemic, it can be said that the moratoria were effective. The portfolio that benefited from this type of aid is not subject to enhanced monitoring, as the operations returned to their normal repayment schedule in 2021.
On the other hand, government-backed liquidity facilities are reducing their exposure overall, but they must still be tracked; also because they are still being used in the context of the war in Ukraine, albeit in a substantially more restricted format.

The following table sets out transactions with public guarantee schemes in response to the COVID-19 crisis as at 31 December 2023 and 30 June 2024, respectively:

Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis (31/12/2023)

	Number of obligors	Gross carrying amount (thousands of euros)	Distribution by stages 1	2	3
Households		39,859	94.4 %	– %	5.6%
Non-financial corporations		4,000,177	79.4%	12.1%	8.5%
Total loans and advances	**25,702**	**4,063,285**	**79.5%**	**12.0%**	**8.4%**

Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis (30/06/2024)

	Number of obligors	Gross carrying amount (thousands of euros)	Distribution by stages		
			1	2	3
Households		33,037	95.5%	— %	4.5%
Non-financial corporations		3,294,211	77.9%	12.8%	9.3%
Total loans and advances	**24,085**	**3,346,378**	**78.1%**	**12.7%**	**9.2%**

This information refers to the entire Group and, as a result, includes loans backed by the ICO, CESCE and FEI (the latter two with a minor weight) and loans backed by Portuguese mutual guarantee companies in coordination with the Portuguese government. They all share similar characteristics and the same purpose. As shown, at close of June 2024 the Group had a gross carrying amount of 3,346 million euros, accounting for 3.8% of the total computable risk. The percentage of non-performing loans (stage 3) against gross book value for this portfolio is 9.2%, up 0.8 percentage points in the first half of 2024. In the second quarter of 2024, it was decided to write down their book value by the amount contributed by the ICO in fulfilment of its obligations as the guarantor. This dynamic amount, which stood at 116 million euros at 30 June, does not reduce the amount owed, and the ICO reserves the right to participate in any regularisation of the amounts owed. Although a substantial part of the debt is ultimately guaranteed by the government with these instruments, at 30 June 2024, the Group continued to recognise them as a single risk, so that their classification in any of the stages corresponds to their full amount, with the exception of the aforementioned amounts that have already been paid. For this reason, at this date, derecognition from the balance sheet was not considered for any of these exposures as they are secured. The protection offered by the guarantee is particularly important for the cost of risk, so that increases in impairment in this portfolio have limited impact on the Group's consolidated profit or loss. As this portfolio is becoming extinct, 1.6 percentage points of the NPL ratio for June 2024 can be attributed to the denominator effect considering that the total exposure fell by 17.6% in the last six months. This is in addition to new ICO Ukraine facilities amounting to 1,444.8 million euros, which began to be granted in the fourth quarter of 2022. Therefore, this is a recent portfolio that grew by 45.3% in the first half of 2024 and had a non-performing loan percentage at 30 June 2024 of 1.3%, with 2.5% of the exposure in stage 2.

One of the so-called effects of the third round of the Ukraine war was caused by the sudden, sharp rise in interest rates in response to the rise in prices, which in turn led to a loss of purchasing power. This accumulation of impacts might leave families with mortgages and low income in an especially vulnerable situation, so various measures have been adopted. Specifically, Spain approved Royal Decree Law 19/2022, of 22 November, establishing a Code of Good Practices to alleviate the effects of higher interest rates for mortgages on primary residences, amending Royal Decree Law 6/2012, of 9 March, on urgent measures to protect mortgage holders without funds, and adopting other structural measures to improve conditions in the mortgage loans market. Considering that most of Bankinter's mortgage loans in recent years have been at a fixed interest rate, we did not expect that applying these frameworks (to which the Bank has adhered) would have a significant impact on the Group's earnings. This is being demonstrated to be the case. The volume of new transactions under these frameworks at the end of June 2024 was very marginal, with 100 transactions having been signed. On 18 December 2023, the government and banks agreed to extend the scope of application of this code, raising the maximum income for accessing it from 29,400 euros to 37,800 euros. However, as we expected, this increase has not had a significant effect, with only 15 transactions executed in the first half of 2024.

The Portuguese government has also enacted decrees with the same purpose, specifically: Decree Law 80-A/2022, of 25 November, for establishing measures aimed at mitigating the effects of the increase in benchmarks for loan agreements for the purchase or construction of a permanent place of residence, Decree Law 20-B/2023, of 22 March, which introduces special support for helping families to pay the rent and approving loan agreements, and Decree Law 91/2023, of 11 October, which establishes a measure for temporary fixing repayments for loan agreements for the purchase or construction of a permanent residence and reinforcing special and support measures in the framework of housing loans.

Risks to economic activity have fallen considerably since 2022, when there was high uncertainty in relation to the third round of the war in Ukraine and economic recovery in the post-pandemic environment. Expectations of growth are now well established. This is reflected in macroeconomic forecasts published by various bodies, such as ECB for the European Union and the country-specific forecasts issued by the central banks, consistently with this [1]. The latest forecasts from Banco de Espãna were presented in June 2024 and are summarised below:

[1] Following the recommendation of the European Central Bank, Bankinter has been taking the quarterly forecasts published by the ECB for the European Union and the country-specific forecasts issued by the central banks, consistently with the former, as its reference point since the start of the health crisis. Banco de España published new forecasts in March and June 2024

Annual variation rate (%), unless otherwise indicated	2023	2024	2025	2026
GDP	2.5	2.3	1.9	1.7
Harmonised consumer price index (HCPI)	3.4	3	2	1.8
Unemployment rate (% of the active population) Annual average	12.2	11.5	11.3	11.2

Source: Banco de España: Macroeconomic projections for the Spanish economy for 2024-2026. June 2024

The latest forecast published for 2024 has adjusted output up significantly, by 7 percentage points compared to December 2023, recognising the dynamism of the Spanish economy in the first half of the year, based on external demand and, in particular, exports of tourist services. Banco de España has been prudent in its projections for the coming quarters, assuming gradual convergence towards the economy's potential growth rate, which it estimates at 1.6%. For that reason, the forecasts for 2025 and 2026 are unchanged. Another aspect to highlight is the downwards correction of the inflation forecast for 2024 compared to the forecast in December 2023. This adjustment was larger in the March 2024 forecast but has been partially corrected to adjust for the inflationary pressures caused by the dynamism of tourist activity. The 2024 forecast is now significantly lower than the 4.3% published in September 2023. The forecast for unemployment has also been corrected downwards to reflect the increased activity, maintaining job creation throughout the forecast period, although with slower growth rates. Here, we highlight that the unemployment rate is a key indicator for determining expected loss on individuals' loan portfolios.

However, Banco de España recognises that while the risks related to its economic growth forecasts are to the downside, there are some significant risk factors. In addition to geopolitical tensions, there is high uncertainty about the process of containing inflation being maintained, which not only depends on the impact these tensions could have globally but also any local frictions.

A scenario of greater economic slowdown accompanied by relatively high interest rates weakens companies' cash flow and individuals' available income, which may compromise their ability to meet payments and, consequently, increase non-performing loans and the cost of risk. These indicators did not change significantly in the first half of 2024 compared to the close of 2023, helped by the macroeconomic climate in the period being somewhat more favourable than expected.

In 2020, as a consequence of the pandemic, the Group made a major provision allocation due to the change in the macroeconomic scenario, with a particular characteristic. This extraordinary allocation was called 'macroeconomic effect' and was not considered an 'overlay adjustment' since it derived directly from applying credit-risk hedging models. In 2021, macroeconomic projections came to light that reflected growing optimism and, therefore, led to a more favourable estimate of expected losses. Nevertheless, there were still major uncertain focal points linked to a slowdown of the economic recovery. For this reason, at close of 2021, the Group decided to maintain an overlay adjustment amounting to 141 million euros that instead of being meant to address the impacts of an adverse scenario, it was meant to address the model risk associated with the estimates. Given the particular situation caused by the health crisis, this was a very high risk.

In 2022 and 2023, the Group decided to allocate 7 million euros and 67 million euros, respectively, from the overlay adjustment to strengthening hedging for Bankinter Spain's portfolio of non-performing loans. In 2023, the Group decided to apply 17.5 million euros of the overlay adjustment allocated to Bankinter Consumer Finance exposures in order to hedge 100% of a non-performing portfolio worth 83 million euros, which was written off in the fourth quarter of 2023. There were no new movements during the first half of 2024. This means that, combined with other adjustments within Bankinter Group, the remaining overlay adjustment amounts to 52.8 million euros at 30 June 2024, along with a specific post-model adjustment for the NPL portfolio of 74.5 million euros (7 million euros of which was allocated in 2022 and the rest in 2023). The latter is justified by various factors, including the greater recovery difficulty for impaired exposures in a context of higher interest rates, compounded by delays in the administration of justice. All of this especially affects older non-performing exposures for which the model risk is considerably greater in these conditions.

This overlay adjustment has not impacted the staging of financial instruments. During the pandemic and later in response to the effects of the Ukraine crisis, this staging was primarily forward-looking and with a strong link to expert assessment, both individually and collectively.

18. Fair value

Value of financial instruments recognised in the Group's financial statements:

At 30 June 2024:

ASSETS	Carrying amount	Fair value	Fair value hierarchy	Fair value	Valuation techniques	Main inputs
Cash, cash balances at central banks and other demand deposits	11,382,260	11,382,073	Tier 2	11,382,073	Present value	Discounted expected cash flows with market curve
Financial assets held for trading						
Loans and advances to credit institutions	3,839,843	3,839,843	Tier 2	3,839,843	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Loans and advances to customers	39	39	Tier 2	39	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Debt securities	1,495,716	1,495,716	Tier 1	1,495,716	Directly capturing quoted prices in markets	Observable market data
Equity instruments	166,452	166,452	Tier 1	166,452	Directly capturing quoted prices in markets	Observable market data
Derivatives	594,467	594,467	Tier 1	1,466	Directly capturing quoted prices in markets	Observable market data
			Tier 2	304,419	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing
			Tier 2	179,714	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing and yield curves
			Tier 2	76,024	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing, yield curves and exchange rate volatility
			Tier 2	2,512	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Equity fixing and volatility of the underlying
			Tier 2	30,332	Price calculation using market inputs and standard techniques, and counterparty credit-risk adjustments, where applicable	Equity fixing, volatility of the underlying, yield curves and interest rate fixing

ASSETS	Carrying amount	Fair value	Fair value hierarchy	Fair value	Valuation techniques	Main inputs
Non-trading financial assets mandatorily at fair value through profit or loss						
Equity instruments	234,804	234,804	Tier 1	8,719	Directly capturing quoted prices in markets	Observable market data
			Tier 3	226,085	Discounted cash flow method, net asset value	NAV of fund management company; the entity's business plans
Debt securities	200	200	Tier 1	200	Directly capturing quoted prices in markets	Observable market data
Financial assets at fair value through other comprehensive income						
Debt securities	825,957	825,957	Tier 1	773,886	Directly capturing quoted prices in markets	Observable market data
			Tier 2	52,071	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Equity instruments	219,120	219,120	Tier 1	219,120	Directly capturing quoted prices in markets	Observable market data
			Tier 3	—	Discounted cash flow method, net asset value	NAV of fund management company; the entity's business plans
Financial assets at amortised cost						
Loans and advances to credit institutions	8,821,995	8,826,946	Tier 2	8,826,946	Present value	Discounted expected cash flows with market curve
Loans and advances to customers	75,614,289	77,417,212	Tier 2	77,417,212	Present value	Discounted expected cash flows with market curve
Debt securities	12,758,544	12,190,483	Tier 1	11,330,646	Directly capturing quoted prices in markets	Observable market data
			Tier 3	859,837	Present value	Discounted expected cash flows with market curve
Hedging derivatives						
Hedging derivatives	870,492	870,492	Tier 2	870,492	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing

LIABILITIES	Carrying amount	Fair value	Hierarchy	Fair value	Valuation techniques	Main inputs
Financial liabilities held for trading						
Deposits from credit institutions	323,181	323,181	Tier 2	323,181	Price calculation using market inputs and explicit formulae	Yield curves and Euribor fixing
Customer deposits	2,503,305	2,503,305	Tier 2	2,503,305	Price calculation using market inputs and explicit formulae	Yield curves and Euribor fixing
Trading derivatives	770,455	770,455	Tier 1	92,429	Directly capturing quoted prices in markets	Observable market data
			Tier 2	335,537	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing
			Tier 2	182,008	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing and yield curves
			Tier 2	90,315	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing, yield curves and exchange rate volatility
			Tier 2	24,506	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Equity fixing and volatility of the underlying
			Tier 2	45,660	Price calculation using market inputs and standard techniques, and counterparty credit-risk adjustments, where applicable	Equity fixing, volatility of the underlying, yield curves and interest rate fixing
Short positions in securities	1,110,048	1,110,048	Tier 1	1,110,048	Directly capturing quoted prices in markets	Observable market data
Financial liabilities at amortised cost						
Deposits from central banks	–	–	Tier 2	–	Present value	Discounted expected cash flows with market curve
Deposits from credit institutions	11,003,088	11,038,931	Tier 2	11,038,931	Present value	Discounted expected cash flows with market curve
Customer deposits	84,220,868	79,355,699	Tier 2	79,355,699	Present value	Discounted expected cash flows with market curve
Payables represented by commercial paper	6,361,515	6,374,619	Tier 2	6,374,619	Present value	Discounted expected cash flows with market curve
Subordinated liabilities	1,625,023	1,655,974	Tier 2	1,655,974	Present value	Discounted expected cash flows with market curve
Other financial liabilities	3,077,889	3,077,889	Tier 2	3,077,889	Present value	Discounted expected cash flows with market curve
Derivatives – hedge accounting						
Hedging derivatives	449,135	449,135	Tier 2	449,135	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing

At 31 December 2023

ASSETS	Carrying amount	Fair value	Fair value hierarchy	Fair value	Valuation techniques	Main inputs
Cash, cash balances at central banks and other demand deposits	13,859,595	13,859,134	Tier 2	13,859,134	Present value	Discounted expected cash flows with market curve
Financial assets held for trading						
Loans and advances to credit institutions	2,203,838	2,203,838	Tier 2	2,203,838	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Loans and advances to customers	137,957	137,957	Tier 2	137,957	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Debt securities	1,255,441	1,255,441	Tier 1	1,255,441	Directly capturing quoted prices in markets	Observable market data
Equity instruments	151,858	151,858	Tier 1	151,858	Directly capturing quoted prices in markets	Observable market data
Derivatives	756,160	756,160	Tier 1	311	Directly capturing quoted prices in markets	Observable market data
			Tier 2	330,565	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing
			Tier 2	317,954	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing and yield curves
			Tier 2	74,987	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing, yield curves and exchange rate volatility
			Tier 2	4,155	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Equity fixing and volatility of the underlying
			Tier 2	28,188	Price calculation using market inputs and standard techniques, and counterparty credit-risk adjustments, where applicable	Equity fixing, volatility of the underlying, yield curves and interest rate fixing

ASSETS	Carrying amount	Fair value	Fair value hierarchy	Fair value	Valuation techniques	Main inputs
Non-trading financial assets mandatorily at fair value through profit or loss						
Equity instruments	176,943	176,943	Tier 1	4,751	Directly capturing quoted prices in markets	Observable market data
			Tier 3	172,192	Discounted cash flow method, net asset value	NAV of fund management company; the entity's business plans
Debt securities	887	887	Tier 1	887	Directly capturing quoted prices in markets	Observable market data
Financial assets at fair value through other comprehensive income						
Debt securities	1,071,288	1,071,288	Tier 1	1,066,234	Directly capturing quoted prices in markets	Observable market data
			Tier 2	5,054	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Equity instruments	161,308	161,308	Tier 1	161,308	Directly capturing quoted prices in markets	Observable market data
			Tier 3	—	Discounted cash flow method, net asset value	NAV of fund management company; the entity's business plans
Financial assets at amortised cost						
Loans and advances to credit institutions	6,059,036	6,150,129	Tier 2	6,150,129	Present value	Discounted expected cash flows with market curve
Loans and advances to customers	74,199,024	76,679,048	Tier 2	76,679,048	Present value	Discounted expected cash flows with market curve
Debt securities	10,577,989	10,134,946	Tier 1	9,438,454	Directly capturing quoted prices in markets	Observable market data
			Tier 2	696,492	Present value	Discounted expected cash flows with market curve
Hedging derivatives						
Derivatives – hedge accounting	853,258	853,258	Tier 2	853,258	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing

LIABILITIES	Carrying amount	Fair value	Hierarchy	Fair value	Valuation techniques	Main inputs
Financial liabilities held for trading						
Deposits from credit institutions	483	483	Tier 2	483	Price calculation using market inputs and explicit formulae	Yield curves and Euribor fixing
Customer deposits	2,017,098	2,017,098	Tier 2	2,017,098	Price calculation using market inputs and explicit formulae	Yield curves and Euribor fixing
Trading derivatives	836,110	836,110	Tier 1	62,722	Directly capturing quoted prices in markets	Observable market data
			Tier 2	365,302	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing
			Tier 2	276,547	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing and yield curves
			Tier 2	80,897	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing, yield curves and exchange rate volatility
			Tier 2	15,681	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Equity fixing and volatility of the underlying
			Tier 2	34,961	Price calculation using market inputs and standard techniques, and counterparty credit-risk adjustments, where applicable	Equity fixing, volatility of the underlying, yield curves and interest rate fixing
Short positions in securities	1,042,100	1,042,100	Tier 1	1,042,100	Directly capturing quoted prices in markets	Observable market data
Financial liabilities at amortised cost						
Deposits-Central banks	1,323,987	1,311,604	Tier 2	1,311,604	Present value	Discounted expected cash flows with market curve
Deposits-Credit institutions	10,272,080	10,278,851	Tier 2	10,278,851	Present value	Discounted expected cash flows with market curve
Customer deposits	78,988,864	76,066,032	Tier 2	76,066,032	Present value	Discounted expected cash flows with market curve
Payables represented by commercial paper	7,124,386	7,099,778	Tier 2	7,099,778	Present value	Discounted expected cash flows with market curve
Subordinated liabilities	1,421,995	1,484,036	Tier 2	1,484,036	Present value	Discounted expected cash flows with market curve
Other financial liabilities	2,938,750	2,938,750	Tier 2	2,938,750	Present value	Discounted expected cash flows with market curve
Derivatives – hedge accounting						
Hedging derivatives	611,660	611,660	Tier 2	611,660	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing

19. Capital adequacy information

Bankinter Group calculates its capital and leverage ratios in accordance with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV), and with Regulation 575/2013/EU of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms (CRR), and its updates in Regulation (EU) 2019/876 of the European Parliament and of the Council (CRR II) and Regulation (EU) 2020/873 of the European Parliament and of the Council (CRRII Quick Fix), and their implementing regulations.

The best estimate, at the time of the financial statements, of consolidated own funds, at 31 December 2023 and 30 June 2024 and the corresponding capital ratios, according to applicable regulations (however, these are continuously revised by the prudential supervisor):

CAPITAL RATIOS	30/06/2024	31/12/2023
Eligible Common Equity Tier 1 (thousands of euros) (a)	5,043,894	4,799,116
Eligible Additional Tier 1 capital (thousands of euros) (b)	650,000	650,000
Eligible Tier 2 capital (thousands of euros) (c)	1,020,641	829,878
Risks (thousands of euros) (d)	40,544,566	39,017,626
Common Equity Tier 1 capital ratio (CET 1) (A)=(a)/(d)	12.44 %	12.30%
Additional Tier 1 capital ratio (AT 1) (B)=(b)/(d)	1.60 %	1.67%
Tier 1 capital ratio (Tier 1) (A)+(B)	14.04 %	13.97%
Tier 2 capital ratio (Tier 2) (C)=(c)/(d)	2.52 %	2.13%
Tier 2 capital ratio (Tier 2) (C)=(c)/(d)	**16.56 %**	**16.09%**

LEVERAGE	30/06/2024	31/12/2023
Tier 1 capital (thousands of euros) (a)	5,693,894	5,449,116
Exposure (thousands of euros) (b)	112,800,771	112,070,874
Leverage ratio (a)/(b)	**5.05 %**	**4.86%**

20. Non-audit services provided by the auditor

From 1 January through to 30 June 2024, the Group's auditor, PricewaterhouseCoopers Auditores, S.L., and its related companies due to control, ownership or management, provided the following non-audit services. These services are of the following types:

- Limited review of the consolidated statement of profit or loss for the first half of 2024.
- External expert report and other procedures relating to anti-money laundering and terrorism financing.
- Report on agreed procedures for attributes of credit rights pledged before central banks.
- Training courses on aspects unrelated to financial reporting.

Bankinter Group

Consolidated interim management report for the first half of 2024

Group performance

In 2022, Bankinter and Liberty Seguros signed an agreement to jointly carry out their insurance businesses through Bankinter Liberty Hogar y Auto, S.A. However, the parties ended this agreement in 2024.

In February 2024, EVO Banco, S.A.U. performed a capital increase in the amount of 5 million euros with an issue premium of 75 million euros, increasing its own funds by 80 million euros.

On 17 April 2024, the boards of directors of Bankinter, S.A. and its subsidiary in Ireland, Avantcard Designated Activity Company (Avantcard DAC), decided to reorganise the Group's activity in that county, through the merger of the two companies and the creation of a subsidiary to continue the development of the business. Under this agreement, Bankinter acquired all of the shares in the issued share capital of Avantcard DAC from Bankinter Consumer Finance, E.F.C., S.A. Following this purchase, Bankinter and Avantcard DAC were merged and a subsidiary of Bankinter in Ireland was created, which was allocated all of the assets, liabilities, rights, obligations and other legal relationships acquired by Bankinter as a result of the merger. This subsidiary will be a permanent establishment in Ireland, continuing the activities currently performed by Avantcard DAC in that jurisdiction.

On 19 June 2024, the boards of directors of Bankinter, S.A., the parent of Bankinter Group, and EVO Banco, S.A.U., a wholly owned subsidiary of Bankinter, S.A., agreed to a merger by absorption, through which EVO Banco was integrated into the structure of Bankinter, S.A., improving the Group's profitability and efficiency. The purpose of this merger is to exploit the synergies between the two entities, fostering the Group's digital transformation. Through this merger, the customers, business and employees of EVO Banco will be incorporated into the structure of Bankinter. The merger is expected to be completed in the first half of 2025, subject to regulatory authorisation.

Documents relating to the plans for the mergers are published on the Group's corporate website, in compliance with Royal Decree-Law 5/2023.

During the first half of the year, 1,294 million euros drawn by the entity from the third tranche of the European Central Bank's targeted longer-term refinancing operations (TLTRO III) matured, bringing all such operations to an end.

Law 38/2022, which set forth a temporary tax rate on credit institutions or financial credit establishments, stipulates that this tax is a temporary payment for two years, from 1 January 2023 and 1 January 2024. This payment must be made within the first twenty calendar days of September of that year, without prejudice to the early payment of 50% of the amount, to be made within the first twenty days of February of that year. Therefore, Bankinter, S.A. has recognised in 2024 the estimated amount for this tax at 95 million euros (77.5 million euros in 2023).

In March 2024, Bankinter issued subordinated debt eligible as Tier 2 capital for a total amount of 200 million euros. This was a fixed income issue for institutional investors with an early redemption date starting from March 2029, paying a nominal interest rate of 5% until June 2029. The coupon will be paid annually on 25 June.

Consolidated results for the first half

Profit before tax from continuing operations in the first six months of the year was 715.4 million euros, an increase of 14.43% compared to the same period in 2023, with profit after tax of 473.5 million euros, 13.30% higher. This increase is primarily due to the increase in net interest income.

This account continues to reflect the strength of the customer business, forming the basis for robust and recurring results.

BANKINTER GROUP	30/06/2024	30/06/2023	Change	
	Amount	**Amount**	**Amount**	**%**
Interest and similar income	2,198,862	1,592,881	605,981	38.04 %
Interest expense and similar charges	(1,038,579)	(524,623)	(513,956)	97.97%
Net interest income	**1,160,283**	**1,068,258**	**92,025**	**8.61%**
Return on equity instruments	5,081	11,160	(6,079)	(54.47)%
Share of the profit or loss of entities accounted for using the equity method	11,720	16,189	(4,470)	(27.61)%
Net fees and commissions	341,957	303,436	38,520	12.69%
Gains or losses on financial assets and liabilities and exchange differences	24,679	36,936	(12,257)	(33.18)%
Other operating income/expenses	(133,228)	(158,036)	24,808	(15.70)%
Gross operating income	**1,410,491**	**1,277,944**	**132,547**	**10.37%**
Staff expenses	(265,233)	(250,492)	(14,742)	5.89%
Administrative expenses/depreciation	(216,105)	(201,771)	(14,334)	7.10%
Operating profit (loss) before provisions	**929,152**	**825,682**	**103,471**	**12.53%**
Provisions	(38,020)	(45,665)	7,645	(16.74)%
Impairment losses	(171,586)	(147,795)	(23,790)	16.10%
Net operating income	**719,547**	**632,222**	**87,325**	**13.81 %**
Gains/(losses) on disposal of assets	(4,141)	(7,034)	2,893	(41.13)%
Profit (loss) before tax	**715,406**	**625,188**	**90,218**	**14.43%**
Income tax expense	(241,924)	(207,282)	(34,642)	16.71%
Profit or loss for the period	**473,482**	**417,906**	**55,576**	**13.30%**

Net interest income amounted to 1,160.3 million euros, up 8.61% on the first half of 2023.

The net interest margin in the second quarter of 2024 was 3.01%, a 2 bp improvement year-on-year and a 3 bp improvement from the previous quarter.

Figures in%

	Q2 2024		Q1 2024		Q4 2023		Q3 2023		Q2 23	
	Weight	Rate	Weight	Rate	Weight	Rate	Weight	Rate	Weight	Rate
Deposits at central banks	7.11%	3.72%	8.52%	3.69%	10.79%	3.68%	11.05%	3.62%	11.87%	3.17%
Deposits with credit institutions	8.52 %	4.03%	6.30%	4.24%	5.19%	4.15%	5.14%	3.66 %	4.68%	3.11%
Loans and advances to customers (a)	66.86 %	4.41%	67.62%	4.38%	67.56%	4.38%	67.54%	4.12%	67.11%	3.73%
Debt securities	12.90%	2.53%	12.19%	2.37%	11.82%	2.32%	11.50%	2.24%	11.50%	2.05%
Of which ALCO portfolio	11.23 %	2.10%	10.50%	1.99%	10.60%	1.90%	10.51%	1.79%	10.34%	1.71%
Equity	0.70%	1.69%	0.68%	0.96%	0.68%	0.57%	0.69%	1.63%	0.73%	0.81 %
Other unweighted income		0.14%		0.15%		0.13%		0.10%		0.05%
Average interest-bearing assets (b)	**96.09%**	**4.19%**	**95.31%**	**4.18%**	**96.05%**	**4.14%**	**95.92%**	**3.89%**	**95.90%**	**3.46%**
Other assets	3.91%		4.69 %		3.95%		4.08%		4.10%	
AVERAGE TOTAL ASSETS	**100.00%**	**4.03%**	**100.00%**	**3.98%**	**100.00%**	**3.97%**	**100.00%**	**3.73%**	**100.00%**	**3.31%**
Deposits from central banks	— %	— %	1.15%	3.22%	1.22%	3.25 %	3.71%	2.78%	8.38%	2.28%
Deposits from credit institutions	10.43 %	3.97%	8.15%	4.23%	8.63%	4.13%	8.03%	4.05%	6.25%	3.30%
Customer funds	78.47%	1.76%	78.66%	1.70%	78.62%	1.65%	76.62%	1.35%	74.34%	0.96%
Customer deposits (c)	68.70 %	1.40%	71.36%	1.40%	72.09%	1.37%	70.71%	1.09%	68.90%	0.74%
Wholesale funds	9.76%	4.32%	7.30%	4.62%	6.53%	4.73%	5.91%	4.45%	5.44%	3.78%
Subordinated liabilities	1.44%	1.59%	1.31%	1.14%	1.31%	1.12%	1.30%	1.11%	1.31%	1.12%
Other unweighted costs		0.11%		0.13%		0.16%		0.15%		0.13%
Average interest-bearing funds (d)	**90.34 %**	**2.13%**	**89.27%**	**2.07%**	**89.79%**	**2.06%**	**89.66%**	**1.80%**	**90.29%**	**1.38%**
Other liabilities	**9.66%**		**10.73%**		**10.21%**		**10.34%**		**9.71%**	
AVERAGE TOTAL FUNDS	**100.00%**	**1.92%**	**100.00%**	**1.85%**	**100.00%**	**1.85 %**	**100.00%**	**1.61%**	**100.00%**	**1.25%**
Net interest margin (a-c)		**3.01%**		**2.98%**		**3.01%**		**3.03%**		**2.99%**
Net interest margin (b-d)		**2.06 %**		**2.10%**		**2.07%**		**2.09%**		**2.07%**

Fees and commissions improved, with year-on-year growth in the first six month of 2024 of 12.69%, resulting in a 38.5 million euro increase in revenue. There were increases in several line items, led by fee and commission income from asset management and securities services.

CUMULATIVE FEES AND COMMISSIONS	H1 2024	H1 23	Change	%
FEES AND COMMISSIONS PAID	**97,811**	**101,445**	**(3,634)**	**(3.58)%**
FEES AND COMMISSIONS RECEIVED				
On guarantees and letters of credit	33,902	31,572	2,330	7.38%
On foreign exchange and foreign banknotes	43,315	41,530	1,785	4.30%
On financial guarantees	10,978	11,266	(288)	(2.56)%
On collection and payment services	94,622	88,487	6,134	6.93%
For securities services	82,056	73,173	8,883	12.14%
Underwriting and placement of securities	16,330	17,284	(954)	(5.52)%
Purchase and sale of securities	23,183	20,705	2,478	11.97%
Securities administration and custody	27,158	23,625	3,533	14.95%
Asset management	15,386	11,560	3,826	33.10%
For marketing of non-banking financial products	144,748	126,246	18,502	14.66%
Asset management	98,121	82,674	15,447	18.68%
Insurance and pension funds	46,627	43,572	3,055	7.01%
Other fees and commissions	30,147	32,607	(2,460)	(7.55)%
Total fees and commissions received	439,768	404,881	34,886	8.62%
TOTAL NET FEES AND COMMISSIONS:	**341,957**	**303,436**	**38,520**	**12.69%**

Gross operating income increased by 10.37% in the first half of the year to 1,410.5 million euros, 132.5 million euros higher than in the first half of 2023. By business area, Customer segments was again the largest contributor to gross operating income.

CONTRIBUTION BY BUSINESS AREA				Thousands of euros
	H1 2024	H1 2023	Thousands of euros	%
Customer segments	1,467,831	1,248,571	219,259	17.56%
Wealth Management & Retail Banking and Private Banking	641,961	484,419	157,542	32.52%
Corporate Banking	615,598	569,752	45,845	8.05%
Consumer group	210,272	194,400	15,872	8.16%
BK Portugal	173,462	147,682	25,780	17.46%
EVO	41,606	30,525	11,081	36.30%
Capital markets	172,800	136,700	36,100	26.41%
Corporate Centre	(445,208)	(285,534)	(159,674)	55.92%
Gross operating income	**1,410,491**	**1,277,944**	**132,547**	**10.37%**

On the expense front, staff expenses increased by 5.89% and administrative expenses/depreciation by 7.10%.

Quarterly income statement:

INCOME STATEMENT

	Bankinter Group					% change	
	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 23	Q2 2024/Q2 2023	Q2 2024/Q1 2024
Interest and similar income	1,118,616	1,080,246	1,077,437	1,007,409	876,746	27.59%	3.55%
Interest expense and similar charges	(536,019)	(502,560)	(502,679)	(436,926)	(330,716)	62.08%	6.66%
Net interest income	**582,597**	**577,686**	**574,758**	**570,483**	**546,030**	**6.70%**	**0.85%**
Return on equity instruments	3,306	1,774	1,051	3,050	1,567	110.98%	86.35%
Share of the profit or loss of entities accounted for using the equity method	**6,419**	**5,300**	**6,837**	**8,549**	**6,672**	**-3.79%**	**21.10%**
Net fees and commissions	176,196	165,761	165,209	155,647	150,701	16.92%	6.30%
Gains or losses on financial assets and liabilities and exchange differences	2,827	21,851	(7,934)	6,549	21,101	-86.60 %	-87.06%
Other operating income/expenses	(19,511)	(113,717)	(84,454)	(17,144)	(64,022)	-69.52%	-82.84%
Gross operating income	**751,835**	**658,656**	**655,467**	**727,133**	**662,050**	**13.56%**	**14.15%**
Staff expenses	(137,102)	(128,131)	(167,888)	(139,544)	(128,702)	6.53%	7.00%
Administrative expenses/depreciation	(111,999)	(104,107)	(125,847)	(107,837)	(103,984)	7.71%	7.58%
Operating profit (loss) before provisions	**502,734**	**426,419**	**361,732**	**479,751**	**429,363**	**17.09%**	**17.90%**
Provisions	(20,918)	(17,102)	(15,409)	(18,605)	(22,496)	-7.01%	22.31%
Impairment losses	(90,997)	(80,588)	(111,819)	(78,559)	(72,380)	25.72%	12.92%
Net operating income	**390,819**	**328,728**	**234,505**	**382,587**	**334,487**	**16.84%**	**18.89%**
Gains/(losses) on disposal of assets	(2,098)	(2,043)	(9,257)	(4,182)	(3,718)	-43.56%	2.72%
Profit (loss) before tax	**388,721**	**326,685**	**225,248**	**378,405**	**330,769**	**17.52%**	**18.99%**
Income tax expense	(116,041)	(125,882)	(65,142)	(111,629)	(97,577)	18.92%	-7.82%
Profit or loss for the period	**272,679**	**200,803**	**160,106**	**266,776**	**233,192**	**16.93%**	**35.79%**

Trends in loans and funds in the first half

Loans and receivables to customers grew by 5.48% compared to the first half of 2023. Contingent risks increased by 1.73% and those drawable by third parties by 3.13%, resulting in a 2.68% increase in off-balance sheet risks.

LOANS AND RECEIVABLES				Thousands of euros
			Change	
	H1 2024	H1 23	Thousands of euros	%
General governments	**1,600,234**	**1,174,164**	**426,070**	**36.29%**
Other private sectors	**74,014,055**	**71,549,011**	**2,465,044**	**3.45%**
Commercial credit	3,530,084	3,358,345	171,738	5.11%
Secured loans	41,033,401	39,451,082	1,582,319	4.01%
Other term loans	24,945,373	24,010,008	935,365	3.90%
Personal loans	16,217,187	15,395,270	821,917	5.34%
Credit accounts	8,531,370	8,507,283	24,088	0.28%
Other	196,815	107,455	89,360	83.16%
Finance leases	591,677	688,009	(96,332)	(14.00)%
Non-performing assets	1,886,038	1,831,806	54,232	2.96%
Valuation adjustments	(705,239)	(821,730)	116,491	(14.18)%
Other credit	2,732,721	3,031,490	(298,769)	(9.86)%
Loans and advances to customers	**75,614,289**	**72,723,175**	**2,891,114**	**3.98%**
Other financial assets at amortised costs - Customers	3,072,431	1,873,821	1,198,610	63.97%
Total	**78,686,720**	**74,596,996**	**4,089,724**	**5.48%**
Off-balance sheet exposures	**25,361,173**	**24,699,137**	**662,036**	**2.68%**
Contingent risks	8,070,783	7,933,720	137,064	1.73 %
Drawable by third parties	17,290,390	16,765,418	524,973	3.13%

On the lending front, retail funds increased compared to the same period in the previous year (+3.59%), led by private sector deposits, which increased by 4.56%.

Wholesale funds increased by 116.43%, led by wholesale deposits.

Taken together, this resulted in 11.76% growth in balance sheet funds.

Off-balance sheet funds were up by 28.14%.

CUSTOMER FUNDS				Thousands of euros
			Change	
	H1 2024	H1 23	Thousands of euros	%
Retail funds	**80,755,479**	**77,958,465**	**2,797,014**	**3.59%**
Loans and advances to general government	1,661,744	1,740,214	(78,470)	(4.51)%
Loans and advances to private sector	76,516,454	73,179,611	3,336,842	4.56%
Current accounts	55,211,414	57,035,827	(1,824,412)	(3.20)%
Term deposits	21,056,056	16,064,332	4,991,724	31.07%
Valuation adjustments	248,983	79,453	169,531	213.37%
Other demand accounts	676,717	1,578,331	(901,613)	(57.12)%
Retail commercial paper	1,900,564	1,460,309	440,255	30.15%
Repurchase agreements	**1,686,114**	**708,435**	**977,678**	**138.01%**
Wholesale funds	**11,320,813**	**5,230,605**	**6,090,208**	**116.43%**
Wholesale deposits	6,043,960	—	6,043,960	— %
Securitised bonds	94,293	216,467	(122,174)	(56.44)%
Covered bonds	2,745,104	2,742,054	3,051	0.11%
Senior bonds	2,494,708	2,495,403	(695)	(0.03)%
Valuation adjustments	(57,252)	(223,318)	166,066	(74.36)%
Total on-balance sheet funds	**93,762,406**	**83,897,505**	**9,864,901**	**11.76%**
Off-balance sheet funds	**52,767,999**	**41,180,325**	**11,587,674**	**28.14%**

The average total assets of Large-corporate Banking and Wealth Management & Retail Banking were 29,419 million euros and 42,579 million euros, respectively, in the first half of 2024 (28,182 million euros and 41,032 million euros in the first half of 2023, respectively). Of which, 6,162 million correspond to small-sized enterprises, i.e. companies with group turnover of less than 5 million euros.

The debt securities portfolio acquired by the assets and liabilities committee, while managing the balance sheet structured risks (ALCO portfolio), has the following composition and profit/losses before tax, in millions of euros:

	Gross carrying amount		Profit/loss before tax	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Financial assets at fair value through other comprehensive income	859	1,117	(31)	(49)
Financial assets at amortised cost	11,773	9,950	(573)	(395)
TOTAL ALCO portfolio	**12,632**	**11,067**	**(604)**	**(444)**

The profit/loss of 'Financial assets at fair value through other comprehensive income' is recognised in the balance sheet, while the profit/loss of 'Financial assets at amortised cost' is tacit and net of the corresponding hedging.

Credit risk

Exposure to credit risk with customers amounts to 87,465 million euros at 30 June 2024, representing a 4.93% increase when compared to June 2023. The non-performing balance increased and the non-performing ratio at the close of the first half of 2024 was 2.17%, compared to 2.22% a year earlier, a decrease of 2.27 in percentage terms.

Thousands of euros

	30/06/2024	30/06/2023	Amount	%
Eligible exposures	**87,465,061**	**83,357,992**	**4,107,069**	**4.93%**
Stage 1 (Performing loans)	83,003,383	78,830,220	4,173,163	5.29%
Stage 2 (underperforming exposures)	2,561,501	2,674,741	(113,239)	(4.23)%
Stage 3 (non-performing exposures)	1,900,176	1,853,031	47,145	2.54%
Non-performing exposures (includes contingent exposures)	**1,900,176**	**1,853,031**	**47,145**	**2.54%**
Credit risk allowances and provisions	**1,290,395**	**1,229,250**	**61,145**	**4.97%**
Stage 1 (Performing loans)	150,316	158,100	(7,784)	(4.92)%
Stage 2 (underperforming exposures)	99,504	104,804	(5,299)	(5.06)%
Stage 3 (non-performing exposures)	1,040,574	966,346	74,228	7.68%
NPL ratio (%)	**2.17%**	**2.22%**	**(0.05)%**	**(2.27)%**
Coverage ratio (%)	67.91%	66.34%	1.57%	2.37%
Foreclosed assets	**71,792**	**100,127**	**(28,335)**	**(28.30)%**
Provision for foreclosed assets	47,243	57,967	(10,724)	(18.50)%
Foreclosure coverage (%)	65.80%	57.89%	7.91%	13.67%

Control, monitoring and recoveries

The table below shows flows in NPLs in this period:

Change in non-performing exposures (including contingent risk)

Thousands of euros

			Change	
	30/06/2024	30/06/2023	Amount	%
Opening balance	**1,812,753**	**1,734,606**	**78,148**	**4.51%**
Net additions	114,672	178,674	(64,002)	(35.82)%
Write-offs	(27,249)	(60,249)	32,999	(54.77)%
Balance at the end of the period	**1,900,176**	**1,853,031**	**47,145**	**2.54%**

Risk management

Note 44 to the annual financial statements for 2023 describes the Group's risk policy and specifically:

- Risk policy framework established by the board of directors.
- Credit risk: organisation, policies and management, performance in the year, maximum exposure to credit risk, refinancing and restructuring policy, trends in customer risks, control, monitoring and recoveries, non-performing loans and foreclosures, provisions and allowances
- Structural risk management policies: structural interest rate, liquidity and market risks.
- Market risk management policies
- Operational risk.
- Reputational and compliance risk.
- Legal risk.

Note 11 to the annual financial statements lists the asset and liability hedges entered into by the entity

Non-financial information

The non-financial information is included in the '2023 Consolidated non-financial statement" attached as a separate document to the Group's consolidated financial statements for the year ended 31 December 2023.

Research and development activities

The Group was not involved in any significant research and development activities in the first half of the year.

Treasury shares

The Group had a total of 898,866,154 shares in issue at 30 June 2024 and held 197,480 treasury shares.

Events after the reporting period

There were no material events between the reporting date at the end of the first half and the date of authorisation for issue of these interim financial statements.