

Results Presentation

9M2017

26 October 2017

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

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

9M17 Summary

Gross operating income: 1.394M€ +10 % 6%*

NPL ratio: 3,72% -47 bps 3,33%*

Net income: 376M€ -6 % +15%*

CET1 FL: 11,5% 0 bps

ROE: 12,3% +1,6 pp

* ex-Portugal

Agenda

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

01

Results

9M17 P&L

YTD P&L account (€millions)

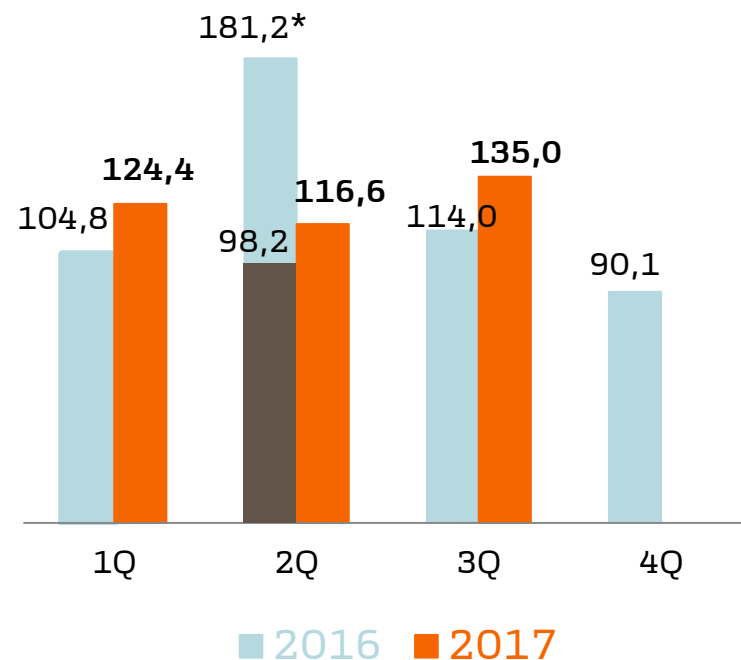
	Bankinter group			ex-Portugal*		
	9M17	9M16	Dif. % 17/16	9M17	9M16	Dif. % 17/16
Net Interest Income	789,7	712,8	10,8%	713,1	676,9	5,3%
Net Fee Income	313,0	274,0	14,2%	287,2	257,5	11,5%
Other Income/ Expenses	241,3	227,0	6,3%	241,5	225,1	7,3%
Trading Income	49,8	56,1	-11,2%	49,7	56,1	-11,3%
Gross Operating Income	1.393,8	1.269,9	9,7%	1.291,5	1.215,6	6,2%
Operating Expenses	-703,4	-654,8	7,4%	-639,3	-609,5	4,9%
Pre Provision Profit	690,4	615,1	12,2%	652,3	606,1	7,6%
Other Provisions	-16,3	-28,3	-42,5%	-17,9	-25,4	-29,6%
Cost of Risk	-156,5	-162,5	-3,7%	-141,6	-153,6	-7,8%
Extraordinary results		123,5	n.a.	n.a.	n.a.	
Profit Before Tax	517,6	547,8	-5,5%	492,8	427,1	15,4%
Net Income	376,0	400,0	-6,0%	358,0	311,9	14,8%

3Q17 P&L

3Q17 P&L account (€millions)

	Bankinter Group		
	3Q17	3Q17/2Q17 var. %	3Q17/3Q16 var. %
Net Interest Income	260,0	-4,4%	4,3%
Net Fee Income	103,5	-5,3%	10,4%
Other Income/ Expenses	92,4	46,0%	8,9%
Trading Income	15,6	52,5%	135,3%
Gross Operating Income	471,5	3,7%	8,5%
Operating Expenses	-232,7	-2,2%	3,0%
Pre Provision Profit	238,8	10,1%	14,5%
Other Provisions	-4,5	11,8%	-61,5%
Cost of Risk	-48,4	-8,2%	11,6%
Extraordinary results		n.a.	n.a.
Profit Before Tax	185,9	16,1%	27,2%
Net Income	135,0	15,8%	18,4%

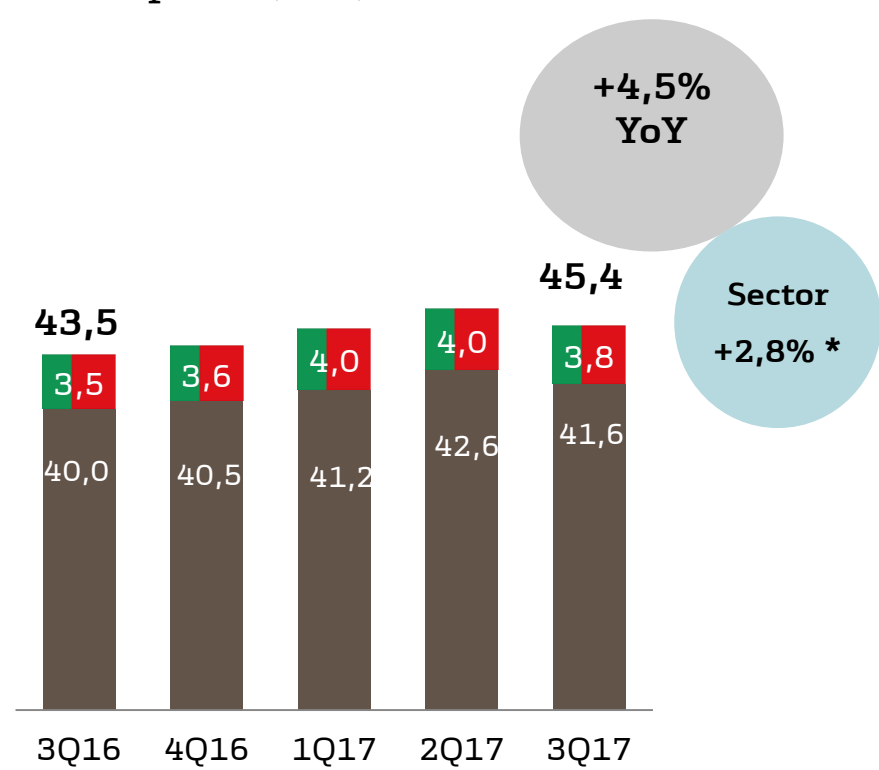
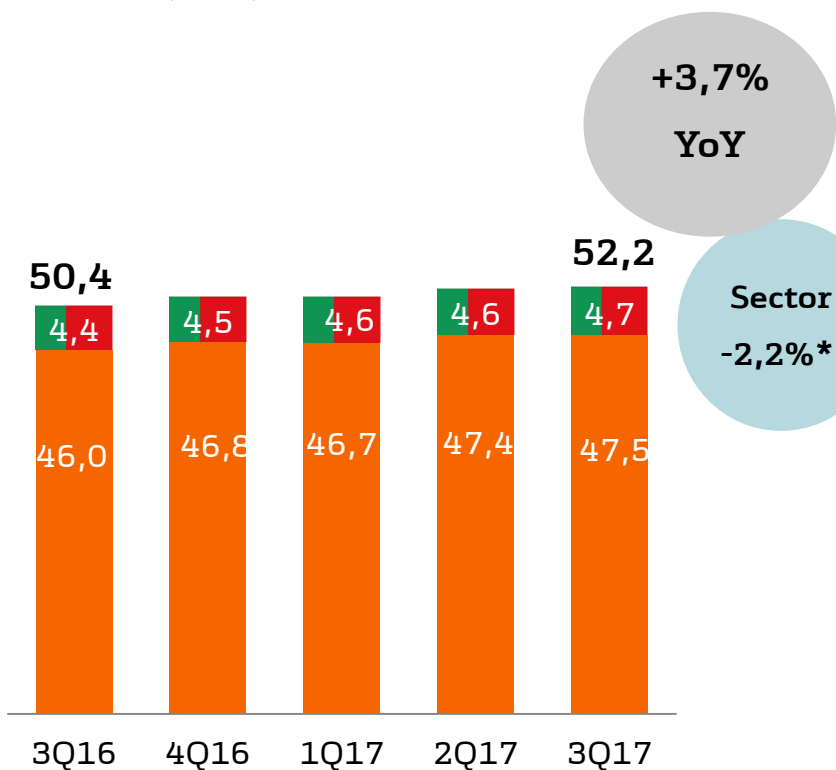
Quarterly Net Income (€millions)



Loan book and retail deposits

Loan book (€bn)

Retail deposits (€bn)

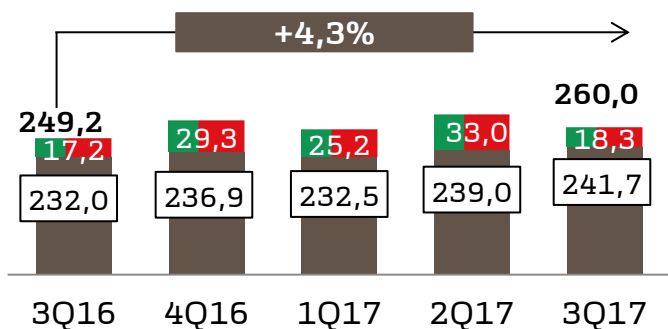


■ Bankinter Portugal

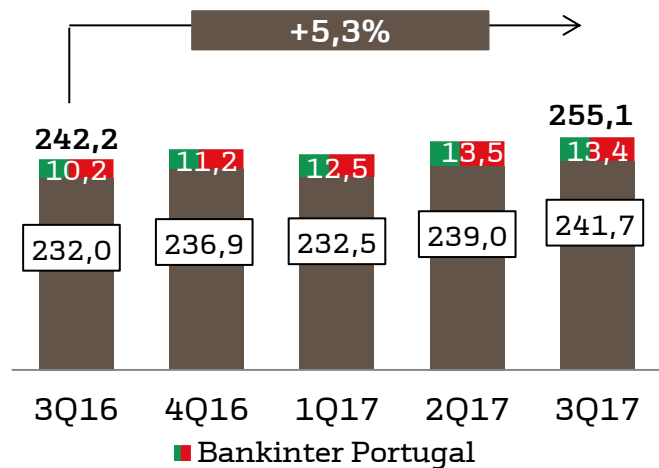
■ Bankinter Portugal

NII and Customer margin

Quarterly net interest income (€millions)

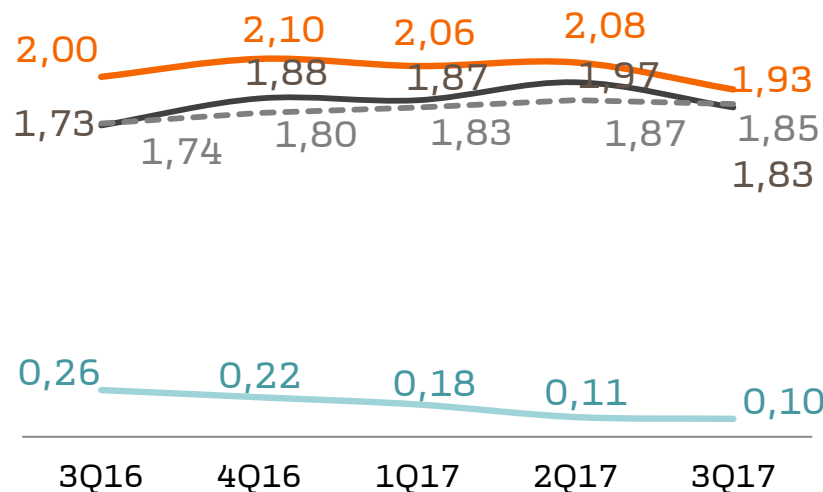


Quarterly recurrent net interest income (€millions)



Bankinter Portugal
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Quarterly customer margin and breakdown (in %)



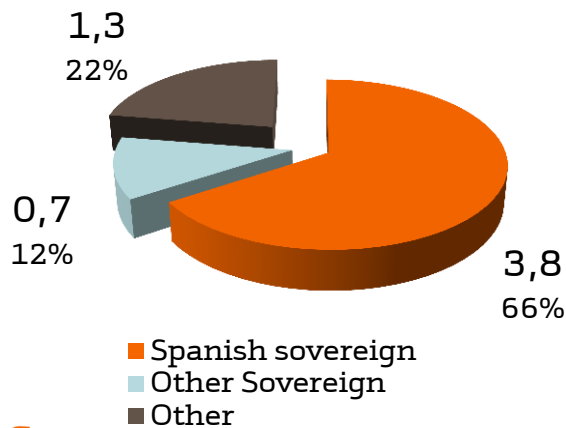
- Credit yield
- Cost of liabilities
- Client margin
- - - Client margin (ex Portugal)

NII and ALCO portfolio

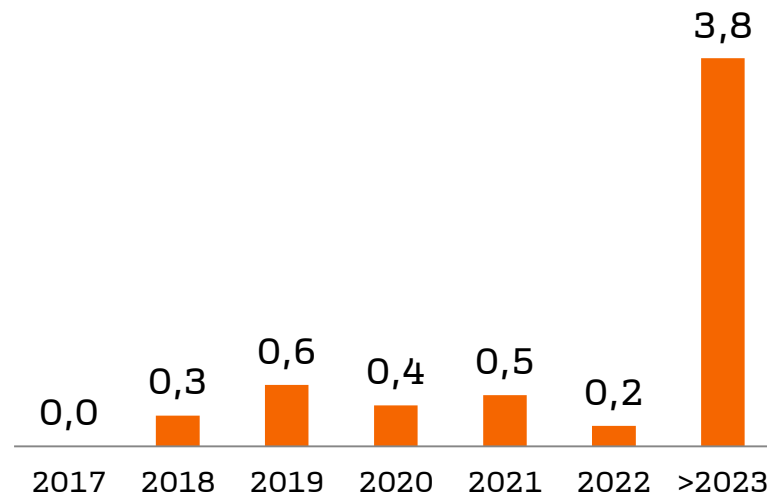
Breakdown of ALCO portfolio

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

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

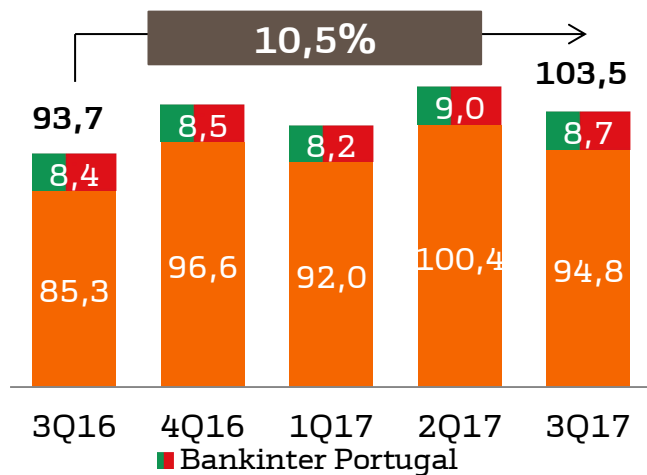


ALCO portfolio maturities (bn €)

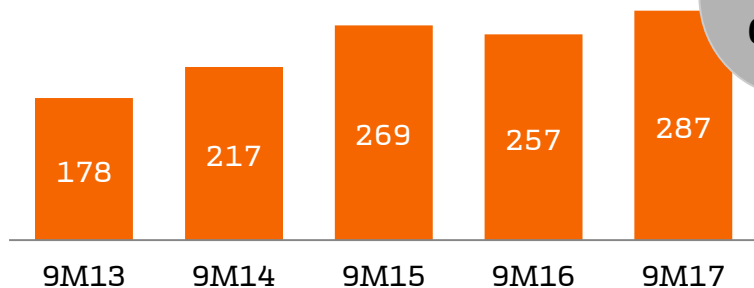


Net fee income

Quarterly evolution of net fee income (€ millions)



Accumulated Net fee income in Spain (€millions)



Fee income breakdown (€ millions)

	Bankinter group			
	9M17	9M16	Dif. €	Dif. %
Asset management	114,1	94,7	19,4	20,5%
Payments & collections	66,6	58,9	7,7	13,0%
Brokerage	55,4	48,9	6,4	13,1%
Insurance	45,0	36,4	8,6	23,6%
FX differences	38,7	35,6	3,1	8,7%
Fees on contingent risks	37,3	35,0	2,3	6,5%
Other fees	32,8	32,1	0,6	1,9%
Total fees received	389,8	341,7	48,1	14,1%
Total fees paid	76,8	67,7	9,1	13,4%
Net fees	313,0	274,0	39,0	14,2%

Other Income

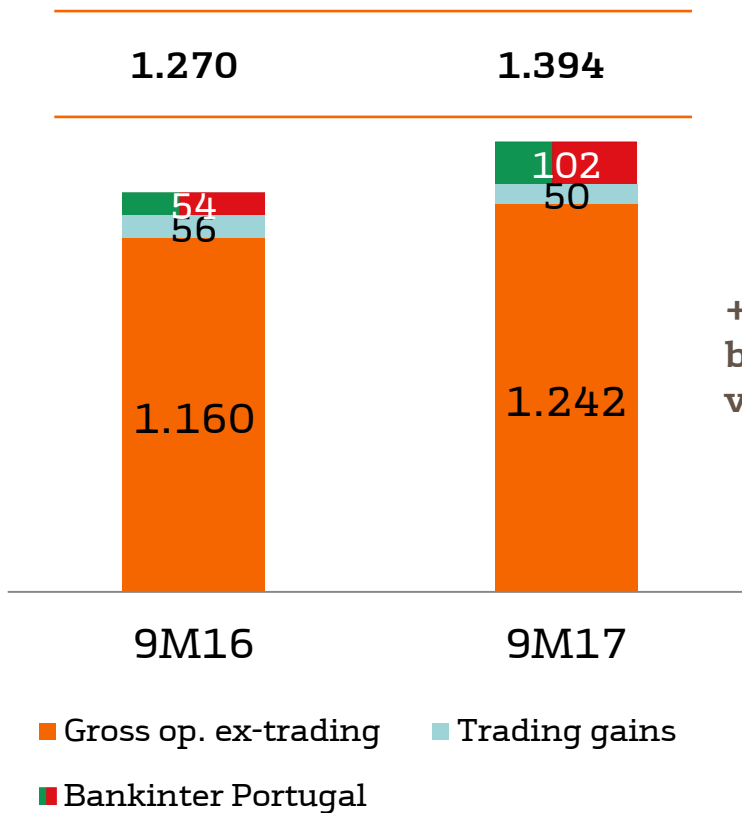
Other income breakdown (€ millions):

	Bankinter group		
	9M17	9M16	% Dif.
LDA Insurance tech. margin	261,7	234,0	11,8%
Other Income/expenses	-20,4	-7,0	191,7%
o.w. regulatory charges	-34,1	-28,3	20,4%
Other income	241,3	227,0	6,3%

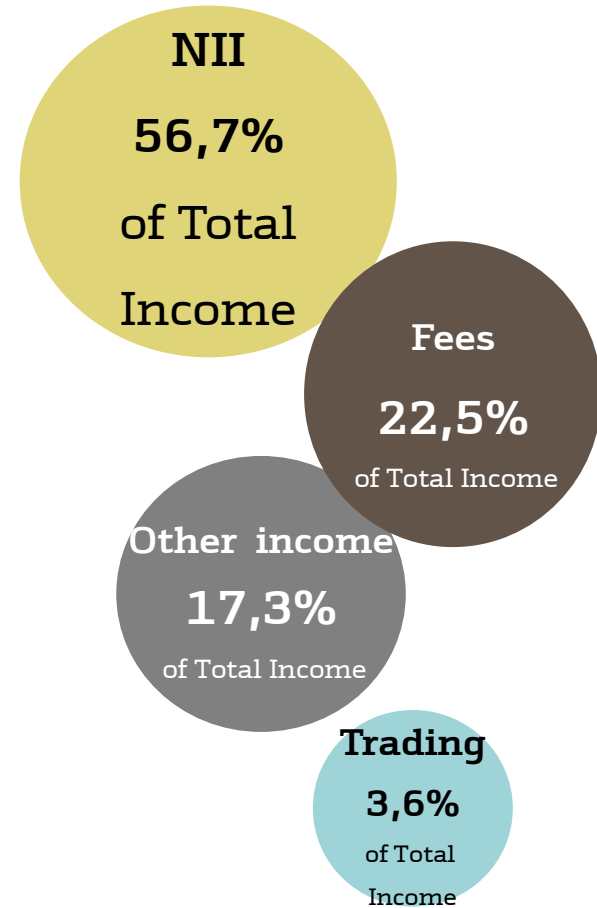
LDA
20,5%
of Total
Income

Gross operating income

Gross operating income (€millions)

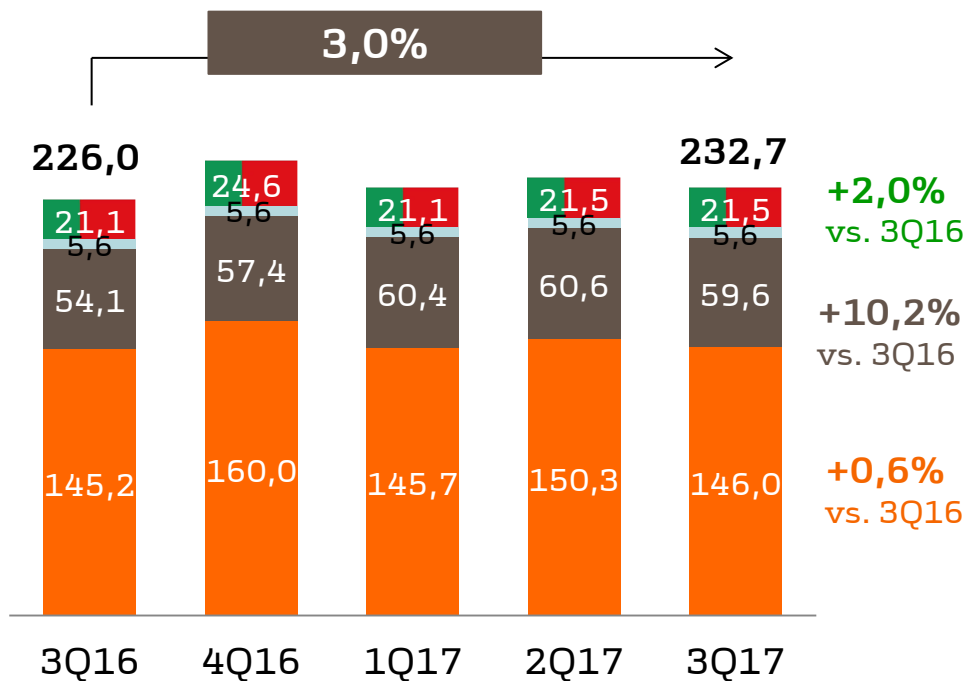


+11% customer business Iberia vs. Sept-16

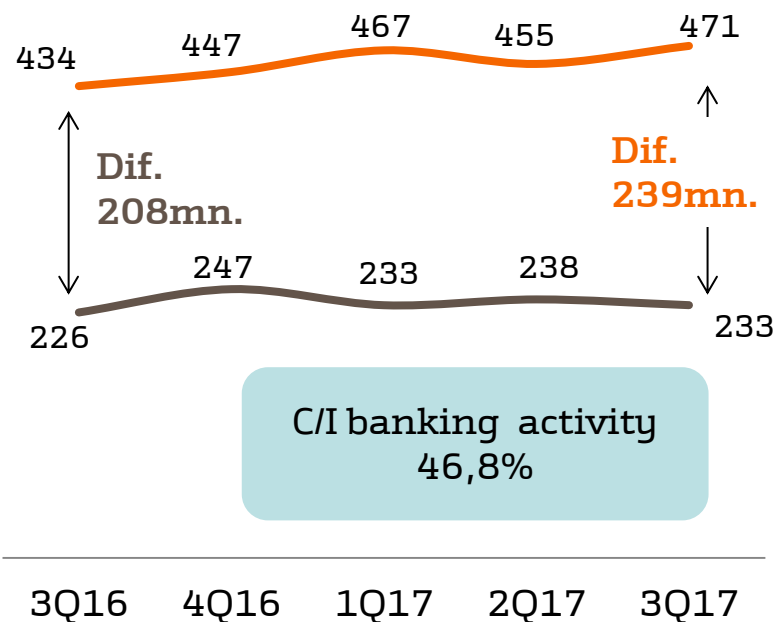


Costs and operating expenses

Total operating expenses breakdown (€ millions)

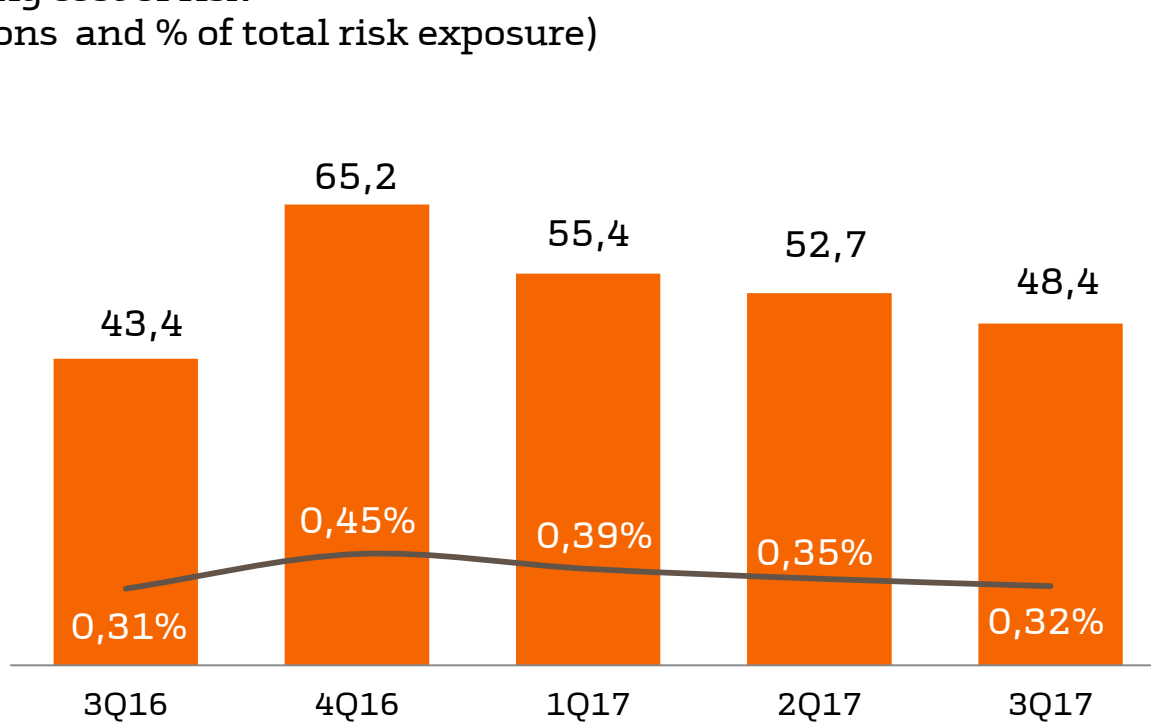


Quarterly total income vs. expenses (€ millions)



Cost of Risk

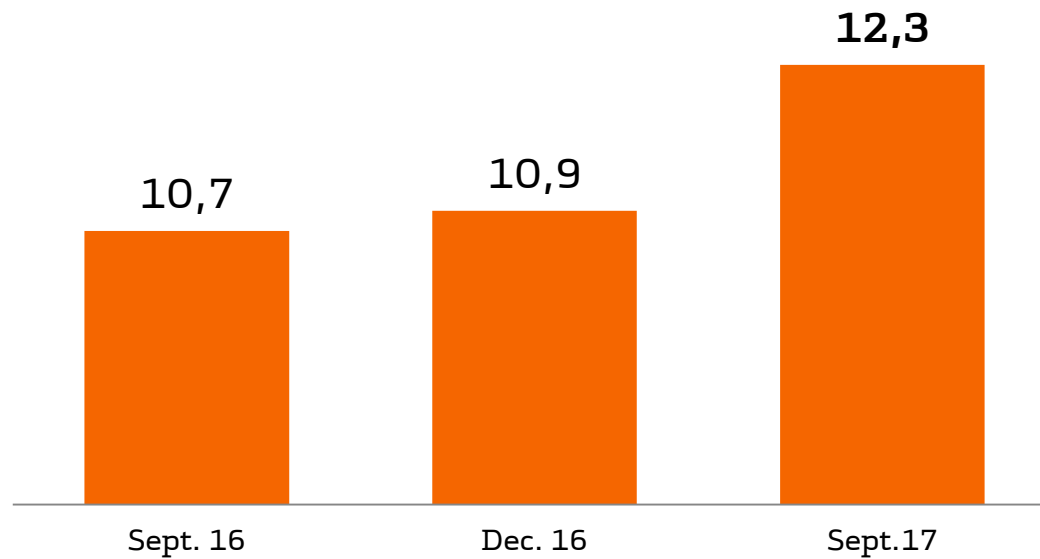
Quarterly cost of risk*
(€millions and % of total risk exposure)



-8%
vs. 2Q17

Profitability

ROE (in %)



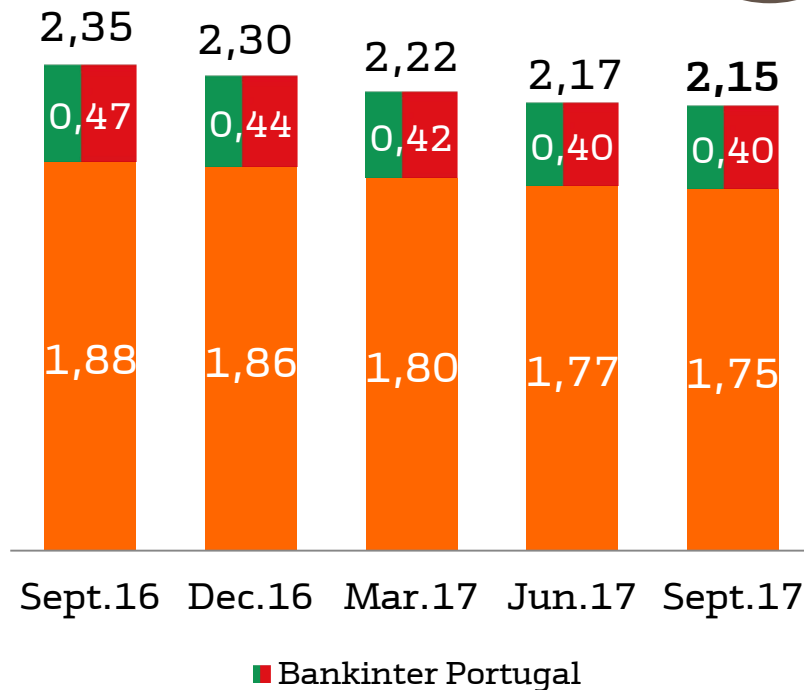
02

Risk management

Credit quality

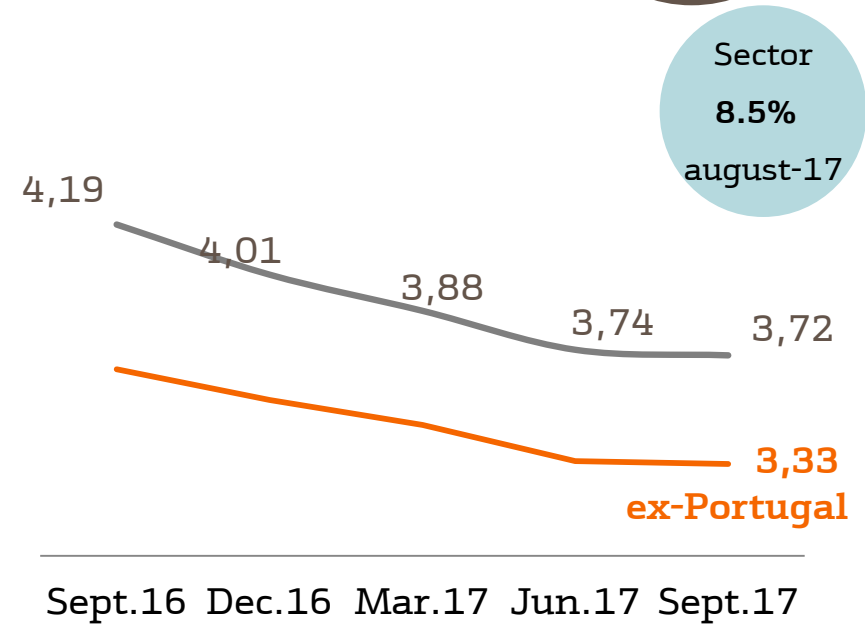
NPL balances (€bn)

-8,6%
vs. Sept.16



NPL ratio (in %)

-47bps
vs. Sept.16



Provision coverage

48%

NPL's coverage

45%

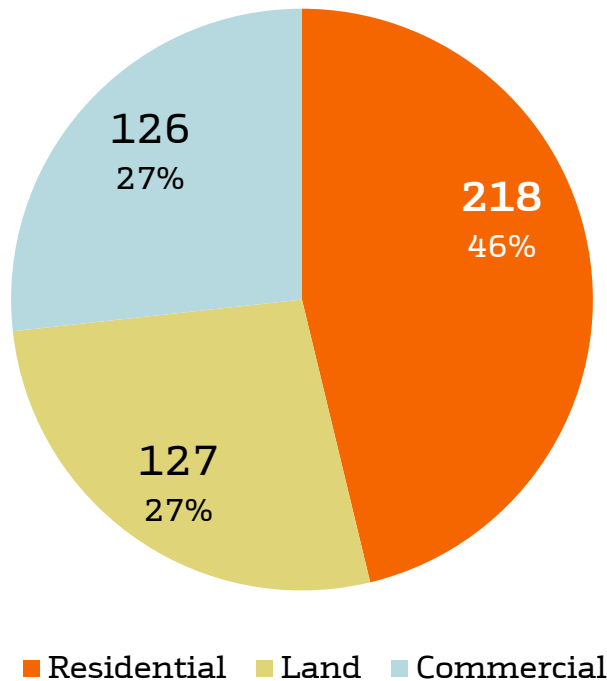
Foreclosed assets
coverage

47%

NPA's coverage

Foreclosed assets portfolio

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



€471mill. portfolio

-15,7% vs. Sept.16

Foreclosed asset sales (€millions)	9M17
Assets sold book value	153,1
Assets sold sale price	98,5
Assets sold average discount on book value	-36%
Assets sold average provision coverage	42%

Solvency

CET1 FL ratio breakdown (in %)



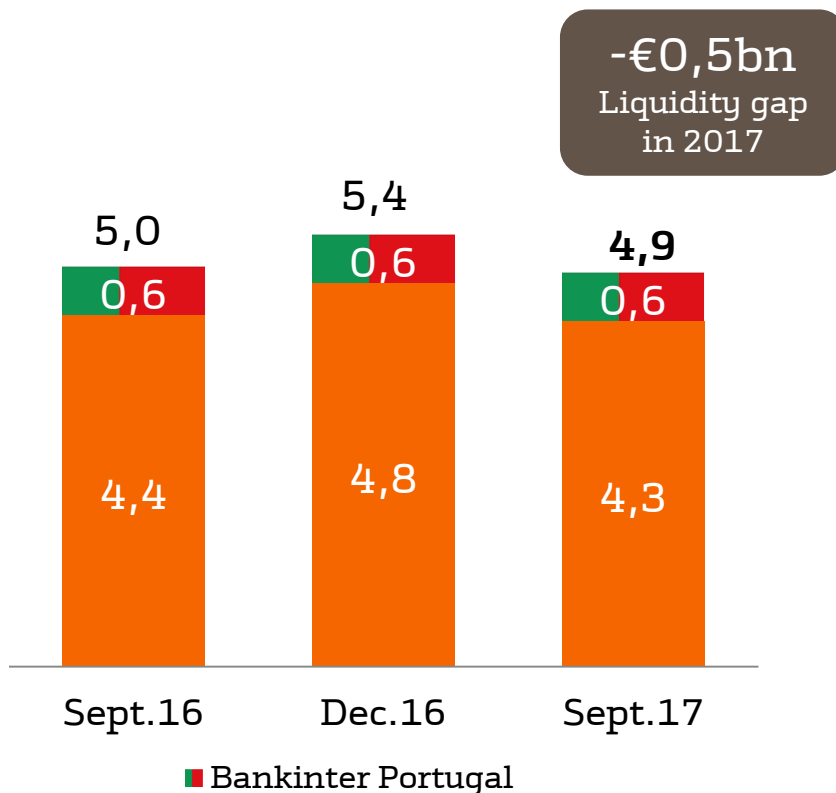
11,82%
CET1 phased-in

5,4%
Leverage ratio FL

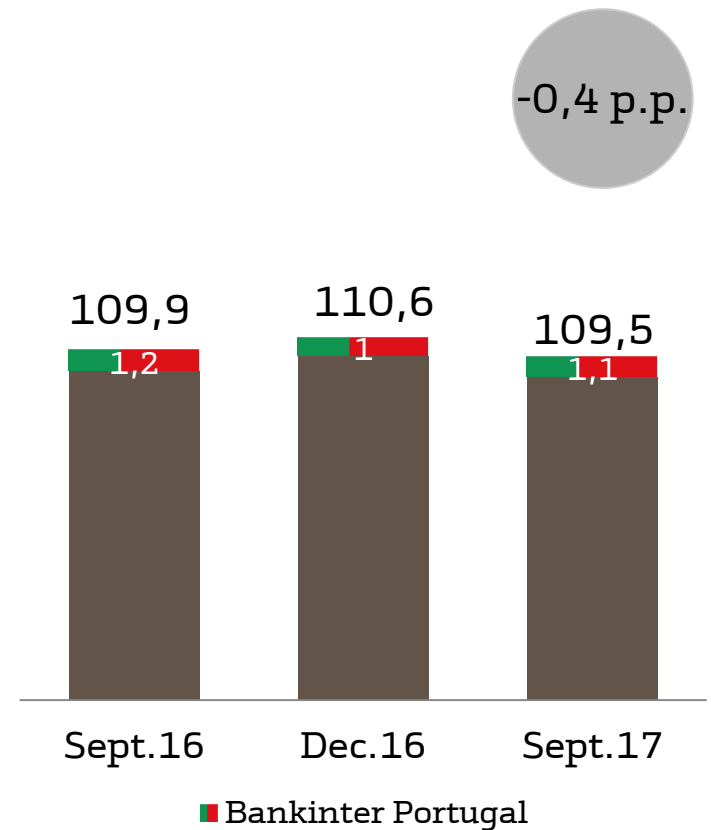
14,4%
Total Capital

Liquidity management

Liquidity gap (€bn)

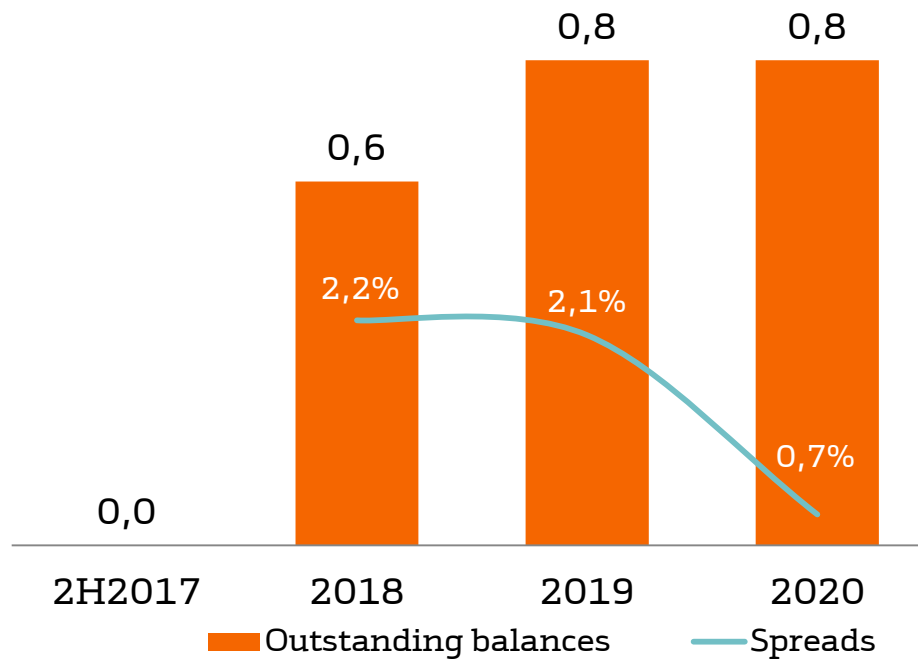


Loan to deposit ratio (in %)



Wholesale funding

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



€10,6 bn
Liquid assets

€7,5 bn
Covered bond issuance capacity

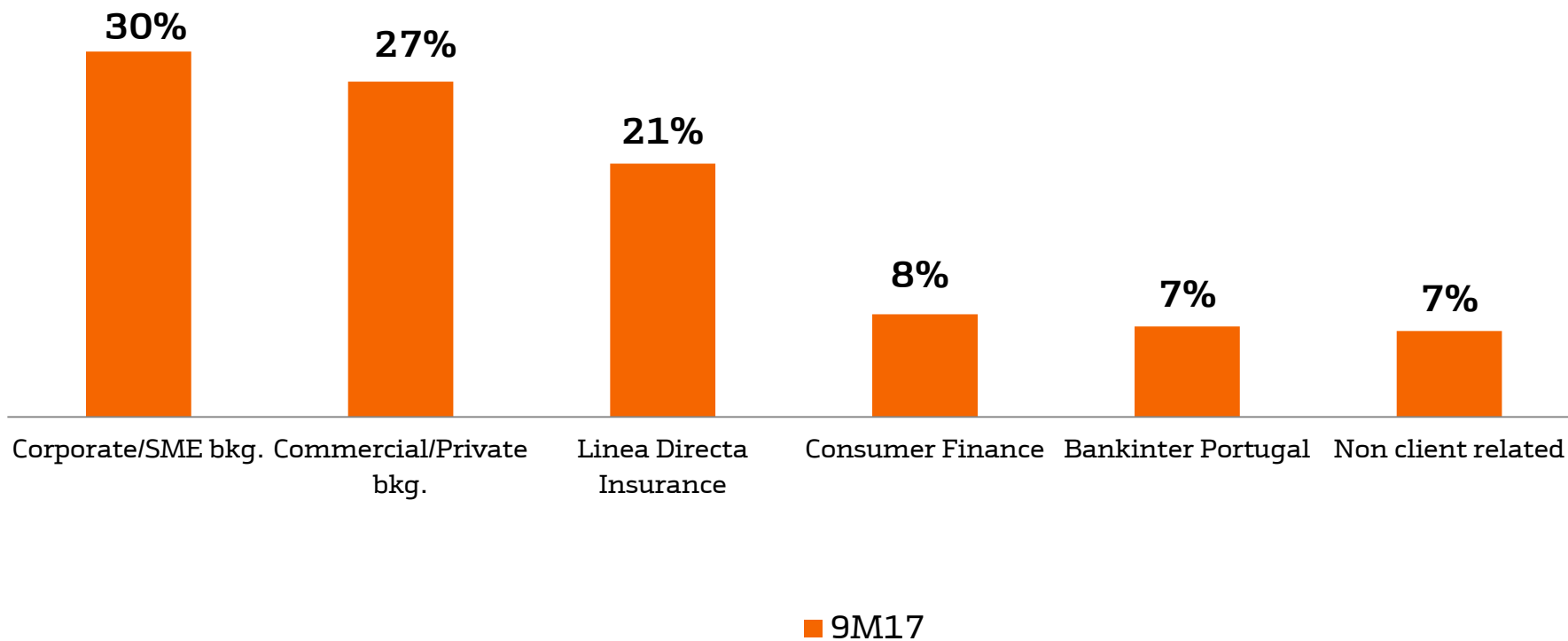
03

Businesses



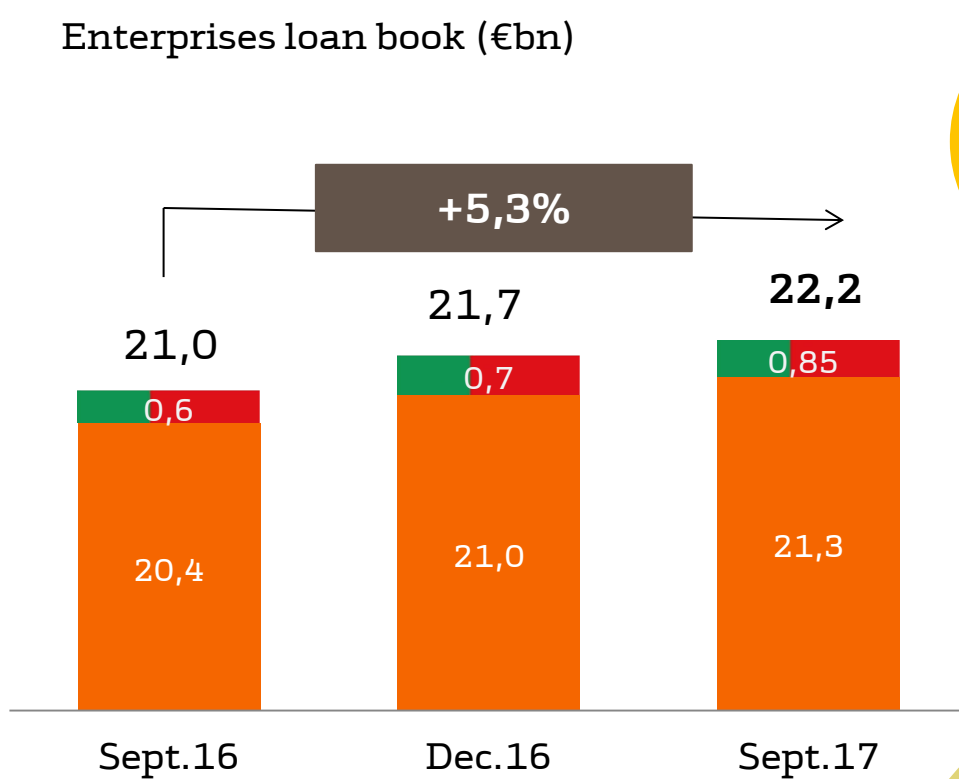
Contribution to total income

Contribution to total income by business segment (in %)



Corporate/ SME banking: Lending

Enterprises loan book (€bn)



■ Bankinter Portugal

+4,3%
vs. -3,7%
sector in
Spain*

5,8%
Market
share new
production

Variation of Sept. 2016

Large Corporate

Loan book +2.3%
Deposits **-6.8%**

Mid Corporate

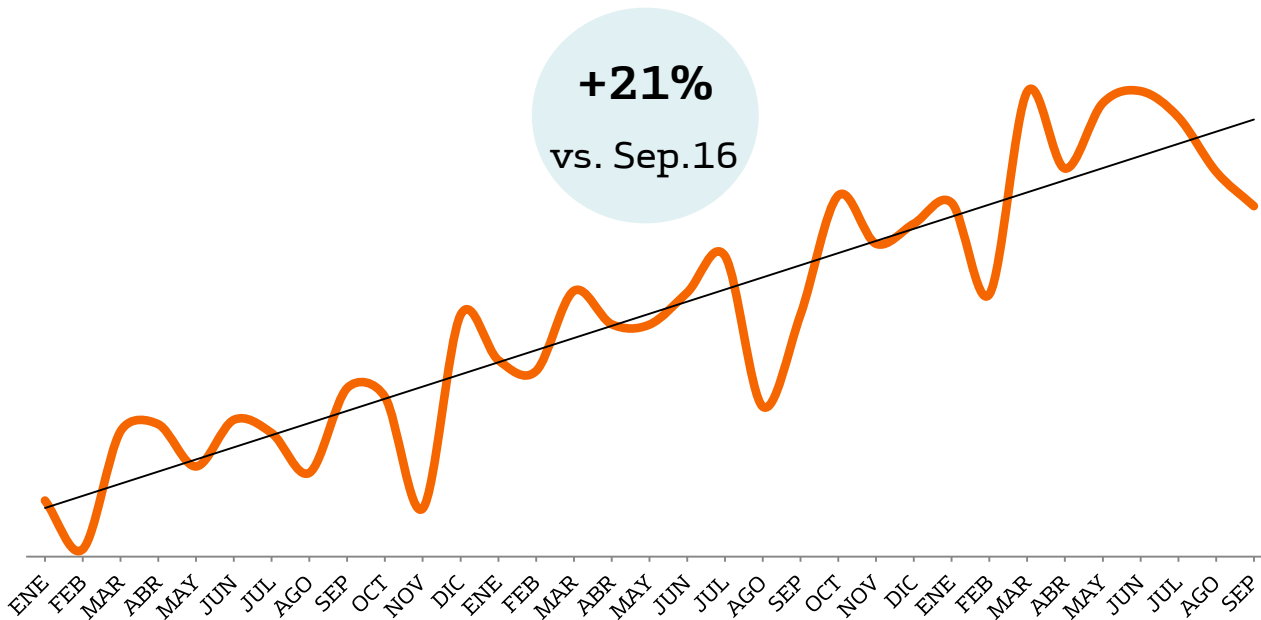
Loan book +11.6%
Deposits +15.6%

SMEs

Loan book +6.2%
Deposits +15.9%

Corporate/ SME banking : Relationship business

International banking business monthly total income:



New clients
vs 9M16
+9%

+45%
Tax & Social security
vs +9% sector

+11%
Direct debits
vs 6% sector

+5%
Money transfers
vs -2% sector

Private banking

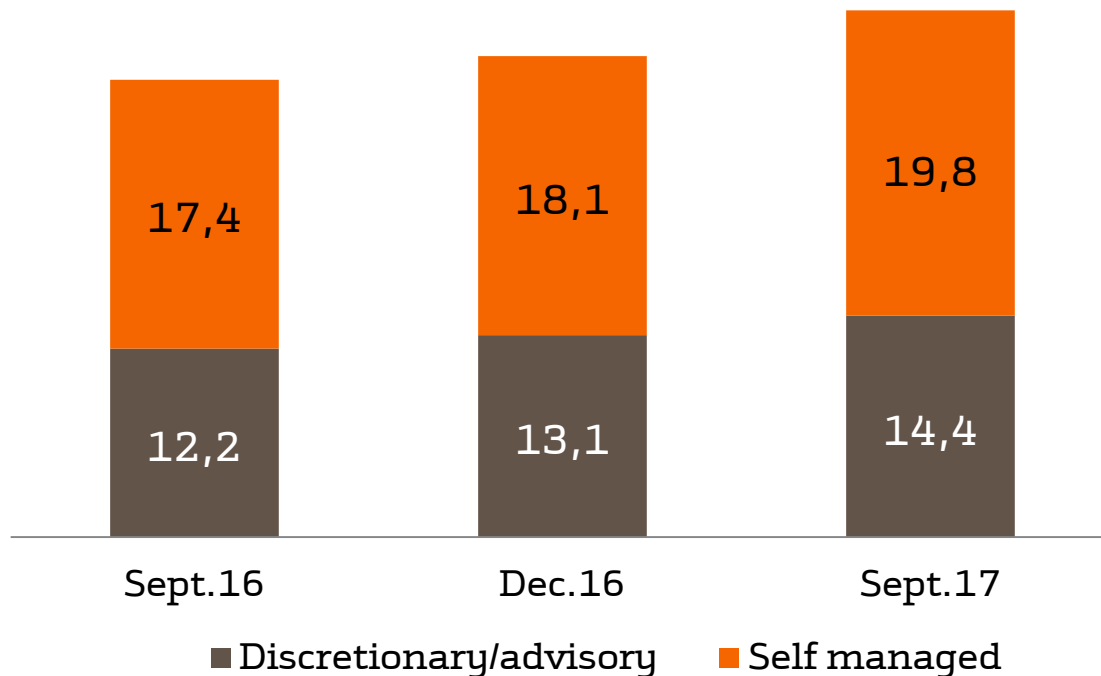
Customers assets in Private Banking (€bn)

29,6

31,2

34,2

+15%
vs. Sept.16

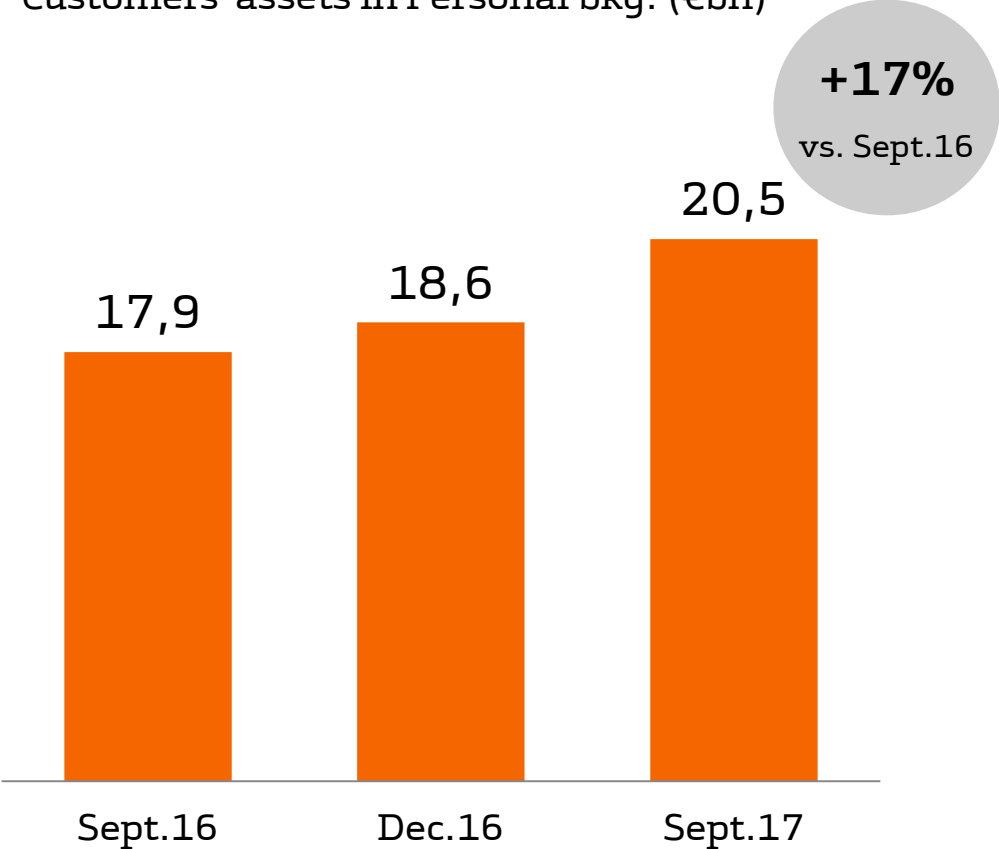


**Net New Money YTD:
€2,0bn**

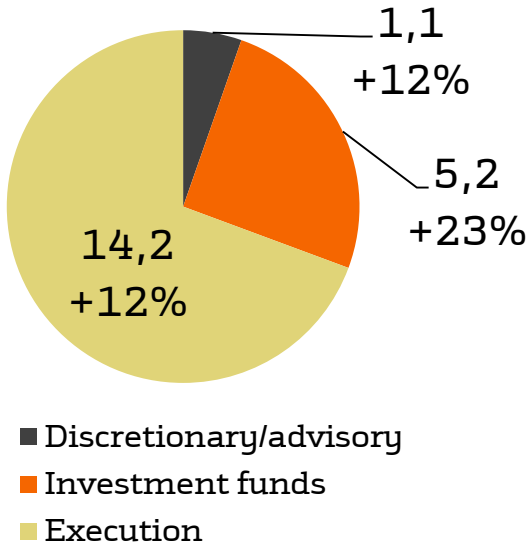
Personal banking

**Net New Money YTD:
€1,5bn**

Customers assets in Personal bkg. (€bn)

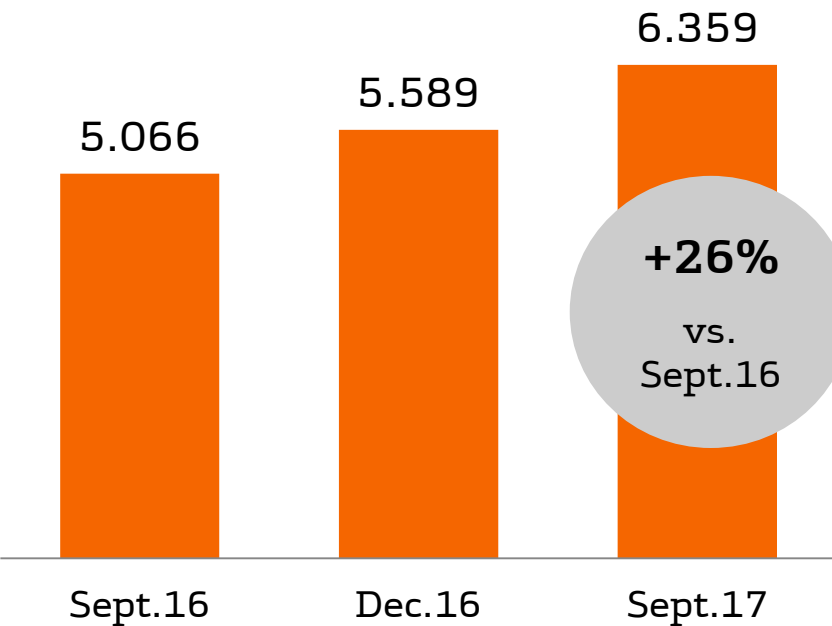


Breakdown by asset type (€bn)

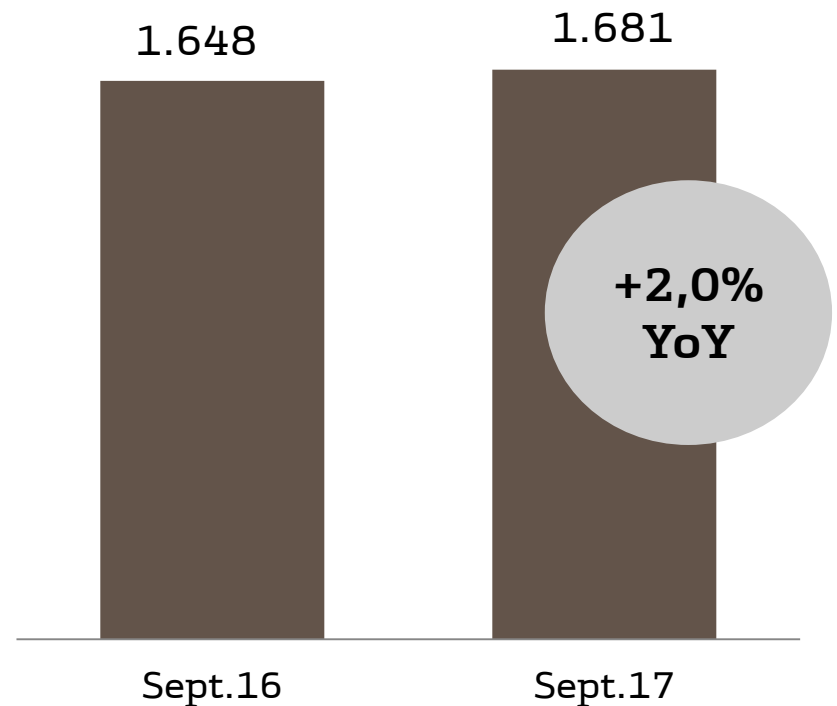


Commercial banking

Total payroll account balances (€ millions)

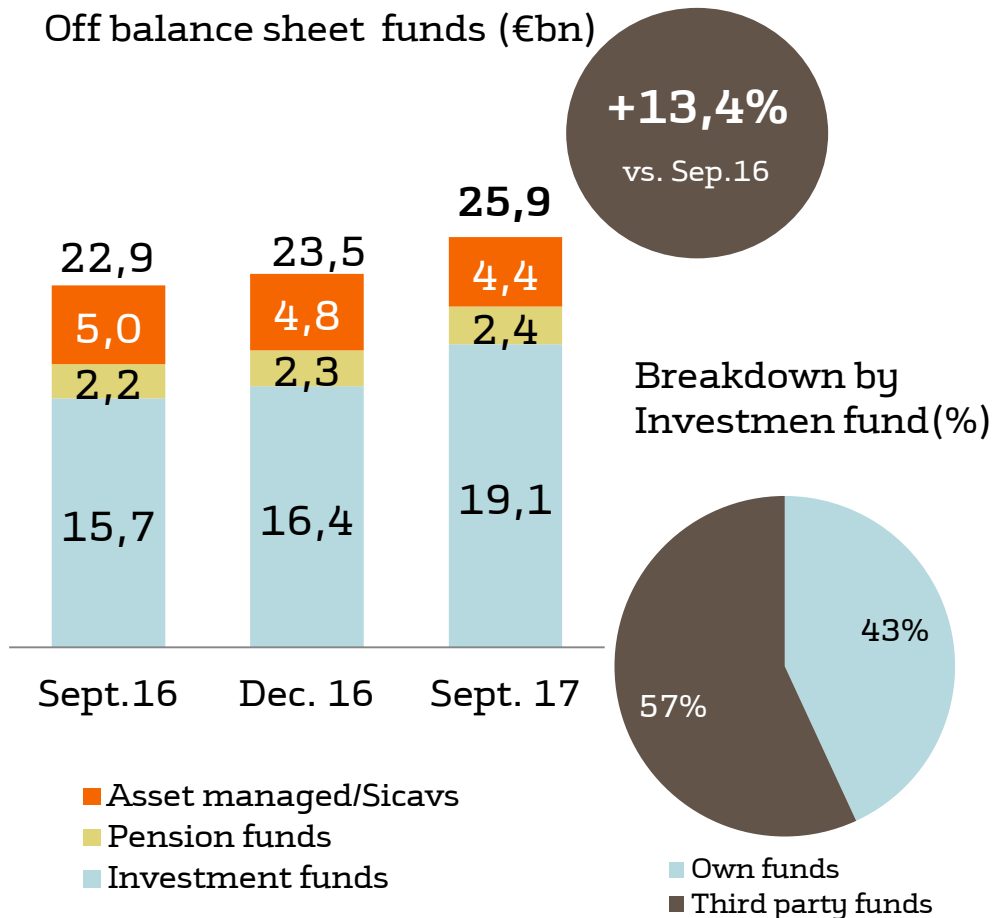


New mortgage production YTD (€ millions)

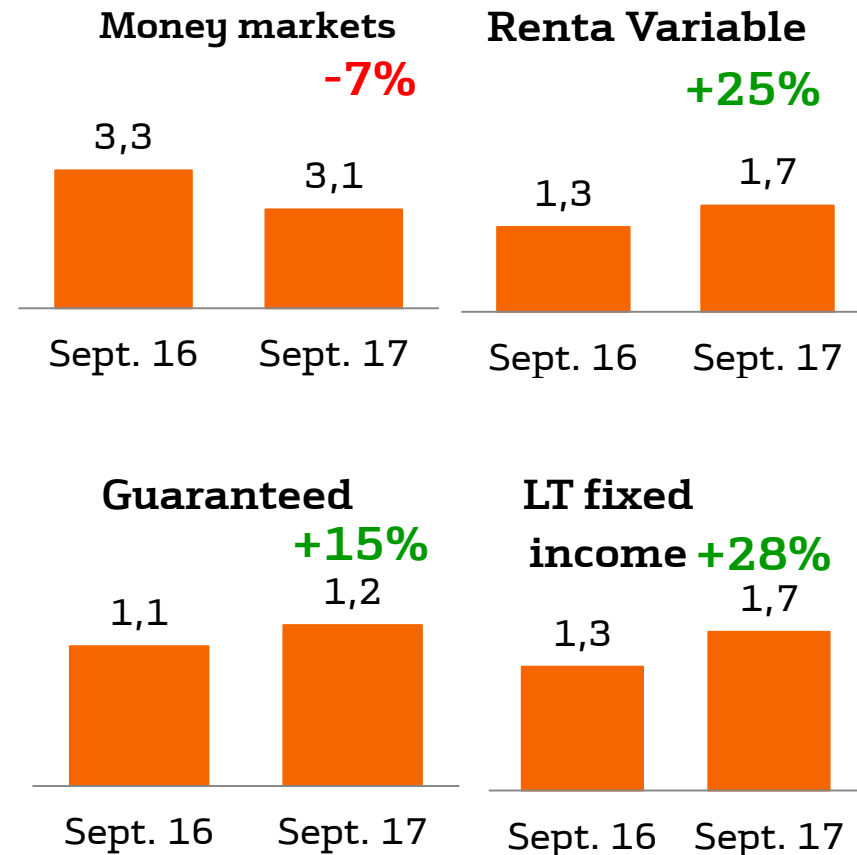


Assets under Management

Off balance sheet funds (€bn)

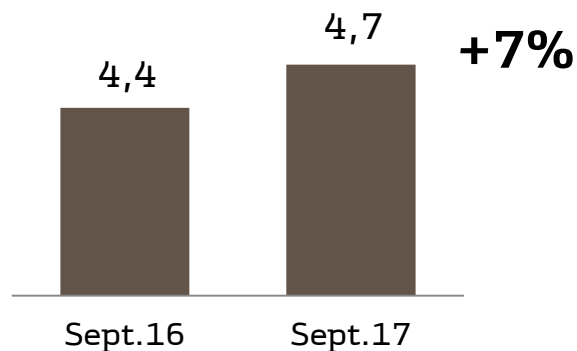


Bankinter managed investment funds by type (bn€)



Bankinter Portugal

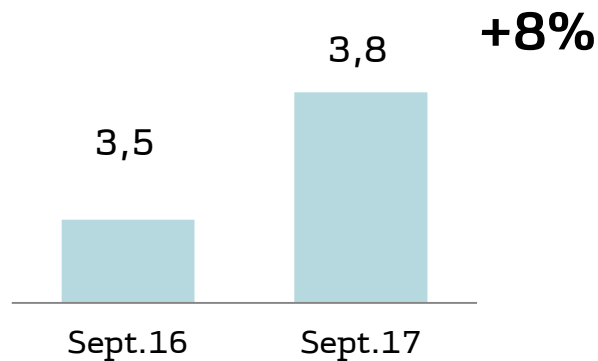
Loan book (€bn)



Commercial banking: €3,9bn

Corporate banking: €0,8bn

Retail funds (€bn)



(€millions)	Bankinter Portugal 9M 2017
Net Interest Income	76,6
o.w. portfolio recoveries	37,2
Net Fee Income	25,8
Other	-0,1
Gross Op. Income	102,3
Operating Expenses	-64,1
Pre Provision Profit	38,2
Other Provisions	1,6
Cost of Risk	-15,0
Profit Before Tax	24,8

Consumer Finance

1 million

customers

+ 24% vs Sept.16

**218
thousand**

New clients

+25% vs Sept.16

€1,3bn

Loan book

+41% vs Sept.16

10,9%

Risk adjusted return

7,3%

NPL ratio

vs. 7,3% Sept.16

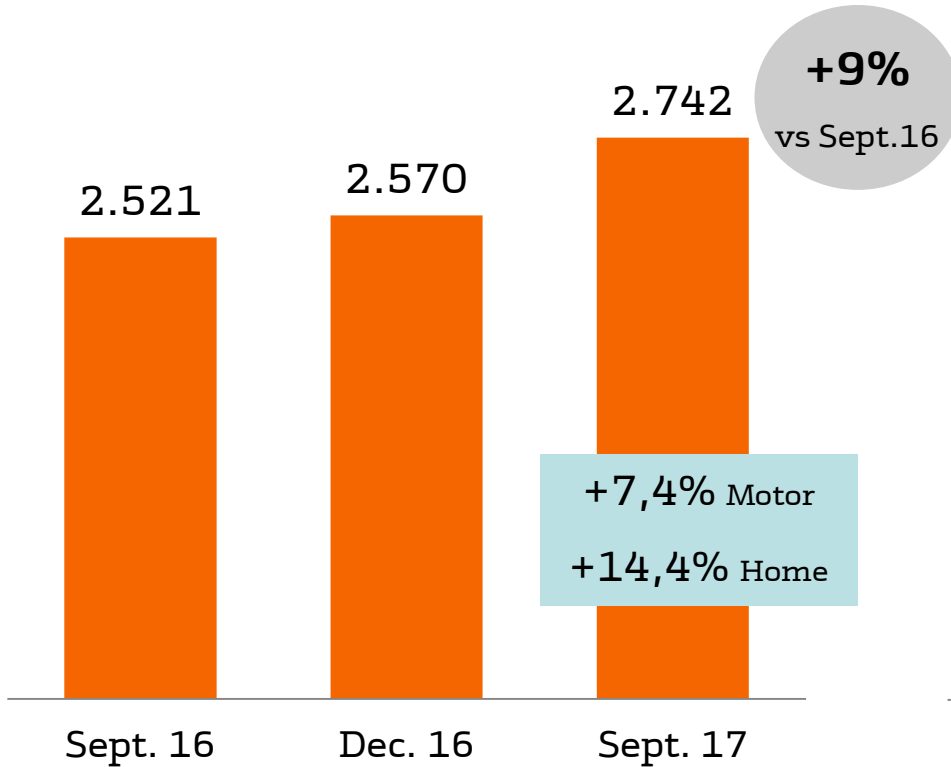
1,9%

Cost of Risk

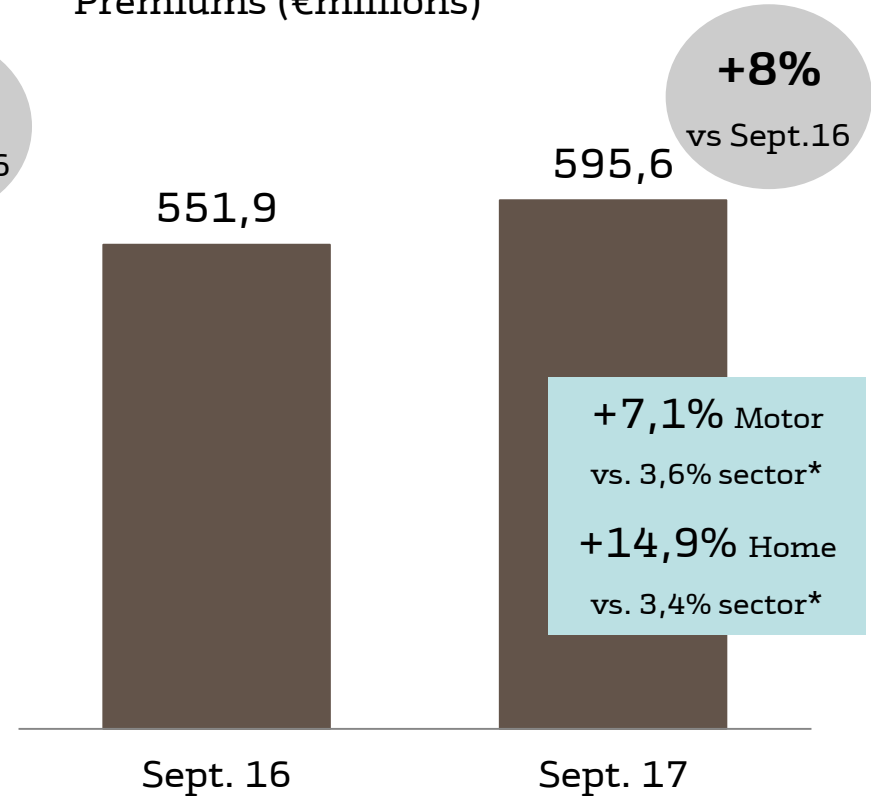
vs. 2,3% Sept. 16

Linea Directa

Total Policies (in thousands)



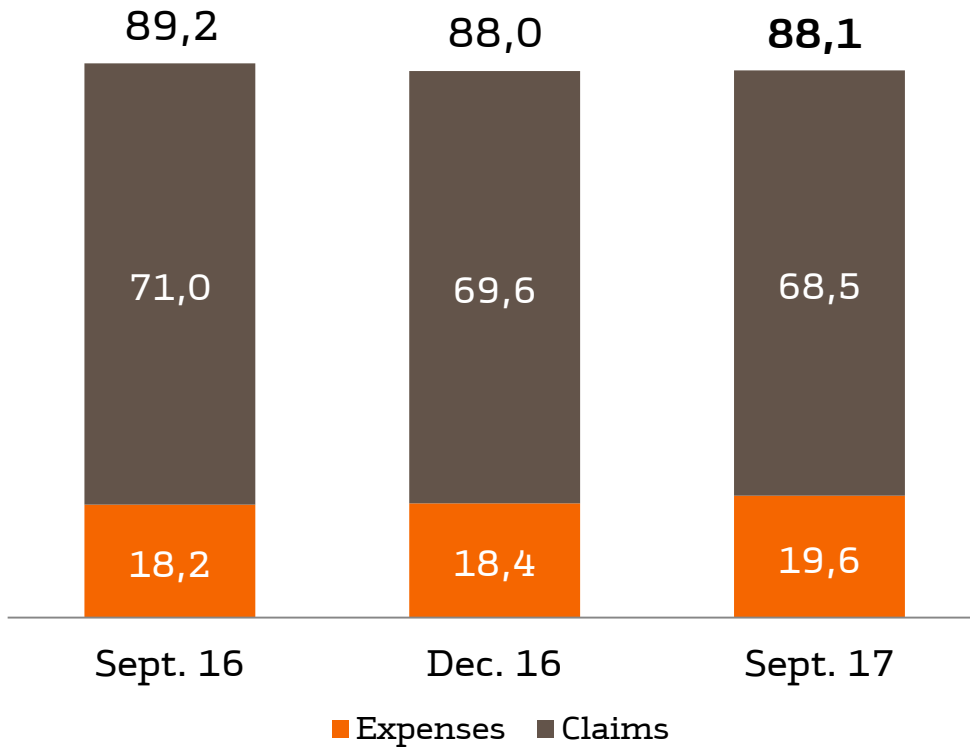
Premiums (€millions)



*sector as of sept.17

Linea Directa

Combined ratio (in %)



linea directa



Linea Directa

LDA Group standalone P&L account (€ millions)

	9M17	9M16	Dif. %
Net written premium	595,6	551,9	8%
Net earned premium	564,5	521,3	8%
Net claims cost	-378,2	-363,6	4%
Operating expenses & other	-110,3	-94,4	17%
Underwriting result	76,0	63,3	20%
Net investment income	25,9	27,2	-5%
Insurance technical result	101,9	90,5	13%
Non insurance result	4,0	4,8	-18%
Profit Before Tax	105,8	95,4	11%
Net Income	76,9	71,5	8%

35%

ROE

135%

Technical provision
coverage

221%

Solvency 2 ratio

04

Recap

Recap 9M17

- Net income: 376 M€: **-6%** vs. 9M16 (**+15%** ex -Portugal)
- Gross op. income: 1.394M€: **+10%** vs. 9M16
 - Net interest income: **57%** of total income (+11% vs. 9M16)
 - Net fee income: **22%** of total income (+14% vs. 9M16)
 - Other income: **17%** of total income
 - Trading: **4%** of total income
- Business lines income growth vs. 9M16:
 - Corporate/ SME banking: **+5%**
 - Commercial banking : **+14%**
 - Linea Directa Aseguradora: **+10%**
 - Consumer Finance : **+33%**
- Balance sheet:
 - Credit & Loans : 52.243M€ : **+3,7%** vs. 9M16
 - Retail deposits: 45.448M€: **+4,5%** vs. 9M16
- ROE: **12,3%**
- NPL ratio: **3,7%**
- CET1 "Fully Loaded" ratio: **11,5%**

Results Presentation

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