2024 Pillar 3 Disclosures Report

bankinter.

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Executive summary

The Bankinter Group closed 2024 with double-digit growth in its profits, comfortably improving on the record results of the previous year thanks to a strong boost in commercial activity, which is becoming increasingly diversified. The Group was able to successfully juggle the negative course of interest rates during the year with an increase in business volumes —both in customer credit and in customer funds— especially those managed off-balance sheet, which ended the year on an all-time high. The profitable growth in core business activities comes hand-in-hand with a risk profile that continues to show very positive figures.

The various ratios in the account demonstrate the strength of the bank's balance sheet and its results. More precisely, the return on equity (ROE) improved to 17.9% from 17.1% a year ago, while the ROTE ended the year at 19%, 84 bp higher than a year earlier. The cost-to-income ratio fell again for another year, reaching a ratio of 36.3%, among the best in the sector.

The CET1 fully-loaded capital ratio also improved during this period, reaching 12.41%, i.e., 440 basis points above the minimum required for the Bankinter Group in compliance with the Pillar 1 requirements, Pillar 2 requirements of the ECB for the year 2024 and the additional macroprudential buffers set by the authorities in the jurisdictions where the Group operates, amounting to 8.01%, the lowest among listed banks.

The non-performing loan ratio remains at 2.11%, with coverage for non-performing loans rising to 68.8% for prudential reasons. In Spain, the default rate is 2.4%, compared to an average sectoral figure of 3.38%, according to data from the Bank of Spain up to November.

Bankinter achieved record commercial results in 2024, where its strategy of diversifying revenues by type of business and also by geography is becoming increasingly consolidated. This strategy has led to steady yearly growth in customer business volumes, which in 2024 amounted to 223,000 million euros, including loans and receivables, typical customer funds and assets under management (9% more than in 2023).

Bankinter has been working hard to grow its sustainable business, with impressive figures, such as 446 million euros in new renewable energy business reported by Bankinter Investment, or over 9.800 million euros in assets held in its own sustainable investment funds, which now account for 51% of Bankinter Asset Management's total portfolio. The bank is also on track to meet the decarbonisation targets set for our entire corporate financing portfolio, with a 5.2% reduction in tonnes of CO_2 per million euros in 2024.

The optimisation of capital and the maintenance of a moderate risk profile are hallmarks of the Group and create the foundations for continued and sustainable growth.

Its management policy, its business model and prudent risk profile allow the Bankinter Group to operate with levels of capital that are clearly above and beyond those required by regulators and supervisors. These qualities contribute to shareholders receiving a solid remuneration with continuity over time.

This document includes detailed information regarding Bankinter Group's capital and risk management as at 31 December 2024. The purpose of this document is to provide useful information on the institution's capital and risk profile in order to provide greater transparency to market agents and to ensure compliance with the disclosure requirements established in Regulation (EU) 575/2013 ('CRR'), which was modified by Regulation 2019/876 in relation to presentation and disclosure of information requirements, among other matters.

The Group publishes additional relevant information in its annual report that can be viewed on its corporate website: (www.bankinter.com/webcorporativa)

Risk profile

One of Bankinter Group's primary objectives is to maintain a moderate and prudent risk profile, which will allow it to obtain a balanced and healthy balance sheet and income that is recurring and sustainable over time while maximising long-term value for its shareholders.

The Board of Directors uses the risk appetite framework as a tool to establish the risk levels at which it wishes to operate to achieve the Group's strategic objectives and to continuously monitor both existing and emerging risks. The Group's internal capital adequacy assessment process (ICAAP) allows Bankinter's Board of Directors to assess the present and future adequacy of its capital in relation to the Group's risk profile and the suitability of its risk management and control systems on a regular basis. The Risk Appetite Framework and Internal Capital Adequacy Assessment Process are dealt with in further depth in points 1.4.2 and 3.2 hereof, respectively.

The following metrics reflect the Group's risk profile, and at financial 2024 year-end, they were all within the risk appetite limits set by the Board of Directors:

Main figures of Bankinter Group

	2024	2023
Common equity tier 1 – CET1 (%) fully loaded (Chapter 2)	12.41 %	12.30 %
Common equity tier 1 – CET1 fully loaded (Chapter 2)	5,272,237	4,799,116
Profit after tax (Annual Report)	952,971	844,787
RoE (Annual Report)	17.9 %	17.1 %
NPL ratio (Annual Report)	2.11 %	2.11 %
Risk-weighted assets (Chapter 3)	42,475,608	39,017,626
Of which credit risk (Chapter 3)	37,209,028	34,355,688
Of which market risk (Chapter 3)	374,877	264,014
Of which operational risk (Chapter 3)	4,529,276	3,966,522
Liquidity Coverage Ratio - LCR (Chapter 9)	199.61 %	226.95 %
Leverage ratio (Chapter 10)	5.03 %	4.86 %

Figures in thousands of euros

As of 31 December 2024, the Bankinter Group's CET1 ratio (%) stands at 12.41%, compared to the minimum of 8.01% required by Pillar 1, as required by Pillar 2 and established by the European Central Bank (ECB) for the year 2024 and the macroprudential buffers established by the authorities of the jurisdictions in which the Group operates. In December 2024, the Group received the outcome of the Supervisory Review and Evaluation Process (SREP). According to the result of this exercise carried out by the ECB, the minimum level of CET1 required for 2025 is set at 7.96% and is composed of the Pillar 1 requirement (4.5%), the Pillar 2 requirement (0.731%), the capital conservation buffer (2.5%), Ireland's countercyclical buffer of 0.08% and Portugal's systemic risk buffer of 0.15%.

Likewise, the total capital ratio stood at 16.27% at year-end, with the minimum requirement applicable at the end of 2024 being 12.12%, which will drop to 12.03% in 2025, after the establishment of the new Pillar 2 requirement by the Supervisor.

The Pillar 3 Disclosures Report provides particulars of the regulatory risk measures reflecting the Group's risk profile and strategy. In 2024, credit risk requirements increased due to the Bank's economic momentum, consistent strategy and strong reputation, which led to significant growth across all business lines, products and regions. Market risk requirements have increased compared to the previous year, following the evolution of the bank's trading portfolio and the evolution of the market. As far as operational risk requirements are concerned, there was an increase, mainly due to the increase in the corresponding income during the year. The reason for this increase in operational risk requirements is the application of the standardised approach to estimating capital consumption, where there is a close correlation between the positive development of income statement margins and the requirements resulting from this risk.

Under resolution regulations, entities must comply with a minimum requirement for shareholders' equity and eligible liabilities (MREL). Therefore, in December 2024, Banco de España informed Bankinter that the Single Resolution Board, acting in its capacity as the resolution authority of the Bankinter Group, had taken a decision to determine the Total and Subordinated Minimum Requirement for Shareholders' Equity and Eligible Liabilities (MREL) for Bankinter, S.A.

This decision had set a total binding MREL requirement, which must be met from the date of notification, at a consolidated level, of 20.31% of the total risk exposure (TREA) and 6.39% of the leverage ratio exposure (LRE).

Additionally, it was established that subordinated instruments should be used to comply with the MREL for an amount equivalent to 15.80% of TREA and 6.39% of LRE.

The Group complied with these requirements, with Bankinter MREL level standing at 24.04% and Bankinter subordinated MREL at 21.08% at 31 December 2024. In addition, in January 2025 a senior non-preferred issue was made for 750 million euros, which will further strengthen these ratios.

The established MREL requirements are aligned with Bankinter's forecasts and are comfortably met, both in terms of TREA percentage and LRE percentage. The long-term financing plan also provides for continued comfortable meeting of future requirements.

CRR3 Impact

The revised Capital Requirements Regulation (CRR3) came into force on 1 January 2025 to align it with the Basel IV capital commitments.

The Bankinter Group has adapted its capital calculation processes and procedures in compliance with the new regulations for all future planning procedures.

In relation to the process for the implementation of CRR3, Bankinter has adapted its regulatory capital calculation processes in compliance with the new regulations. Based on the new regulation, the CET1 ratio as of 31 December 2024 would have been 12.20%.

The first implementation of the new capital regulation will take place at the end of the first quarter of 2025, when the capital information required by the Supervisor under the new regulation will be submitted.

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Introduction

00. Introduction

Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms, amended by Regulation (EU) 2019/876, together 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, itself modified by Directive 2019/878/EU, constitute the legislation in force on shareholders' equity and supervision on a consolidated basis of Spanish banks.

In 2020, to mitigate the potential effects of the COVID-19 pandemic on the financial system, the European Parliament and the European Council approved Regulation 2020/873 ('CRR Quick Fix') which amends both Regulation 575/2013 ('CRR') and Regulation 2019/876 ('CRR2') including certain measures that contribute positively to capital ratios, highlighting the support factors for SMEs and infrastructure, which reduce capital consumption and the level of risk-weighted assets (RWAs).

Under part 8 of the first chapter of the Regulation, institutions must publish, at least annually, relevant information for an adequate understanding of the Group's risk profile, its policies and objectives in risk management, and details of its exposure to different risks and the composition of its capital base. This report is a reflection of these requirements for Bankinter Group in 2024.

The purpose of this report is to facilitate market agents' assessment of the Bankinter Group's capital adequacy at 31 December 2024. Specifically, it contains information about its shareholders' equity, risk exposures and risk assessment processes.

This report was drawn up in observation of article 432.2 of the cited Regulation regarding confidential information. Bankinter Group states that it has not omitted any required information for reasons of confidentiality or privacy.

The Board of Directors of Bankinter certifies that this report has been prepared and published in accordance with the instructions set forth in Part Eight of Regulation (EU) 575/2013, as amended by Regulation (EU) 2019/876, and has been prepared in accordance with the "Bankinter economic and financial, non-financial, risk management and corporate reporting policy" initially approved by the Board of Directors on 16 December 2020, and subsequently amended on 20 October 2021.

No use has been made of exceptions to the publication of information considered reserved or confidential.

At its meeting on 27 March 2025, the Board of Directors approved this document after review by the Audit Committee.

Additionally, a set of quarterly reports is published in compliance with the criteria established in the European Banking Authority's Guidelines on Materiality, Proprietary and Confidentiality and on Disclosure Frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) 575/2013.

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General reporting requirements

1. General reporting requirements

1.1. Company name and differences among the consolidated Group for the purposes of the capital adequacy regulation and the accounting circular

1.1.1. Company name and scope of application

Bankinter, S.A. was incorporated in Madrid as a bank on 4 June 1965 and changed its name to the present name in July 1990. The Entity's corporate purpose is the development of the banking activities, and it is subject to the standards and regulations applicable to credit institutions operating in Spain.

The Bank is the parent company of a group of subsidiaries that are engaged in various activities (mainly asset management, investment services, credit cards and the insurance business) that, with it, constitute Bankinter Group.

The consolidated group conducts its business in Spain, except its subsidiary Bankinter Luxembourg S.A., which conducts its business in another European Union member state, Luxembourg, Bankinter's branches in Portugal, which, since the acquisition of a part of Barclays Bank PLC's banking business in Portugal was completed on 1 April 2016, conduct their business in another European Union member state, Portugal, and, since 1 June 2019, Ireland, through the acquisition of 100% of EVO BANCO, S.A.U. and, consequently, of its consumer finance subsidiary in Ireland, Avantcard D.A.C.

Bankinter Consumer Finance, E.F.C., S.A. is currently the parent of AvantCard, D.A.C. after acquiring all the shares comprising its share capital.

On 30 November 2023, Bankinter Consumer Finance, E.F.C. and Sonae SGPS, S.A. entered into a joint business agreement for the Portuguese consumer credit market. This agreement involved the acquisition by the former of 50% of the company Universo, IME, S.A. on that date, with this company now belonging to both institutions in equal shares. The transaction was concluded after obtaining the necessary authorisations from supervisors. The agreement signed provides for the future integration of the loan and insurance business generated by Universo and Bankinter Consumer Finance in Portugal, subject to obtaining the necessary authorisations from the competent authorities. Universo, IME, S.A. is a joint venture integrated into the group's consolidated financial statements using the equity method. Prudentially, the integration of the joint business with Sonae involves the integration of Universo, IME, S.A. using the proportional method.

Details of the subsidiaries that make up the Bankinter Group can be found in its Consolidated Annual Accounts: (www.bankinter.com/webcorporativa).

On 17 April 2024, the Boards of Directors of Bankinter, S.A., parent company of the Bankinter Group, and its subsidiary in Ireland, Avantcard Designated Activity Company (Avantcard DAC), decided to reorganise the Group's business in Ireland by merging both companies and creating a branch to continue developing the business. Under the agreement, Bankinter will acquire from Bankinter Consumer Finance, E.F.C., S.A., all the shares that make up the share capital issued by Avantcard DAC. Following the acquisition, Bankinter and Avantcard DAC will be merged and a Bankinter branch will be established in Ireland to which all assets, liabilities, rights, obligations and other legal relationships acquired by Bankinter as a result of the merger will be assigned. This branch will constitute a permanent establishment in Ireland and will continue the activities currently carried out by Avantcard DAC in that jurisdiction. The merger process is expected to be completed in the first half of 2025.

On 19 June 2024, the boards of directors of Bankinter, S.A., the parent company of Bankinter Group and EVO Banco, S.A.U., a subsidiary company wholly owned by Bankinter, S.A., have agreed to carry out a merger by absorption, thus integrating EVO Banco into the Bankinter, S.A. structure, improving the profitability and efficiency of the Group. The purpose of the merger is to take full advantage of the synergies between the two companies, boosting the Group's digital transformation. This merger will involve the integration of EVO Banco's clients, business and employees under the Bankinter structure. During the 2024 financial year, the authorisations from the competent bodies to carry out the merger have been received. In any case, the merger process is expected to culminate in the first half of 2025.

During the 2022 financial year, Bankinter and Liberty Seguros reached an agreement to jointly develop the insurance business through the company Bankinter Liberty Home and Auto, S.A. However, during the 2024 financial year the parties have withdrawn from this agreement.

The Consolidated Annual Accounts of the Bankinter Group (www.bankinter.com/webcorporativa) provides additional information on the Bankinter Group and its subsidiaries.

1.1.2. Differences among the consolidated Group for the purposes of capital adequacy and accounting regulations

The data in this report refer to the consolidated Bankinter Group.

The definition of the Group is based on prevailing accounting legislation. In this, participated entities are defined as all subsidiaries, jointly-controlled entities and associates. Subsidiaries are entities over which the Group has the ability to exercise control. Jointly-controlled entities are participated entities that are not subsidiaries. They are jointly controlled by the Group and another company or companies not related to the Group, and joint ventures. Associates are companies over which the Group has significant influence.

The list of the companies making up Bankinter Group is provided in Note 13 to the Group's consolidated financial statements.

The public consolidation scope differs from the prudential consolidation scope for banking under Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms, as modified by Regulation (EU) 876/2019, which defines the prudential consolidation method. Under the definition of prudential relevant for the purposes of this report, only the typical risks of credit, investment and financial institutions are included. Risks arising from insurance business are excluded. A material difference for Bankinter is the consolidation method for companies under joint control.

At the end of December 2024, the only difference between the prudential consolidation perimeter and the public perimeter of the Bankinter Group is due to the integration of the joint agreement with Sonae SGPS, S.A. in which the company Universo, IME, S.A. is integrated by the proportional method in the prudential perimeter and by the equity method in the public perimeter.

1.1.3. Reconciliation of the public balance sheet from the accounting scope to the regulatory scope

Below are templates CC2, LI1 and LI2, as required by Commission Implementing Regulation (EU) 637/2021. The first template provides a breakdown of assets and liabilities by class according to the statement of financial position of the audited financial statements published in the consolidated financial statements and their reconciliation to shareholders' equity for the purposes of the solvency rules.

At 31 December 2024, the Group's public and reserved balance sheet information reported in templates CC2 and LI1 was as follows:

Reconciliation of regulatory shareholders' equity to the statement of financial position of the audited financial statements (CC2).

		a)	b)	c)
		Balance sheet as per the published financial statements	In relation to regulatory consolidation	Benchmark
		At end of period	At end of period	
	Assets- Breakdown by asset class according to the balance sheet of the audited financial statements			
1	Cash, cash balances at central banks and other demand deposits	15,417,808	15,419,504	
2	Financial assets held for trading	3,372,005	3,372,005	
3	Financial assets designated at fair value through profit or loss	—	—	
4	Non-trading financial assets mandatorily at fair value through profit or loss	281,391	281,391	
5	Financial assets at fair value through other comprehensive income	918,429	918,430	
6	Financial assets at amortised cost	99,383,287	99,442,957	
7	Fair value changes of the hedged items in portfolio hedge of interest rate risk	(208,562)	(208,562)	
8	Derivatives – Hedge accounting	733,207	733,207	
9	Non-current assets held for sale	164,523	164,523	
10	Investments in joint ventures and associates	244,605	200,904	
11	Assets under reinsurance and insurance contracts	—	—	
12	Tangible assets	446,639	447,153	
13	Intangible assets	320,446	334,145	
14	Tax assets	693,773	698,798	
15	Other assets	204,272	206,342	
16	**Total assets**	**121,971,823**	**122,010,796**	
	Liabilities- Breakdown by class of liabilities according to the balance sheet of the audited financial statements			
1	Financial liabilities held for trading	3,419,667	3,419,667	
2	Financial liabilities designated at fair value through profit or loss	—	—	
3	Financial liabilities at amortised cost	110,942,549	110,972,619	
4	Fair value changes of the hedged items in portfolio hedge of interest rate risk	(32,880)	(32,880)	
5	Derivatives – Hedge accounting	513,534	513,534	
6	Liabilities held for sale	—	—	
7	Liabilities under insurance contracts	—	—	
8	Provisions	333,840	336,465	
9	Tax liabilities	537,657	543,730	
10	Share capital repayable on demand	—	—	
11	Other liabilities	379,791	379,996	
12	**Total liabilities**	**116,094,158**	**116,133,131**	
Own funds				
1	Equity, of which:	5,908,327	5,908,327	

2	Capital	269,660	269,660	Note 21, item a) to the Group's notes to the financial statements
3	Share premium	—	—	Note 21, item b) to the Group's notes to the financial statements
4	Other equity	18,193	18,193	Note 21, item d) to the Group's notes to the financial statements
5	Retained earnings	5,052,498	5,052,118	Note 21, item c) to the Group's notes to the financial statements
6	Other reserves	(18,034)	(17,653)	Note 21, item c) to the Group's notes to the financial statements
7	Own shares	(1,437)	(1,437)	Note 21, item e) to the Group's notes to the financial statements
8	Profit or loss attributable to owners of the parent	952,971	952,971	Note 21, item g) to the Group's notes to the financial statements
9	Interim dividends	(365,524)	(365,524)	Note 21, item h) to the Group's notes to the financial statements
10	Accumulated other comprehensive income	(30,663)	(30,663)	Note 22 to the Group's notes to the financial statements
11	**Total equity**	**5,877,665**	**5,877,665**	
	TOTAL EQUITY AND LIABILITIES	**121,971,822**	**122,010,796**	

Figures in thousands of euros

Differences between the scope of accounting consolidation and the scope of prudential consolidation and consistency of financial statement categories with regulatory risk categories (LI1)

		a	b	c	d	e	f	g
				Carrying amounts of items				
		Carrying amounts in the financial statements	Carrying amounts under the prudential consolidation group	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to market risk framework	Not subject to shareholders' equity requirements or subject to deduction from shareholders' equity
	Breakdown by asset class according to the balance sheet in the published financial statements							
1	Cash, cash balances at central banks and other demand deposits	15,417,808	15,419,504	15,419,504				
2	Financial assets held for trading	3,372,005	3,372,005		966,855		1,502,118	
3	Financial assets designated at fair value through profit or loss	—	—					
4	Non-trading financial assets mandatorily at fair value through profit or loss	281,391	281,391	281,391				
5	Financial assets at fair value through other comprehensive income	918,429	918,430	918,430				
6	Financial assets at amortised cost	99,383,287	99,442,957	92,368,450	5,704,525	273,662		
7	Fair value changes of the hedged items in portfolio hedge of interest rate risk	(208,562)	(208,562)					(208,562)
8	Derivatives – Hedge accounting	733,207	733,207		733,207			
9	Non-current assets held for sale	164,523	164,523	164,523				—
10	Investments in joint ventures and associates	244,605	200,904	200,904				—
11	Assets under reinsurance and insurance contracts	—	—					
12	Tangible assets	446,639	447,153	447,153				
13	Intangible assets	320,446	334,145	145,471				188,674
14	Tax assets	693,773	698,798	220,861				477,937
15	Other assets	204,272	206,342	206,342				
16	**TOTAL ASSETS**	**121,971,823**	**122,010,796**	**110,373,029**	**7,404,586**	**273,662**	**1,502,118**	**458,049**

		a	b	c	d	e	f	g
			Carrying amounts of items					
		Carrying amounts as published in the financial statements	Carrying amounts under the prudential consolidation group	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to market risk framework	Not subject to shareholders' equity requirements or subject to deduction from shareholders' equity
	Breakdown by asset class according to the balance sheet in the published financial statements							
1	Financial liabilities held for trading	3,419,667	3,419,667		1,072,946		674,324	1,672,398
2	Financial liabilities designated at fair value through profit or loss	—	—					—
3	Financial liabilities at amortised cost	110,942,549	110,972,619		15,396,917			110,972,619
4	Fair value changes of the hedged items in portfolio hedge of interest rate risk	(32,880)	(32,880)					(32,880)
5	Derivatives – Hedge accounting	513,534	513,534		513,534			—
6	Liabilities held for sale	—	—					—
7	Liabilities under insurance contracts	—	—					—
8	Provisions	333,840	336,465	30,287				366,752
9	Tax liabilities	537,657	543,730					543,730
10	Share capital repayable on demand	—	—					—

11	Other liabilities	379,791	379,996					379,996
12	**TOTAL LIABILITIES**	**116,094,158**	**116,133,131**	30,287	**16,983,397**		**674,324**	**113,902,615**

Figures in thousands of euros

As already described in the previous point, at the end of December 2024 the differences that exist between column a) and b) of table LI1, accounting and prudential consolidation, are a total amount of 39 million euros corresponding to the joint business agreement materialised between Bankinter Consumer Finance, E.F.C. and Sonae SGPS, S.A. The main differences in the items are explained below:

- The Group has acquired 50% of Universo IME. The public statements therefore reflect the cost of the shareholding acquired using the equity method, while in the reserved statement 50% of the accounting items of Universo IME are included in both in the balance sheet and in the income statement.
- In addition, Bankinter finances the activity of Universo IME through two loans, whose drawdown amounts to 349 million at the end of the reporting period, which is reflected in the public balance sheet in financial assets at amortised cost, while 50% of the loan is eliminated in the prudential balance sheet.
- Fifty per cent of the assets and liabilities of Universo are included in the prudential balance sheet, primarily financial assets and liabilities at amortised cost that do not appear on the public balance sheet since they are integrated by the equity method and therefore included in the cost of the shareholding.
- Lastly, 50% of the Universo IME income statement is included in the Group's income statement while in the public balance sheet it is only reflected in the contribution of the results of companies using the equity method.
- Shareholders' equity is the same in both scopes of consolidation since the after-tax profits of both scopes produce the same result.

Main reasons for the difference between the amounts of exposures for regulatory purposes and the carrying amounts in the financial statements (LI2)

		a	b	c	d	e
			Items subject to			
		Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of prudential consolidation (as per template LI1)	119,553,395	110,373,029	273,662	7,404,586	1,502,118
2	Liabilities carrying value amount under scope of prudential consolidation (as per template LI1)	17,688,008	30,287		16,983,397	674,324
3	Total net amount in the scope of consolidation prudence	101,865,387	110,342,741	273,662	(9,578,810)	827,794
4	*Off balance sheet amounts*	27,056,272	27,056,272			
5	*Differences in valuations*	(5,379)			(5,379)	
6	*Differences due to different netting rules, other than those included in row 2*	9,816,368			10,644,162	(827,794)
7	*Differences due to consideration of provisions*	(585,117)	(585,117)			
8	*Differences due to the use of credit risk reduction techniques*	(2,008,121)	(2,008,121)			
9	*Differences due to credit conversion factors*	(21,297,666)	(21,297,666)			
10	*Differences due to securitisations with risk transfer*	(48,340)		(48,340)		
11	*Other differences*	(701,082)	(701,082)			
12	**Exposure amounts considered for regulatory purposes**	**114,092,321**	**112,807,027**	**225,322**	**1,059,973**	–

Figures in thousands of euros

1.1.4. Main changes in the Group's scope in 2024 financial year

Note 13 of the Consolidated Annual Accounts for the 2024 financial year describes the most significant events with an impact on the Group's consolidation scope that have occurred throughout the 2024 financial year (we also present the most significant events of the previous financial year), which are also listed below:

- On 17 April 2024, the Boards of Directors of Bankinter, S.A., the parent company of the Bankinter Group and its subsidiary in Ireland, Avantcard Designated Activity Company (Avantcard DAC), decided to reorganise the group's business in that country by merging both companies and creating a branch to continue developing the business. Under the agreement, Bankinter will acquire from Bankinter Consumer Finance, E.F.C., S.A., all the shares that make up the share capital issued by Avantcard DAC. Following the acquisition, Bankinter and Avantcard DAC will be merged and a Bankinter branch will be established in Ireland to which all assets, liabilities, rights, obligations and other legal relationships acquired by Bankinter as a result of the merger will be assigned. This branch will constitute a permanent establishment in Ireland and will continue the activities currently carried out by Avantcard DAC in that jurisdiction. The merger process is expected to be completed in the first half of 2025.
- On 19 June 2024, the boards of directors of Bankinter, S.A., the parent company of Bankinter Group and EVO Banco, S.A.U., a subsidiary company wholly owned by Bankinter, S.A., have agreed to carry out a merger by absorption, thus integrating EVO Banco into the Bankinter, S.A. structure, improving the profitability and efficiency of the Group. The purpose of the merger is to take full advantage of the synergies between the two companies, boosting the Group's digital transformation. This merger will involve the integration of EVO Banco's clients, business and employees under the Bankinter structure. During the 2024 financial year, authorisations have been received from the competent bodies to carry out the merger. In any case, the merger process is expected to be completed in the first half of 2025.
- During the 2022 financial year, Bankinter and Liberty Seguros reached an agreement to jointly develop the insurance business through the company Bankinter Liberty Home and Auto, S.A. However, during the 2024 financial year the parties have withdrawn from this agreement.
- During the 2023 financial year, Bankinter Consumer Finance, E.F.C. and Sonae SGPS, S.A. implemented their joint business agreement in the Portuguese consumer credit market. This agreement involved the acquisition by the former of 50% of the company Universo, IME, S.A., with this company now belonging to both institutions in equal shares. Universo, IME, S.A. constitutes a joint venture, in accordance with the provisions of IFRS 1 Joint Ventures and is integrated into the

consolidated statements of the group using the equity method. Moreover, the agreement signed with SONAE SGPS, S.A., provides for the future integration of the lending and insurance businesses generated by Universo and the open market business of Bankinter Consumer Finance in Portugal, once the necessary authorisations have been obtained from the competent authorities; until that time, a distribution of the profit after tax of these businesses has been agreed, in accordance with a "Profit Sharing Agreement" (PSA), which will remain in force until the effective integration of the businesses. The 2024 financial year is the first full year in which the earnings of Universo, IME, S.A. have been integrated in the Group's financial statements, given that in the previous year they were only integrated for one month. Universo, IME, S.A. is a joint venture and, as such, is integrated in the Group's consolidated financial statements using the equity method, as stated above, and into the prudential consolidation scope using the proportional method.

- During the year 2023, Relanza Gestión, S.A., the Group's recovery subsidiary, was sold to Gescobro Collection Services, S.L.U., one of the largest debt management companies and the third largest insolvency buyer in the Spanish market. The latter company is now responsible for managing collection for the bank's businesses, as this was done by the subsidiary previously. This is a one-off transaction focussed on a very specialised activity, collections, which requires large volumes of portfolios to achieve optimum efficiency. In 2023, the impact of this transaction on the Group's income statement was a loss of 383 thousand euros.
- Moreover, Bankinter International Notes S.à r.l., a wholly owned Bankinter Group subsidiary based in Luxembourg and set up for the issuance of structured bonds, which are distributed by its parent company, Bankinter, S.A., started operating in 2023.

1.2. Subsidiaries with shareholders' equity below the required minimum

None of the subsidiary institutions included in the consolidated Group present an amount of shareholders' equity below the minimum required by the applicable legislation.

There is no current or foreseeable legal or practical obstacle relevant to the transfer of shareholders' equity or repayment of liabilities between the subsidiary institutions and the parent company.

1.3. Exemptions to capital charges at an individual or sub-consolidated level

Bankinter Group asked Banco de España for a waiver for the application of prudential requirements on an individual basis to Bankinter, S.A. and Bankinter Consumer Finance E.F.C., S.A. for reasons of efficiency and better management and given that the Group's characteristics guarantee the adequate distribution of shareholders' equity between the parent company and the subsidiary and the free movement of flows and commitments within the Group. The Bank of Spain authorised both exemptions by means of a letter sent to the Entity dated October 8, 2009, which remains in force under the supervision of the ECB.

1.4. Risk management and control system: Risk management policies and objectives

Quality risk management is essential for the business of any credit institution and, in particular, those like Bankinter Group, which carry out their activity mainly in the retail sector and consider the trust of their customers and shareholders to be a core value.

Note 44 to the 2024 financial year consolidated financial statements details Bankinter Group's risk policies and management. The governance of risk management and control in Bankinter Group is described below.

The Group's risk culture, based on prudence and risk control, is fully integrated into the institution's risk management. Fully committed to this culture, the governance bodies have opted for a prudent risk policy to ensure the sustained and profitable growth of its activity and safeguard alignment with the Group's risk profile and risk appetite. Bankinter Group's policy thus aims to maintain a moderate and prudent risk profile in accordance with the strategic objectives of the Group.

The risk management system comprises the following elements:

1. General risk management principles.
2. The risk appetite framework.
3. Corporate governance of the risk function.
4. The structure and organisation of risk management.
5. The internal control model.
6. The risk culture.

1.4.1. Principles and culture of risk management and control

The Board of Directors of Bankinter, S.A. has the power, which it cannot delegate, to establish a risk management and control framework that considers all the various types of financial and non-financial risks that could arise - including credit, market, liquidity, concentration, operational, information management, IT, reputational, legal and conduct risks, risk of compliance with anti-money laundering and terrorist financing and other financial crimes, and environmental, social and governance (ESG) and strategic risks - with regular monitoring of internal information and control systems.

The principles set out by the board in the area of risk management and control are as follows:

- **Integrity**. Comprehensive consideration of all material risks, including risks generated directly or indirectly.
- **Independence of the risk function** from the business units: separating the functions of the areas involved in the taking of risks and those responsible for the analysis, control and supervision of them. This guarantees an appropriate level of independence and autonomy to ensure proper risk control.
- **Direct involvement of senior management** in decision-making.
- **Collective decisions** to ensure consideration of different opinions, with no assignment of solely individual decision-making powers
- **Clear definition of responsibilities**. Each risk acceptance and management unit will have clearly defined activity, segments and risks it may incur and the decisions it may make as refers to risk, according to its delegated powers. How transactions are arranged and managed and where they are recognised will also be established.
- **Centralised control**. Risk control and management is carried out in an integrated manner through a corporate structure with global responsibilities.
- **Transparency of the information** on the Group's risks and the operation of risk control systems provided to regulatory bodies and key external agents, while maintaining the right channels to facilitate communication
- **Forward-looking view** that aligns management with the expected macroeconomic scenario, but also takes into account less favourable plausible alternative scenarios and the extent to which the Bank is able to meet the risk appetite statement under those scenarios.
- **Alignment** of all documents that need to be developed in the area of risk in the Group's various businesses and subsidiaries.
- **Assurance of proper compliance** of the corporate governance rules established by the Company through its corporate governance system set out in the Bankinter Group's Corporate Governance Policy and the ongoing updating and improvement of that system, within the scope of the best international practices of transparency and good governance, and to monitor and measure them.
- **Accountability.** All staff and bodies must be accountable for their performance in risk management and control. In cases where this management is not adequate, various sanctions should be applied depending on the degree of non-compliance. This accountability should also extend to the Group's governing bodies.
- **Conduct at all times within the law and respecting the bank's corporate governance system,** in particular, the values defined in the Bankinter Group Code of Professional Ethics.
- **Responsibility to society**, which is expressed through different lines of action:
  - Providing adequate financing to the situation and needs of customers.
  - Encouraging sustainable development that allows the goals set by the United Nations to be achieved and that, in particular, promotes environmental protection and ensures that the commitments to combat the effects of climate change are met.
  - Ensuring that the purpose of the funds is lawful and that it is not related to activities that violate fundamental rights, labour rights or that negatively affect society.

Accordingly, the Board of Directors has established the **General Risk Management and Control Framework**, identifying the main risks of the Company and other companies in the Group whose parent company, as defined by law, is Bankinter. It also set up the appropriate internal control and information systems to regularly monitor these systems so that the material risks in all of the Group's activities and businesses are adequately identified, measured, managed, controlled and reported, all with a view to:

Achieving the **Group's strategic objectives** with **controlled volatility**

Offering **maximum guarantees to shareholders,** protecting the generation of sustainable profit and the Group's reputation.

Defending the interests of shareholders, customers, other stakeholders in the Company's performance and that of society in general

Guaranteeing **business stability and financial robustness** over time

The Board of Directors also regularly approves and reviews the **Risk Appetite Framework**, which defines the risk appetite and tolerance that the Entity is willing to assume in the exercise of its activity. This framework contains a set of key metrics for the levels of the various risks, and the quality and recurrence of earnings, liquidity and capital adequacy. Risk tolerance levels that Bankinter Group is willing to assume are defined for each metric. The appropriateness of the metrics and levels is reviewed by the risk and compliance committee every quarter, as it is the committee that makes proposals to the board for updates and approval of modifications, if applicable. These metrics are also monitored on a quarterly basis. Where a negative trend is seen in any of them, action plans are drawn up and monitored until the metrics return to appropriate levels.

Bankinter Group also conducts business in accordance with the principles and values established by the Board of Directors. These include respect and compliance with applicable rules and regulations, and effective and prudent management of all the risks that could arise in the course of the Group's business.

These principles and values form part of Bankinter Group's corporate culture, as reflected in the bank's code of conduct, and must be adhered to, promoted and exercised by all companies and people that form part of the Group.

The Board of Directors is tasked with establishing and overseeing a sound and comprehensive internal control system for the institution and all the activities it carries out. In accordance with the guidelines issued by supervisors and best market practises, Bankinter Group's internal control system is based on establishing the so-called **"three lines of defence":**

Three lines of defence

1 Bankinter Group business and all support units	2 Specialised supervision and monitoring units	3 Internal audit
▪ Business units ▪ Support units	▪ Regulatory compliance unit, ▪ Anti-money laundering and counter terrorist financing, ▪ Financial control and outsourcing, ▪ Risk control and internal validation.	Independent internal audit. The internal audit function performs these tasks with full independence from the other lines of defence.
▪ Identifying and managing exposure to the various risks to which their activity - the products, services, processes and systems that comprise them - could be exposed, and taking informed decisions, applying controls and mitigating factors required and, in any event, those outlined by the Group's risk management framework, and by the applicable policies and procedures. ▪ Promoting dissemination of, and raising awareness about, the corporate culture.	They are tasked with ▪ developing and promoting risk management policies, procedures and guidelines in their respective areas of specialisation, reviewing and contributing to the oversight and reporting of risks managed by the first line of defence, ▪ designing and promoting training and awareness-raising in these topics.	Conducts risk-based audits and reviews the provisions, processes and control mechanisms to ensure that they are sound, effective and applied consistently. Performs reviews of other internal functions, units and business lines.

In 2024, the independence of the second line of defence, its internal range and sufficiency of resources have been reinforced through the following measures:

- Direct dependence of the risk management function to the Board of Directors, through the risk and compliance committee, a function that is assigned to the Corporate Control and Compliance Department, through the risk control and internal validation unit. The committee is responsible for appointing, dismissing and assessing the performance and establishing the remuneration of its head, as well as assessing the adequacy of the resources available to it.
- The independence of the Regulatory Compliance and Anti-Money Laundering and Counter Terrorist Financing units has been strengthened. Their heads have direct access to the board, and their appointment and dismissal are the responsibility of the committee.

- Accurate definition of the supervisory task entrusted to the Control and Compliance department with respect to the Anti-Money Laundering and Counter Terrorist Financing, and Compliance units, aimed exclusively at providing the Board of Directors with a global view of risks, in accordance with prevailing regulations and regulatory recommendations and without interfering with the independence and access to the board of those responsible for these second line of defence units.

For this reason, on 22 May 2024, the Board of Directors approved the amendment to the Regulations of the Bankinter Board of Directors, which affected its article 40, related to the risk and compliance committee, as required to include the modifications that the Board had agreed in relation to the risk management function and the second line of defence, which affected the powers of the Committee.

With regard to **tax risks**, and in accordance with article 529ter.1b) of Royal Legislative Decree 1/2010 of 2 July, which enacted the consolidated text of the Spanish Companies Act, the tax risk control policy is listed as a non-delegable power vested in the Board of Directors. It is implemented through the Office of the General Secretary of Bankinter and through the Tax Advisory Department (which is assigned to and subordinate to the Office of the General Secretary).

Consequently, the Board of Directors of Bankinter, S.A. approved Bankinter's tax risk control policy on 18 September 2019. This policy establishes the principles and internal rules of governance for Bankinter's tax function, setting out:

- Obligations and responsibilities within the organisation.
- Description of the measures in place to mitigate tax risks.
- The ex-ante preventive controls and ex-post controls entailing the identification, measurement, analysis, monitoring and reporting of tax risks in line with Bankinter's Risk Management and Control Policy, Risk Appetite Framework (RAF) and Risk Map.

In the **fight against corruption and bribery**, Bankinter is acutely aware of the serious effects of corruption on economic activity and on society as a whole, and of the important role that entities in the financial sector play in preventing and combating such conduct. For this reason, as an associate and signatory of the United Nations Global Compact, and following national and international best practices, at its meeting on 22 April 2020, Bankinter's Board of Directors approved Bankinter Group's Anti-Corruption Policy, on the recommendation of the Audit Committee. This policy is published on the corporate website. This policy complements the Group's Code of Professional Ethics and Crime Prevention and is an essential tool for disseminating the Group's uncompromising attitude to corruption and establishing the rules and principles of action needed to prevent and act against any conduct involving corruption in the Group's corporate activity.

1.4.2. Governance of the risk function

Board of Directors

As explained in the preceding section, the Board of Directors, in accordance with the rules and regulations of the Board of Directors, is responsible for approving the risk management and control framework and regularly monitoring the internal information and risk control systems.

The Regulations of the Bankinter Board of Directors are available on the Entity's corporate website, along with the rest of the documents that regulate the internal bodies of Bankinter.

Description of the structure of the Board of Directors:

Number of directors	Term of office	Independent directors	Women (*)
11	**4** years	**55**%	**64**%

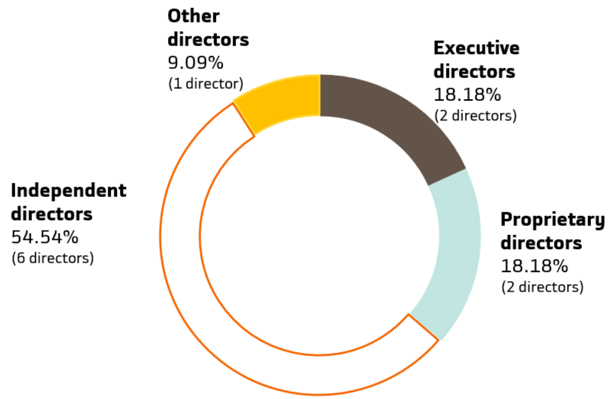
(*) Only Ibex 35 company with women in senior positions such as chair of the board and CEO

The 2024 Corporate Governance Report, available on the corporate website, contains a detailed description of the composition of the Board of Directors and its Committees, as well as of the members that comprise them, including their profile and professional experience and their positions within and outside the Bankinter Group. It also describes the selection and succession processes, performance appraisal, among others.

Likewise, the 2024 Corporate Governance Report describes the changes in the composition of the Board in 2024. And all information regarding the proposals for the appointment and re-election of directors that will be submitted to the General Shareholders' Meeting on March 27, 2025 has been made available to shareholders on the corporate website.

The Board of Directors, both as of 31 December 2024 and after the approval of the new appointments and re-elections (in March 2025), will maintain and consolidate the size required to promote its effective functioning, the participation of all Directors and agility in decision-making, as well as a structure that reflects the existing proportion between the company's share capital, represented by its Proprietary Directors, and the rest of the share capital. Bankinter will have a Board that is predominantly independent, currently 55%, rising to 58% after the incorporation of the new directors, which allows it to fully comply with national and international recommendations and best practices.

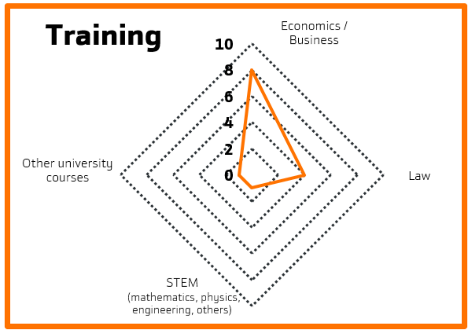
Breakdown by category of director
Board of directors

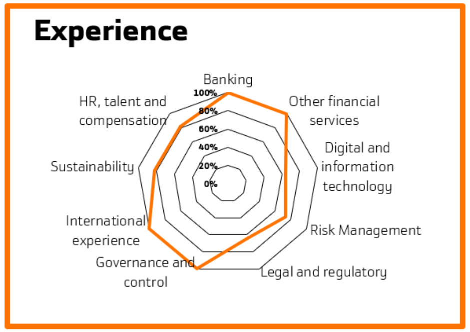


It is important to note that the collective suitability of the Board of Directors for risk management, in general, given the diversity of the risks, must be objective and related directly to its main activity. However, there are emerging risks, such as climate or geopolitical risks, of a transversal nature that, without being specific risks to the Entity's activity, can affect multiple aspects of the business. The cross-cutting nature of these risks requires a holistic view and coordinated action by the Board of Directors as a whole. This approach ensures that the Board of Directors' diversity of perspectives and experiences enables its Directors to address the complex and multifaceted challenges posed by emerging or cross-cutting risks effectively, such as those mentioned above.

In short, the members of Bankinter's Board of Directors, as shown by their annual evaluations of both performance and suitability, have experience in identifying, evaluating and managing risks in their areas of responsibility and have the ability to understand, as a whole, how all types of risks can impact the Bank's operations, its clients and the market, so they are also in a position to understand and supervise the risks.

Knowledge and experience
Board of directors





Additionally, continuous training and specialised external advice, when deemed necessary, are elements that ensure this understanding and supervisory capacity through the updating of the board members knowledge and experiences regarding the latest trends, regulations and supervisory expectations, and best practises in risk management. This guarantees that the Board of Directors ensures these risks are integrated into the business strategy at all times, which includes incorporating them into decision-making processes, remuneration and long-term planning.

In carrying out these functions, the Board of Directors is supported by the following Board Committees[1]:

The Executive Committee

The executive committee is vested with all of the functions of the Board, except those that cannot be delegated by law or under the corporate by-laws or the rules and regulations of the Board of Directors. Makes decisions to manage and monitor all types of risks.

Risk and Compliance Committee

The risk and compliance committee is an advisory body that oversees the Entity's risks and provides advice on risks to the Board of Directors. The risk and compliance committee is also responsible for monitoring the Risk Appetite Framework, as well as supervising the Corporate Control and Compliance Function (which performs the risk management function), as a second line of defence and whose organisation and scope of action are described in the Corporate Governance Report. It reports monthly on its activity.

Audit Committee

The Audit Committee, among other responsibilities, supervises relations with external auditors and their work and reports, supervises the operation of internal audit and control services and is responsible for directing the Internal Audit activity. Its annual plan focuses closely on work related to the measurement, monitoring and management of risks.

Remuneration Committee

The committee's remit includes annually reviewing the remuneration policy of directors and employees whose activities have a material impact on the Company's risk profile (in general all members of identified staff for remuneration purposes) to ensure that it is aligned with the Bank's short-, medium- and long-term situation and strategy and with market conditions, and to assess whether it contributes to the creation of long-term value and to adequate control and risk management.

Sustainability and Appointments Committee

Some of the functions performed by the committee in this area include:

- Reviewing the Bankinter Group's Sustainability Policy and Corporate Governance Policy, both of which are approved by the Board of Directors, ensuring that they are always focused on the creation of value.
- Monitoring the sustainability strategy and practices, best practices in this regard and evaluation of their degree of compliance.

1 On the occasion of the call for the 2025 General Shareholder's Meeting, the 2024 annual activity reports of the supervisory committees have been made available to shareholders on Bankinter's corporate website. The duties of the Committees are described below in the Corporate Governance Report, also published on the corporate website.

Internal committees

Additionally, according to the Bankinter Group's Corporate Governance Policy, available on the corporate website, there are internal Committees with management and/or monitoring functions.

These committees may be classified into the following categories:

- Second-level committees: comprising of a board member and the executives and senior managers or heads of the areas covered by the committees.
- Third-level committees: comprising of senior managers from the Bank and/or heads of the areas covered by the committees.

In any case, the Entity has, among others, the following Committees related to risk management and control:

- Executive risk committee, responsible for approving individual or group risks, in accordance with the established reporting and delegation structure, and tracking the credit quality of the Bank's businesses, the risk concentrations and developments in the most sensitive sectors at any given time.
- Assets and Liabilities Committee (ALCO), responsible for managing global interest rate and liquidity risks, as well as stock market risk and institutional exchange risk and the Bank's financing policies.
- The Technology and Digital Committee, chaired by the CEO, is responsible for defining the lines of action in technology and digitalisation for the execution of the corporate strategy and the business plan approved by the Board of Directors of Bankinter.
- Outsourcing Committee, responsible for planning, evaluating and approving the proposals for outsourcing activities carried out by those responsible for the competent operational area each year.
- Crime prevention and professional ethics committee, responsible for ensuring compliance with the obligations established in the Code of Ethics and other internal regulations and analysis and assessment of possible breaches of these by employees or third parties subject to them, applying the corresponding sanctions where appropriate.
- Compliance committee, responsible for implementing policies in relation to the regulatory and regulatory compliance matters established by the Board of Directors' Audit Committee.
- Internal Control Department for Anti-Money Laundering, responsible for monitoring first-line compliance with the regulations on the prevention of money laundering and terrorist financing, as well as responsibility for accepting or rejecting transactions/customers that, based on their risk type, are controlled by the AML Department.
- Privacy committee, composed primarily of the Bank's senior management, which approves the most important initiatives and establishes internal procedures, the control system and the measures necessary to respect the right to privacy and personal data protection and to correct any weaknesses identified.

1.4.3. Risk control and management function structure and internal organisation

The risk management and control function is distributed among different divisions of the Bank, such as Risk, Corporate Control and Compliance, Finance, Capital Markets, Digital Banking and Internal Audit.

Bankinter's organisational structure is based on the principle of independence and separation of functions between the various units that identify, assume and manage risks and those that monitor and track risks.

- The **FIRST LINE OF DEFENCE** resides in all the business units and all the support units that form part of the Bankinter Group. These units are responsible for identifying and managing exposure to the different risks that their activity - the products, services, processes and systems that comprise it - may entail and making informed decisions regarding them, applying the controls and mitigating factors that are necessary and, in any case, those established by the Group's risk management framework and by the applicable policies and procedures. They are also responsible for promoting dissemination of and raising awareness about the corporate culture.

  In this regard, the centralised Risk function, which reports both hierarchically and functionally to the Managing Director of Risk, covers credit and counterparty risks, market, liquidity and financing, structural interest rate related and exchange rate risks, as well as operational risks, with the exception of technological, compliance, conduct and outsourcing risks, which are managed with specific procedures, as described below. The function has global and corporate responsibility and provides support to the governing bodies of Bankinter Group. It is responsible for putting in place methodologies, developing appropriate procedures and performing the first line controls for these risks. Furthermore, it is focused on carrying out the risk function and integrating it into management within the several businesses of Bankinter and its Group. The document 'Organisation, methods and procedures for risk management and control' contains the function's organisational details, including its divisions and units.

  With regard to credit risk, and due to its importance in relation to Bankinter's activity, the Risk Area features a decentralised structure, which reports directly to the Managing Director of Risk, and which has specific teams appointed to fulfil duties related to approval, monitoring, incidents and recoveries in the regional Organisations, to ensure proximity and proper understanding of customers, all of which are essential in the financial business. Powers are delegated as necessary for this. These regional teams are also responsible for risk control activities in the first line of defence.

  In order to ensure a global and homogeneous vision of the set of risks that the Group faces, the Corporate Control and Compliance Department (second line) and the Risk Department must collaborate on those activities that may have an impact on the Group's risk strategy and inform each other on key issues relating to the bank's risks. In particular, they must coordinate to ensure proper compliance with the obligations arising from the Guidelines for granting and monitoring loans and those provided for in the internal control guidelines regarding the launch and monitoring of new products or significant changes to existing ones.

  The Risk Division is made up of the following first-line Divisions and Units:

  - **Credit risk:** tasked with defining the risk policies associated with each of the segments. It is delegated powers to authorise customer transactions. It is responsible for the entire risk process, from approval, which requires IT support capable of achieving the highest level of efficiency, to monitoring and recovering.
  - **Global risk management:** responsible for developing, improving, controlling, implementing and regularly monitoring statistical and risk parameter models for the various credit portfolios, and enhancing the integration of these models into management. The internal models perform a key role in the approval process, in the calculation of regulatory and internal capital, in the collective estimation of provisions, in recovery processes and in the establishment of risk-adjusted return measures (RARORAC). It also oversees, together with the Global Risk division, the development of the specific policies and procedures that must be included in the framework for the risk management model. Its responsibilities also include supervisor relations, official announcements and regulatory reporting in regard to models, and monitoring the sequentially implementation plan for IRB models in the Bank.
  - **Risk Analysis and Processes** its main duties include defining and supporting risk reporting, and designing, implementing, maintaining and evolving credit risk approval and monitoring systems.
  - **Global Risk:** coordinates the Risk areas in activities and projects related to methodologies, policies, procedures and regulations, seeking to adopt industry best practices in the measurement and management of risks and, in particular, management of the Group's global risk profile.
  - **Risk Analysis unit:** acts on universal factors, coordinating and promoting a sectoral approach to the management of credit portfolios, analysing sectors and promoting the most appropriate information and management processes at all times, As managing climate- and environment-related factors and their translation into different risks.
  - **Market risk and institutional control:** Reporting to the Managing Director of Risk/ Chief Risk Officer, with the duty to control and monitor structural risks (liquidity, interest rate and foreign currency) and market risks arising from the bank's institutional and trading operations.
  - As discussed later, the Balance Sheet Management area and the Trading department, which report to the Treasury and Capital Markets division, are responsible, respectively, for managing **liquidity, interest and foreign currency risks (structural risks) and market risk**. Market risk has the independent duty of measuring, monitoring and controlling changes in interest rate, liquidity, foreign currency, market and counterparty risks in 'institutional' positions; i.e., those taken by the Assets and Liabilities Committee (ALCO) and by the treasury department for trading purposes.

- **Operational risk:** Reporting to the Head of Market Risk and Institutional Control, who in turn reports to the Chief Risk Officer, the Operational Risk unit is responsible for promoting and coordinating procedures and tools for the identification, measurement, control and reporting of operational risks, providing the organisation with a uniform view of operational risk. Management of the first line of operational risk is delegated to the Group's various subsidiaries, support areas and business units. This management is occasionally performed by specialised or centralised departments where determined in the circumstances (e.g. complexity, size, cross-sector corporate processes).
- **Non-performing loans and defaults events:** Responsible for running and managing the process for recovering outstanding loans in early stages of default, by implementing and promoting internal and external tools and actions for this purpose with a view to minimising new non-performing loans. It is also tasked with running and managing the control, monitoring and non-amicable recovery of loans in accordance with prevailing legislation by creating and developing automatic systems that make management more efficient and by implementing more efficient and effective mechanisms and processes to improve the recovery of past-due transactions. It is also responsible for all matters related to the policy, analysis, approval and monitoring of forbearance arrangements.
- **Real estate assets:** setting and updating the price of foreclosed assets and determining their purpose. Its responsibilities include ensuring the technical and legal adequacy of these assets and monitoring them to prevent impairment. Its purpose and main responsibility is to proactively seek out buyers by marketing and managing assets in accordance with principles of transparency, sufficient publicity, competition and effectiveness in order to obtain the highest price possible. It prioritises quick selling.
- **Technical management:** This area is in charge of procedural aspects of the risk appetite framework and the corporate risk map, and oversight of the second line of defence of certain specific risks (e.g. reputational risk). It also oversees the second lines of Group subsidiaries.

There are other risks on the front line, supervised by other bodies and members of Senior Management:

- **Structural risks:**

  The Board of Directors sets the strategy and management policy for structural risks (interest rate, liquidity and foreign currency risks) and market risks and designates various bodies to manage, monitor and control them. It also sets the risks profile to be assumed by Bankinter, setting maximum limits that it delegates to such bodies, as defined in the risk management and control framework.

  The Board of directors confers powers upon the assets and liabilities committee (ALCO), authorising it to continuously monitor decisions regarding structural balance sheet risks (interest and liquidity risk), stock market risk and the exchange rates of the Bank's institutional positions, while also establishing financing policies. It reviews, approves and delegates to the ALCO, on an annual basis, the applicable limits for the management of the aforementioned risks.

  The ALCO is directly responsible for managing all interest rate and liquidity risks, as well as stock exchange and institutional change risks and the Bank's financing policies. However, capital markets, within its powers or following the guidelines of the Chair, Chief Executive Officer or General Manager of Finance and Capital Markets may carry out actions aimed at protecting the Bank from its risks or taking advantage of "Trading" opportunities that arise.

  The Board of Directors reviews the framework and policies for managing these risks and the appropriateness of changing the operating limits established therein as often as it deems necessary and at least annually.

  The Balance Sheet Management unit or, on its instructions, Trading and Capital Markets, implements the decisions taken by the ALCO in relation to the Institution's institutional positions. Depending on the circumstances, it may act immediately in order to protect the Bank from potential adverse market movements, subsequently reporting its actions to the ALCO.

- **Climate and environmental risks:**

  Climate change has certain unique features that require a completely different approach than other risks. Firstly, it has the potential to cause dramatic and irreversible damage. These impact would materialise over the long run, far beyond periods typically considered in financial planning exercises. Secondly, it is surrounded by uncertainty because its effect is so long term and, more importantly, considering the scope of the mitigation measures to be implemented; i.e. they must be global. Thirdly, there are no comparable historical references.

  Bankinter incorporates a series of indicators into its risk analysis that are intended to help consider whether climate change may pose a risk to its borrowers. Among these indicators are the borrower's Greenhouse Gas Emissions, the Energy Efficiency Certificates of the properties used as collateral, the climate rating designed to determine a company's potential exposure to climate change and a series of matters that address the impact of climate change and customers' decarbonisation strategies.

Definition of a new business strategy because of climate change risk. Bankinter is working on the four pillars that should underpin this:

- Sustainability policy. Bankinter has been managing sustainability for over a decade now through successive policies and strategic plans. It is also a signatory of the leading international sustainability and climate change initiatives and commitments, such as the United Nations Global Compact, the Equator Principles, UNEPFI (the United Nations Environment Programme Financial Initiative), the Responsible Banking Principles and the Net Zero Banking Alliance.
- Scenario analysis. Using the baseline scenario; i.e. Net Zero 2050, and assessing the bank's strength according to its strategy and assuming that a set of other plausible scenarios may occur.
- Decarbonisation strategy Bankinter recognises that the financial sector must assume its role as facilitator of the transformation towards a sustainable economic model, which allows mitigating or adapting to the effects of climate change and preserving the environment. Bankinter is firmly committed in this direction, as demonstrated by its membership in the Spanish Global Compact Network and its adherence to the UNEP FI and the Net Zero Banking Alliance. By belonging to this Alliance, Bankinter undertakes a commitment to making its financial and investment activity emissions neutral by 2050, in line with the objectives of the Paris Agreement on Climate Change. To deliver on this commitment, in February 2022 the Group drew up its own decarbonisation strategy, approved by the Group's administrative body through the sustainability and appointments committee. This involved establishing specific quantitative targets for financed emissions intensity to 2030 in line with the emission reduction plans laid down in Spain's Integrated National Energy and Climate Plan. To meet its decarbonisation targets, Bankinter is firmly committed to an inclusive strategy that helps our customers transform and adapt to a lower-emission and more eco-friendly economy. However, we must remember that the combustion of fossil fuels is the main source of greenhouse gases, so efforts over the coming years must focus on reducing our reliance on fossil fuels considerably. Against this backdrop, Bankinter will become increasingly demanding in terms of compliance with decarbonisation objectives, limiting funding of activities that are incompatible with emissions reduction or customers who are not willing to change.
- Sustainable businesses. Bankinter has designed several products linked to sustainability criteria; e.g. sustainable investment funds, green mortgages, debt issues, renewable energy project finance, alternative venture capital funds, pension funds managed using criteria of sustainability and financing of energy efficiency activities in homeowners' associations.

▪ **Technological risks:**

These risks are supervised by the Technological Risks, Fraud and Business Continuity Area, which reports to the General Directorate of Finance and Digital Banking. Their main responsibilities in relation to the management of these risks are, among others, training and awareness-raising on information security; coordination of plans to improve the technological environment; management of system vulnerabilities; coordination of certified risk management systems; custody of cryptographic keys; identification and definition of security requirements for new projects and developments; definition, approval and maintenance of policies and standards relating to technological risk; authorisation of access by exceptional users; management of business continuity plans, technological contingency and incident response plans; implementation of security measures on operating systems, databases and middleware; identification and management of detected vulnerabilities.

▪ **Reputational risk:**

The first-line management of this risk is delegated to the Bank's various subsidiaries, support areas and business units, operating within the scope of the policies and guidelines issued by the corporate reputation unit. This unit in the corporate communications and responsibility area draws up reputational risk metrics, overseeing the preventive management of this risk and mitigation of potential reputational risks by participating in crisis response actions.

▪ A **SECOND LINE OF DEFENCE**, comprising a series of units specialised in controlling and monitoring certain risks, including the Risk Control and Internal Validation, Regulatory Compliance, Anti-money Laundering and Terrorist Financing, Financial Control and Outsourcing Units. These units are tasked with developing and promoting risk management policies, procedures and guidelines in their respective areas of specialisation, reviewing and contributing to the oversight and reporting of risks managed by the first line of defence, and designing and promoting training and awareness-raising in these topics.

The units comprising the second line of defence must be highly specialised and extremely knowledgeable about their areas of operation. However, in line with corporate governance recommendations and best practices, the actions of the second line of defence units must be coordinated, so that they share:

- The set of risks faced by the Group;
- A full scope, so that the second line of defence effectively impacts all Group entities and the activities they carry out;
- A common methodology, tools and resources;
- A level of importance, recognition and independence of its function; and
- A system of reporting and access to the Group's Board of Directors and senior management that provides a comprehensive overview of the bank's internal control situation.

The Corporate Control and Compliance Department ("CCD") is responsible for the supervision duties aimed at providing the Board of Directors with an overview of the situation in relation to control and compliance, sharing the methodology, tools and resources. In addition, it shares the Boards characteristics in terms of independence, recognition and objectivity common to the second line of defence. Moreover, it integrates the risk control and internal validation, regulatory compliance, prevention of money laundering and terrorist financing, financial control and outsourcing processes for organisational purposes. Notwithstanding the above, the powers of the CCD with regard to the specialised units dealing with Regulatory Compliance and the Prevention of Money Laundering and Terrorist Financing will be associated with the corresponding supervision duties. Likewise, the risk and compliance committee will be responsible for the appointment or dismissal of the Heads of these units.

The Corporate Director of Control and Compliance (Head of Risk Management) is appointed or dismissed by the Board of Directors on the recommendation of the risk and compliance committee, after hearing the Chief Executive Officer and following an assessment of the Director's suitability conducted by the Sustainability and Appointments Committee. Likewise, the risk and compliance committee is responsible for approving its Statute and approving its remuneration, which will be supervised by the Remuneration Committee. The Head of the Corporate Risk Management Function will inform the Committee of the appointment or dismissal of the person responsible for the Risk Control and Internal Validation Unit, with the Committee being responsible for approving its Statute.

The Corporate Control and Compliance Function extends its duties and powers to all entities, subsidiaries and branches of the Bankinter Group, in order to supervise independently and objectively, under a single management, the business lines and support units, to ensure that:

- Persons who perform duties for the Corporate Control and Compliance Department will be dedicated exclusively to these duties, and in no case will they perform duties or tasks corresponding to the areas they supervise or control.
- It will be separate, from an organisational point of view, from the activities it supervises and controls; and
- The remuneration of its staff will be structured in such a way that:
    - It does not interfere with their independence and objectivity;
    - Qualified and experienced personnel can be employed in these roles;
    - It is not substantially linked to the results obtained by the areas they supervise or monitor; and
    - It is primarily made up of fixed components.

Through the Risk Control and Validation Unit, the Corporate Control and Compliance Department performs Bankinter's risk management function for the purposes of applicable regulations. It has responsibilities of a global and corporate nature and supports the governing bodies of the Bankinter Group, its duties including the following, among others:

- The identification of all material risks, financial and non-financial, including risks originating both directly and indirectly through the corporate risk map.
- Management of risk appetite established by management through the risk appetite framework.
- The dissemination of the corporate risk culture, reflected in its governance documents.
- Control of all identified risks, except those that have specific control units, such as: (a) accounting risks, (b) outsourcing risks, (c) regulatory compliance, (d) anti-money laundering, (e) data protection.
- Validation of risk models and their results.

The Financial Control Unit, as the second line of defence, integrated into the CCD, includes the control of the effectiveness of the administrative and accounting procedures for the preparation of financial reports, communicated internally and externally. The report on financial control is submitted to the Audit Committee.

The Outsourcing Unit, as the second line of defence, integrated into the CCD, includes the supervision of the control framework over the Group's services, in particular, critical services, and compliance with the Outsourcing Policy and external regulations.

Moreover, the CCD fulfils a series of supervisory duties over the Units, which are integrated for organisational purposes. These duties are:

The Regulatory Compliance Unit has functions of controlling compliance risks, including those related to conduct and transparency with clients in the provision of banking, financial, insurance and investment products and services, as well as the prevention of market abuse and conduct in the securities market. It reports to the risk and compliance committee on compliance with the code of conduct in securities markets; the requirements and ongoing inspections of regulatory bodies; advice provided to the Bank on regulatory matters through the various regulatory proposals; involvement in the configuration and development of new products; and training in the organisation, among other topics.

The Money Laundering and Terrorist Financing Prevention Unit is a technical unit that serves as a second line of defence, with global responsibilities in managing the risk of money laundering and terrorist financing. This is achieved by applying a risk assessment framework, promoting risk mitigation measures and providing advice to governing bodies on the supervision and control of compliance with internal and external regulations in this area. The unit is also responsible for reporting suspicious transactions to the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences (hereinafter "SEPBLAC") and for sending information on its activity to the risk and compliance committee of the Board and to Senior Management.

Likewise, the inherent risks of digital transformation processes must be taken into account, among others, due to the introduction of new technologies and operational practises, which are managed directly by the Technological Risk, Fraud and Business

Continuity Division (as the first line of defence) and in relation to which the CCD acts as the second line of defence for the purposes of continuous monitoring of these technological risks, defining effective mitigation plans, as needed.

Finally, on March 4, 2024, the risk and compliance committee approved the Statute of the Corporate Control and Compliance Department, the purpose of which is to provide a regulatory framework for the corporate Control and Compliance function, providing it with the organisational elements necessary for the effective performance of its function and establishing the roles and responsibilities that correspond to the people and bodies that comprise it. This regulatory framework considers the unique features and specialisation of the units that comprise the Corporate Control and Compliance division. Therefore, it is complemented by the charter of each function:

- Charter of the anti-money laundering and terrorist financing function;
- Charter of the regulatory compliance function;
- Charter of the risk control and internal validation function; and
- Charter of the financial control and outsourcing function.

Other units or bodies that monitor specific risks not integrated into the CCD:

- **Privacy and data protection**

The Board of Directors of Bankinter, S.A., as the parent of Bankinter Group, must ensure that the Bank and Group have an appropriate privacy governance framework in place to guarantee respect for the right to privacy and personal data protection of customers, employees, shareholders and suppliers ("data subjects"). With this objective and to guarantee that the company genuinely has a culture of compliance in this area, the Board of Directors updated Bankinter Group's Privacy Policy in October 2022. This includes the general principles that govern all activities and initiatives carried out by Bankinter Group that may affect the right to privacy of data subjects. Additionally, the following organisational chart is defined in Bankinter Group's Privacy Policy:

The **Privacy Committee**, comprising mainly the Bank's senior management and representatives of subsidiaries that promote and approve initiatives that are strategically important for Bankinter Group.

The Privacy Committee is entrusted with the following duties:

- Approving initiatives that affect the right to privacy and the protection of personal data of strategic importance to the Bank.
- Approving the internal procedures necessary to ensure that the right to privacy is duly respected.
- Making recommendations on any necessary alterations to Bankinter Group's privacy policy, for approval by the Board of Directors.
- Approving the control system and measures to remedy any deficiencies detected.
- Regularly verifying the measures approved by the committee.
- Fostering the culture of compliance.
- Making decisions on the disclosure of security breaches that pose a high risk to the rights and freedoms of data subjects.

The Privacy Committee has its own internal rules and regulations and reports annually on its activity to the Audit Committee.

Furthermore, in order to reinforce the principle of proactive responsibility, a **Corporate Privacy and Data Protection Officer** has been appointed, who has been assigned the following functions:

1. Coordinating the privacy and data protection officers of Group companies, to guarantee that they apply the same criteria in matters of privacy and personal data protection.
2. Approving new initiatives that affect the right to privacy and personal data protection that are different to those already approved in the organisation the responsibility for which exceeds that of the privacy and data protection officers of the Group entities.

Lastly, Bankinter Group entities that process personal data have appointed a data protection and private officer with the duties outlined in Regulation 2016/ 679/ EU of the European Parliament and of the Council of 27 April, on the protection of individuals with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), including:

- Advising the data controller of their obligations in relation to data privacy and protection.
- Approving initiatives that affect the right to privacy and the protection of data similar to those already approved at corporate level.
- Overseeing compliance with applicable regulations governing privacy and data protection.

Each data privacy and protection officer (DPO) is supported by a DPO office, comprising the necessary profiles (recruited internally and externally, as required) to ensure that they can perform their duties. The DPO office also has its own set of rules and regulations.

- **Crime prevention and professional ethics committee**

Over the years, Bankinter has demonstrated its zero-tolerance policy toward crime, having adopted all measures necessary to convey this commitment and the obligation to prevent, detect and persecute crime in all its forms and to the full extent at all levels of the Bank's structure.

On 21 October 2015, the Board of Directors of Bankinter, S.A., in accordance with the reform of the Criminal Code, approved by Organic Law 1/2015, of 30 March, which entered into force on 1 July 2015, approved the creation of the Crime Prevention and Professional Ethics Committee, which is responsible for overseeing the functioning and compliance of the criminal risk prevention model and has autonomous powers of initiative and control.

The Regulations that develop the powers and duties of the Committee were presented to the Audit Committee at the meeting held on 20 July 2020 and submitted for approval by the Board of Directors at the meeting held on 22 July 2020.

The chair of the Crime Prevention and Professional Ethics Committee reports annually and directly to the Audit Committee, informing the Board of Directors.

In addition, Bankinter has been certified by an external expert for the general Criminal Compliance model implemented by the Bank, according to which: "Bankinter's crime prevention model has the capacity to prevent the commission of crimes effectively and to enable the Bank to be exempt from criminal liability of the legal bank pursuant to article 31 bis 2 of the Criminal Code."

The update of the Criminal Compliance Model of Subsidiaries, Bankinter Consumer Finance, E.F.C., S.A. and EVO Banco, harmonised and integrated with the Bank's system, were approved by their Boards of Directors during the meetings held on 31 March and 25 April 2023, respectively. At Bankinter Investment, S.A.U. and Bankinter Investment SGEIC, S.A.U. (the asset manager), the Criminal Compliance Model was implemented on October 25 and October 10, 2023, respectively. All subsidiaries have a report from an external expert concluding that they have a Criminal Compliance Model that meets the requirements established in the Criminal Code and that the model has the capacity to effectively prevent criminal offences and to exempt the bank from criminal liability pursuant to Article 31bis.2) of the Criminal Code.

In addition to the mandatory Circulars and Policies that have to be complied with, Bankinter currently also has:

- the Code of Professional Ethics for Bankinter Group Employees, the current text of which was approved by the board in its meeting 22 February 2023, on the recommendation of the Audit Committee. This is available to all employees through the Intranet
- the Code of Professional Ethics for Agents, which is available to agents through the agents' extranet.
- the Code of Professional Ethics for Suppliers, which is available to suppliers through the suppliers' portal.

The Bankinter Group has a Whistleblowing Channel in place, which is available through a single link for the entire Group and accessible from the bank's public website. The Whistleblowing Channel is a communication channel that allows any person who has any relationship with the bank to inform the organisation's senior managers of any acts contrary to ethical values, anonymously and in the strictest confidence, which the Group is firmly committed to respecting.

The 2024 Corporate Governance Report, which is available on the corporate website, provides greater detail on the materialisation of risks, tolerance levels and supervision of the main risks it faces.

1.5. Risk mitigation and hedging policies. Supervision strategies and processes.

Prudence is the hallmark of Bankinter Group's customer credit policy: the criteria for granting credit are based on the customer's demonstrated solvency and capacity to make repayments, in line with a realistic payment plan and taking only the customer's ordinary income into account. Transaction guarantees are only considered a secondary method of recovery.

In many cases, mitigation of the credit risk is achieved through the contribution of guarantees by the borrower, with the acceptance of either collateral (essentially mortgage securities, money securities, pledged securities or other securities) or personal guarantees (both of the counterparty and guarantors that have a better credit rating).

For more details about the risk mitigation and hedging policies, and the strategies and processes used to supervise the continued effectiveness of hedging and risk mitigation techniques, as required by article 435.1.d. of the CRR, please refer to the following points:

- 4.3.1. Counterparty credit risk management policy.
- 4.7 Information on credit risk mitigation techniques.
- 5.2 Characteristics of the market risk management system and models used.
- 6.1 Management of operational risk.
- 8 Structural interest rate and foreign exchange risk.
- 9 Liquidity and funding risk.

02

Information on shareholders' equity

2. Information on shareholders' equity

Title I of Part Two of Regulation (EU) 575/2013 of the European Parliament and of the Council, modified by Regulation (EU) 2019/876, defines the different levels of capital that will constitute the Institution's shareholders' equity under the new solvency regulations, as well as the items comprising them. Regulation (EU) 2016/445 of the European Central Bank establishes the options and discretions that, in relation to the prudential requirements of credit institutions, are exercised by the Supervisor, specifying the timelines for gradual application for the counting of certain items as shareholders' equity.

2.1. Elements that constitute shareholders' equity

Under solvency regulations, the Group's Shareholders' Equity is the sum of tier 1 (T1) and tier 2 (T2) capital. In turn, tier 1 capital consists of common equity tier 1 (CET1) and additional tier 1 capital (AT1) capital.

Common equity tier 1 (CET1) is considered first-class quality capital for its loss absorption capacity. CET1 instrument holders are subordinated to the rest of bank creditors, including AT1 and T2 instrument holders.

Additional tier 1 capital (AT1) only has preference, in the order of precedence of payments in case of insolvency, over CET1 instrument holders, remaining subordinated to the rest of creditors of the Institution, including T2 instrument holders.

Lastly, tier 2 capital (T2) absorbs losses after instruments CET1 and T1, and it remains subordinated to the rest of bank creditors. Its loss absorption capacity is, therefore, lower.

Common equity tier 1

Bankinter's common equity tier 1 (CET1), as established in the regulation, consists of:

- The Bank's share capital.
- Share premiums associated with the share capital.
- Accumulated gains in accordance with Article 26.1.c) of Regulation (EU) 575/2013 available to the institution for unrestricted and immediate use to cover losses. It also includes the reserves of institutions accounted for by the equity method.
- Interim profit accumulated over the course of the financial year related to the prudent consolidation scope and net of the foreseeable dividends to distribute against the financial year's profit. These provisional profits accumulated during the year are verified quarterly by the statutory auditors. They are only included as common equity tier 1 after receiving authorisation for their inclusion from the supervisor.
- Other accumulated income, which basically reflects valuation adjustments associated with financial assets at fair value through other comprehensive income, from exchange rate differences and from institutions accounted for by the equity method, and other valuation adjustments.

The common equity tier 1 calculated in this manner must be adjusted by the following deductions:

- Intangible assets. Deductions for software assets have a new treatment with the entry into force of Regulation (EU) 2020/873 (CRR2- Quick Fix).
- Holdings of instruments eligible as common equity tier 1 that the institution or any Group institution holds directly, indirectly or synthetically, including those shares that the institution must acquire by virtue of any contractual commitment.
- The shortfall in provisions, if any, resulting from comparing the calculation of expected loss amounts for exposures for which minimum capital requirements are calculated using internal ratings-based (IRB) methodologies with the provisions associated with those exposures, and the shortfall in provisions, if any, resulting from insufficient supervisory coverage of non-performing exposures.
- The amount of shares held in financial sector institutions, including insurance companies, where the bank has a significant investment, which exceeds the threshold of 10% of CET1, in accordance with Article 48 of Regulation (EU) 575/2013.
- Additional valuation adjustments that arise from prudential valuation of positions accounted for at fair value, in accordance with Article 105 of Regulation (EU) 575/2013. For the calculation of AVAs, Bankinter uses the simplified approach set out in Regulation (EU) 101/2016 on the methodology for calculating additional valuation adjustments.
- Items that must be deducted from additional tier 1 capital elements that exceed the Institution's additional tier 1 capital.

Additional tier 1 capital

Bankinter's additional tier 1 capital (AT1), as established in the Regulation, consists of:

- Additional tier 1 capital instruments, which are perpetual, potentially convertible securities that have the characteristics set out in Article 52 of Regulation (EU) 575/2013. These instruments ranks below tier 2 capital instruments in case of insolvency.
- The value of these instruments is determined by their book value.

The CCA template in Annex I details the characteristics of the issues of eventually convertible securities that form part of Additional Tier 1 Capital (AT1) as of December 31, 2024.

Additional tier 1 capital must be adjusted by the following deductions:

- Direct, indirect and synthetic holdings of own AT1 instruments belonging to Group institutions, including the AT1 instruments that the institution may be forced to acquire as a result of current contractual commitments.

- Direct, indirect and synthetic holdings of own AT1 instruments in financial sector entities, with certain limitations when the institution maintains a significant investment in these entities.

Tier 2 capital

Bankinter's tier 2 capital (T2), as established in the Regulation, consists of:

- Additional tier 2 capital instruments, which are subordinated obligations that have the characteristics set out in Article 63 of Regulation (EU) 575/2013. These instruments are ranked behind common creditors in case of insolvency.
- The value of these instruments is determined by their book value.

It should be taken into account that, according to the Regulation, issues of eligible tier 2 instruments with less than five years left until their maturity, start to lose their eligibility as tier 2 capital at an annual rate of 20%.

The CCA template in Annex I details the characteristics of the subordinated bond issues that form part of Tier 2 Capital as of December 31, 2024.

The eligible outstanding balance of issues eligible as tier 2 capital at 31 December 2024 stood at 982.324 thousands of euros, and 829.878 thousands of euros at the end of the reporting period 2023.

Tier 2 capital calculated in this manner must be adjusted by the following deductions:

- Direct, indirect and synthetic holdings of own tier 2 instruments belonging to Group entities, including the tier 2 instruments that the institution may be forced to acquire as a result of current contractual commitments.
- Direct, indirect and synthetic holdings of own tier 2 instruments in financial sector entities, with certain limitations when the institution maintains a significant investment in these entities.

2.2. Amount of shareholders' equity

The breakdown and composition of Bankinter Group's shareholders' equity is as follows:

Amount of eligible shareholders' equity (fully loaded)

Amount of eligible shareholders' equity	2024	2023
Common equity tier 1: Instruments and reserves	5,752,983	5,240,030
Capital instruments and share premiums	269,660	269,660
Retained earnings	5,052,657	4,657,792
Other accumulated income	(45,820)	(109,816)
Interim profit net of foreseeable dividends	476,486	422,394
Common equity tier 1: regulatory adjustments	(480,746)	(440,914)
Other regulatory valuation adjustments	(6,018)	(4,645)
Intangible assets	(187,453)	(252,664)
Shortfall of prudential provisions and of IRB portfolios	(255,037)	(174,626)
Direct and indirect holdings of own instruments	(11,778)	(5,519)
Deferred tax assets	(20,460)	(3,460)
Investments in financial institutions	—	—
Common equity tier 1 (CET1)	5,272,237	4,799,116
Additional tier 1 capital: instruments	655,396	650,000
Eligible AT1 instruments	655,396	650,000
Additional tier 1 capital: regulatory adjustments	—	—
Temporary adjustments to additional tier 1 capital	—	—
Additional tier 1 capital (AT1)	655,396	650,000
Tier 1 capital (CET1 + AT1)	5,927,633	5,449,116
Tier 2 capital: instruments	982,324	829,878
Eligible tier 2 instruments	982,324	829,878
Tier 2 capital: regulatory adjustments	—	—
Temporary adjustments to additional tier 1 capital		—
Tier 2 capital	982,324	829,878
Total capital (tier 1 capital + tier 2 capital)	6,909,957	6,278,994
Risk-weighted assets	42,475,608	39,017,626
CET1 fully loaded (%)	12.41 %	12.30 %
Tier 1 fully loaded (%)	13.96 %	13.97 %
Total capital fully loaded (%)	16.27 %	16.09 %

Figures in thousands of euros

The increase in Common Equity Tier 1 (CET1) in financial year 2024 is mainly due to the retention of part of the ordinary profit for the year, after the application of the estimated 50% payout. Deductions have increased slightly, mainly due to the evolution of the IRB expected loss deficit and deductions for intangibles.

On 31 December 2024 Additional Tier 1 (AT1) Capital stood at 655.396 thousands of euros as compared to 650.000 thousands of euros on 31 December 2023, up by 5.396 thousands of euros due to the new criteria for valuing instruments eligible as capital other than Ordinary Tier 1 Capital established by the European Banking Authority (EBA), which is based on the book value instead of the nominal value of the issues that was previously used.

The evolution of Tier 2 Capital instruments is explained by an issue of 200 million nominal value carried out in the first quarter of 2024 and the new valuation criteria for these instruments mentioned above.

Risk-weighted assets increased in financial year 2024 due to the performance of the Institution's ordinary business, which led to an increase in loans and receivables.

The reconciliation between shareholders' equity reported in the public financial statements and the regulatory capital is presented below for capital adequacy purposes:

Reconciliation between accounting own funds and regulatory capital (fully loaded)

Eligible amounts	2024	2023
Paid up capital	269,660	269,660
Share premium	—	—
Reserves	5,034,464	4,637,984
Other equity	18,193	19,807
Own shares	(1,437)	(1,365)
Attributed earnings	952,971	844,787
Interim dividends	(365,524)	(325,570)
Total shareholders' equity (public balance sheet)	**5,908,327**	**5,445,304**
Accumulated other comprehensive income	(30,663)	(122,364)
Total equity (public balance sheet)	**5,877,665**	**5,322,940**
Eligible preferred stock	655,396	650,000
Other valuation adjustments	(5,379)	(3,656)
Intangible assets	(187,453)	(252,664)
Shortfall of prudential provisions and of IRB portfolios	(255,676)	(175,614)
Deferred tax assets	(20,460)	(3,460)
Investments in financial institutions	—	—
Other adjustments*	(136,460)	(88,429)
Tier 1	**5,927,633**	**5,449,116**

(*) Includes the difference between accounting profit and retained earnings for capital, employee financing and cash flow hedges (hedging derivatives)

Figures in thousands of euros

Bankinter Group has chosen not to apply the transitional provisions under article 473 bis of Regulation (EU) 575/2013, as per the first paragraph of section 9 of that article. Therefore, in accordance with the explanations required in the EBA 2018/01 guide, it should be noted that at 31 December 2024, Bankinter is not applying the transitional provisions under IFRS 9 or similar ECL.

2.3. Capital buffers

Directive 2013/36/EU of the European Parliament and of the Council, of June 26, 2013, on access to the activity of credit institutions and their prudential supervision (CRD IV), as amended by European Directive 2019/878 of the European Parliament and of the Council, of May 20, 2019 (CRD V), together with Regulation (EU) 575/2013 of the European Parliament and of the Council (CRR), in turn modified by Regulation (EU) 2019/876 of the European Parliament and of the Council (CRR2), comprise the capital adequacy regulations applicable to European credit institutions. The contents of this Directive have been incorporated in Spain in Act 10/2014 of 26 June on the regulation, supervision and capital adequacy of banks. This includes the establishment of additional capital buffers above the minimum regulatory levels set by Regulation (EU) 575/2013.

In addition to the minimum capital requirements, a total of five capital buffers are also established:

- **Capital Conservation Buffer:** The objective of this buffer is to ensure that the institutions have capital in a sufficient amount and quality to absorb losses in a stressed economic environment and keep it above minimum requirements. To attain this objective, the capital buffer must be made up of common equity tier 1 (CET1).
- **Countercyclical Capital Buffer:** This is not a permanent buffer. Instead, it shall be required only in moments in which credit activity is growing excessively in a certain jurisdiction. Its purpose is to act as a brake on this excessive growth and alleviate the possible consequences of economic bubbles. In periods of normal credit growth, this buffer is zero.
- **Systemic Risk Buffer:** Its purpose is to prevent or avoid systemic risks or macroprudential countercyclical risks in the long term. These are risks that can cause a disturbance in the financial system with serious negative consequences for both the system and the real economy.
- **Global Systemically Important Institutions Buffer:** It is established for institutions that constitute a systemic risk due to their size, degree of interconnection with the rest of institutions or non-existence of substitute services and activities, as their failure can affect the financial system as a whole.
- **Other Systemically Important Institutions Buffer:** This buffer is established for institutions whose demise can affect the financial system, albeit to a lesser extent than the aforementioned, and therefore, it has fewer requirements.

Two of the buffers included in the act are not discretionary: the Capital Conservation Buffer and the Global Systematically Important Institutions Buffer, which are in place in all jurisdictions of the European Union. Banco de España has the discretionary authority to set a buffer for other systematically important institutions, the countercyclical capital buffer and the systemic risk buffer.

The capital conservation buffer was phased in from 2016 to 2019, at an annual rate of 0.625%, until it reached 2.5%. From 2020 until the year-end date of 2024, the required level of this capital buffer has remained at 2.5%.

The application of buffers for global systemically important institutions and other systemically important institutions are not applicable to Bankinter; therefore, there are no additional requirements for these items.

The Central Bank of Ireland maintains a countercyclical buffer of 1.5%, which must be maintained in the form of common equity tier 1 capital on exposures in Ireland. As of 31 December 2024, the impact on the minimum common tier 1 capital requirement was 8 basis points.

In 2024, the Bank of Portugal activated a systemic risk buffer requirement equivalent to 4% of the risk-weighted assets held in residential mortgages in Portugal whose capital requirements are determined based on advanced models. This requirement must be maintained in terms of Common Equity Tier 1 capital. As of December 31, 2024, the impact on the minimum Common Equity Tier 1 capital requirement was 15 basis points.

The Bank of Spain, which maintained the countercyclical buffer at 0% as of December 31, 2024, has decided to sequentially increase it to 0.50% in 2025 and to 1% in 2026. As of December 31, 2024, the Bankinter Group had no countercyclical buffer requirement in Spain. The estimated impact on the minimum common equity Tier 1 capital requirement for 2025 and 2026 is 40 and 81 basis points, respectively. Both future impacts are estimated based on the Group's exposure in Spain as of December 31, 2024.

Banco de Portugal has announced the establishment of a countercyclical buffer requirement in 2026 of 0.75% in the form of common equity tier 1 capital on exposures in Portugal. As of the date of this report, Banco de Portugal has not determined whether or not exposures affecting the systemic risk buffer already existing in Portugal should be taken into account to reduce the exposure allocated to Portugal. As of December 31, 2024, the Bankinter Group had no requirements for this countercyclical buffer. The additional impact on the minimum Common Equity Tier 1 capital requirement in 2026, calculated on the basis of exposures in this country, without discounting those already affected by the systemic risk buffer, has been estimated at 10 basis points.

The Entity maintains active management of capital that ensures compliance with minimum requirements and anticipates any phased-in implementation of buffers or increases in requirements to due to changes brought about by market cycles.

At 31 December 2024, the bank's credit risk exposures that are considered in calculating the countercyclical capital buffer were as follows, broken down by country.

Geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer (CCyB1)

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit risk exposures		Trading book exposures				Own funds requirements						
10	Breakdown by country	Value of exposure according to standardised approach	Value of exposure according to IRB method	Sum of long and short positions in the trading book	Value of trading book exposure for internal models	Securitisation exposures	Total value of exposures	Relevant credit risk exposures – Credit risk	Relevant credit risk exposures – Market risk	Relevant credit risk exposures – Securitisation positions in the banking book	Total	Risk-weighted exposures	Weightings of shareholders' equity requirements	Countercyclical capital buffer percentage
	Spain	17,343,451	42,623,518	7,010,146		226,174	67,203,289	2,178,465	29,990	6,805	2,215,261	27,690,762	80.86 %	0 %
	Portugal	4,166,149	5,989,406	—		—	10,155,555	380,979			380,979	4,762,238	13.91 %	0 %
	Ireland	3,872,580	—	—		—	3,872,580	143,342			143,342	1,791,772	5.23 %	2 %
20	**Total**	**25,382,180**	**48,612,924**	**7,010,146**	—	**226,174**	**81,231,423**	**2,702,786**	**29,990**	**6,805**	**2,739,582**	**34,244,771**	**100 %**	**0 %**

Figures in thousands of euros

When calculating the countercyclical capital buffer, all categories other than those referred to in points (a) to (f) of Article 112 of the CRR are included. Therefore, exposures to central and regional governments, public sector entities, multilateral development banks, international organisations and institutions are not taken into account.

Following the instructions of Regulation (EU) 2021/637, exposures to other countries representing less than 2% of the aggregate total risk-weighted exposure amounts have been included in Spain.

At the end of the reporting period (2024), the Group had the following impact on the Common Equity Tier 1 capital requirement due to the countercyclical buffer in Ireland:

Amount of the specific countercyclical capital cushion for each bank (CCyB2)

1	Total amount of risk-weighted exposure	42,475,608
2	Percentage of the bank's specific countercyclical capital buffer	0.08 %
3	Countercyclical capital buffer requirement of each bank	33,336

Figures in thousands of euros

At the end of 2024, the Group is subject to the following impact on its Common Equity Tier 1 (CET1) capital requirement, stemming from Portugal's 4% systemic risk buffer applied to mortgage exposures within the retail portfolio under the advanced method:

Amount of Portugal's systemic risk buffer

1	Risk-weighted exposure amount using the advanced method, maintained in residential mortgages in Portugal	1,563,689
2	Systemic risk percentage in Portugal	4.00 %
3	Portugal's systemic risk buffer requirement	62,548

Figures in thousands of euros

The amount of Portugal's systemic buffer requirement represents 0.15% of the Group's risk-weighted assets.

2.4 MREL and TLAC

In the context of the Bank Recovery and Resolution Directive ("BRRD"), banking institutions are required to comply with two minimum requirements for Shareholders' Equity and Eligible Liabilities ("MREL requirement"): one based on the total of such instruments ("total MREL") and the other on subordinated instruments ("subordinated MREL"). These MREL requirements are determined by the Single Resolution Board ("SRB").

In December 2020, the BRRD2 came into force, establishing 1 January 2024, as the deadline for compliance with the MREL requirements, with an intermediate requirement of 1 January 2022. This regulation also establishes that the Total and Subordinated MREL requirements must be expressed as a percentage of both the TREA (Total Risk Exposure Amount) and the leverage ratio.

Therefore, in December 2024, Banco de España informed Bankinter that the Single Resolution Board, acting in its capacity as the resolution authority of the Bankinter Group, had taken a decision to determine the Total and Subordinated Minimum Requirement for Shareholders' Equity and Eligible Liabilities (MREL) for Bankinter, S.A.

This decision had set a total binding MREL requirement, which must be met from the date of notification, at a consolidated level, of 20.31% of the total risk exposure (TREA) and 6.39% of the leverage ratio exposure (LRE).

In addition, it was established that subordinated instruments should be used to comply with the MREL for an amount equivalent to 15.80% of TREA and 6.39% of the LRE.

The MREL requirements set forth are in line with Bankinter's forecasts and are comfortably met, both in terms of percentage TREA and percentage LRE. The long-term financing plan also provides for continued comfortable meeting of future requirements.

Key indicators MREL (KM2)

		Minimum requirement for equity and eligible liabilities (MREL)
	Equity and eligible liabilities, ratios and components	
1	Equity and eligible liabilities	10,211,541
EU- 1a	Of which: Equity and subordinated liabilities	8,954,131
2	Total risk exposure amount of the resolution group	42,475,608
3	Equity and eligible liabilities as a percentage of total risk exposure amount	24.04 %
EU- 3a	Of which: Equity and subordinated liabilities	21.08 %
4	Total exposure measurement	117,926,113
5	Shareholders' equity and eligible debt as a percentage of total exposure	8.66 %
EU- 5a	Of which: Shareholders' equity and subordinated debt	7.59 %
6a	Does the exemption from subordination provided for in Article 72 b, paragraph 4, of Regulation (EU) no. 575/2013 apply? (5% exemption)	
6b	Aggregate amount of non-subordinated eligible liability instruments permitted if the subordination faculties set out in Article 72 b, paragraph 3, of Regulation (EU) no. 575/2013 are applied (maximum exemption of 3.5%)	
6c	If a limited subordination exemption is applied in accordance with Article 72 b, paragraph 3, of Regulation (EU) no. 575/2013, the financing amount with the same ranking as the excluded liabilities and recognised in row 1, divided by the financing amount with the same ranking as the excluded liabilities that would be recognised in row 1 if no limit were applied (%).	
	Minimum requirements for shareholder's equity and eligible liabilities	
EU-7	Financial liabilities held for trading	20.31 %
EU-8	Financial liabilities designated at fair value through profit or loss	15.80 %
EU-9	Financial liabilities at amortised cost	6.39 %
EU-10	Fair value changes of the hedged items in portfolio hedge of interest rate risk	6.39 %

Figures in thousands of euros

Capacity and composition - MREL (TLAC1)

		Minimum requirements for shareholder's equity and eligible liabilities (MREL)
Shareholders' equity and admissible liabilities and adjustments		
1	Common equity tier 1	5,272,237
2	Additional Tier 1 Capital	655,396
3	Empty set in the EU	
4	Empty set in the EU	
5	Empty set in the EU	
6	Tier 2 capital	982,324
7	Empty set in the EU	
8	Empty set in the EU	
11	Own funds for the purposes of Article 92a of Regulation (EU) No 575/2013 and Article 45 of Directive 2014/59/EU	6,909,957
Shareholders' equity and admissible liabilities: non-regulatory capital elements		
12	Eligible liability instruments issued directly by the resolution bank (to which the preceding provisions do not apply)	2,000,000
EU-12a	Eligible liability instruments issued by other companies belonging to the resolution group (to which the preceding provisions do not apply)	–
EU-12b	Admissible liability instruments that are subordinated to excluded liabilities issued before 27 June 2019 (subordinated to which the preceding provisions apply)	–
EU-12c	Tier 2 capital instruments with a maturity of at least one year, to the extent that they are not considered tier 2 capital items	44,174
13	Eligible liabilities that are not subordinated to excluded liabilities (to which the seniority provisions do not apply, before the limit)	1,257,411
EU-13a	Eligible liabilities not subordinated to excluded liabilities issued before June 27, 2019 (before the limit)	7,411
14	Amount of eligible non-subordinated liability instruments, where applicable after application of Article 72 b, paragraph 3, of the CRR	–
15	Empty set in the EU	
16	Empty set in the EU	
17	Eligible liability items before adjustments	3,301,584
EU-17a	Of which: subordinated liability items	2,044,174
Equity and eligible liabilities: adjustments to non-statutory capital items		
18	Shareholders' equity and eligible liability items before adjustments	10,211,541
19	(Deduction of exposures between multiple resolution groups)	
20	(Deduction of investments in other eligible liabilities instruments)	
21	Empty set in the EU	
22	Shareholders' equity and eligible liabilities after adjustments	10,211,541
EU-22a	Of which: Shareholders' equity and subordinated debt	8,954,131

Amount of risk-weighted exposure and calculation of the leverage ratio exposure of the resolution group		
23	Total amount of risk-weighted exposure	42,475,608
24	Total exposure measurement	117,926,113
Ratio of shareholders' equity and eligible liabilities		
25	Shareholders' equity and eligible liabilities as a percentage of the total risk exposure amount	24.04 %
EU -25a	Of which: Equity and subordinated liabilities	21.08 %
26	Shareholders' equity and eligible debt as a percentage of total exposure	8.66 %
EU-26a	Of which: Equity and subordinated liabilities	7.59 %
27	Common Equity Tier 1 capital (as a percentage of total risk exposure amount) available after meeting resolution group requirements	7.91 %
28	Combined buffer requirement (%) (0410)	
29	Of which: capital conservation buffer requirement	
30	Of which: countercyclical capital buffer requirement	
31	Of which: systemic risk buffer requirement	
EU-31a	Of which: Buffer for global systemically important institutions (G-SII) or other systemically important entities (O-SII)	
Memorandum items		
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013	

Figures in thousands of euros

Figures in thousands of euros

Order of priority of creditors - resolution authority (TLAC3b)

		Order of priority in case of insolvency														Sum from 1 to n
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1	Description of the rank in case of insolvency	CET1	AT1	T2	Intragroup	Fines and penalties	interest	Rest of debt that is contractually subordinated other than AT1 and T2	Ordinary non-preferred credits	Ordinary credits	Deposits with general privilege NOT secured	Deposits with general privilege covered by the FGD	Loans with general privilege	Loans with special privilege	Credits against the bankruptcy estate	
2	Empty set in the EU															
3	Empty set in the EU															
4	Empty set in the EU															
5	Equity and liabilities potentially eligible to meet the MREL	5,272,237	655,396	982,324	–	–	–	44,174	2,000,000	1,257,411	–	–	–	–	–	10,211,541
6	Of which: Residual maturity >= 1 year and < 2 years	–	–	–	–	–	–	–	750,000	1,135	–	–	–	–	–	751,135
7	Of which: Residual maturity >= 2 years and < 5 years	–	–	70,469	–	–	–	11,425	750,000	1,808	–	–	–	–	–	833,702
8	Of which: Residual maturity >= 5 years and < 10 years	–	–	911,855	–	–	–	32,749	500,000	1,254,157	–	–	–	–	–	2,698,761
9	Of which: residual maturity >= 10 years, excluding perpetual securities	–	–	–	–	–	–	–	–	310	–	–	–	–	–	310
10	Of which: perpetual securities	5,272,237	655,396	–	–	–	–	–	–	–	–	–	–	–	–	5,927,633

Figures in thousands of euros

03

Information on key indicators and shareholders' equity requirements

3. Information on key indicators and shareholders' equity requirements

Title II of Part Two of Regulation (EU) 575/2013 of the European Parliament and of the Council, modified by Regulation (EU) 876/2019, defines the credit risk capital requirements; Title III refers to the requirements of shareholders' equity for operational risk; and Title IV refers to the requirements of shareholders' equity for market risk. The following titles specify the shareholders' equity requirements for settlement risk and for credit valuation adjustment risk.

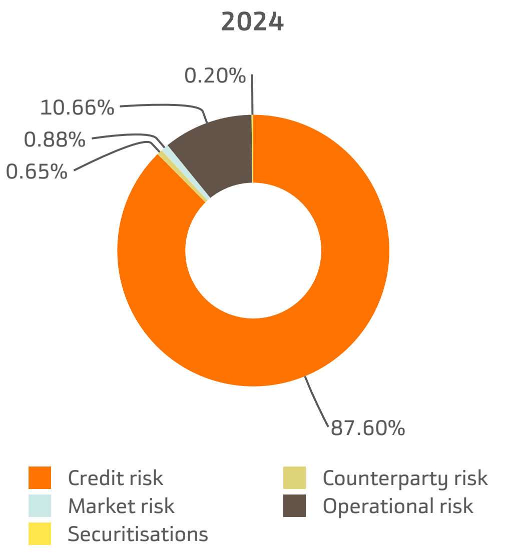
3.1. Breakdown of risk-weighted exposure

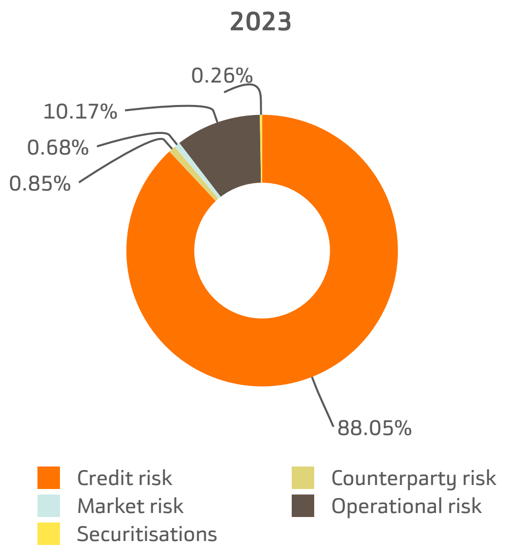
The total risk-weighted exposure, broken down by credit risk, market risk and operational risk at 31 December 2024 and 2023.

Credit risk-weighted assets include positions in securitisations, equity positions that are not recorded in the trading book, holdings in financial institutions in which there is a significant investment below the 10% CET1 threshold and deferred tax assets that do not rely on future profitability.

The following tables show a breakdown of risk-weighted exposures by type of risk:

Breakdown of risk-weighted assets by risk type





Presentation of RWA (OV1)

		Total amount of risk exposure			Total shareholders' equity requirements
		a	b		c
		4Q24	3Q24	4Q23	4Q24
1	**Credit risk (excluding counterparty credit risk)**	**37,209,028**	**36,180,421**	**34,355,688**	**2,976,722**
2	Of which: with standardised approach (SA)	18,237,317	18,682,822	17,213,552	1,458,985
3	Of which: with the foundation IRB approach (F-IRB)	11,504,079	11,208,409	10,622,142	920,326
4	Of which: slotting criteria	531,552	504,252	488,222	42,524
EU 4a	Of which: equities under the simple risk weighting method				
5	Of which: advanced internal ratings based (IRB) approach	6,936,080	5,784,938	6,031,773	554,886
6	**Counterparty credit risk (CCR)**	**277,359**	**301,762**	**330,951**	**22,189**
7	Of which: with standardised approach	201,157	225,640	241,110	16,093
8	Of which: with the internal model method (IMM)				
EU 8a	Of which: exposures to a central counterpart	9,026	4,687	16,343	722
EU 8b	Of which: credit valuation adjustment (CVA)	43,721	48,864	64,113	3,498
9	Of which: other counterparty risk	23,455	22,571	9,385	1,876
15	**Settlement risk**				
16	**Securitisation exposures in loans and receivables (after application of the cap)**	**85,068**	**86,264**	**100,450**	**6,805**
17	Of which: the SEC-IRBA method	85,068	86,264	100,450	6,805
18	Of which: the SEC-ERBA approach (including the internal assessment approach)				
19	Of which: with the SEC-SA method				
EU 19a	Of which: 1250%				
20	**Position, exchange rate and commodity risks (market risk)**	**374,877**	**316,817**	**264,014**	**29,990**
21	Of which: with standardised approach (SA)	374,877	316,817	264,014	29,990
22	Of which: with the internal model method (IMM)				
EU 22a	**Large exposures**				
23	**Operational risk**	**4,529,276**	**3,972,193**	**3,966,523**	**362,342**
EU 23a	Of which: with the basic indicator approach				
EU 23b	Of which: with standardised approach	4,529,276	3,972,193	3,966,523	362,342
EU 23c	Of which: with the advanced measurement approach				
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (1)**	**1,072,997**	**1,025,130**	**910,374**	**85,840**
29	**Total**	**42,475,608**	**40,857,456**	**39,017,626**	**3,398,049**

Figures in thousands of euros

Key metrics template (KM1)

		a	b	c	d	e
		4Q24	3Q23	2Q23	1Q23	4Q23
	Available shareholders' equity					
1	Common equity tier 1 (2)	5,272,237	5,132,335	5,042,985	4,902,987	4,799,116
2	Tier 1 capital	5,927,633	5,787,563	5,692,985	5,552,987	5,449,116
3	Total capital	6,909,957	6,775,576	6,713,626	6,577,711	6,278,994
	Amount of risk-weighted exposure					
4	Total amount of risk-weighted exposure	**42,475,608**	**40,857,456**	**40,544,566**	**39,346,565**	**39,017,626**
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common equity tier 1 ratios (%)	12.41%	12.56%	12.44%	12.46%	12.30%
6	Equity tier 1 ratio (%)	13.96%	14.17%	14.04%	14.11%	13.97%
7	Total capital ratio (%)	16.27%	16.58%	16.56%	16.72%	16.09%
	Additional shareholders' equity requirements for risks other than the risk of excessive leverage (as a percentage of the risk-weighted exposure amount)					
EU 7a	Additional shareholders' equity requirements to address risks other than the risk of excessive leverage (%)	1.39%	1.39%	1.39%	1.39%	0.73%
EU 7b	Of which: composed of common equity tier 1 (percentage points)	0.78%	0.78%	0.78%	0.78%	0.24%
EU 7c	Of which: composed of common equity tier 1 (percentage points)	1.04%	1.04%	1.04%	1.04%	0.32%
EU 7d	Total SREP shareholders' equity requirements (%)	9.39%	9.39%	9.39%	9.39%	9.29%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk observed in a Member State (%)	—%	—%	—%	—%	—%
9	Institution-specific countercyclical capital buffer (%)	0.08%	0.08%	0.07%	0.05%	0.05%
EU 9a	Systemic risk buffer (%)	0.01%	—%	—%	—%	—%
10	Global systemically important entities buffer (%)	—%	—%	—%	—%	—%
EU 10a	Other systemically important entities buffer (%)	—%	—%	—%	—%	—%
11	Combined buffer requirement	2.59%	2.58%	2.57%	2.55%	2.55%
EU 11a	Overall capital requirement (%)	11.98%	11.97%	11.96%	11.94%	11.84%
12	Common Equity Tier 1 capital available after meeting the total of the SREP's shareholders' equity requirements (%)	6.88%	7.12%	7.00%	7.07%	6.80%
	Leverage ratio					
13	Total exposure measurement	117,926,113	113,731,616	112,800,771	109,223,957	112,070,874
14	Leverage ratio (%)	5.03%	5.09%	5.05%	5.08%	4.86%
	Additional shareholders' equity requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional shareholders' equity requirements to address the risk of excessive leverage (%)	—%	—%	—%	—%	—%
EU 14b	Of which: composed of CET1 (percentage points)	—%	—%	—%	—%	—%
EU 14c	Total SREP leverage ratio requirements (%)	3%	3%	3%	3%	3%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of the total exposure measure)					
EU 14d	Required leverage ratio buffer requirement (%)	—%	—%	—%	—%	—%
EU 14e	Overall leverage ratio requirement (%)	3%	3%	3%	3%	3%
	Liquidity coverage ratio					
15	Total high quality liquid assets (HQLA) (value-weighted, average)	17,663,546	18,195,165	18,706,956	19,904,222	19,623,539
EU 16a	Cash outflows — Total weighted value	14,928,981	14,692,918	14,863,600	14,725,367	14,946,234
EU 16b	Cash inflows — Total weighted value	5,522,510	5,354,645	5,358,201	5,254,012	5,361,053

16	Total net cash outflows (adjusted value)	9,406,471	9,338,273	9,505,399	9,471,355	9,585,181
17	Liquidity coverage ratio (%) *	188.38%	195.63%	197.53%	212.46%	206.28%
	Net stable funding ratio					
18	Total stable funding available	77,926,217	77,310,593	75,833,623	73,722,794	75,113,959
19	Total stable funding total required	54,600,823	53,464,188	53,983,808	52,945,522	53,259,424
20	Net stable funding ratio (%)	142.72%	144.60%	140.47%	139.24%	141.03%

Figures in thousands of euros

(*) Average of the consolidated LCR ratios

3.2. Description of the internal capital adequacy assessment process

One of the requirements established in Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (modified by the European Directive 2019/878/EU of the European Parliament and of the Council of May 20, 2019), on access to the activity of credit institutions and their prudential supervision, is that the institutions must conduct, at least annually, an internal capital adequacy assessment process following the guidelines established in that Directive. Bankinter conducts its internal capital adequacy assessment process following the guidelines set by supervisors and regulators.

Within the capital self-assessment process, the Group evaluates the following aspects:

- **Risk profile of the Group:** An assessment is made of the inherent and residual risk of the different risks to which the Group is exposed. An internal quantitative and qualitative assessment is carried out of credit, market, operational and liquidity risks, and of the amount of capital necessary to cover such risks.
- **Governance, management and risk control systems:** The process assesses both the Bank's corporate governance system and procedures, as well as the management and control processes for each of the relevant risks and their suitability for the Group's risk profile.

  The European Banking Authority 'Guidelines on Internal Governance' are employed in the assessment of the corporate governance system. The Institution's risk culture, its reflection in the organisation of the function, its policies and procedures in terms of risks, and the procedures related to internal control and audit are assessed in the review of risk management and control.
- **Risk measurement and quantification of internal capital:** internal methods are used to quantify the capital requirements for Pillar 2 risks to which the Group is exposed. Capital adequacy is therefore assessed beyond the traditional regulatory risks (credit, market and operational risks) by considering, among others, structural interest rate risks, concentration risks, reputational risks, business risks and climate risks.
- **Capital target:** this is set in terms of Common Equity Tier 1 (CET1) and Total Capital, and is compared to existing levels of capital. These targets are set by the Board of Directors, and it monitors them periodically.
- **Capital planning:** the Group's capital plan is summarised and assessed in the medium term, including the actions established in the strategic and business plans, and the capitalisation and dividend policies. The capital plan is subjected to stress scenarios to assess the resilience of the bank's capital level in adverse situations.
- **Capital contingency planning:** the potential sources of capital generation available to the Group in the event of a potential deterioration in its capital position are described and assessed. This analysis provides the governing bodies with an overview of the potential strategies available and the impact of their implementation.
- **Future action programme:** includes the actions established to correct any weakness identified in the internal capital adequacy assessment process, as well as any action established to improve the control and management of risks.

The internal capital adequacy assessment process is carried continuously throughout the year and it involves several areas of the Institution. The process is materialised in the internal capital adequacy assessment report, which is approved annually by the Board of Directors and submitted to the Supervisor. This report is the basis for dialogue with the Supervisor on the Group's medium-term plans, risk profile and capital adequacy.

04

Credit risk

4. Credit risk

4.1. Information on credit risks

4.1.1. Impairment of financial assets

Note 5i) of the notes to the Group's 2024 financial year annual consolidated financial statements defines the concepts related to impairment of financial assets.

Debt instruments and off-balance-sheet exposures:

Impairment losses for the period on debt instruments are recognised as an expense in the income statement. Impairment losses on debt instruments at amortised cost are recognised through an allowance account that reduces the carrying amount of the asset, while those on debt instruments at fair value through other comprehensive income are recognised in "Accumulated other comprehensive income".

Subsequent reversals of previously recognised impairment losses are recognised as income in the income statement for the period.

Expected credit losses relate to the difference between all contractual cash flows that are due to the bank in accordance with the financial asset contract and all the cash flows that the bank expects to receive discounted at the original effective interest rate, or a reasonable approximation thereof, or the credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Future estimated cash flows from a debt instrument consist of all principal and interest amounts that the Group estimates it will obtain over the life of the instrument. This estimate takes into consideration all relevant information available at the date of preparation of the consolidated financial statements that provides updated and reliable information regarding the possible future collection of the contractual cash flows. Estimates of the future cash flows of instruments supported by collateral consider the flows that would be obtained from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether enforcement of the collateral is probable.

Forward-looking information through the use of alternative scenarios and the occurrence of future idiosyncratic items is taken into consideration in both determining expected credit losses and classifying credit exposures. Expected credit losses are weighted by the probability of occurrence of each scenario or idiosyncratic event.

Credit exposures are classified, in accordance with their credit risk, into one of the following categories:

1) **Performing exposure (Stage 1):** includes transactions for which credit risk has not increased significantly since initial recognition. The loss allowance will be measured at an amount equal to 12-month expected credit losses. Interest income will be calculated by applying the effective interest rate to the financial asset's gross carrying amount.

2) **Watchlist exposures (Stage 2):** includes transactions with a significant increase in credit risk since initial recognition, but no default event or impairment. The loss allowance will be measured at an amount equal to the financial asset's lifetime expected credit losses. Interest income will be calculated by applying the effective interest rate to the financial asset's gross carrying amount.

3) **Non-performing exposures (Stage 3):** includes credit-impaired assets; i.e. that present a default event or impairment. The loss allowance is measured at an amount equal to the financial asset's lifetime expected credit losses. Interest income will be calculated applying the effective interest rate to the financial asset's amortised cost (i.e. adjusted for any impairment losses). If these positions are reclassified to Stage 1 or Stage 2, the reversal of previously recognised impairment losses is recognised as a loss allowance update, not as interest income.

4) **Risks in default:** Transactions for which there is no reasonable expectation of recovery, or which are over 4 years past-due, will be included in this category. Classification in this category will entail recognising losses in profit or loss at the financial asset's carrying amount and its full derecognition, although the Group may take any actions necessary to attempt to collect until its rights have been definitively extinguished due to statute of limitations, forgiveness or other causes.

At initial recognition, purchased or originated credit-impaired financial assets, such as those purchased at a large discount that reflects credit losses, are classified as non-performing exposures. The expected credit loss on the purchase or origination of these assets will not be included in the loss allowance or the gross carrying amount at initial recognition. Irrespective of how they are subsequently categorised, when the bank purchases or originates a credit-impaired financial asset, it recognises the cumulative changes in credit losses from initial recognition as a loss allowance and interest income on these assets by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset.

Expected credit losses are determined and assigned individually to each instrument. Models that provide estimates of the probability of default (PD), loss given default (LGD) and the exposure at default (EAD) are used, depending on the specific situation of each of the exposures and their debtors, which enables a collective estimate of expected losses to be made available on a daily basis. However, in Stages 2 and 3, an individualised evaluation of the instruments considered significant is carried out on a systematic basis. Conversely, in the case of Stage 1 and also for non-significant exposures in Stages 2 and 3, the use of expert analysis may exceptionally be triggered when certain results provided by the models are deemed inadequate in the monitoring of the collective estimation.

Note 44 to the financial statements, Risk Management and Policies, expands on this information, and also includes a section on the estimation of expected credit losses and another on forbearance policy.

The Group has established regular procedures to assess the reliability and coherence of the results obtained through its methods for collectively estimating credit loss allowances through back testing. These tests assess accuracy by subsequently comparing actual losses effectively observed on transactions.

Equity instruments: Joint ventures and associates

The Group recognises impairment losses on investments in joint ventures and affiliates whenever there is objective evidence that the carrying amount of the investment is not recoverable. The amount of impairment losses will be the difference between the carrying amount of the instrument and its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use.

For these purposes, the bank will estimate the value in use of an investment as:

a) the present value of its share of the cash flows expected to be generated by the investee, which will include both those from ordinary activities and from the gains or losses on its sale or disposal, or

b) the present value of the cash flows expected to be received by the investee in the form of dividends and those relating to the sale or disposal of the investment.

Impairment losses are recognised immediately as an expense in profit or loss for the period in which they occur. Subsequent reversals of previously recognised impairment losses are recognised immediately as income in consolidated profit or loss.

There is objective evidence that capital instruments are impaired when an event (or the combined effect of several events) occurs after their initial recognition that indicates that their carrying amount is no longer recoverable. The bank will use all the information available on the performance and operations of its investee in order to determine whether there is objective evidence of impairment.

Regulatory definition of default

The definition of default used in the regulatory parameters for capital estimation in the Bankinter Group complies with the regulatory requirements set out in article 178 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR), as well as with the regulatory guidelines and technical standards set out in Guide EBA/GL/2016/07 and Commission Delegated Regulation (EU) 2018/171 of 19 October 2017 and the requirements on the materiality threshold set out in Regulation (EU) 2018/1845 of the European Central Bank of 21 November 2018.

A set of concepts related to default are briefly defined below:

- Past due: Failure to pay or meet credit obligations by the payment maturity date.
- Default: (indistinctly bad). Default of a credit obligation in accordance with Article 178 of the Capital Requirement Regulation (CRR) and applicable for the purposes of determining capital requirements. The definition of default is the precise purpose of this section.
- Non-performing/doubtful: Credit default criterion according to Banco de España accounting circulars and Commission Regulation (EU) 2016/2067 of 22 November 2016 (hereinafter referred to as IFRS 9 interchangeably) used for the purpose of classifying exposures into phases or stages. Specifically, non-performing/doubtful corresponds to Stage 3.

The definition of default in Bankinter Group is set at the debtor level for legal entities and, as permitted by the CRR (art. 178.1), at the operation level for individuals. In this respect, a debtor (for legal entities) or a transaction (for individuals) is considered to be in default if one of the following conditions is met:

- It is in default of its payment obligation (principal, interest or fees) for 90 consecutive days, subject to specified materiality criteria, or is in the trial period: all accounts of the legal bank, if applicable, or a specific transaction in the case of individuals.
- It is established that there are reasonable doubts about the ability or willingness of the counterparty to meet its payment obligations in a timely manner without the bank having to resort to legal action such as enforcement of collateral.

Includes situations where an obligation has been placed in default, or a foreclosure event has occurred, refinancing processes that may result in a significant decrease in the financial obligation as a result of forgiveness or deferral of principal, interest or fees for the above purpose should be identified as a default.

In the case of legal entities, the default is considered at the level of the debtor, so that all accounts in which that person is a holder are taken into account. In this way, all accounts of which the person is the holder and which are overdue are taken into account in the assessment of the debtor's default status.

The identification of default exposures with individuals takes place at the level of the transaction, such that the rest of the positions belonging to that person are not taken into account.

An exposure shall cease to be classified as a default if the conditions that led to its classification as a default are no longer fulfilled after the expiry of a "trial period", which would be one of the following cases:

- When the amounts outstanding (debt + interest) do not exceed the materiality criteria.
- When the conditions no longer exist which led to the exposure being classified as 'subjective doubtful'.

Although there are certain differences between the definition of 'default' used by the Group and the concept of non-performing/doubtful, (which fully responds to the definition of an 'Impaired Asset' contained in Appendix A of IFRS 9 as well as the indications of its Paragraph B5.5.37, considering in all cases that an instrument is recognised as doubtful when it is more than 90 days past due), these have no substantial effect. Therefore, the differences between portfolios in default and those classified as non-performing/doubtful are in practice limited. The main differences are as follows:

- The concept of non-performing/doubtful is applied at exposure level, which means that transactions from the same debtor with different ratings (e.g. sustainable and unsustainable tranches in a restructuring agreement). On the other hand, for legal entities, the concept of default is applied at the customer level and, once they are considered to be in default, this carries over to all of their exposures. However, it should be noted that, where carry-over criteria are observed in relation to assets classified as non-performing/doubtful and, in general, for assets seen as "doubtful risk", then this carry-over effect is also applied at the individual level. Doubtful risk is also in default, under the consideration of default UTP.
- The concept of default includes materiality thresholds, as mentioned earlier, not considered in non-performing/doubtful exposures.
- On the other hand, for individuals, the concept of default is applied at the exposure level, without considering automatic carry-over criteria like those in the case of non-performing/doubtful exposures.

Below is the volume of doubtful loans and advances at the beginning and end of the 2024 financial year, as well as the inflows and outflows that have occurred during the period.

Changes in the volume of non-performing loans and advances (CR2)

		a
		Gross carrying amount
10	**Initial volume of non-performing loans and advances**	**2,002,741.51**
20	Entries to non-performing portfolios	657,929.00
30	Exits from non-performing portfolio	(86,377.00)
40	Exits due to write-offs	(190,206.00)
50	Exits for other reasons	(229,110.89)
60	**Final total of non-performing loans and advances**	**2,154,976.61**

Figures in thousands of euros

4.1.2. Transfers and removals from the balance sheet of financial instruments

Note 5k) of the notes to the Group's 2024 annual consolidated financial statements defines the items related to transfers and removals from the balance sheet of financial instruments.

Transfers of financial instruments are accounted for taking into account the way in which the transfer of the risks and rewards associated with the financial instruments transferred occurs, based on the following criteria:

- If the risks and rewards are substantially transferred to third parties, such as in the case of unconditional sales, sales with a buyback agreement at the fair value on the repurchase date, sales of financial assets with a purchase option acquired or a put option issued that is significantly out of the money, securitisations of assets in which the grantor does not retain subordinated financings nor grants any kind of credit improvement to the new holders, etc., the financial instrument transferred is removed from the balance sheet, and any right or obligation retained or created as a result of the transfer is simultaneously recognised.
- If the risks and rewards associated with the financial instrument transferred are substantially retained, such as in the case of sales of financial assets with a buyback agreement at a fixed price or at the sale price plus an interest charge, security loan contracts in which the borrower has the obligation to return the securities or similar assets, etc., the financial instrument transferred is not removed from the balance sheet and it is continued to be measured with the same criteria used before the transfer. However, the related financial liability is recognised for an amount equal to the consideration received, which is subsequently measured at amortised cost. The income from the financial asset transferred but not derecognised and the expenses incurred on the new financial liability are recognised directly in profit or loss.
- If the bank neither transfers nor retains substantially all the risks and rewards of ownership of the transferred financial instrument, such as in the case of sales of financial assets with a purchased call option or written put option that is not deeply in or out of the money, securitisations in which the transferor assumes a subordinated debt or another type of credit enhancement for a portion of the transferred asset, etc., a distinction is made between:
  - If the Group does not retain control of the transferred financial instrument, in which case it is derecognised and any right or obligation retained or created in the transfer is recognised.
  - If the Group retains control of the transferred financial instrument, it continues to recognise it for an amount equal to its exposure to changes in value and recognises a financial liability related to the transferred financial asset.

The net amount of the transferred asset and of the related liability will be the amortised cost of the rights and obligations retained if the transferred asset is measured at amortised cost, or the fair value of the rights and obligations retained if the transferred asset is measured at fair value.

Therefore, financial assets are only removed from the consolidated balance sheet when the cash flows that are generated have been extinguished or when risks and rewards of ownership have been substantially transferred to a third party. Similarly, financial liabilities are only removed from balance sheet when the obligations they generate have been extinguished or when they are acquired for the purpose of cancelling or reselling them.

4.1.3. Criteria for the recognition of earnings when removing assets from the balance sheet

When the transferred financial asset is removed from the balance sheet in its entirety, the difference between its carrying amount and the sum of a) the consideration received, including any new asset obtained less any liability assumed and b) any accumulated result recognised directly as "Accumulated other comprehensive income" in equity attributable to the transferred financial asset will be recognised in the profit and loss account.

The accounting regulations establish that modification of a contract may, under certain circumstances, lead to derecognition of the balance of the source account and consideration of the destination account as a "new" transaction. The general interpretation of this paragraph is that derecognition and addition of the balance is only justified by a substantial change in the conditions of the financial instrument.

Accordingly, the Bank's internal procedures provide that refinancing and restructuring processes may only be considered as new operations when the following conditions are simultaneously met, with due justification:

a) Doubtful transactions are refinanced or, if not, the new refinancing transaction is reclassified as a doubtful risk.

b) There is a substantial modification of the terms of the contract. These include:

- Incorporation of participants that substantially change the risk profile of the transaction.
- Provision of additional guarantees that substantially improve the prospects of recovery in the event of default.
- Refinancing is the result of a judicial or bankruptcy process that results in a debt settlement from which a sustainability agreement on a part of the debt emerges. Information on credit risks

In accordance with Chapter 2 of Title II of Regulation (EU) 575/2013, modified by Regulation (EU) 2019/876, exposure refers to all asset items and memorandum accounts that incorporate credit risk and that have not been deducted from shareholders' equity. Therefore, it includes entries for loans and advances, debt securities, capital instruments, derivatives, cash and deposits with central banks and other demand deposits, guarantees and contingent obligations.

As previously indicated in this report, one of Bankinter Group's primary objectives is to maintain a moderate and prudent risk profile. To do this, Bankinter uses the risk appetite framework as a governance tool to ensure that the risk levels assumed are consistent with the Group's strategy and business plans. These objectives apply to credit risk, which is also the main risk to which the Group is subject. The structure and organisation of the credit risk management and control functions, the relationships between the credit risk management, risk control, compliance and internal audit functions, has been previously explained throughout sections 1.3. and 1.4. of this report.

Note 44 of the notes to the annual consolidated financial statements contains a breakdown of the information on credit risk policies and management, along with the procedures and criteria for estimating it.

This section provides information on credit risk exposures according to Article 442 of Regulation (EU) 575/2013:

- By maturity of exposures.
- Credit quality of credit risk exposures:
  - Non-performing and performing exposures.
  - Restructured or forborne exposures.
  - Performing and non-performing exposures by maturity days.
  - Doubtful exposures by geographic area and sector of activity.
  - Loans and advances to non-financial corporations by sector of activity.
  - Collateral obtained by taking possession and execution processes.

4.2. Information on exposure to credit risk

4.2.1. Maturity of exposures:

This section presents the breakdown of loans and debt securities by residual maturity, as referred to in Article 442(g) of Regulation (EU) 575/2013:

Maturity of exposures (CR1-A)

		a	b	c	d	e	f
		Value of net exposure					
		On demand	<= 1 year	> 1 year < = 5 years	>5 years	No set maturity	Total
1	Loans and advances	62,065	15,089,180	20,115,485	46,632,094	4,220,916	86,119,741
2	Debt securities	—	2,073,695	4,103,484	10,078,900	45	16,256,124
3	**Total**	**62,065**	**17,162,875**	**24,218,969**	**56,710,994**	4,220,961	102,375,864

Figures in thousands of euros

4.2.2 Credit quality of credit risk exposures:

This section provides information on credit risk exposures according to Article 442 sections c), e) and f) of Regulation (EU) 575/2013.

Performing and non-performing exposures and related provisions (CR1)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount / nominal amount						Accumulated impairment and provisions and negative fair value adjustments due to credit risk							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment and provisions and negative fair value adjustments due to credit risk			Accumulated partial write-offs	On performing exposures	On non-performing exposures
			Of which: Stage 1	Of which: Stage 2		Of which: Stage 2	Of which: Stage 3		Of which: Stage 1	Of which: Stage 2		Of which: Stage 2	Of which: Stage 3			
5	Cash balances at central banks and other demand deposits	15,217,751	15,217,751	–	–	–	–	–	–	–	–	–	–		–	–
10	**Loans and advances**	**84,325,052**	**82,100,364**	**2,217,808**	**2,154,977**	**191,791**	**1,845,050**	**(196,817)**	**(125,419)**	**(74,304)**	**(1,066,503)**	**(14,993)**	**(1,038,553)**	**–**	**53,238,685**	**898,558**
20	Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Public administrations	1,670,470	1,669,188	1,282	2,275	–	2,105	–	–	–	–	–	–	–	199,247	1,745
40	Credit institutions	8,103,416	8,103,416	–	116	–	116	–	–	–	–	–	–	–	38,190	–
50	Other financial corporations	3,388,797	3,371,050	17,746	22,756	3,117	9,877	(2,126)	(2,088)	(39)	(4,998)	(716)	(4,282)	–	843,769	4,471
60	Non-financial corporations	30,036,181	28,781,339	1,254,661	1,373,435	93,966	1,218,184	(100,072)	(61,966)	(38,868)	(714,711)	(5,835)	(706,776)	–	17,108,176	603,593
70	Of which, SMEs	17,554,063	16,617,488	936,395	1,160,467	74,646	1,055,180	(68,789)	(38,112)	(31,438)	(629,529)	(5,197)	(622,623)	–	12,510,581	525,166
80	Households	41,126,189	40,175,371	944,118	756,394	94,709	614,768	(94,619)	(61,366)	(35,398)	(346,794)	(8,442)	(327,494)	–	35,049,304	288,749
90	**Debt securities**	**14,954,056**	**14,949,710**	**4,174**	**–**	**–**	**–**	**(3,308)**	**(3,275)**	**(34)**	**–**	**–**	**–**	**–**	**–**	**–**
100	Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110	Public administrations	12,415,069	12,415,069	–	–	–	–	(318)	(318)	–	–	–	–	–	–	–
120	Credit institutions	1,529,077	1,529,077	–	–	–	–	(24)	(24)	–	–	–	–	–	–	–
130	Other financial corporations	59,839	59,835	–	–	–	–	(361)	(361)	–	–	–	–	–	–	–
140	Non-financial corporations	950,071	945,728	4,174	–	–	–	(2,606)	(2,572)	(34)	–	–	–	–	–	–
150	**Off balance sheet exposures**	**26,790,260**	**26,196,493**	**426,040**	**105,930**	**54,608**	**12,702**	**(23,334)**	**(21,105)**	**(2,228)**	**(6,954)**	**(1,545)**	**(3,073)**	**–**	**3,176,457**	**39,381**
160	Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
170	Public administrations	1,761,312	1,752,120	9,192	–	–	–	–	–	–	–	–	–	–	1,762	–
180	Credit institutions	1,092,679	1,092,679	–	–	–	–	(353)	(353)	–	–	–	–	–	12,858	–
190	Other financial companies	2,007,623	1,986,963	958	7,867	939	119	–	–	–	(9)	–	–	–	109,636	348
200	Non-financial corporations	15,453,549	15,065,901	321,227	97,272	53,301	12,446	(13,443)	(11,635)	(1,808)	(6,918)	(1,543)	(3,059)	–	2,622,186	38,828
210	Households	6,475,096	6,298,830	94,663	791	368	137	(9,537)	(9,117)	(420)	(27)	(2)	(14)	–	430,014	205
220	**Total**	**126,069,368**	**123,246,567**	**2,648,022**	**2,260,907**	**246,400**	**1,857,752**	**(223,459)**	**(149,799)**	**(76,566)**	**(1,073,457)**	**(16,538)**	**(1,041,626)**	**–**	**56,415,143**	**937,939**

Figures in thousands of euros

Details are provided below of the credit quality of forborne exposures at 31 December 2024:

Credit quality of forborne exposures (CQ1)

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of forborne exposures				Accumulated impairment and provisions and negative fair value adjustments due to credit risk		Collateral and financial guarantees received on forborne exposures	
		Forborne performing exposures	Forborne non-performing exposures			On forborne performing exposures	On forborne non-performing exposures		Collateral and financial guarantees received on forborne non-performing exposures
				Of which: in default	Of which: with impairment				
5	Cash balances at central banks and other demand deposits	—						—	
10	**Loans and advances**	430,345	505,208	501,475	414,211	(9,851)	(192,715)	632,360	274,684
20	Central banks	—	—	—	—	—	—	—	—
30	General governments	—	—	—	—	—	—	—	—
40	Credit institutions	—	—	—	—	—	—	—	—
50	Other financial corporations	241	5,754	5,754	5,703	—	(3,118)	2,710	2,469
60	Non-financial corporations	260,501	359,806	359,550	311,717	(6,130)	(159,618)	377,152	171,826
70	Households	169,603	139,648	136,171	96,790	(3,721)	(29,980)	252,498	100,389
80	**Debt securities**	—	—	—	—	—	—	—	—
90	**Loan commitments given**	22,088	—	—	—	—	—	—	—
100	**Total**	**452,434**	**505,208**	**501,475**	**414,211**	**(9,851)**	**(192,715)**	**632,360**	**274,684**

Figures in thousands of euros

The following chart provides information on the credit quality of performing and non-performing exposures by maturity days, at 31 December 2024:

Credit quality of performing and non-performing exposures by maturity days (CQ3)

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Exposures without defaults			Non-performing exposures								
			Not past due or past due =< 30 days	Past due > 30 days =< 90 days		Unlikely to pay not past due or past due =<90 days	Past due > 90 days =< 180 days	Past due > 180 days =< 1 year	Past due > 1 year =< 2 years	Past due > 2 year =< 5 years	Past due > 5 year =< 7 years	Past due > 7 years	of which: with default
5	Cash balances at central banks and other demand deposits	15,217,751	15,217,751	–	–	–	–	–	–	–	–	–	–
10	**Loans and advances**	**84,325,052**	**84,179,604**	**145,448**	**2,154,977**	**587,080**	**201,866**	**302,937**	**349,650**	**321,007**	**134,542**	**257,894**	**2,085,516**
20	Central banks	–	–	–	–	–	–	–	–	–	–	–	–
30	General governments	1,670,470	1,670,470	–	2,275	171	106	64	1,935	–	–	–	2,275
40	Credit institutions	8,103,416	8,103,416	–	116	87	–	–	30	–	–	–	30
50	Other financial companies	3,388,797	3,388,665	132	22,756	16,476	1,050	374	913	457	966	2,520	22,742
60	Non-financial corporations	30,036,181	29,982,579	53,601	1,373,435	379,525	99,642	157,736	203,654	250,520	111,413	170,945	1,351,615
70	Of which: SME	17,554,063	17,508,234	45,828	1,160,467	272,339	73,914	137,561	179,501	226,067	107,612	163,473	1,147,449
80	Households	41,126,189	41,034,474	91,715	756,394	190,822	101,068	144,763	143,119	70,030	22,164	84,429	708,854
90	**Debt securities**	**14,954,056**	**14,954,056**	–	–	–	–	–	–	–	–	–	–
100	Central banks	–	–	–	–	–	–	–	–	–	–	–	–
110	General governments	12,415,069	12,415,069	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	1,529,077	1,529,077	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	59,839	59,839	–	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	950,071	950,071	–	–	–	–	–	–	–	–	–	–
150	**Off balance sheet exposures**	**26,790,260**			**105,930**								**86,728**
160	Central banks	–			–								–
170	General governments	1,761,312			–								–
180	Credit institutions	1,092,679			–								–
190	Other financial corporations	2,007,623			7,867								1,082
200	Non-financial corporations	15,453,549			97,272								85,253
210	Households	6,475,096			791								393
220	**Total**	**126,069,368**	**99,133,660**	**145,448**	**2,260,907**	**587,080**	**201,866**	**302,937**	**349,650**	**321,007**	**134,542**	**257,894**	**2,172,244**

Figures in thousands of euros

The following table shows information on the credit quality of non-performing exposures by country, as of December 31, 2024:

Quality of non-performing exposures by geographical location (CQ4)

		a	b (1)	c	d (2)	and	f	g
		Gross carrying amount/nominal amount				Accumulated impairment	Off-balance sheet provisions for commitments and guarantees given	Accumulated negative changes in fair value due to credit risk for non-performing exposures
			Of which: non-performing		Of which: subject to impairment			
				Of which: with default				
10	**On-balance sheet exposures**	**101,434,085**		**2,085,516**		**(1,266,629)**		**—**
20	Spain	71,113,182		1,931,311		(1,116,324)		—
30	Portugal	10,884,122		122,694		(105,581)		—
40	Ireland	7,198,398		841		(28,544)		—
70	Other countries	12,238,383		30,671		(16,180)		—
80	**Off balance sheet exposures**	**26,896,190**		**86,728**			**30,287**	
90	Spain	20,407,226		82,784			23,556	
100	Portugal	3,618,379		3,931			4,178	
110	Ireland	914,121		—			1,260	
140	Other countries	1,956,464		13			1,294	
150	**Total**	**128,330,275**		**2,172,244**		**(1,266,629)**	**30,287**	**—**

Figures in thousands of euros

(1), (2) Columns "b" and "d" have not been completed because they are not applicable under article 8.3. of Regulation (EU) 2021/637.

Below is a table detailing the credit quality of loan and advance exposures to non-financial corporations by sector of activity at 31 December 2024:

Credit quality of loans and advances to non-financial corporations by sector of activity (CQ5)

		a	b (1)	c	d (2)	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk for non-performing exposures
			Of which: non-performing		Of which: loans and advances subject to impairment		
				Of which with default			
10	Agriculture, livestock raising, forestry and fishing	672,830		42,581		(23,165)	—
20	Mining and quarrying	94,190		6,229		(2,241)	—
30	Manufacturing	5,157,443		283,079		(143,173)	—
40	Supply of electricity, gas, steam and air conditioning	1,853,987		15,518		(17,844)	—
50	Water supply	187,531		7,030		(5,704)	—
60	Construction	3,195,805		161,206		(95,926)	—
70	Wholesale and retail trade	5,545,115		389,077		(224,456)	—
80	Transport and storage	1,112,258		81,027		(38,254)	—
90	Accommodation and food service activities	1,823,744		70,497		(29,126)	—
100	Information and communication	648,819		42,709		(24,305)	—
110	Real estate activities	—		—		—	—
120	Financial and insurance activities	4,824,249		74,785		(27,771)	—
130	Professional, scientific and technical activities	3,555,405		79,669		(49,222)	—
140	Administrative activities and ancillary services	1,240,804		54,745		(30,115)	—
150	Public administration and defence; compulsory social security	54,377		—		(5)	—
160	Education	139,075		5,873		(3,352)	—
170	Health and social service activities	403,722		17,284		(6,304)	—
180	Artistic, recreational and leisure activities	255,907		12,082		(4,971)	—
190	Other services	644,356		8,221		(88,846)	—
200	**Total**	**31,409,616**		**1,351,615**		**(814,783)**	—

Figures in thousands of euros

(1), (2) Columns "b" and "d" have not been completed because they are not applicable under article 8.3. of Regulation (EU) 2021/637.

Finally, this section gives details of the collateral obtained by taking possession and execution processes, at 31 December 2024:

Collateral obtained by taking possession and execution processes (CQ7)

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
10	Property, plant and equipment		
20	Other differences of items classified as property, plant and equipment	37,112	(16,867)
30	Residential real estate	19,279	(5,796)
40	Commercial real estate	14,139	(7,560)
50	Moveable property (vehicles, ships, etc.)	264	(82)
60	Debt and equity instruments	3,429	(3,429)
70	Other		
80	**Total**	**37,112**	**(16,867)**

Figures in thousands of euros

The difference between the value of assets at initial recognition and the accumulated negative changes is 47,122 thousand euros, excluding debt and equity instruments.

4.3. Information on counterparty credit risk

Chapter 6 of Regulation (EU) No 575/2013) of the European Parliament and the Council, as amended by Regulation (EU) No 2019/876 (CRR2), describes counterparty credit risk as the risk a counterparty to a transaction could default before the final settlement of the transaction's cash flows. The types of transactions in which this risk may arise are deferred settlement transactions, in which a counterparty agrees to deliver a security on a settlement date, and margin lending transactions, in which an bank extends credit in connection with the purchase, sale, transfer or trading of securities, not including other collateralised securities lending transactions.

The limits with each counterparty, including clearing houses, are established by Risk division after analysing the counterparty's transactions and the macroeconomic situation, and they are submitted for approval to the appropriate body according to the powers circular. The limits are set based on the term of the operations to which the Group is exposed and the guarantee contracts signed between the counterparty and the Bankinter Group.

The control of these limits is performed by the Large-corporate Banking Risk function, which is independent of the business units. The same operational platform used by Treasury is used for this control. The use of transactions subject to the counterparty limits is measured in terms of the mark-to-market (MtM) valuation plus the potential risk and bearing in mind possible risk mitigating factors (netting arrangements, collateral). The consumption of the limits of the clearing houses, given the joint guarantee of all members, is considered exclusively the MtM.

4.3.1. Counterparty credit risk management policy

The main objective of counterparty risk management in the Bankinter Group is to align security with the Group's business objectives.

The Group has signed collateral agreements - Credit Support Annexes (CSA) or Master Agreements for Financial Transactions (MAFT) - with the majority of the counterparties with which it operates bilaterally. These agreements entail either the receipt of collateral to secure the net balance owed by the counterparty or the contribution of collateral to the counterparty to secure the net balance owed by the Group, depending on how the transaction is settled.

The Bankinter Group has a tool designed specifically for the processing and management of collateral contracts signed bilaterally with counterparties. This application enables the management of collateral at a transaction level (useful for controlling and monitoring the status of specific transactions) as well as at a position level by providing aggregate information according to different parameters or characteristics. The market prices of transactions subject to such contracts and the deposits made by the counterparties are monitored on a daily basis. Once the amount of the collateral to be delivered or received is calculated, the collateral demand, or the demand received by the counterparty, is carried out at the intervals established in the contract, usually daily. If significant variations arise in the calculation of the valuation between the counterparties, Treasury Back Office reports them weekly to the Market Risks and Treasury areas for subsequent analysis and monitoring.

The institution's external rating is closely linked to the level of collateral that it must contribute in transactions subject to CSA/MAFT agreements. A downgrade of an institution's credit quality below a certain level would involve, if settlement of the transaction entails providing guarantees, contributing a larger amount. In the particular case of the Bankinter Group, a downgrade of its external rating below the investment grade would involve providing an additional 0.1 million euros for the active CSA contracts at 31 December 2024.

4.3.2. Collateral policy and policy regarding the risk of negative correlations.

The Group is not involved in activities involving the netting of assets and liabilities. However, it is involved in activities that require the posting of reciprocal collateral with counterparties calculated on a net risk basis.

The products subject to collateralisations are mainly the derivatives under CSAs (Credit Support Annex) signed, and repurchase and reverse repurchase agreements under GMRAs (Global Master Repurchase Agreement) or GMSLAs (Global Master Securities Lending Agreement).

In addition, guarantees for 417 million euros have been deposited in clearing houses.

Derivatives may have wrong way adverse effects between the guarantee and the guarantor, but there is no risk at year end when the entirety of the collateral is received in cash.

4.3.3. Amounts of counterparty credit risk

In accordance with the conditions set out in Chapter 6, Counterparty Risk, of Title II, of Regulation 575/2013, for the use of the different approaches for calculating the exposure value and capital requirements for counterparty risk, Bankinter uses the standardised approach, as explained in Section 3 of Chapter 6 of the CRR.

Under this method, counterparty risk is obtained by adding the replacement cost and the potential future exposure calculated in accordance with the provisions of this section and multiplying this sum by an alpha factor of 1.4.

Replacement cost is calculated for netting rates within a margin agreement and includes factors such as current market value and collateral received or posted. The latter are used to mitigate risk.

The potential future exposure is calculated by applying a multiplication factor to an add-on which is calculated differently depending on the risk categories of each instrument. These categories are: interest rate risk, foreign exchange risk, credit risk, equity risk and commodity risk. For SFTs, the financial collateral comprehensive approach is used, using volatility adjustments in accordance with the supervisory approach set out in the CRR.

The total net exposure for counterparty risk amounted to 996.551 thousands of euros at 31 December 2024, including exposure from repurchase agreements.

The details of the exposure and counterparty risk-weighted assets of OTC derivatives, as well as repurchase agreement transactions for the 2024 financial year, are as follows at 31 December 2024:

Analysis of CCR exposure by approach (CCR1)

		a	b	c	d	e	f	g	h
		Replacement cost	**Potential future exposure**	**Effective EPE**	**Alpha used to calculate the regulatory exposure value**	**Exposure value before application of credit risk mitigation techniques**	**Exposure value after application of credit risk mitigation techniques**	**Exposure value**	**Amount of risk-weighted exposure**
EU-1	EU – Original risk method (for derivatives)				1.4				
EU-2	EU – Simplified standardised approach for counterparty risk (for derivatives)				1.4				
1	Standardised approach for counterparty risk (for derivatives)	92,213	377,640		1.4	1,041,552	773,987	773,987	210,183
2	MMI (for derivatives and securities financing transactions)								
2a	Of which: netting sets of securities financing transactions??								
2b	Of which: sets of derivatives transactions and netting transactions with deferred settlement								
2c	Of which: from netting sets of netting transactions with contractual netting across products								
3	Simple method for collateral of a financial nature (for securities financing transactions)								
4	Comprehensive method for financial collateral (for securities financing transactions)					6,925,021	285,986	285,986	23,455
5	VaR for securities financing transactions								
6	**Total**					**7,966,573**	**1,059,973**	**1,059,973**	**233,638**

Figures in thousands of euros

Standardised approach - Counterparty risk exposures by regulatory exposure categories and risk weights (CCR3)

		a	b	c	d	e	f	g	h	i	j	k	l
		Risk weighting											
	Exposure category	0%	2 %	4 %	10 %	20 %	50 %	70 %	75 %	100 %	150 %	Other	Total exposure value
1	Central governments or central banks	226,772											226,772
2	Regional governments or local authorities												
3	Public sector entities												
4	Multilateral development banks												
5	International organisations												
6	Institutions	–	387,891	–	–	82,222	182,998	–	–	–	–		653,110
7	Corporates									116,669			116,669
8	Retail exposures								–				–
9	Entities and companies with short-term credit rating												
10	Other items												
11	**Total exposure value ****	**226,772**	**387,891**	–	–	**82,222**	**182,998**	–	–	**116,669**	–	–	**996,551**

Figures in thousands of euros

(*) In the table above, rows with no information have been omitted.
(**) Does not include the contribution to the guarantee fund for non-payments.

The breakdown below includes collateral employed in transactions with derivatives at the close of 2024. The fair values of collateral, received and posted, have followed the trend in market prices over the year.

Composition of collateral for counterparty risk exposures (CCR5)

		a	b	c	d	e	f	g	h
		Collateral pledged in derivatives transactions				Collateral pledged in securities financing transactions			
	Type of collateral	Fair value of collateral received		Fair value of collateral pledged		Fair value of collateral received		Fair value of collateral pledged	
		Segregated	Not segregated	Segregated	Not segregated	Segregated	Not segregated	Segregated	Not segregated
1	Cash - domestic currency	504,466		181,233		111,740		207,880	
2	Cash - other currencies								
3	Domestic sovereign debt								
4	Other sovereign debt								
5	Debt of public bodies								
6	Corporate bonds								
7	Equity instruments								
8	Other collateral								
9	**Total**	**504,466**		**181,233**		**111,740**		**207,880**	

Figures in thousands of euros

In transactions settled through clearing houses, risk-weighted assets dropped to 9.026 thousands of euros at the end of the reporting period, taking into account the part of the contribution to the default guarantee fund.

Exposures to CCP (CCR8)

		a	b
		Exposure value	Amount of risk-weighted exposure
1	Exposures to qualifying CCPs (QCCP) (total)		**9,026**
2	**Transaction exposures to QCCP (excluding initial margin and default fund contributions); of which:**	**387,891**	7,758
3	(i) OTC derivatives	370,767	7,415
4	(ii) Derivatives traded on organised markets	17,123	342
5	(iii) Securities financing transactions	–	–
6	(iv) Nettable transaction sets for which cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Pre-funded contributions to the default fund	63,421	1,268
10	Non-funded contributions to the default fund		
11	Exposures to unqualifying CCPs (total)		
12	**Transaction exposures to unqualifying CCP (excluding initial margin and default fund contributions); of which:**		
13	(i) OTC derivatives		
14	(ii) Derivatives traded on organised markets		
15	(iii) Securities financing transactions		
16	(iv) Nettable transaction sets for which cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Pre-funded contributions to the default fund		
20	Non-funded contributions to the default fund		

Figures in thousands of euros

All exposures to central counterparty clearinghouses correspond to QCCPs, which have also followed the evolution of the markets in the period since there have been no changes in the operation of OTC derivatives through these clearinghouses.

Lastly, the Institution has no exposure in credit derivatives at year end.

4.3.4. CVA capital charge

According to Title IV of the CRR, credit valuation adjustments (CVA) are adjustments of valuations of the portfolio of transactions with a counterparty to average market prices that reflect the current market value of the counterparty's credit risk for the Entity.

The credit valuation adjustment (CVA) is the difference between the risk-free valuation and the real valuation of the portfolio, including counterparty credit risk. Thus, the CVA capital charge aims to cover losses caused by changes in the market value of the portfolio due to CVA variations.

Bankinter uses the standardised approach established in the CRR to calculate its CVA shareholders' equity requirements. The amounts relating to credit risk adjustments for OTC derivative instruments at 31 December 2024 are shown below.

Transactions subject to shareholders' equity requirements for CVA risk (CCR2)

		a	b
		Exposure value	Amount of risk-weighted exposure
1	**Total transactions subject to the advanced method**		
2	(i) VaR component (including the 3x multiplier)		
3	(ii) SVaR component (including the 3x multiplier)		
4	Transactions subject to the standardised approach	127,325	43,721
EU-5	Transactions subject to the alternative approach (based on the original risk approach)		
5	**Total transactions subject to shareholders' equity requirements for CVA risk**	**127,325**	**43,721**

Figures in thousands of euros

4.4. Information on the standardised approach

As established in Chapter 2 of Title II of Regulation (EU) 575/2013, modified by Regulation (EU) 2019/876, the calculation of capital requirements for credit risk using the standardised approach is based on the exposure's assigned category and on its credit quality. The credit quality will be determined by reference to external ratings that external credit assessment institutions (ECAI) give to obligors or transactions.

4.4.1. Information on external credit assessment institutions

The External Credit Assessment Institutions (ECAI) appointed by the Group to determine the risk weightings applicable to its exposures are Standard & Poor's, Moody's, Fitch Ratings and DBRS Ratings.

In cases where a counterparty or operation has ratings from different rating agencies, Bankinter follows the procedure laid down in Article 138 of the Regulation, which specifies the following:

- When there are two different credit assessments, the higher risk weighting will be applied.
- However, when there are more than two credit assessments, the two lowest risk weightings shall be used. If the two weightings do not coincide, the higher of the two will be applied.

The exposures for which the ratings of different agencies are used are 'Central governments and central banks', 'Public sector institutions', 'Financial institutions', 'Corporates' and 'Covered bonds'. The following table presents the correspondence between risk ratings from the different credit assessment institutions and the risk weightings applied by exposure class:

	External long-term ratings				Risk weighting					
Credit quality level	S&P	Moody's	Fitch	DBRS	Central governments and central banks	Public sector entities	Institut. < = 3 months	Institut. > 3 months	Unrated institutions	Corporates
1	AAA to AA-	Aaa to Aaa3	AAA to AA-	AAA to AAL	0 %	20 %	20 %	20 %	20 %	20 %
2	A+ to A-	A1 to A3	A+ to A-	AH to AL	20 %	50 %	20 %	50 %	50 %	50 %
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBBH to BBBL	50 %	100 %	20 %	50 %	100 %	100 %
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BBH to BBL	100 %	100 %	50 %	100 %	100 %	100 %
5	B+ to B-	B1 to B3	B+ to B-	BH to BL	100 %	100 %	50 %	100 %	100 %	150 %
6	< B	< B3	< B	< CCCH	150 %	150 %	150 %	150 %	150 %	150 %

4.4.2. Credit ratings of public securities issues

At present, no process exists in the Institutions to assign credit ratings of public securities issues to comparable assets not included in the trading book

4.4.3. Exposure values before and after application of credit risk mitigation techniques

As set forth in chapter 4 of Title II of the Regulation, institutions may recognise, in their calculation of capital requirements for credit risk, the mitigation of risk by collateral, personal guarantees and netting agreements associated with operations that meet the criteria and requirements specified in the regulation.

Depending on the type of guarantee used, the mitigation of the credit risk can be reflected in the exposure value or in the risk weight applied.

The following table presents the amounts for net exposure amounts before and after the application of credit risk mitigation techniques, broken down by risk category and weightings and excluding securitisation positions and exposure to counterparty credit risk.

Standardised approach: credit risk exposure and credit risk mitigation (CRM) effects (CR4)

	Exposure category	Exposures prior to the application of conversion factors and credit risk mitigation		Exposures after the application of conversion factors and credit risk mitigation		RWA and RWA density	
		On-balance sheet exposures	Off balance sheet exposures	On-balance sheet exposures	Off balance sheet exposures	RWA	RWA density (%)
		a	b	c	d	e	f
1	Central government	27,963,757	1,843,805	29,807,098	1,091,642	—	0.00 %
2	Regional governments or local authorities	1,274,640	145,225	1,274,635	3,820	13,156	1.03 %
3	Public sector entities	219,033	193,889	219,157	45,532	264,566	99.95 %
4	Multilateral development banks	29,953	—	43,307	—	—	0.00 %
5	International organisations	—	—	—	—	—	0.00 %
6	Financial institutions	6,151,447	1,282,241	6,275,709	167,690	2,657,281	41.24 %
7	Corporates	4,864,197	2,444,457	4,091,142	659,053	4,065,848	85.59 %
8	Retail	7,863,250	8,049,372	7,099,337	598,178	5,113,929	66.44 %
9	Secured by mortgages on real estate	11,696,653	194,060	11,637,802	78,433	4,316,152	36.84 %
10	In default	266,504	45,910	264,755	10,315	310,934	113.04 %
11	Items associated with particularly high risks	57,759	17,065	57,291	1,984	88,913	150.00 %
12	Covered bonds	—	—	—	—	—	0.00 %
13	Institutions and companies with a short-term credit assessment	—	—	—	—	—	0.00 %
14	Investments or shares in collective investment undertakings (CIUs)	—	—	—	—	—	0.00 %
15	Equity	47,888	—	47,888	—	47,888	100.00 %
16	Other exposures (1)	719,334	—	719,334	—	1,358,650	188.88 %
17	**Total**	**61,154,415**	**14,216,023**	**61,537,455**	**2,656,647**	**18,237,317**	**28.41 %**

Figures in thousands of euros

(1) Includes requirements for holdings in financial institutions in which there are significant investments below the 10% threshold (704.195 thousands of euros of RWAs) and requirements for deferred tax assets that do not rely on future profitability.

The increase in risk-weighted assets during the year is mainly due to the growth of the credit business, which increase exposure to the regulatory categories.

4.4.4. Breakdown of exposure values by risk weights

The following table presents exposure after application of conversion factors and application of credit risk mitigation techniques, broken down by risk weightings and excluding securitisation positions and exposure to counterparty credit risk.

Standardised approach: exposures by asset classes and risk weights (CR5)

This table shows a breakdown of exposure by original risk weightings, without considering the SME reduction factor.

		Risk weighting																
	Exposure category	**0 %**	**2 %**	**4 %**	**10 %**	**20 %**	**35 %**	**50 %**	**70 %**	**75 %**	**100 %**	**150 %**	**250 %**	**370 %**	**1250 %**	**Other**	**Total**	**Of which unrated**
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central government and administrations	30,898,740									–						30,898,740	–
2	Regional governments or local authorities	1,212,676				65,779											1,278,455	1,278,455
3	Public sector entities	124									264,566						264,690	264,690
4	Multilateral development banks	43,307															43,307	43,307
5	International organisations																–	–
6	Financial institutions	–				2,143,366		4,142,851			157,182						6,443,400	6,443,400
7	Corporates					1,732		178,599			4,569,864						4,750,195	2,386,150
8	Retail									7,697,515							7,697,515	4,006,388
9	Secured by mortgages on real estate						8,627,384	2,639,765		403,376	45,710						11,716,235	8,086,241
10	In default										203,341	71,729					275,069	275,069
11	Items associated with particularly high risks											59,275					59,275	59,275
12	Covered bonds																–	–
13	Institutions and companies with a short-term credit assessment																–	–
14	Investments or shares in collective investment undertakings (CIUs)																–	–
15	Equity										47,888						47,888	47,888
16	Other exposures (*)					5,603					284,532		429,199				719,334	719,334
17	**Total**	**32,154,847**				**2,216,480**	**8,627,384**	**6,961,216**		**8,100,891**	**5,573,083**	**131,004**	**429,199**				**64,194,102**	**23,610,195**

Figures in thousands of euros

(*) Includes requirements for holdings in financial institutions in which there are significant investments and requirements for deferred tax assets that do not rely on future profitability below the threshold of 10% of CET1.

4.5. Information on the IRB approach

4.5.1. General information

As established in chapter 3 of Title II of the Regulation (EU) 575/2013 regarding the calculation of risk-weighted exposures under the internal rating based (IRB) approach, institutions use their own risk parameters.

Bankinter Group uses its own internal models to estimate the risk parameters of its loan book: the probability of default of the operations it grants, the exposure in case of default and the loss that these operations would generate. These models are used for accepting and monitoring credit operations, but also for other Bank processes, such as estimating the price of operations or calculating credit risk capital requirements.

Authorisation by the Supervisor to employ the IRB approach and for the successive implementation plan

The Group maintains authorisation from the Supervisor since 2008 to use the IRB approach when calculating the capital requirements for credit risk.

Bankinter is currently authorised to employ the IRB approach in the following portfolios in Spain:

- Residential mortgages for individuals.
- Personal loans and consumer loans for individuals
- Personal loans marketed by Bankinter Consumer Finance in Spain
- Small businesses
- Medium-sized companies
- Very large companies (foundation IRB approach).
- Public Companies – Government-owned (Foundation IRB approach).
- Specialised developer lending

Likewise, it is authorised to use the IRB method in the residential mortgage portfolio in Portugal.

The Supervisor has approved the internal calculation of Probability of Default (PD), Loss Given Default (LGD) and Credit Conversion Factor (CCF) parameters[1] for these portfolios. These parameters are specific for each portfolio and are reviewed annually, in accordance with prevailing regulations.

Moreover, Bankinter has established a roll-out plan that provides for the progressive incorporation of the IRB method in the coming years in the categories with an Exposure Class, according to art. 147 of the CRR, that already uses this approach, whether fully or partially, subject to specific authorisation from the Supervisor. In brief, below are the Bankinter Group's expected portfolios:

- Residential mortgages for individuals.
- Retail and Corporate companies and
- Consumer loans

Except for non-significant residual portfolios, for which Bankinter, in general, has authorisation from the Supervisor to apply the standard method permanently or is currently being approved for such purposes.

The Bankinter Group's long-term IRB model strategy does not include the IRB approach for the following exposures:

- Public sector central administration
- Public sector regional administration
- Financial institutions
- Equity
- Revolving credit operations with individuals (qualifying revolving retail exposure)

Within the Bankinter Group, the Global Risk Management Area develops internal ratings models. These models are submitted for approval and subsequent modification to the Models Committee after independent review by the second line of defence (Internal Validation area) and the third line of defence (Internal Audit area), depending on their materiality. In addition, those internal models with greater materiality are required to be approved by the executive risk committee before they can be implemented.

The models are maintained and reviewed internally at least once a year, in accordance with Bankinter Group's model policy. Backtesting is also periodically carried out as part of this review.

Bankinter Group has a master ratings scale of 17 levels plus the default level. In line with the recommendations for publication set out in part 8 of Regulation (EU) 575/2013, this scale was reduced to twelve levels plus the default level. The master scale used for the purposes of this report is as follows:

[1] In the case of specialised financing, PD, LGD and CCF parameters are not used, but rather the "Slotting Criteria" method is used, where their grades and residual value are assigned based on regulatory requirements (CRR art 153.5 and 258.6)

Levels of the master scale	Minimum PD (%)	Maximum PD (%)
1	0.00%	<0.1%
2	0.10%	<0.15%
3	0.15%	<0.25%
4	0.25%	<0.5%
5	0.50%	<0.75%
6	0.75%	<1.75%
7	1.75%	<2.5%
8	2.50%	<5%
9	5.00%	<10%
10	10.00%	<20%
11	20.00%	<30%
12	30.00%	<100%
Default risk (13)	100%	100.00%

Internal rating systems

Bankinter develops internal models for both the portfolios for which the use of the IRB approach has already been authorised for calculating shareholders' equity requirements and for those that are included in the IRB roll-out plan. The rating can be made at the transaction level or customer level. The internal models that rate transactions (scoring models) are used in portfolios for individuals, while the models that rate at the customer level (rating models) are primarily applied to legal entities. The internal models have been developed using statistical methods and were completed using expert criteria.

The quantification of credit risk of a transaction is determined by both its expected loss and its unexpected loss. Expected losses are generally covered using provisions, while unexpected losses must be covered with capital. The estimated unexpected loss given by the models is therefore the basis for calculating regulatory and internal shareholders' equity requirements for exposures, and refers to a highly unlikely loss that must be covered using an bank's shareholders' equity.

Both expected and unexpected losses are estimated by calculating internal parameters:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Credit conversion factor (CCF), which is an input for estimating exposure at default (EAD).

When estimating the regulatory parameters, the probability of default (PD) is calculated using historical information to ensure that the range of variability and an adequate balance of "good" and "bad" years are taken into account ("Long Run Average Default Rate" approach), while the severity (LGD) and the credit conversion factor (CCF) are estimated using data relating to a recession period ("Downturn" approach). From a management perspective, parameters are estimated using a methodology that takes into account the stage of the economic cycle in which we are currently located and its projection.

Each internal risk category groups positions that, while sufficiently similar to each other in terms of risk, nevertheless differ sufficiently from other categories to permit statistical modelling.

Models are currently implemented in the Group's operating applications and are widely integrated in management. Its main uses are:

- Calculating capital requirements and expected losses.
- Transaction admission and approval.
- Setting the minimum recommended price of the transaction and its estimated profitability.
- Monitoring or reporting portfolio credit quality.

Models are also used for commercial purposes (pre-approved transaction campaigns, CRM alerts) and early-warning processes.

Collective estimation models for credit risk coverage (provisions) are also available, in accordance with the requirements of the Bank of Spain's accounting Circular and the European regulation transposing IFRS9. Although these models differ somewhat from IRB models, the key aspects of both are in alignment.

Internal ratings are key in the transaction approval process, either as part of the automatic assessment algorithms or as base information for taking decisions in manually-approved transactions. In retail segment transactions, the transaction scoring model already takes into account the guarantees that mitigate the related risk. In customer rating models, which are primarily used for assessing legal bank transactions, the mitigation of risk through collateral is included in the transaction's LGD.

Description of the internal rating process

When a transaction is being approved, individual exposures are rated according to the corresponding internal model (on the basis of transaction, collateral and customer type), which is part of the automatic study and approval system which is used to process transactions. The model uses the information input in the transaction proposal, information on customer behaviour available in the Institution's databases and other information from external sources which is available. These models are at the account level.

The rating obtained from the internal model forms part of the algorithm that automatically assesses transactions, which incorporates the Institution's risk policies. The transaction is either authorised, rejected or forwarded to a manual approval process. In this process, a PD, LGD and CCF are assigned for each transaction thus rated.

For exposures with legal entities, the systems gather information on the characteristics of the transaction and the customer, and input them into the transaction rating module, which assigns a rating to each transaction based on the corresponding internal model. The rating models for companies are customer-level models. Based on these models, an identical PD is assigned to all the customer's transactions.

This rating forms part of the approval rules which determine whether a transaction is designated as authorised, denied or not able to be approved (in which case the rating is reported and a manual approval process is used for the transaction). When approval is manual, the rating is taken into account in the approval or denial decision.

4.5.2. Exposure values by category and obligor levels

The following tables reflect the exposure and risk parameters for those transactions for which the IRB approach is used to calculate shareholders' equity requirements for credit risk, distributed by exposure category at the end of December 2024. The information is broken down into categories where in-house estimates are used for all parameters (advanced IRB approach), and where the foundation IRB approach is used for assigning risk weightings (slotting approach).

Bankinter reviews the ratings assigned to customers at least once a month. In addition, the ratings are updated whenever the corresponding information is updated (for example, upon publication of new financial statements).

LGD and a CCF are assigned primarily in consideration of the main characteristics of the transaction, namely: the type of product, collateral, etc. They are assigned at account level for both individuals and legal entities.

In the case of specialised financing for real estate development, the process follows the slotting criteria approach (CRR, art. 153.5 and Commission Delegated Regulation (EU) 2021/598 of December 14, 2020). In particular, Bankinter has a rigorous approval process for these types of transactions, which includes a comprehensive subjective questionnaire regarding the characteristics of the customer and the project to be financed. This serves as the basis for rating the transaction and is incorporated as relevant information for the assessment decision. Risk policies for admitting these transactions are very strict.

In all transactions falling under categories for which the internal model is applied, both for individuals and legal entities, once a transaction is assessed, the rating, the risk parameters and their updates are fully integrated in the information regarding the customer and the transaction. This information is used in the different management processes (calculation of regulatory and internal shareholders' equity requirements, risk-adjusted returns measurement systems, monitoring of portfolio credit risk, etc.).

Exposures under IRB approach

Category	Original exposure	Exposure after application of CRM within balance sheet	Exposure after application of CRM off-balance sheet	EAD	Average PD	Average LGD	RWAs	RWA density
Corporates	27,251,077	14,913,655	2,112,185	17,025,840	2.21 %	43.29 %	11,153,839	65.51 %
Of which IRF	26,752,510	14,598,965	2,065,136	16,664,101	2.20 %	43.23 %	10,898,212	65.40 %
Retail	32,623,584	30,623,141	397,346	31,020,486	3.24 %	37.28 %	6,680,453	21.54 %
Mortgages	27,526,452	27,290,559	42,605	27,333,165	2.09 %	32.61 %	4,657,032	17.04 %
Total	**59,874,662**	**45,536,796**	**2,509,531**	**48,046,326**	**2.88 %**	**39.41 %**	**17,834,292**	**37.12 %**

Figures in thousands of euros

Exposures under foundation IRB approach (slotting criteria)

Category	Original exposure	Exposure after application of CRM within balance sheet	Exposure after application of CRM off-balance sheet	EAD	RWAs	Expected losses
Specialised financing	800,906	332,289	234,309	566,597	531,552	8,200

Figures in thousands of euros

The following tables reflect the risk parameters and exposure, by PD interval, for those categories for which the advanced IRB approach is used. The intervals used correspond to those recommended in the final report on Guidelines on disclosure requirements under Part Eight of Regulation (EU) 575/2013, published by the EBA.

IRB Approach – Credit risk exposures by exposure category and PD band (CR6)

Exposure category	PD band	On-balance sheet exposures	Off-balance sheet exposures before applying conversion factors	Exposure weighted average conversion factor	Exposure after the application of conversion factors and credit risk mitigation	Exposure-weighted average PD (%)	Number of obligors (1)	Exposure-weighted average LGD (%)	Exposure-weighted average maturity (2)	Risk-weighted exposure amount after application of the supporting factors	Risk-weighted exposure amount density	Amount of expected losses	Valuation adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Companies-FIRB													
	0.00 to <0.15	3,835,932	3,701,938	19.8 %	4,556,640	0.13 %	731	42.73 %	3.00	1,531,409	33.61 %	2,578	**(7,226)**
	0.00 to <0.10	–	–									–	–
	0.10 to <0.15	3,835,932	3,701,938	19.8 %	4,556,640	0.13 %	731	42.73 %	3.00	1,531,409	33.61 %	2,578	(7,226)
	0.15 to <0.25	1,052	–		–		–					–	–
	0.25 to <0.50	2,742,424	2,306,883	18.6 %	3,092,892	0.45 %	763	44.91 %	2.00	2,152,177	69.58 %	6,266	(6,205)
	0.50 to <0.75	3,143,218	2,182,488	17.9 %	3,339,037	0.62 %	2,173	42.59 %	2.00	2,213,799	66.30 %	8,817	(5,392)
	0.75 to <2.5	3,665,283	2,477,558	18.7 %	3,581,165	1.62 %	1,961	43.16 %	3.00	3,566,596	99.59 %	24,844	(7,816)
	0.75 to <1.75	1,410,816	1,381,652	20.1 %	1,553,605	1.22 %	511	44.68 %	3.00	1,606,023	103.37 %	8,480	(3,662)
	1.75 to <2.5	2,254,467	1,095,905	16.8 %	2,027,560	1.92 %	1,450	41.99 %	3.00	1,960,573	96.70 %	16,364	(4,154)
	2.5 to <10	541,392	215,848	20.9 %	423,355	6.11 %	613	42.59 %	3.00	609,388	143.94 %	10,771	(11,081)
	2.5 to <5	271,079	159,696	16.7 %	213,642	4.10 %	214	43.93 %	3.00	270,788	126.75 %	3,697	(982)
	5 to <10	270,313	56,152	32.7 %	209,713	7.51 %	399	41.23 %	3.00	338,600	161.46 %	7,074	(10,099)
	10 to <100	141,217	55,964	15.9 %	115,620	18.17 %	484	43.53 %	3.00	248,831	215.22 %	9,222	(4,680)
	10 to <20	45,555	20,712	8.1 %	41,576	12.32 %	405	44.09 %	3.00	76,656	184.37 %	2,276	(1,596)
	20 to <30	95,662	35,252	24.0 %	74,043	21.45 %	79	43.20 %	3.00	172,175	232.53 %	6,946	(3,084)
	30 to <100												
	100 (Default)	269,266	62,722	36.0 %	193,050	100.00 %	285	41.97 %	3.00	–	– %	81,032	(97,278)
Total		**14,339,783**	**11,003,401**	**18.98 %**	**15,301,757**	**2.20 %**	**7,010**	**43.23 %**	**3.00**	**10,322,201**	**67.46 %**	**143,529**	**(139,677)**

Figures in thousands of euros

(*) The number of obligors is in units
(**) Maturity is expressed in number of years

	PD band	On-balance sheet exposures	Off-balance sheet exposures before applying conversion factors	Exposure weighted average conversion factor	Exposure after the application of conversion factors and credit risk mitigation	Exposure-weighted average PD (%)	Number of obligors (1)	Exposure-weighted average LGD (%)	Exposure-weighted average maturity (2)	Risk-weighted exposure amount after application of the supporting factors	Risk-weighted exposure amount density	Amount of expected losses	Valuation adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Companies-IRB													
	0.00 to <0.15												
	0.00 to <0.10												
	0.10 to <0.15												
	0.15 to <0.25	49,821	29,211	34.2 %	51,377	0.19 %	173	49.7 %	2.70	16,941	33.0 %	49	(179)
	0.25 to <0.50	80,967	33,157	42.1 %	79,060	0.30 %	177	49.2 %	3.00	40,099	50.7 %	117	(305)
	0.50 to <0.75	63,763	22,813	39.5 %	63,007	0.60 %	126	50.1 %	3.00	41,260	65.5 %	190	(179)
	0.75 to <2.5	64,111	16,725	47.2 %	68,146	1.32 %	96	41.0 %	3.00	45,943	67.4 %	369	(144)
	0.75 to <1.75	64,111	16,725	47.2 %	68,146	1.32 %	96	41.0 %	3.00	45,943	67.4 %	369	(144)
	1.75 to <2.5	—	—										
	2.5 to <10	77,168	25,958	30.0 %	73,369	3.18 %	175	39.3 %	2.68	68,444	93.3 %	921	(1,884)
	2.5 to <5	77,168	25,958	30.0 %	73,369	3.18 %	175	39.3 %	2.68	68,444	93.3 %	921	(1,884)
	5 to <10	—	—										
	10 to <100	28,773	1,816	37.4 %	24,533	16.23 %	89	42.7 %	2.60	42,312	172.5 %	1,906	(3,062)
	10 to <20	22,175	1,807	37.5 %	19,424	11.91 %	79	40.1 %	2.69	28,671	147.6 %	1,031	(1,319)
	20 to <30	78	4	100.0 %	16	21.21 %	1	55.1 %	3.00	54	328.4 %	2	(1)
	30 to <100	6,520	5	16.4 %	5,092	32.73 %	9	52.4 %	1.53	13,588	266.8 %	873	(1,741)
	100 (Default)	4,112	174	42.8 %	2,247	100.00 %	23	95.9 %	3.00	627	27.9 %	2,107	(3,531)
Total		**368,714**	**129,854**	**38.0 %**	**361,739**	**2.81 %**	**859**	**45.70 %**	**2.86**	**255,627**	**70.67 %**	**5,660**	**(9,285)**

Figures in thousands of euros

(*) The number of obligors is in units
(**) Maturity is expressed in number of years

	PD band	On-balance sheet exposures	Off-balance sheet exposures before applying conversion factors	Exposure weighted average conversion factor	Exposure after the application of conversion factors and credit risk mitigation	Exposure-weighted average PD (%)	Number of obligors (1)	Exposure-weighted average LGD (%)	Exposure-weighted average maturity (2)	Risk-weighted exposure amount after application of the supporting factors	Risk-weighted exposure amount density	Amount of expected losses	Valuation adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Mortgages													
	0.00 to <0.15	17,581,387	97,369	17.4 %	17,598,205	0.1 %	169,491	31.4 %	—	960,671	5.5 %	3,607	(6,558)
	0.00 to <0.10	12,230,559	59,031	18.4 %	12,241,404	— %	120,757	31.0 %	—	469,321	3.8 %	1,572	(3,856)
	0.10 to <0.15	5,350,827	38,338	16.0 %	5,356,801	0.1 %	48,734	32.5 %	—	491,350	9.2 %	2,035	(2,702)
	0.15 to <0.25	3,388,144	37,310	21.6 %	3,393,430	0.2 %	25,614	35.0 %	—	490,916	14.5 %	2,379	(1,560)
	0.25 to <0.50	1,787,100	15,251	27.0 %	1,791,186	0.4 %	18,047	32.6 %	—	374,686	20.9 %	2,183	(2,133)
	0.50 to <0.75	849,152	10,788	34.0 %	852,824	0.6 %	6,711	33.2 %	—	232,752	27.3 %	1,580	(734)
	0.75 to <2.5	2,211,302	50,642	7.7 %	2,214,682	1.4 %	17,726	31.8 %	—	1,113,571	50.3 %	9,885	(2,527)
	0.75 to <1.75	1,570,371	36,379	10.2 %	1,573,579	1.1 %	12,826	31.1 %	—	655,628	41.7 %	5,366	(2,086)
	1.75 to <2.5	640,931	14,264	1.2 %	641,103	2.1 %	4,900	33.6 %	—	457,943	71.4 %	4,519	(440)
	2.5 to <10	680,529	14,037	31.1 %	682,740	4.7 %	5,958	33.2 %	—	674,022	98.7 %	10,366	(4,575)
	2.5 to <5	406,656	13,903	31.4 %	408,868	3.4 %	2,272	35.2 %	—	341,423	83.5 %	4,815	(1,143)
	5 to <10	273,873	134	— %	273,873	6.7 %	3,686	30.1 %	—	332,600	121.4 %	5,552	(3,432)
	10 to <100	388,982	3,881	35.7 %	390,367	17.4 %	3,476	32.0 %	—	647,665	165.9 %	21,717	(9,299)
	10 to <20	329,951	3,545	32.3 %	331,094	15.7 %	3,067	31.6 %	—	543,369	164.1 %	16,296	(6,061)
	20 to <30	33,726	183	54.7 %	33,826	20.8 %	221	28.5 %	—	60,911	180.1 %	2,506	(726)
	30 to <100	25,305	153	92.8 %	25,448	36.1 %	188	32.0 %	—	43,385	170.5 %	2,915	(2,512)
	100 (Default)	409,962	617	33.2 %	409,730	100.0 %	4,447	66.4 %	—	162,748	39.7 %	259,669	(119,250)
Total		**27,296,557**	**229,895**	**19.4 %**	**27,333,165**	**2.09 %**	**251,470**	**32.62 %**	—	**4,657,032**	**17.04 %**	**311,386**	**(146,634)**

Figures in thousands of euros

(*) The number of obligors is in units.
(**) Maturity is expressed in number of years

	PD band	On-balance sheet exposures	Off-balance sheet exposures before applying conversion factors	Exposure weighted average conversion factor	Exposure after the application of conversion factors and credit risk mitigation	Exposure-weighted average PD (%)	Number of obligors (1)	Exposure-weighted average LGD (%)	Exposure-weighted average maturity (2)	Risk-weighted exposure amount after application of the supporting factors	Risk-weighted exposure amount density	Amount of expected losses	Valuation adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail													
	0.00 to <0.15	527,975	489	47 %	528,207	0.1 %	31,024	91.7 %	—	97,540	18.5 %	484	(990)
	0.00 to <0.10	124,082	346	46 %	124,243	0.1 %	14,467	78.9 %	—	13,768	11.1 %	56	(214)
	0.10 to <0.15	403,893	144	49 %	403,964	0.1 %	16,557	95.7 %	—	83,771	20.7 %	428	(776)
	0.15 to <0.25	173,446	228,317	38 %	206,738	0.2 %	8,376	46.8 %	—	32,599	15.8 %	188	(937)
	0.25 to <0.50	565,408	190,523	50 %	577,513	0.3 %	30,504	69.5 %	—	184,619	32.0 %	1,303	(1,830)
	0.50 to <0.75	530,511	154,814	52 %	476,506	0.6 %	17,386	62.5 %	—	200,720	42.1 %	1,865	(2,074)
	0.75 to <2.5	841,054	143,613	46 %	731,825	1.5 %	41,967	71.2 %	—	556,393	76.0 %	8,088	(4,850)
	0.75 to <1.75	579,564	133,971	46 %	469,641	1.2 %	21,461	60.9 %	—	265,495	56.5 %	3,437	(3,056)
	1.75 to <2.5	261,490	9,642	50 %	262,184	2.0 %	20,506	89.6 %	—	290,897	111.0 %	4,652	(1,794)
	2.5 to <10	664,041	156,430	48 %	551,470	3.8 %	26,644	63.2 %	—	456,570	82.8 %	14,196	(6,616)
	2.5 to <5	563,875	153,456	48 %	450,561	3.3 %	15,634	58.2 %	—	329,246	73.1 %	8,780	(5,586)
	5 to <10	100,167	2,974	51 %	100,909	6.2 %	11,010	85.6 %	—	127,324	126.2 %	5,416	(1,030)
	10 to <100	368,652	45,295	41 %	269,354	19.1 %	17,923	67.4 %	—	337,720	125.4 %	37,818	(28,269)
	10 to <20	276,402	40,305	40 %	206,000	12.9 %	14,131	67.2 %	—	246,975	119.9 %	19,280	(14,530)
	20 to <30	26,724	2,641	47 %	13,545	20.9 %	812	57.3 %	—	15,592	115.1 %	1,628	(1,284)
	30 to <100	65,525	2,350	56 %	49,808	44.0 %	2,980	70.6 %	—	75,152	150.9 %	16,911	(12,455)
	100 (Default)	497,029	9,536	41 %	345,710	100.0 %	15,860	92.5 %	—	157,261	45.5 %	307,437	(237,792)
Total		**4,168,116**	**929,016**	**46 %**	**3,687,321**	**11.79 %**	**189,684**	**71.89 %**	—	**2,023,421**	**54.88 %**	**371,379**	**(283,358)**

Figures in thousands of euros

(*) The number of obligors is in units.
(**) Maturity is expressed in number of years

Scope of use of IRB and standard models (CR6-A)

		Exposure value as defined in Article 166 of the CRR for exposures subject to the IRB approach	Total exposure value of exposures subject to the standardised approach and the IRB approach	Percentage of the total exposure value subject to the permanent partial use of the standardised approach (%)	Percentage of the total exposure value subject to the IRB approach (%)	Percentage of total exposure value subject to a deployment plan (%)
		a	b	c	d	e
1	Central governments or central banks	31,630,058	26,673,535	100 %	0 %	0 %
1.1	*Of which: regional governments or local authorities*					
1.2	*Of which: Public sector entities*		306,297		0 %	0 %
2	Institutions	7,490,840	6,766,982	100 %		
3	Corporates	35,859,974	22,424,309	7 %	78 %	15 %
3.1	Of which: Of which Companies – Specialised financing, excluding allocation method					
3.2	Of which: companies – specialised financing, under the allocation approach		337,078		100 %	
4	Retail exposures	60,984,820	54,462,365	16 %	53 %	30 %
4.1	of which: retail exposures secured by real-estate assets, SMEs	5,529,036	6,922,693	41 %	29 %	30 %
4.2	of which: retail exposures secured by real-estate assets, non-SMEs		32,062,392	14 %	76 %	10 %
4.3	of which: retail exposures - eligible revolving					
4.4	of which: retail exposures – other, SMEs		12,477,509	12 %	34 %	54 %
4.5	of which: retail exposures – other, non-SMEs		2,999,771	16 %	15 %	69 %
5	Equity exposures		47,888	100 %		
6	Other non-credit obligation assets	701,082	701,082		100 %	
7	**Total**	**136,714,661**	**111,076,160**	**38 %**	**44 %**	**17 %**

Figures in thousands of euros

4.5.3. Risk weightings of specialised lending exposures

Regulation (EU) of the European Parliament and of the Council 2013/575, modified by Regulation (EU) of the European Parliament and of the Council 2019/876, requires exposures that possess the following characteristics to be classified as specialised lending exposures:

- The exposure is to a bank which was created specifically to finance or operate physical assets.
- The contractual arrangements give the lender a substantial degree of control over the assets and the income that they generate.
- The primary source of repayment of the obligation is the income generated by the assets being financed.

The Regulation classifies exposures into five categories, taking into account diverse factors such a financial strength, the political and legal environment, the characteristics of the transaction or asset, and the robustness of the sponsor and developer.

The table below shows the exposures assigned to each risk weighting for specialised financing exposures at 31 December 2024:

IRB specialised lending (CR10)

Regulatory categories	Remaining maturity	Specialised lending: project finance					
		On-balance exposure	Off-balance sheet exposure (allocation approach)	Risk weighting	Exposure value	Amount of risk-weighted exposure	Amount of expected loss
		a	b	c	d	e	f
Category 1	Less than 2.5 years			50 %			
	Equal to or longer than 2.5 years	3,010	—	70 %	3,010	2,107	12
Category 2	Less than 2.5 years	2,735	73	70 %	2,771	1,940	11
	Equal to or longer than 2.5 years	268,065	424,803	90 %	480,467	432,420	3,844
Category 3	Less than 2.5 years	—	—	115 %	—	—	—
	Equal to or longer than 2.5 years	50,426	41,667	115 %	71,259	81,948	1,995
Category 4	Less than 2.5 years	—	—	250 %	—	—	—
	Equal to or longer than 2.5 years	4,228	2,052	250 %	5,254	13,136	420
Category 5	Less than 2.5 years	—	—	-	—		—
	Equal to or longer than 2.5 years	3,824	22	—	3,835		1,918
Total	**Less than 2.5 years**	**2,735**	**73**		**2,771**	**1,940**	**11**
	Equal to or longer than 2.5 years	**329,554**	**468,545**		**563,826**	**529,612**	**8,189**

Figures in thousands of euros

4.5.4. Probability of Default (PD) per portfolio.

In the following back testing, information is shown on rates and probabilities of default for Bankinter Group portfolios authorised to use the IRB approach for calculating capital requirements.

The objective of these tests is to contrast the regulatory PDs with the observed default frequencies (ODFs) over the last period. None have had substantial changes in the past year.

IRB Approach – Retrospective PD testing by exposure category (CR9)

Companies - IRF

Exposure categories	PD band	Number of debtors at the end of the previous year	Of which: incurred non-payment during the year	Average observed default rate (%)	Exposure-weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
	0.00 to <0.15	731	3		0.13 %	0.14 %	
	0.00 to <0.10						
	0.10 to <0.15	731	3		0.13 %	0.14 %	
	0.15 to <0.25	—	—				
	0.25 to <0.50	763	—	— %	0.45 %	0.45 %	0.19 %
	0.50 to <0.75	2,173	6	0.28 %	0.62 %	0.65 %	0.19 %
	0.75 to <2.50	1,961	17	0.87 %	1.62 %	1.81 %	0.48 %
	0.75 to <1.75	511	5	0.98 %	1.22 %	1.22 %	0.50 %
	1.75 to <2.5	1,450	12	0.83 %	1.92 %	2.01 %	0.55 %
	2.50 to <10.00	613	36	5.87 %	6.11 %	6.85 %	3.76 %
	2.5 to <5	214	10	4.67 %	4.10 %	3.87 %	2.37 %
	5 to 10 <	399	26	6.52 %	7.51 %	8.45 %	5.33 %
	10.00 to <100.00	484	20	4.13 %	18.17 %	14.19 %	3.89 %
	10 to <20	405	3	0.74 %	12.32 %	12.41 %	2.51 %
	20 to <30	79	17	21.52 %	21.45 %	23.32 %	9.17 %
	30.00 to <100.00	—	—				
	100.00 (Default)	285	198				

Companies - IRB

Exposure categories	PD band	Number of debtors at the end of the previous year	Of which: incurred non-payment during the year	Average observed default rate (%)	Exposure-weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
	0.00 to <0.15						
	0.00 to <0.10						
	0.10 to <0.15						
	0.15 to <0.25	173	—	0.00 %	0.19 %	0.19 %	
	0.25 to <0.50	177	1	0.56 %	0.30 %	0.30 %	0.09 %
	0.50 to <0.75	126	—	0.00 %	0.60 %	0.60 %	0.28 %
	0.75 to <2.50	96	—	0.00 %	1.32 %	1.32 %	0.20 %
	0.75 to <1.75	96	—	0.00 %	1.32 %	1.32 %	0.19 %
	1.75 to <2.5	—	—		0.00 %	0.00 %	0.11 %
	2.50 to <10.00	175	—	0.00 %	3.18 %	3.25 %	2.16 %
	2.5 to <5	175	—	0.00 %	3.18 %	3.25 %	4.64 %
	5 to 10 <	—	—		0.00 %	0.00 %	0.71 %
	10.00 to <100.00	89	2	2.25 %	16.23 %	16.69 %	3.94 %
	10 to <20	79	—	0.00 %	11.91 %	14.81 %	3.76 %
	20 to 30 <	1	1	100.00 %	21.21 %	21.21 %	32.86 %
	30.00 to <100.00	9	1		32.73 %	32.73 %	2.86 %
	100.00 (Default)	23	15		100.00 %		

Mortgages

Exposure categories	PD band	Number of debtors at the end of the previous year	Of which: incurred non-payment during the year	Average observed default rate (%)	Exposure-weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
	0.00 to <0.15	169,491	64	0.04 %	0.06 %	0.06 %	0.04 %
	0.00 to <0.10	120,757	36	0.03 %	0.04 %	0.04 %	0.10 %
	0.10 to <0.15	48,734	28	0.06 %	0.12 %	0.12 %	0.06 %
	0.15 to <0.25	25,614	14	0.05 %	0.20 %	0.20 %	0.11 %
	0.25 to <0.50	18,047	76	0.42 %	0.37 %	0.39 %	0.16 %
	0.50 to <0.75	6,711	13	0.19 %	0.55 %	0.54 %	0.30 %
	0.75 to <2.50	17,726	170	0.96 %	1.39 %	1.37 %	0.49 %
	0.75 to <1.75	12,826	141	1.10 %	1.09 %	1.06 %	0.45 %
	1.75 to <2.5	4,900	29	0.59 %	2.10 %	2.17 %	1.01 %
	2.50 to <10.00	5,958	373	6.26 %	4.71 %	5.52 %	2.23 %
	2.5 to <5	2,272	25	1.10 %	3.36 %	3.44 %	1.24 %
	5 to 10 <	3,686	348	9.44 %	6.73 %	6.80 %	2.68 %
	10.00 to <100.00	3,476	174	5.01 %	17.43 %	17.36 %	8.86 %
	10 to <20	3,067	115	3.75 %	15.66 %	15.88 %	8.64 %
	20 to <30	221	25	11.31 %	20.75 %	20.78 %	8.01 %
	30.00 to <100.00	188	34	18.09 %	36.14 %	37.51 %	9.96 %
	100.00 (Default)	4,447	2,866		100.00 %		

Other retail

Exposure categories	PD band	Number of debtors at the end of the previous year	Of which: incurred non-payment during the year	Average observed default rate (%)	Exposure-weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
	0.00 to <0.15	31,024	—	— %	0.10 %	0.09 %	0.01 %
	0.00 to <0.10	14,467	—	— %	0.06 %	0.06 %	0.01 %
	0.10 to <0.15	16,557	—	— %	0.11 %	0.11 %	— %
	0.15 to <0.25	8,376	21	0.25 %	0.19 %	0.19 %	0.15 %
	0.25 to <0.50	30,504	40	0.13 %	0.32 %	0.31 %	0.39 %
	0.50 to <0.75	6,760	70	1.04 %	0.62 %	0.63 %	0.73 %
	0.75 to <2.50	41,967	142	0.34 %	1.50 %	1.56 %	1.29 %
	0.75 to <1.75	21,461	96	0.45 %	1.21 %	1.09 %	1.22 %
	1.75 to <2.5	20,506	46	0.22 %	2.01 %	2.06 %	1.56 %
	2.50 to <10.00	26,644	411	1.54 %	3.82 %	4.62 %	3.83 %
	2.5 to <5	15,634	372	2.38 %	3.29 %	3.44 %	3.82 %
	5 to 10 <	11,010	39	0.35 %	6.19 %	6.29 %	4.33 %
	10.00 to <100.00	17,923	845	4.71 %	19.08 %	20.98 %	12.66 %
	10 to <20	14,131	508	3.59 %	12.93 %	14.80 %	11.15 %
	20 to 30 <	812	85	10.47 %	20.88 %	21.25 %	13.61 %
	30.00 to <100.00	2,980	252	8.46 %	44.04 %	50.22 %	29.40 %
	100.00 (Default)	15,860	8,199		100.00 %		

4.5.5.Credit risk mitigation techniques

The following table shows the effect of credit risk reduction associated with each exposure category and the impact of credit risk reduction techniques with and without substitution effect as of December 31, 2024.

IRB Approach – Disclosure of the extent of the use of credit risk mitigation techniques (CR7-A)

	A-IRB	Total exposures	Credit risk mitigation techniques											Credit risk mitigation methods in the calculation of the amounts of risk-weighted exposures	
			Hedging of credit risk with collateral or similar instruments									Credit risk hedging with personal guarantees			
			Portion of exposures covered by financial collateral (%)	Share of exposures covered by other eligible collateral (%)	Portion of exposures secured by collateral consisting of immovable property (%)	Portion of exposures covered by receivables (%)	Portion of exposures covered by other physical collateral (%)	Portion of exposures covered by other assets and rights used as collateral	Portion of exposures covered by cash on deposit (%)	Portion of exposures covered by life insurance policies (%)	Portion of exposures covered by instruments held by a third party (%)	Portion of the exposures covered by personal guarantees (%)	Part of exposures covered by credit derivatives (%)	Risk-weighted exposure amount without substitution effects (mitigation effects only) (1)	Risk-weighted exposure amount with substitution effects (mitigation and substitution effects)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks														
2	Institutions														
3	Corporates	361,739	–	–	–	–	–	–	–	–	0 %	–	–	255,627	255,627
3.1	Of which: companies - SMEs	242,821	–	–	–	–	–	–	–	–	0 %	–	–	132,894	132,894
3.2	Of which: companies - specialised lending														
3.3	Of which: companies - others	118,918	–	–	–	–	–	–	–	–	0 %	–	–	122,733	122,733
4	Retail exposures	31,020,486	–	–	–	–	–	–	–	–	0 %	–	–	6,680,453	6,680,453
4.1	Of which: retail exposures – real estate, SMEs	1,578,533	–	–	–	–	–	–	–	–	0 %	–	–	796,865	796,865
4.2	Of which: retail exposures – real estate, non-SMEs	25,754,632	–	–	–	–	–	–	–	–	0 %	–	–	3,860,167	3,860,167
4.3	Of which: eligible revolving retail exposures														
4.4	Of which: retail exposures – other, SMEs	1,902,867	–	–	–	–	–	–	–	–	0 %	–	–	733,506	733,506
4.5	Of which: retail exposures – other, non-SMEs	**1,784,455**	–	–	–	–	–	–	–	–	–	–	–	**1,289,915**	**1,289,915**
5	**Total**	**31,382,225**	–	–	–	–	–	–	–	–	–	–	–	**6,936,080**	**6,936,080**

Figures in thousands of euros

	F-IRB	Total exposures	Credit risk mitigation techniques											Credit risk mitigation methods in the calculation of the amounts of risk-weighted exposures	
			Hedging of credit risk with collateral or similar instruments									Credit risk hedging with personal guarantees			
			Portion of exposures covered by financial collateral (%)	Share of exposures covered by other eligible collateral (%)	Portion of exposures secured by collateral consisting of immovable property (%)	Portion of exposures covered by receivables (%)	Portion of exposures covered by other physical collateral (%)	Portion of exposures covered by other assets and rights used as collateral	Portion of exposures covered by cash on deposit (%)	Portion of exposures covered by life insurance policies (%)	Portion of exposures covered by instruments held by a third party (%)	Portion of the exposures covered by personal guarantees (%)	Part of exposures covered by credit derivatives (%)	Risk-weighted exposure amount without substitution effects (mitigation effects only) (1)	Risk-weighted exposure amount with substitution effects (mitigation and substitution effects)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks														
2	Institutions														
3	Corporates	17,230,699	— %	—	—	—	—	—	—	—	0 %	—	—	11,429,764	11,429,764
3.1	Of which: companies - SMEs	4,165,812	— %	—	—	—	—	—	—	—	0 %	—	—	2,365,893	2,365,893
3.2	Of which: companies - specialised lending	566,597	0 %	—	—	—	—	—	—	—	—	—	—	531,552	531,552
3.3	Of which: companies - others	12,498,289	— %	—	—	—	—	—	—	—	0 %	—	—	8,532,319	8,532,319
4	Retail exposures														
4.1	Of which: retail exposures – real estate, SMEs														
4.2	Of which: retail exposures – real estate, non-SMEs														
4.3	Of which: eligible revolving retail exposures														
4.4	Of which: retail exposures – other, SMEs														
4.5	Of which: retail exposures – other, non-SMEs														
5	**Total**	**17,230,699**	— %	—	—	—	—	—	—	—	—	—	—	**11,429,764**	**11,429,764**

Figures in thousands of euros

4.5.6. Changes in the period in terms of risk-weighted assets in advanced IRB models

The main changes during the final quarter in risk-weighted assets under the advanced IRB approach are as follows.

Statement of flows of risk-weighted amounts of exposures to credit risk subject to the IRB approach (CR8)

		Amount of risk-weighted exposure
		a
1	**Risk-weighted exposure amount at the end of the previous reporting period**	**16,914,520**
2	Size of assets	265,993
3	Asset quality	(33,177)
4	Model updates	200,855
5	Methods and policies	
6	Acquisitions and assignments	
7	Exchange rate fluctuations	
8	Other	
9	**Risk-weighted exposure amount at the end of the reporting period**	**17,348,190**

Figures in thousands of euros

The changes in risk-weighted assets are mainly due to the inclusion of the new definition of default, which leads to changes in the parameters when applying the new EBA parameter guide, and an increase in credit risk exposures included under this heading.

4.5.7. Comparative analysis of estimates made.

The charts in this section compare the regulatory expected loss (EL) calculated using internal models approved by the Supervisor with the effective loss observed from 2006 to 2023. The charts show the following information:

- **Regulatory expected loss.** It is calculated by multiplying the probability of default (average of the regulatory DP weighted by the number of cases in the entire variability range) by the severity (average of the regulatory LGD weighted by the number of cases in the downturn period).
- **Regulatory expected loss with add-on**. Calculated applying a margin of conservatism required by the Supervisor to the regulatory expected loss of certain portfolios.
- **Effective expected loss**. It is calculated as the annual default frequency observed multiplied by the long-term severity, up to each of the years of the period included in the charts. Incomplete recovery processes include an estimate of final LGD.
- **Average effective expected loss:** It is calculated as the average of the effective losses of each year in the period included in the chart.

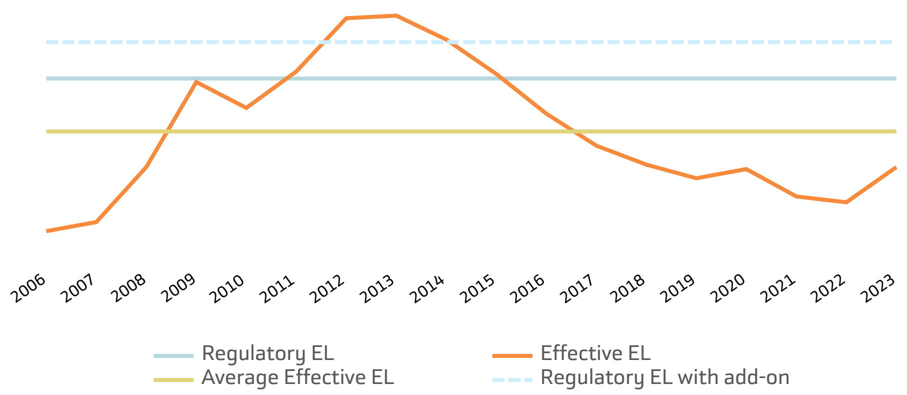
The charts reflect how the economic crisis spurred an increase in effective loss between 2008 and 2013. Effective loss was also considerably lower than regulatory loss during the first years of the period (2006-2007), generally exceeding it during the worst part of the 2008 crisis, which is in line with the regulatory target. In the last years of the period assessed (2018-2023), the trends show a potential to recover to pre-crisis levels, although with a slight increase in 2023.

This comparison was made for the portfolios of mortgages for individuals in both Spain and Portugal, and the portfolios of loans and consumer credit with personal guarantees for individuals, small, medium and very large companies, and companies owned by the public administration in Spain.

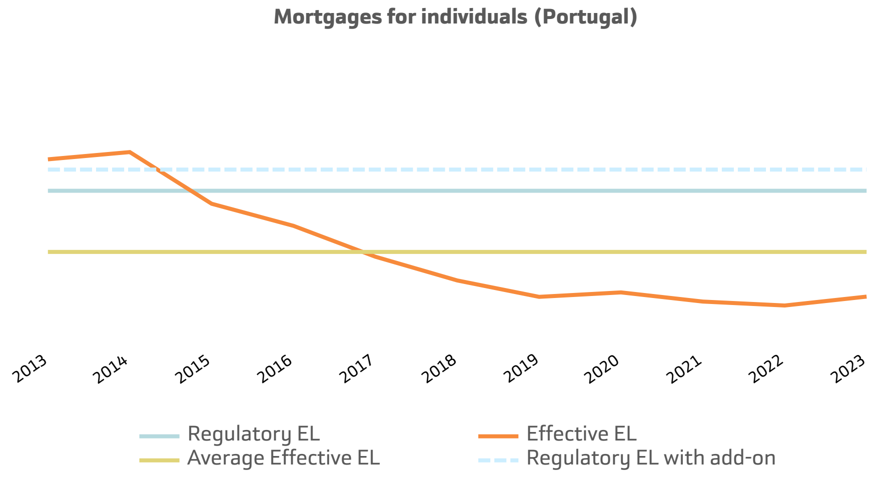
Residential mortgages for individuals

The chart shows that the effective expected loss on residential mortgages in retail portfolios in Spain peaks in 2013. From this point on, the trend is downwards. It can be seen that the effective expected loss is lower than the regulatory loss except in the worst years of the 2008 crisis, However, the regulatory expected loss seems sufficiently conservative compared to the average of the effective expected loss.

Mortgages for individuals

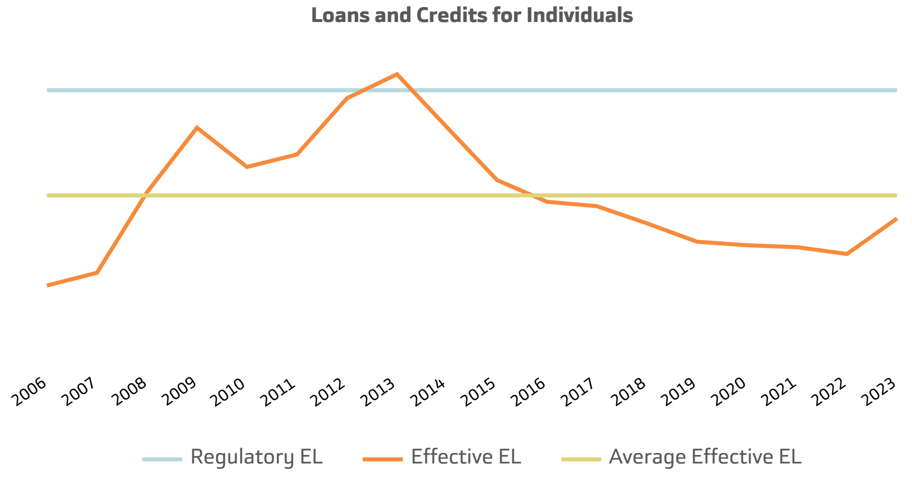


With regard to the mortgage portfolio for individuals in Portugal, we can see in the following chart that effective expected loss peaked in 2014 and has been on a downwards trend ever since. It can be seen that the effective expected loss is lower than the regulatory loss from 2015. As in Spain, the average regulatory expected loss seems sufficiently conservative compared to the average of the effective expected loss.



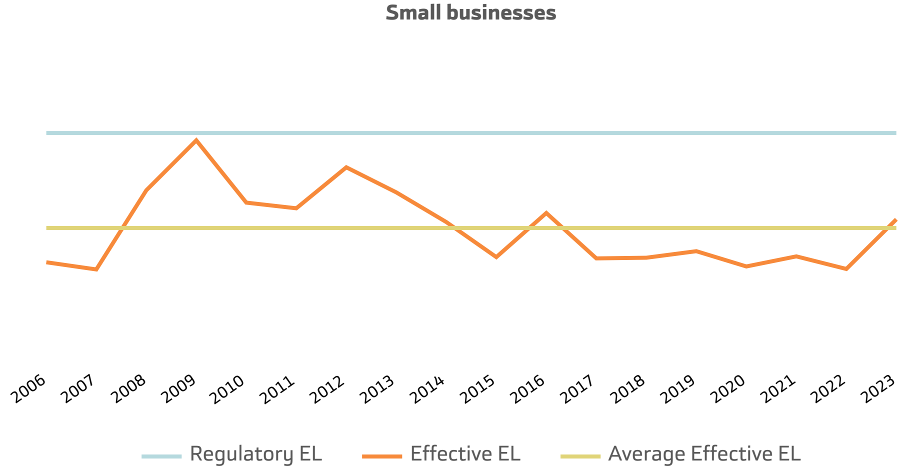
Consumer loans and credit with personal guarantees

The chart shows the growth of the effective expected loss in consumer loans and credits with personal guarantee of individuals during the economic crisis of the years 2008 to 2013. In addition, the beginning of a decrease in the effective expected loss is observed since the year 2014. It can be verified that the effective expected loss is lower than the regulatory one, except in 2013. However, the regulatory expected loss seems sufficiently conservative compared to the average of the effective expected loss.



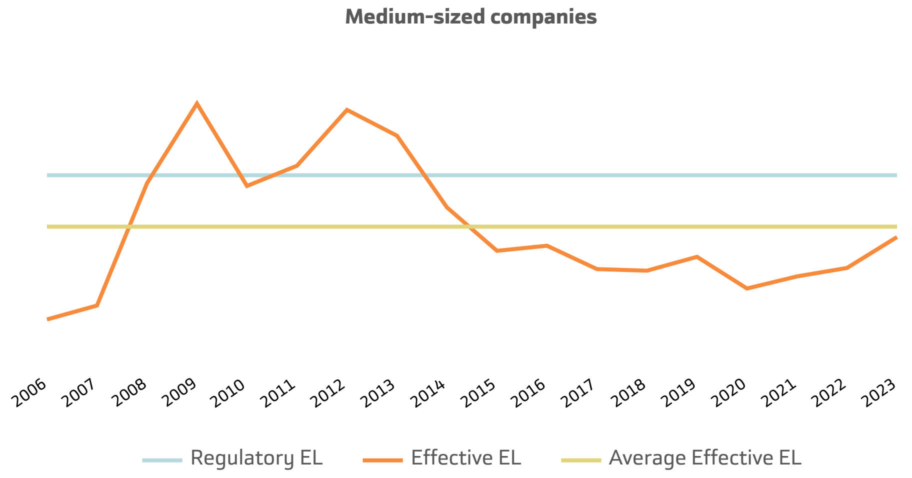
Small businesses

The chart shows that the peak expected effective loss of small corporates was reached in 2009. After 2009, there has been a decline with minor spikes, the most significant in 2012, 2016 and 2023. In the last years of the period, values similar to pre-crisis values were reached, except in 2023, where we can see a slight increase. It can be observed that the effective expected loss is lower than the regulatory loss throughout the period and seems sufficiently conservative compared to the average effective expected loss.



Medium-sized companies

The chart shows that the maximum effective loss in medium-sized companies was also reached in 2009 and then started a downwards trend, although there was an upturn in 2012 and further decreases thereafter. From that moment onwards, there is a noteworthy downwards trend, although the values before the crisis have not been reached yet. In recent years, there has been a slight increase in this figure, with a slight rebound in 2023. It can be seen that the expected effective loss is lower than the regulatory loss, except in 2009, 2011, 2012 and 2013. However, the expected regulatory loss appears sufficiently conservative when compared to the average effective expected loss.



Very large companies and companies owned by the public administration

Finally, the chart shows that the maximum effective loss in very large enterprises and companies owned by the public administration was also reached in 2009 and then started a downwards trend, although, again, a spike was observed in 2012. It can be seen that the effective expected loss is lower than the regulatory loss except in the period 2008-2014.

4.6. Securitisations

4.6.1. General characteristics

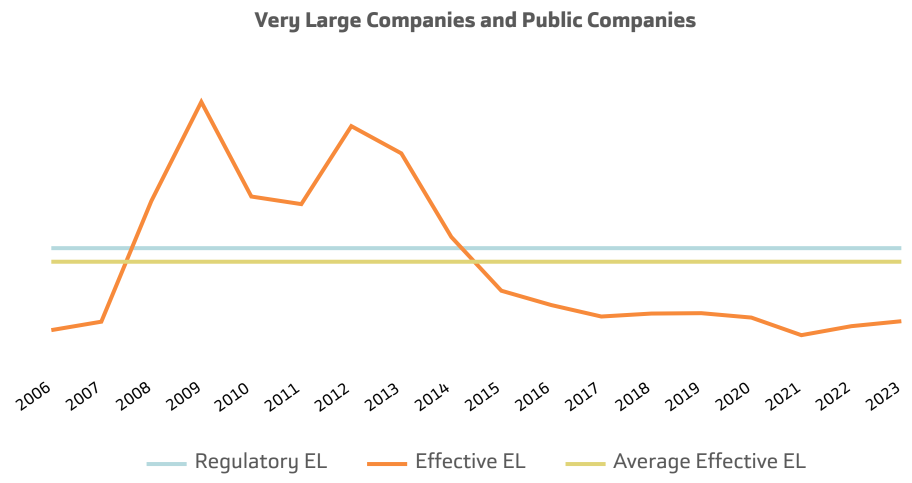
Pursuant to Regulation (EU) 575/2013, amended by Regulation (EU) 2019/876, 'securitisation' is defined as a transaction or scheme whereby the credit risk associated with an exposure or pool of exposures is divided into two or more independently-transferrable tranches, which have both of the following characteristics:

- Payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures.
- The subordination of the tranches determines the distribution of losses during the ongoing life of the transaction or scheme

The assessment of these characteristics to determine whether there is a securitisation transaction will be carried out according to law and on the economic substance of the transaction.

A **synthetic securitisation** is a transaction in which the credit risk is divided into tranches and transferred through the purchase of credit protection on the securitised exposures, either through the use of credit derivatives or guarantees.

Currently, a striking downwards trend is observed, almost reaching pre-crisis values. The regulatory expected loss is slightly higher than the average effective expected loss.



A **traditional securitisation** differs in that it entails the economic transfer of the securitised exposures to a 'securitisation special purpose bank' (SSPE) that issues securities. The securities issued by this bank represent no payment obligations for the originator institution.

According to this definition, at 31 December 2024, the Group has two outstanding traditional securitisation transactions.

Group securitisation activity objectives

During certain years, traditional securitisations played a relevant role in funding liquidity growth and management in the medium/long term. This programme was complemented by the remaining financing and capital instruments, thereby diversifying the reliance on wholesale markets.

The primary objective of securitisation has been to serve as an instrument for effectively managing the balance sheet, as a source of liquidity at a competitive cost and as a regulatory capital management tool, through the transfer of risk.

Functions performed by the Group in securitisation processes and degree of involvement

The Bankinter Group intervenes in securitisation operations as an originator, participating in the initial agreement to create the obligations or potential obligations of the debtor or potential debtor and giving rise to the securitisation of the exposure.

It also participates as a counterparty in payment agent contracts and administrator of the loans, and counterparty in an interest rate swap contract for certain securitisation funds, by virtue of which the fund will make payments to Bankinter calculated on the reference interest rate for participated mortgage loans, and, as counterparty, Bankinter will make payments to the fund calculated on the reference interest rate set for bonds.

Since the start of its securitisation activity, the Bankinter Group has maintained adequate risk management standards in respect of the securitised transactions, applying the same grant, monitoring and recovery criteria for securitised transactions as for non-securitised transactions.

Bankinter did not make any new issues in 2024, nor has it added or substituted underlying positions in its existing issues. Since the start of its securitisation activity, Bankinter has maintained the same risk management standards for its securitised and non-securitised transactions.

Nature of the risks inherent to securitised assets

The securitisation activity carries with it a series of associated risks that have repercussions for originator and investor institutions. The main risks are:

- Credit risk: This is the main risk that is transferred from the issuer to the investors that have acquired securitised assets. This risk occurs when, on the payment date, the borrower does not meet their contractual obligations of making the payment in due time and form. This non-compliance results in the impairment of the underlying asset of the securitisation positions originated.
- Prepayment risk: This risk is associated with an early redemption of the underlying assets, either partial or total. With this repayment, the real maturity of the securitisation positions is reduced, while the contractual maturity of the underlying assets is maintained.
- Basis risk: Basis risk exists where the settlements of interest rates of securitised assets do not match the interest rates of the securitisation positions. To cover this risk, it is common to undertake interest rate swaps, the so-called 'securitisation swap'. To mitigate this risk, all Bankinter's securitisation funds have an associated basis swap.
- Liquidity risk: From the viewpoint of the originator, this risk reduces with the securitisation process, which consists of converting illiquid assets into liquid bonds to be traded on secondary debt markets, which are organised financial markets. Bankinter is hardly affected by this risk, as it does not have securitisations of promissory notes or additional lines of liquidity

Liquidity risk also exists from the viewpoint of the investor, something that does not affect Bankinter, since, as already explained in this chapter, the Group does not carry out any investment activity.

Accounting policy in securitisation activity

The criteria followed by the Bankinter Group in transfers and derecognition of financial instruments, including asset securitisations, are detailed in Note 5k) of the notes to the annual consolidated financial statements and in section 4.1.2. of this report. Accounting information in this respect can also be found in Note 25 of the notes to the annual consolidated financial statements on Transfers of financial assets.

Methods used for calculating credit risk-weighted exposures in securitisation activities

In case of a significant transfer of risk during the securitisation process, as foreseen in articles 2019 and 876 of Regulation (EU) 2013/575, modified by Regulation (EU) 2019/876, the securitisation exposures maintained by the Institution could be treated under the securitisation framework established in capital adequacy regulations. Otherwise, securitisation exposures will be treated as if they had not be securitised.

Regulation (EU) 2017/2401, amending the capital requirements for positions in a securitisation, came into force on 1 January 2020. This new regulation establishes a series of methods for calculating the amounts of risk-weighted exposures in securitisation positions, and establishes a hierarchy to determine the method to be used, according to which:

- **SEC- IRBA approach:** Where the conditions set out in Article 258 are met, an institution will use the SEC-IRBA approach.
- **SEC-SA approach:** Where the SEC-IRBA method may not be used, entities will use the SEC-SA method, in accordance with Articles 261 and 262.
- **SEC-ERBA approach:** Where the SEC-SA approach cannot be used, an institution shall use the SEC-ERBA approach in accordance with Articles 263 and 264 for rated positions or positions in respect of which an inferred rating may be used.

The Bankinter Group follows the SEC-IRBA approach to calculate risk-weighted exposures in securitisations.

Originator institutions may limit the risk-weighted exposure amounts calculated in respect of its positions in a securitisation to that which would produce the underlying exposure amounts which would be produced if the securitised assets had not been securitised.

The Institution closely monitors the credit risk trends of underlying assets in the positions it originates, given that their behaviour can directly influence the risk-weighted assets needed to cover the securitisation positions held on its balance sheet.

4.6.2. Securitisations originated

Rating agencies used

The rating agencies that have been involved in the issues originated by Bankinter are S&P, Moody's and Fitch.

In all securitisation funds, the agencies have evaluated the risk of the entire issue structure:

- Issuing ratings for all bond tranches
- Establishing the volume of credit enhancements
- Establishing the necessary triggers

In all issues, in addition to the initial rating, the agencies regularly monitor the behaviour of the underlying assets and of the fund structure, in order to update the bond ratings to take into account any improvement or deterioration in the level of credit risk.

Securitisation activity in the Group

As of 31 December 2024 the Group has two outstanding traditional securitisation transactions on its balance sheet. Note 25 of the Group's annual financial statements details the transfers of financial assets through securitisations. The Group does not act as sponsor for any securitisation issue.

The following table shows the outstanding balances of assets underlying the securitisation issues originated by the Institution, by asset class.

Securitisation exposures in the banking book (SEC1)

		a	b	c	d	e	f	g
		The bank acts as originator						
		Traditional				Synthetic		Subtotal
		STS		Non STS				
			Of which: significant transfer of risk		Of which: significant transfer of risk		Of which: significant transfer of risk	
2	**Retailers (total)**	–	–	**225,321**	**225,321**	–	–	**225,321**
3	Mortgage on residential real estate	–	–	225,321	225,321	–	–	225,321
4	Credit card	–	–	–	–	–	–	–
5	Other retail exposure	–	–	–	–	–	–	–
6	Resecuritisation	–	–	–		–	–	–
7	**Wholesale (total) - of which**	–	–	–		–	–	–
8	Corporate loans	–	–	–		–	–	–
9	Mortgage on residential real estate	–	–	–		–	–	–
10	Leases and receivables	–	–	–		–	–	–
11	Other wholesale exposures	–	–	–		–	–	–
12	Resecuritisation	–	–	–		–	–	–

Figures in thousands of euros

During 2024 financial year, Bankinter generated no securitisation transactions and, therefore, no profit or loss has been recognised for this activity. The Group also has no assets pending securitization.

At year-end 2024, the securitisation bonds issued by securitisation funds acquired or retained by the Group are included on the liabilities side of the balance sheet, reducing the amount of the corresponding issues, under ""Debt securities issued"", as detailed in note 25 to the Group's financial statements. There were, therefore, no securitisation positions in the "Financial assets held for trading" portfolio at the end of the reporting period.

The tables below provides details of the securitisation positions held on the statement of financial position in which the Institution acts as originator and for which the significant and effective transfer of risk requirement is met, distributed by the weighting assigned based on the credit quality of each position:

Securitisation exposures in the banking book and related regulatory capital requirements when the institution acts as originator or sponsor (SEC3).

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by ranges of risk weights/deductions)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital requirement after the maximum limit			
		Weighting <=20%	Weight >20% and <= 50%	Weight >50% and <= 100%	Weight >100% and <= 1250%	Weight 1250% / deductions	SEC- IRBA	SEC - ERBA	SEC - SA	1250% / Capital deduction	SEC- IRBA	SEC- ERBA (including internal assessment approach)	SEC - SA	Weight 1250% / deductions	SEC- IRBA	SEC- ERBA (including internal assessment approach)	SEC - SA	Weight 1250% / deductions
1	**Total exposures**			**225,321**			**225,321**				**173,945**				**6,805**			
2	**Traditional operations**			**225,321**			**225,321**				**173,945**				**6,805**			
3	Securitisation																	
4	Retail			225,321			225,321				173,945				6,805			
5	Of which STS																	
6	Wholesale																	
7	Of which STS																	
8	Resecuritisation																	
9	**Synthetic operations**																	
10	Securitisation																	
11	Retail underlying																	
12	Wholesale																	
13	Resecuritisation																	

Figures in thousands of euros

At the end of 2024, risk-weighted assets amounted to 85.068 thousands of euros vs 100.450 thousands of euros last year. The variation is mainly due to the amortization of the Bankinter 10 FTA fund and to changes in the IRB mortgage model that is applied to calculate the minimum capital requirements of the securitized positions and that acts as a ceiling.

Below is a table showing a breakdown by type of exposure of the securitised outstanding balance, the volume of transactions impaired and in default, and the losses recognised in the year.

Exposures securitised by the bank- Exposures with default and adjustments for specific credit risk (SEC5)

		a	b	c
		Exposures securitised by the bank- the bank acts as originator or sponsor		
		Total nominal outstanding balance		Total amount of specific credit risk adjustments made during the period
			Of which: exposures with default	
1	**Total exposures**	278,037	7,342	852
2	Retailers (total)	278,037	7,342	852
3	Mortgage on residential real estate	278,037	7,342	852
4	Credit cards			
5	Other retail exposure			
6	Resecuritisation			
7	Wholesalers (total)			
8	Corporate loans			
9	Mortgage on residential real estate			
10	Leases and receivables			
11	Other wholesale exposures			
12	Resecuritisation			

Figures in thousands of euros

4.6.3. Investment securitisations

On 31 December 2024, Bankinter does not act as investor in any securitisation transaction.

4.7 Information on credit risk mitigation techniques

4.7.1. Main characteristics of credit risk mitigation policies

Title II, Chapter 4 of Regulation (EU) 575/2013, modified by Regulation (EU) 2019/876, establishes the admissible credit risk mitigation techniques in reducing the credit risk capital charge and calculating the mitigating effect these techniques have on credit risk exposures.

Prudence is the hallmark of Bankinter Group's lending policy: credit granting criteria are based on the customer's verified solvency and capacity to make repayments, in line with a realistic payment plan and taking only ordinary customer income into consideration. Transaction guarantees are only considered a secondary method of recovery.

With respect to the implementation and management of guarantees covering and mitigating credit risk exposure, Bankinter Group's solid processes ensure that such coverage is effective.

4.7.2. On-balance sheet and off-balance sheet netting

Regarding operations in capital markets, guarantees for instruments in the trading book are included in the clauses of the corresponding financial instruments. In contrast, derivative transactions that Bankinter performs with its counterparties are governed by international framework agreements (ISDA or CMOF), which incorporate netting of off-balance sheet transactions. In addition, Bankinter has entered into credit support annexes (CSA) with the majority of the counterparties with which it operates bilaterally. These agreements entail either the reception of collateral to secure the net balance owed by the counterparty or the contribution of collateral to the counterparty to secure the net balance owed by Bankinter, depending on how the transaction is settled.

These mitigation techniques (netting and CSAs) decrease the total counterparty risk exposure.

4.7.3. Coverage based on collateral

Collateral is considered to be assets that secure an obligation. These assets can be pledged by the customer or by a third party.

In accordance with the Regulation, the following may be considered credit risk mitigation techniques, amongst others:

- Cash on deposit with, or instruments similar to cash held by, the lending institution
- Debt securities issued by central governments or central banks, where the securities have a credit assessment by an ECAI or recognised export credit agency
- Debt securities issued by institutions, where the securities have a credit assessment by an ECAI determined to be associated with credit quality step 3 or above
- Equities or convertible bonds that are included in a main index
- Gold.

Pledged financial assets are associated through an IT system with the risk positions, thus guaranteeing their availability is blocked. The IT system also automatically updates the assessment of these positions at market prices.

Among the types of collateral accepted by Bankinter, primary residence mortgages are particularly important.

The mortgage process is robust and is based on independent expert appraisals. Third-party appraisal companies are selected periodically from amongst those certified by Banco de España. The appraisal process is completely independent of the Commercial network. Under this centralised process, the appraisal companies assigned for each appraisal are selected at random. Accordingly, the transactions of any given branch are guaranteed to have been assessed by different appraisal companies.

In accordance with the risk policy, mortgaged assets must be located in consolidated urban areas where the property market has significant supply and demand so as to allow sales to be processed quickly where necessary. This criteria applies to both homes and to commercial premises and offices used to secure credit risk. Once a transaction is formalised, the mortgage process in place at Bankinter ensures that the collateral is correctly recorded in a public deed and that the deed is entered in the corresponding registry. In addition, processes are in place to periodically update the appraisal values throughout the life cycle of the product, covering the risk of volatility in the real-estate market and allowing for adequate coverage of transactions as from formalisation of the loan until maturity.

In order to reduce credit risk on its transactions, Bankinter Group also uses monetary deposits, fixed income securities and equities traded on official markets and investment funds, with priority given to liquidity of the collateral provided.

Overview of credit risk mitigation techniques: disclosure of information on the use of credit risk reduction techniques (CR3)

		Unguaranteed carrying amount	Guaranteed carrying amount	Of which: secured by collateral	Of which: secured by financial guarantees	Of which: secured by credit derivatives
		a	b	c	e	f
1	Loans and advances	**46,297,217**	**54,137,243**	**43,545,859**	**10,591,384**	
2	Debt securities	14,950,748	—	—	—	
3	Total	61,247,964	54,137,243	43,545,859	10,591,384	
4	Of which: non-performing exposures	**189,916**	**898,558**	**441,212**	**457,346**	
EU-5	Of which: with default					

Figures in thousands of euros

Credit derivatives hedging, carried out mainly through Credit Default Swaps (CDS), is not common in the Group's operations, with no transactions existing as of December 31, 2024.

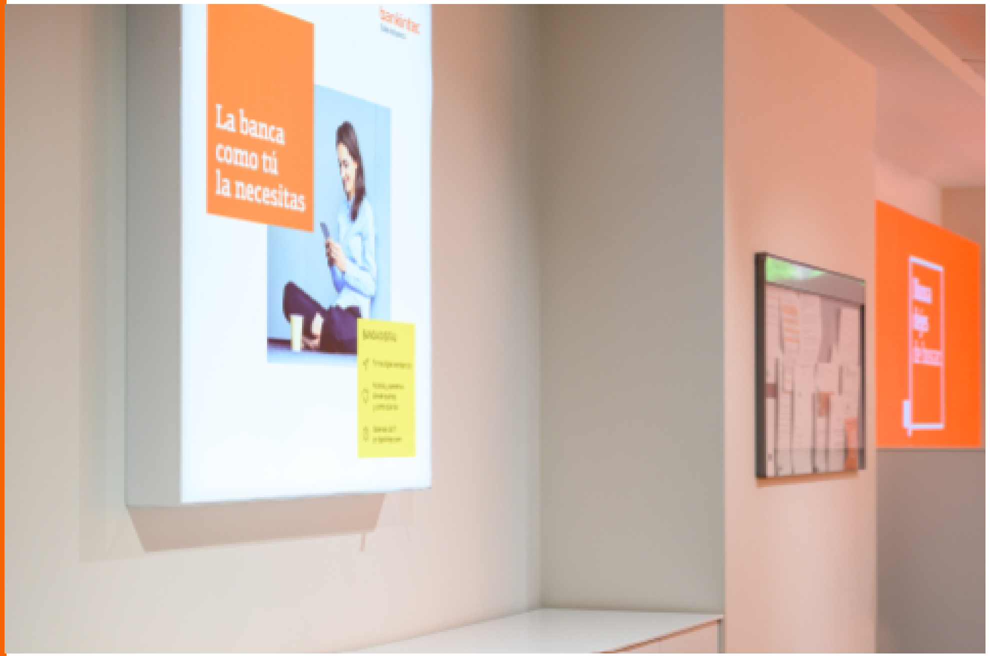
4.7.4. Risk concentration

For management purposes, the Bankinter Group has established risk concentration limits that are significantly more stringent than those required by regulation.

Due to the Bank's risk management policies, and settlement and collateral agreements entered into with virtually all counterparties, there is no relevant concentration of risk.

05

Market risk in the trading book



5. Market risk in the Assets held for trading portfolio

Market risk relates to the possibility of suffering losses due to changes in the value of positions held in the trading book. This risk arises from changes in the following risk factors: interest rate, exchange rate, equities and commodities.

Title IV of Regulation (EU) 575/2013 details the calculation of shareholders' equity requirements for market risk in the trading book.

5.1. Differences in Assets held for trading for the purposes of Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms

In accordance with title I, chapter 3 of Regulation (EU) 575/2013 of the European Parliament and of the Council, the trading book means all positions in financial instruments and commodities held by an institution either with trading intent, or in order to hedge positions held with trading intent.

To that end, the regulatory trading book defined by Bankinter Group contains the positions managed from the Group's trading room, by the Trading Area, to sell them in the short term for a profit.

For accounting purposes, the portfolio of 'Financial assets held for trading' is not limited to the activity of a specific business area, but rather is based on the accounting criteria set forth in current accounting regulations, namely Circular 4/2017, which came into effect on 1 January 2018, and subsequent modifications.

Note 5 g) of the notes to the consolidated financial statements describes which financial assets should be classified in the portfolio of 'Financial assets at fair value through profit or loss held for trading'. As indicated, assets are included when the business model chosen for their management is to make capital gains from their sale or trading.

Within the portfolio of financial assets at fair value through profit or loss held for trading, the trading portfolio must necessarily include all assets that meet the following conditions:

Financial assets

- They are originated or acquired for the purpose of realising them in the short term
- They are part of a portfolio of identified financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking.
- They are derivative instruments that do not meet the definition of financial guarantee contracts and have not been designated as hedging instruments.

The 'Financial liabilities held for trading' portfolio must include all financial liabilities that have any of the following characteristics:

Financial liabilities

- They are issued with an intention to repurchase them in the near term.
- They are short securities positions.
- They are part of a jointly identified and managed portfolio of financial instruments for which there is evidence of a recent pattern of short-term profit taking.
- They are derivative instruments that do not meet the definition of financial guarantee contracts and have not been designated as hedging instruments.

The mere fact that a financial liability is used to finance trading activities does not mean that it will be included under this category.

5.2. Characteristics of the risk management system and models used

Bankinter Group's Board of Directors entrusts the Treasury and Capital Markets division with taking action on behalf of the Bank in financial markets, through the Trading Area. The purpose of the trading business is to optimise the business opportunities that arise, using the most appropriate financial instruments at any given time, including interest rate, exchange rate and equity derivatives.

The financial instruments traded should generally be sufficiently liquid and adequately hedged by financial derivatives. The risk that may arise from managing the institution's own accounts is associated with potential changes in the market value of positions as a result of movements in interest rates, stock market prices, exchange rates, volatility and credit spreads.

The Group uses financial derivatives traded on organised markets or bilaterally with organised off-market counterparties (OTC) both in its own transactions and in transactions with the wholesale and retail customer segments.

The Group takes positions in derivatives in order to formalise hedges, actively manage other financial assets and liabilities or benefit from changes in their prices. Financial derivatives which cannot be classified as hedges are classified as trading derivatives. Further information on hedging derivatives and the effectiveness tests of these instruments can be found in note 5 j) of the Group's consolidated financial statements.

Derivatives with an active market are measured based on the quoted price in that market. If, for exceptional reasons, their quoted price cannot be established on a given date, similar methods to those used to measure financial derivatives not traded in organised markets are used.

Annually, Bankinter Group's Board of Directors approves the internal risk measurement procedures and limits for each product and market in which the Trading Area operates.

The Market Risks Area, which reports to the Risk Division, independently measures, monitors and controls the Institution's market risks and the limits established by the Board. To that end, value at risk (VaR) is calculated using a historical simulation, with a 95% confidence level and a time horizon of one day. This calculation involves an estimate of the potential losses resulting from changes in the value of the Group's positions in financial assets and trading positions, which may occur as a result of changes in factors such as interest rates, exchange rates, credit spreads or stock market prices in the event of the same movements that have occurred in the last 12 months.

This method re-evaluates all trading positions in the different market conditions occurring every day during twelve months before the calculation date. After obtaining the results in economic terms, the scenario corresponding to a 95% confidence interval is taken to establish all the limits.

The VaR limits are approved annually by the Board of Directors. The use of risk limits during the year remained within and did not exceed the maximum VaR approved. The Board of Directors and the assets and liabilities committee are periodically informed about the levels of use of these limits, through specific reports.

The following chart details the VaR, by risk factor, of the trading positions at the close of the 2024 financial year, in millions of euros:

VaR by risk factor	
Interest rate VaR	0.80
Equity VaR	0.67
Exchange rate VaR	0.11
Volatility VaR	0.59
Total VaR	**1.06**

Confidence level 95% and time horizon of one day

When calculating VaR at one day with a confidence level of 95%, the losses incurred in the trading business are expected to remain below VaR in 95% of the days. In order to estimate the losses that could be incurred on the days in which VaR is exceeded, the expected shortfall or conditional VaR is calculated on a daily basis. This VaR provides the estimated average loss in the event any of the scenarios corresponding to the remaining 5% of days were to occur.

The risk measurement models are regularly tested to verify their validity, through backtesting to ensure that they are correctly calibrated. The results of these tests were satisfactory.

5.3. Own funds requirements for market risk

Bankinter uses the standardised approach for calculating shareholders' equity requirements for market risk, as established by Regulation (EU) 575/2013 (CRR), modified by Regulation (EU) 2019/876. In accordance with this Regulation, shareholders' equity requirements for market risk are the combination of shareholders' equity requirements for position risk, for foreign exchange risk and for commodities risk.

In 2024, Bankinter had no exposure to commodities risk and its exposure to foreign exchange risk was also very low. Accordingly, under Title IV, Chapter 3 of the Regulation, no requirements need be considered for these types of risk.

As established in Title IV of the Regulation, shareholders' equity requirements for position risk are the sum of the shareholders' equity requirements for the general and specific risk of its positions in debt and equity instruments in "Assets held for trading". General risk is that which derives from a change in value of the portfolio due to general market movements, while specific risk is that which arises from a change in the value of portfolio instruments due to causes relating to the securities issuer or to the issuer of the underlying asset.

Exposure to this type of risk continues to represent a very small percentage of the Institution's risk taken as a whole. The amounts of risk-weighted assets and own funds requirements for each type of instrument as of December 31, 2024 are as follows:

Market risk under the standardised approach (MR1)

		a
		Amount of risk-weighted exposure
	Outright products	
1	Interest rate risk (general and specific)	367,344
2	Equity risk (general and specific)	6,957
3	Exchange rate risk	–
4	Commodity risk	–
	Options	
5	Simplified approach	–
6	Delta-plus method	576
7	Scenario approach	–
8	Securitisation	–
9	**Total**	**374,877**

Figures in thousands of euros

Capital requirements for market risk have increased compared to the close of the previous financial year, following the performance of the markets and the trading portfolio. There were no changes made to the calculation methodology used during the year.

In accordance with article 351 of Regulation (EU) 575/2013, shareholders' equity requirements for foreign exchange risk can be disregarded if the sum of overall net foreign-exchange position and the net gold position do not exceed 2% of total eligible shareholders' equity. As the Group does not hold any gold positions and the foreign exchange position is very low (below the 2% threshold established in the Regulation), there are no shareholders' equity requirements to be considered in relation to this risk.

06

Operational risk

6. Operational risk

Operational risk is defined as the possibility of incurring financial losses due to failures or unsuitability of processes, people or internal systems, or due to external events.

6.1. Management of operational risk

6.1.1. Risk management strategies and processes

Bankinter's operational risk management model brings together the best sector practices, as shared in the Spanish Operational Risk Consortium (Consorcio Español de Riesgo Operacional, CERO), an experience-exchange group comprising the main banks operating in Spain.

With a view to achieving an efficient system for managing operational risk, Bankinter has established the following basic principles of action:

- Management focussing on preventive mitigation of major operational risks.
- Decentralised management model so that the responsibility for managing risks falls upon a first level at the respective business and support units.
- Regular review of the situations and levels of operational risk management at each unit through analysis.

These principles are set out in Bankinter Group's 'Risk management and control framework', previously approved by the Board of Directors.

6.1.2. Governance structure

Bankinter's operational risk governance structure is based on the following main elements:

Support areas and business units

The area and business unit managers are responsible for managing operational risk in their respective centres. Their duties include the following:

- Managing the unit's operational risks and, specifically, identifying, assessing, controlling and mitigating the risks on which they have the capacity to act
- Recording and managing operational risk events, as well as reporting operational losses
- Studying, defining, prioritising and financing mitigation plans for operational risks
- Maintain and test the business continuity plans for which they are responsible.

Operational Risk Unit (ORU)

The functions of this unit, which is part of the Risk Division, are as follows:

- Promoting the management of operational risks in the areas and units, encouraging risk identification, allocation of responsibility, establishment of controls, generation of indicators, drawing up of mitigation plans and the action to be taken in case of new significant losses or risks
- Facilitating the methodologies, tools and procedures necessary for managing operational risk.
- Ensuring that operational losses are correctly and accurately recorded
- Providing the organisation with a uniform vision of operational risk exposure
- Proposing changes in the operational risk management framework.

Product and operational risk committee

Operational risks are regularly reported and monitored in the product and operational risk committee, where the following functions are carried out:

- Presenting and analysing the information and trend in operational losses.
- Analysing the self-assessment exercises that have been carried out.
- Monitoring operational risk appetite metrics.
- Monitoring shareholders' equity requirements for operational risk.

Control and Compliance division

As a second line of defence, the main objective of the Control and Compliance division is to guarantee the effective control of all types of risks at the company, including operational risk. To that end, the unit ensures that the corresponding management frameworks, policies, procedures and internal and external regulations are properly followed.

Internal Audit

On an annual basis, Internal Audit reviews and assesses the operational risk management framework, its adaptation to current legislation and the effectiveness and impact of its implementation.

Risk and compliance committee

This committee is a delegate committee of the Board of Directors. It is entrusted with approving the operational risk management policies and framework, as well as with establishing, limiting and monitoring Bankinter Group's operational risk appetite at any time.

The risk and compliance committee is responsible for creating the organisational culture and structure needed to promote efficient management of operational risk at Bankinter.

6.1.3. Measurement, control and information systems

Among other elements, operational risk management is based on the following:

- Risks are identified and assessed through the development of risk maps, in which the significance of all risks is estimated, and also an appropriate assessment of their control environments.
- Record of loss events occurring in the Group. The loss database contains quantitative information on economic losses generated as a result of operational risk events occurring in recent years. It classifies and keeps a record of operational losses, generating the historic information necessary to examine trends, evaluate potential correlations with indicators, and validate the effectiveness of the mitigation plans implemented. This database contains all loss events without minimum thresholds.
- Execution of corrective actions, requesting incident analyses and corrective measures from responsible units for all loss events exceeding 6,000 euros.
- Risk tracking through key indicators. These indicators are a series of data on the situation or performance of aspects related to the structure, procedures and activities of the Group from which to draw conclusions with a view to predicting or correcting future situations.
- Generation and dissemination of management information suited to the needs of each governing body that has responsibility for operational risk management.

6.1.4. Policies for covering and reducing operational risk

Bankinter has a corporate insurance programme to deal with its risks, including operational risk. The programme covers various risks, the most notable of which are the following.

- Property damage insurance.
- General liability insurance.
- Third-party liability insurance for directors and executives.
- Cyber risk and data protection liability insurance.
- Comprehensive bank insurance (theft, employee breach of trust, etc.).
- Professional indemnity insurance for various sensitive areas of practice.

This programme is reviewed annually, always taking into account the identification and assessment of operational risks. The decision to hedge depends on a number of factors such as the level of exposure, tolerance and risk appetite at the time.

6.2. Methods for calculating and assessing operational risk

Bankinter Group calculates exposures weighted by operational risk using the standardised approach, in accordance with Chapter 1, Title III of Regulation (EU) 575/2013, as amended by Regulation (EU) 876/2019.

The Group meets all the requirements for applying this approach, as established in the applicable regulations: its operational risk management and evaluation system is integrated in the management of Group activity, and senior management is regularly apprised of operational risk in the Company. Operational risk management is described in the following section.

To estimate shareholders' equity requirements for operational risk, the Group distributes its income based on the business lines foreseen in the Regulation, applying the corresponding weighting. Total requirements are calculated as the average of shareholders' equity requirements for operational risks in the past three years.

Furthermore, on June 16, 2024, Regulation (EU) 2024/1623 of the European Parliament and of the Council of May 31, 2024, was published, amending Regulation (EU) 575/2013 with regard to requirements for operational risk, among others. With regard to the operational risk management framework, it is decided to replace the three existing methods for estimating capital requirements (basic, standard and advanced) with a single non-model-based method, newly designated as the standard method. These changes apply from 1 January 2025 and Bankinter has adapted its operational risk management framework to comply with the new regulatory requirements.

6.3. Risk-weighted exposure and operational risk capital charge

The capital requirements for operational risk and risk exposure at year-end 2024 and the levels of the corresponding indicator for the last three previous years are shown below:

Own funds requirements for operational risk and risk-weighted exposure amounts (OR1)

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Amount of risk-weighted exposure
		2022	2023	2024		
1	Banking activities subject to the basic indicator method					
2	Banking activities subject to the standardised approach or alternative approach	297,401	389,932	402,044	362,342	4,529,276
3	Subject to the standardised approach:	297,401	389,932	402,044		
4	Subject to the alternative approach:					
5	Banking activities subject to advanced calculation methods					

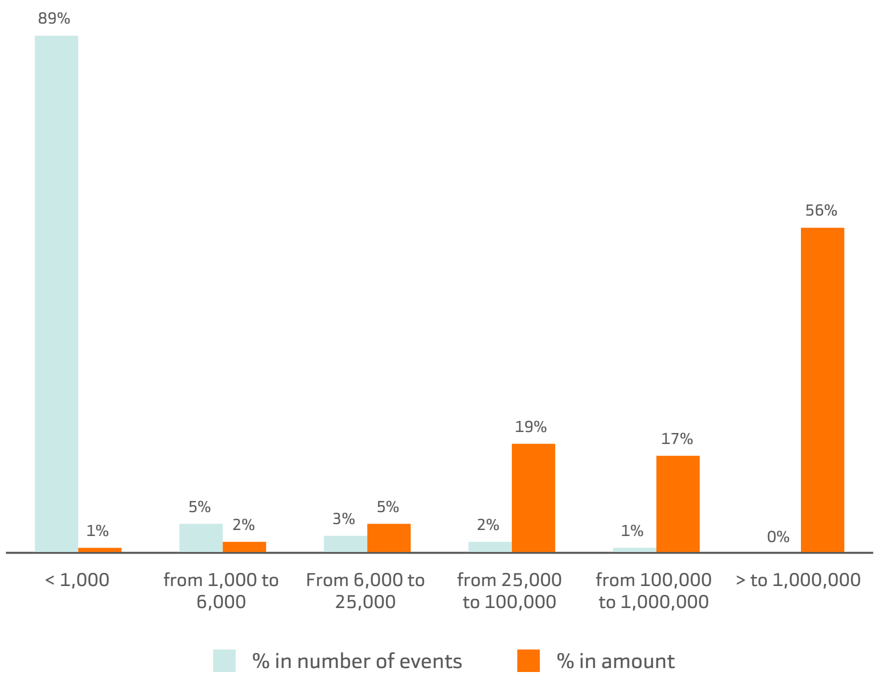
Figures in thousands of euros

The calculation of shareholders' equity requirements is not based on business estimates, but on the bank's own analytical and accounting information.

6.4. Group operational risk profile

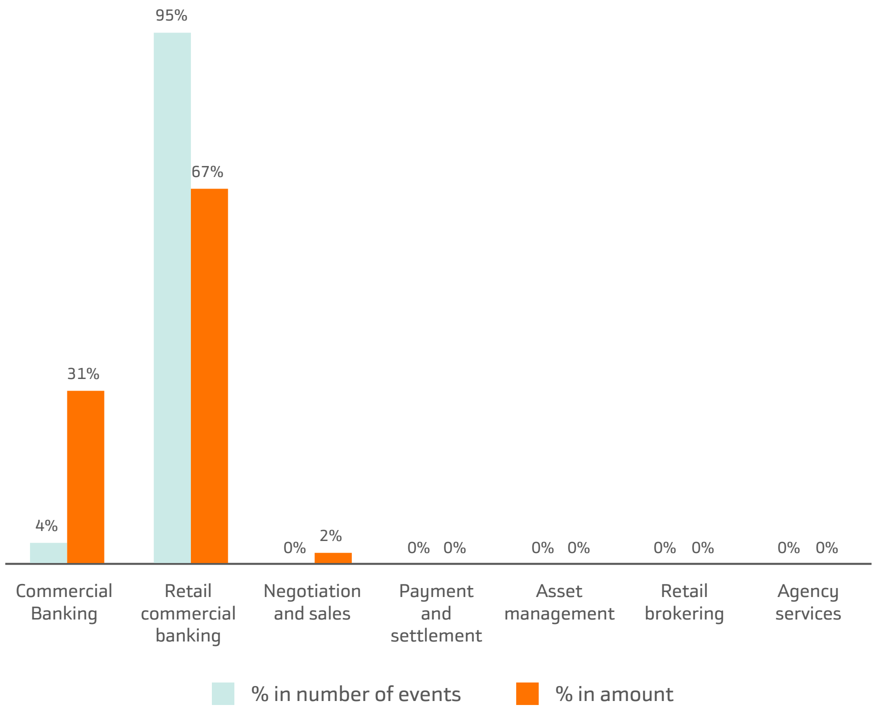
The following charts show the Bankinter Group's Operational Risk profile through the historical distribution of operational losses by different axes of analysis:

Percentage breakdown by amount intervals



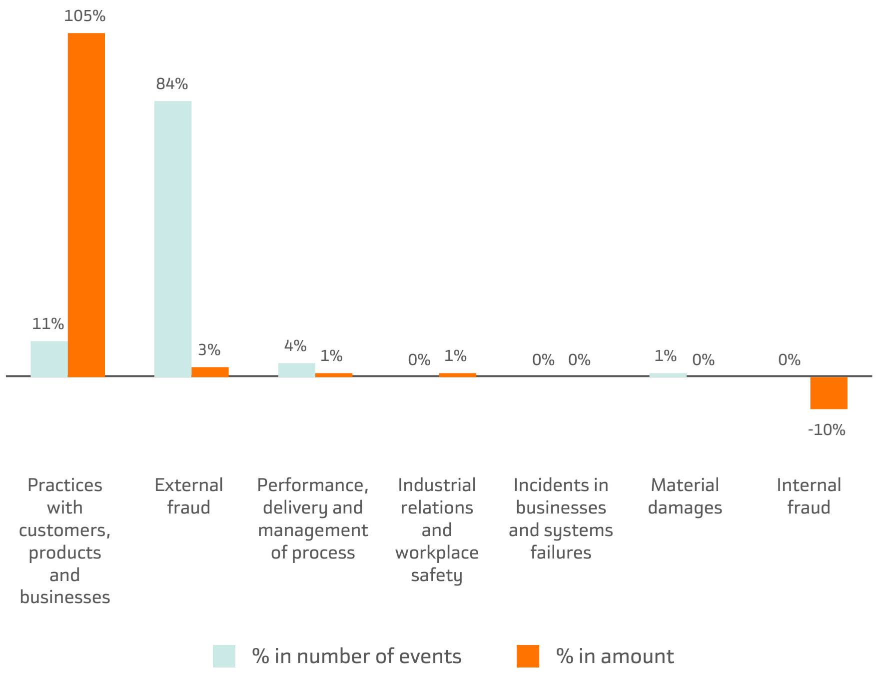
This graph shows that Operational Risk events of lower value (less than six thousand euros) represent 94% of the number of events, however they do not exceed 3% of the losses. Most of the losses (92%) are seen in the highest value events (worth over 25,000 euros), representing 2.6% of the total number of events.

Percentage breakdown by business line

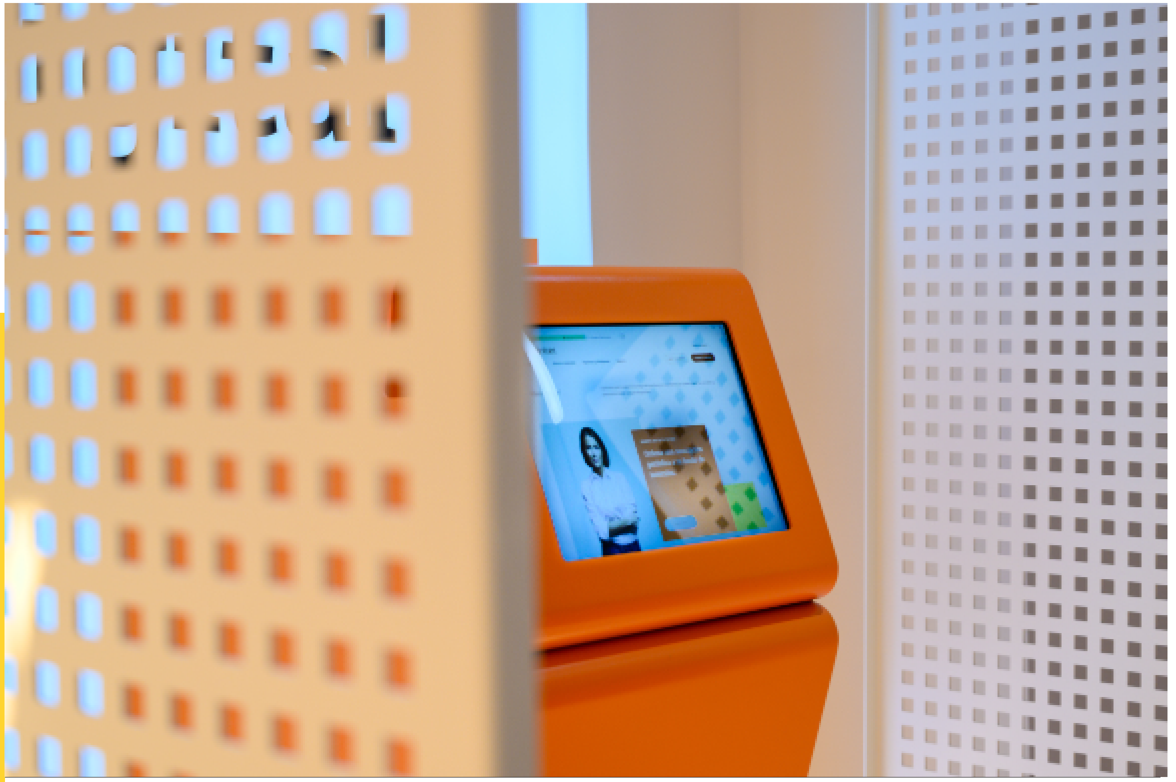


The largest number of loss events and the highest amounts concentrate in "Retail Commercial Banking", in line with the bank's business model.

Percentage breakdown, by Type of Risk



A concentration of losses by number of events is observed in "External fraud" and "Business practises". 'Commercial practices' is also the type of risk where the highest amounts are concentrated.



07

Equity investments and capital instruments not included under 'Assets held for trading'

7. Equity investments and capital instruments not included under 'Assets held for trading'

7.1. Distinction between portfolios held for sale and for strategic purposes

Equity exposures not included in the "Financial assets held for trading" portfolio are included in the "Financial assets not held for trading mandatorily valued at fair value through profit or loss" portfolio, in the "Fair value through other comprehensive income" portfolio and in the "Investments" portfolio. The accounting treatment for these portfolios is disclosed in Note 5 g) of the notes to the annual consolidated financial statements.

7.1.1. Portfolio at fair value through profit or loss

This portfolio corresponds in an accounting sense to the category 'Non-trading financial assets mandatorily at fair value through profit or loss', for which the business model is not trading.

In this case, it includes financial assets not held for trading but that must be valued at fair value through profit or loss as they do not meet the cash flow criterion. This portfolio includes the capital instruments of entities not classified as subsidiaries or associates and not classified as "Financial assets held for trading".

7.1.2. Portfolio at fair value through other comprehensive income

In accounting terms, the portfolio corresponds to the category of Financial Assets at fair value with changes in other comprehensive income. The capital instruments in this portfolio have been permanently assigned so that any changes in their performance can be recognised in other comprehensive income under equity.

Under this designation, the capital instruments will not contribute to profit or loss due to impairment or market fluctuations while they remain in the portfolio but all changes will be recognised in other comprehensive income, including any future disposal of these instruments.

This portfolio may only include capital instruments of entities not classified as subsidiaries or associates and not classified as "Financial assets held for trading".

7.1.3. Portfolios held for strategic purposes

This portfolio is included, for accounting purposes, within the investments portfolio.

A capital instrument is considered a strategic investment when it has been made with the purpose of maintaining an operating or commercial relationship through any of the following situations, but not to exercise significant influence over the investee:

- Representation on the Board of Directors or equivalent body of the investee
- Participation in policy setting processes
- Exchange of senior management
- Existence of significant transactions between investor and investee
- Provision of essential technical information

7.2. Accounting principles and measurement of instruments

Capital instruments assigned to the investment portfolio are accounted for on the balance sheet using the equity method.

Capital instruments included in the portfolio of 'Non-trading financial assets mandatorily at fair value through profit or loss', must be recognised as such both at initial and subsequent measurement.

The portfolio of Financial assets at fair value through other comprehensive income is measured at fair value and all activity is recorded under the heading of other comprehensive income of net equity.

The best evidence of fair value on initial recognition, is the quoted price on an active market. When these prices are not available, the measurement techniques described in current accounting regulations - Banco de España Circular 4/2017, which came into effect on 1 January 2018, and subsequent modifications thereto - are used.

For subsequent measurement, the following methods will be used based on the fair value hierarchy:

- "Level 1" includes information on financial instruments, the fair values of which are obtained from prices quoted on active markets for the same instrument, i.e., without modification or reorganisation.
- 'Level 2' includes data on financial instruments whose fair value is obtained from prices quoted in active markets for similar instruments or other valuation techniques wherein all significant inputs are based on observable market data.
- 'Level 3': includes information on financial instruments the fair values of which are obtained from valuation techniques which have some significant input that is not based on observable market data.

Note 43 to the consolidated financial statements discloses the fair value of these capital instruments and the valuation method based on their fair value hierarchy.

For equities traded on official markets, there is no difference between the carrying amount, the fair value and the quoted value.

7.3. Carrying amount of equity investments and capital instruments

The carrying amounts of the main equity investments and capital instruments not included in the portfolio of financial assets held for trading, according to the group's reserved consolidated financial statements for prudential purposes, are shown below:

Equity investments and capital instruments in associates and Group companies

	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Investments			Total
			Associates	Jointly controlled entities	Subsidiaries	
2023	176,943	161,308	68,360	125,442	0	**532,053**
2024	281,048	205,473	76,207	124,698	0	**687,426**

Figures in thousands of euros

The following chart shows the accounting balances of equity investments and capital instruments not included in the trading book, by type of instrument:

Listed and unlisted capital instruments

	Carrying amount	
	2024	**2023**
Listed instruments	393,328	194,728
Unlisted instruments	294,098	337,324
	687,426	**532,052**

Figures in thousands of euros

The Group recorded earnings of 5.571 thousands of euros in 2024 and 5.467 thousands of euros in 2023 from the portfolio of capital instruments not held for trading and designated at fair value through profit or loss, as detailed in Note 30 of the Consolidated Annual Accounts of the Bankinter Group.

The portfolio at fair value with changes in other comprehensive income does not impact the profit and loss account for holding capital instruments with this designation.

The Bankinter Group has been authorised by the Supervisor to permanently apply the standardised approach to equity-related exposures, except for financial-sector investments in which the bank holds a significant stake (as is the case of the bank's insurance holdings). Deductions must be made in excess of the 10% CET1 threshold and will not give rise to deductions for this item at 31 December 2024.

Risk-weighted capital instruments and equity investments, including the amount of investments in financial institutions below 10% of CET1, stood at €704,195 thousand at the close of the 2024 financial year, compared to €574,166 thousand at the end of 2023.

08

Structural interest rate and foreign exchange risk

8. Structural interest rate and foreign exchange risk

8.1. Interest rate risk of positions not included in the trading portfolio

8.1.1. Scope and governance of structural interest rate risk

Details of the governance and policies for managing this risk are provided in Note 44 to the Group's consolidated annual financial statements.

Structural interest rate risk (IRRBB) reflects the current or potential risk to an institution's profit or economic value arising from adverse interest rate movements affecting interest rate sensitive instruments.

In accordance with current EBA regulations and, in particular, with the "Guidelines on the management of interest rate risk arising from non-trading book activities" (GL-EBA: 2022-14 of 20 October 2022), structural interest rate risk is the current and future risk of a negative impact on the economic value of the bank's economic value or net interest income, considering any variations in market value arising from adverse movements in interest rates that affect interest rate sensitive instruments. This encompasses mismatch risk, basis risk and optionality risk. Thus, structural interest rate risk is confined exclusively to non-trading book activities, excluding the risk arising from positions of a speculative nature in the trading book, provided that this risk is measured and managed by other risk measures.

The Bankinter Group's management of this (structural) interest rate risk, inherent in the fluctuations of interest rates on the financial markets and is caused by the asymmetry of maturities and the time lag in the repricing of the asset and liability transactions corresponding to the Banking Book of financial institutions, is the ultimate responsibility of the **Board of Directors**, which delegates its ordinary management to the **Assets and Liabilities Committee (ALCO)** and its management team. In any event, in accordance with its Regulations, the Board of Directors retains the general supervision of this risk, accepting and exercising directly and without delegation the responsibilities that this function entails. The Board of Directors annually reviews, approves and delegates to the assets and liabilities committee the limits applicable to the management of this risk, together with those of the rest of the structural risks.

The principles, strategies and practices for managing this risk are set out in the **Risk Control and Management Framework**, the **Risk Appetite Framework**, the **Corporate Risk Map** and the **Structural Interest Rate Risk Management Framework**, approved by the Board of Directors, and the documents that develop them.

The bank's main objective in the management of interest rate risk is to harmonise its overarching objective of maximising profitability - through the generation of income mostly from commercial retail banking - with the control of this exposure to market interest rates.

This exposure to interest rate risk is reduced by developing a dynamic and efficient risk mitigation and diversification policy.

The management and control of structural interest rate risk is organised through a clear separation of roles and responsibilities, the ultimate objective of which is to ensure the recurring generation of net interest income and to maximise the economic value of equity. The main areas involved in managing this risk are Balance Sheet Management, Market Risk, Risk Control, Internal Validation and Auditing.

8.1.2. General structural strategies for managing and controlling structural interest rate risk

The existence of adequate internal risk control policies is essential for the optimal management of interest rate risk. They ensure that the company does not take undesirable risks beyond the risk appetite set by the Board of Directors and reflected in the **Group's current Risk Appetite Framework**.

The key policies developed at Bankinter in relation to the risks described above are as follows:

- **Robust organisational and functional structure.** The Bank has an appropriate organisational structure to ensure the soundness of the control and management of structural interest rate risk. This structure is consistent with its size, complexity, risk appetite and business model. Additionally, the responsibilities and duties assigned to each participant in the management of this risk are clearly established and identified.

  In line with best practises in risk management, Bankinter Group guarantees the independence and separation of responsibilities by incorporating the 3 lines of defence model in the management of this risk. Thus, the Group's structural interest rate risk management model (IRRBB) is divided into three lines of defence:

  1. First line: Management is developed in the areas of business and risk support. This line includes the **Balance Sheet Management**, **Balance Sheet Analysis** and **Market Risk** units.
  2. Second line: Consists of the Risk Control and Internal Validation Unit
  3. Third line: Performed by Internal Audit:

- **Appropriate measurement of interest rate risk.** The Group develops various measurement methodologies and applies them to different scenarios of interest rate curve behaviour. Section 8.1.3 of this report provides details on the methods used and the key behavioural assumptions. The various measurement methods and assumptions used are documented, together with details of the key operational and control processes required to develop them.

  In addition, section 8.1.4 of this report identifies the **regulatory** interest rate shock scenarios used.

- **Optimal control of the risk accepted.** The company has a specialised ALM tool for measuring and controlling interest rate risk.

This policy extends to the articulation of the suitable **technical** and **data management** technical architecture that makes it possible to include the bank's entire balance sheet, specifically those positions that are sensitive to interest rate risk, including interest rate derivatives, both implicit and explicit. According to the EBA Guidelines, institutions with a non-performing exposures (NPE) ratio of 2% or higher must also include them, net of provisions, as general instruments sensitive to interest rates.

It also extends to the establishment of suitable interest rate risk control structure that allows the establishment of **interest rate risk mitigation techniques**, such as the arrangement of (accounting and/or economic) hedges through swaps and other interest rate derivatives (for example, futures).

- **Ongoing analysis of current and future interest rate risk**. The Group analyses its current and future exposure to the various interest rate curves and the composition of the balance sheet, and identifies the Group's strengths and weaknesses by analysing the financial information and other qualitative aspects thereof, etc.

  This information is analysed in detail by the assets and liabilities committee (ALCO), which is responsible for setting guidelines for interest rate risk.

- **The competent bodies of the Group are informed of the level of risk incurred.** The level of interest rate risk is regularly reported to the risk committee, the assets and liabilities committee (ALCO), senior management and other areas of the organisation.

This principle also extends to the information needs of other agents: Regulators (ECB and/or Bank of Spain), internal or external auditors and rating agencies, if applicable.

8.1.3. Methods of measurement. Assumptions

The Bankinter Group regularly monitors its interest rate risk and seeks to anticipate problematic situations or identify potential deviations that could result in losses to the Group's estimated net interest income and/or net asset value.

The Group has an integrated process for communicating this risk internally, which allows for regular monitoring of the risk in different governing bodies:

- Reports to the **ALCO** on a monthly basis.
- Reports to the **Risk Committee**, according to its calendar of sessions, where the IRRBB metrics incorporated into the current Risk Appetite Framework (RAF) are reported.
- Reports to the **Board of Directors**. Matters brought to the attention of the risk committee are reported and, if necessary, approval is sought.

Exposure to structural interest rate risk is measured on two levels:

- **Net interest income (NII) sensitivity.**

  Over a given time horizon, which is usually short-term and no longer than 12 months, the Group analyses the expected change in the net interest margin[2] of the baseline scenario in relation to scenarios reflecting shocks in the interest rate curves. This movement in interest rates affects net interest income, both through the repricing of future cash flows and through the different profitability resulting from the reinvestment of past due positions.

  The reduction in the estimated margin or the increase in financing costs may threaten the short-term financial stability of the Group or weaken the confidence of other agents (investors, customers, etc.) in the Group, which is why this is an approach to control short-term interest rate risk.

- **Sensitivity of the economic value of equity (EVE).**

  This ratio is related to the changes in the discounted equity (economic value) of the individual interest-sensitive items in the balance sheet in the event of changes in interest rates.

  This sensitivity is mainly influenced by the new discount factors that apply in each adverse scenario, but also by the determination of the new future cash flows for assets with variable yields. This metric for measuring interest rate risk provides information on the long-term interest rate risk.

- **Earnings Sensitivity**

  Paragraph 14 of the EBA's guidelines on IRRBB (EBA/GL/2022/14) indicates that the net interest income upon which to calculate the impact of interest rate or credit spread movements should be determined by the interest income and expenses. For these purposes, institutions should also consider market value changes of instruments, depending on accounting treatment, either shown in the profit and loss account or directly in equity (e.g., via other comprehensive income). This is what is known as "earnings".

  This metric aims to determine whether the interest risk exposure resulting from activities other than those of the bank's trading portfolio (IRRBB) are at acceptable levels that allow maintaining normal business operation levels and, therefore, avoid potential excess exposure to this risk.

  The Bankinter Group incorporates the measurement of this metric in accordance with the guidelines and monitors it within the Risk Appetite Framework.

[2] Net interest margin (NII): Interest income received - interest expense paid.

In both cases, the calculation of these metrics requires a specific ALM tool that includes all positions on the company's interest rate sensitive balance sheet and allows the projection of their future flows depending on the type of instrument, its contractual characteristics and the different interest rate scenarios. The purpose of these projections is to simulate net interest income (NII) and the economic value of the bank's equity (EVE).

The projection of future flows requires the modelling of certain **behavioural assumptions** for specific balance sheet items, such as the maturity date of demand deposits, the rate of early repayment of mortgage loans and the early repayment of term deposits.

The Group has internal models for demand deposits and mortgage loan prepayment risk based on its historical behaviour. In both models, the Group has internal documentation containing the modelling assumptions applicable to the measurement of IRRBB in terms of economic value (EVE) and results (NII), including changes in the assumptions to be considered in the different interest rate shock scenarios.[3]

These models have been approved by the Extended Models Committee with prior Internal Validation approval and follow EBA recommendations. In particular, the internal demand account model establishes the maximum average maturity limit (5 years) on accounts without maturity, as defined in Art. 111 of "Guidelines on the management of interest rate risk and credit spread risk arising from non-trading book activities" (GL-EBA: 2022-14 to 20 October 2022.

8.1.4. Regulatory scenarios for interest rate shocks

In its RTS SOT 2022-10 guide, the EBA defines six interest rate shock scenarios for each currency considered significant for interest rate risk purposes and the overall parameters of each supervisory scenario:

- *Parallel-Up* movement;
- *Parallel-Down* movement;
- Positivisation or lowering of short-term rates and raising of long-term rates [*Steepener*];
- Flattening or rising short-term rates and falling long-term rates [*Flattener*];
- Short-term rate hike [*Short Rates Up*]; and
- Lowering of short-term rates [*Short Rates Down*].

According to this guide, entities must calculate, at least quarterly, the impact of regulatory disturbances in interest rates on the Economic Value of their Equity (EVE) **.**

The regulations establish a quantitative regulatory threshold for this metric of a 15% limit on the sensitivity of economic value with respect to the bank's tier 1 capital in any of the six scenarios. In this case, the competent authority may, if it deems it appropriate, exercise the supervisory measures in article 104 (1) of Directive 2013/36/EU.

In the case of 12-month net interest income (NII), the prudential requirement only covers the two parallel scenarios (up and down). The new IRRBB regulations include a quantitative threshold of a 5% limit on the sensitivity of net interest income with respect to the bank's tier 1 capital.

The regulations include a new limit (minimum interest rate) for interest rate shocks in lower interest rate scenarios based on the term for each currency. In the case of the euro, the lower limit is -150 basis points, increasing by 3 basis points per year to 0% for maturities of 50 years or longer.

8.1.5. Current exposure to structural interest rate risk: Supervisory approach

The following table shows the sensitivity of the Economic Value of Equity (EVE) and the Net Interest Margin (NII) of the Bankinter Group to the regulatory scenarios identified in section 8.1.4 as of 31 December 2024:

Interest rate risk of positions not held in the trading book (IRRBB1).

		Changes in the economic value of equity (1)		Changes in net interest income (1)	
	Regulatory shock scenarios	4Q24	4Q23	4Q24	4Q23
1	Parallel-up movement	-6.6%	0.7%	-2.0%	-0.7%
2	Parallel-down movement	-1.0%	-9.5%	-2.6%	-0.1%
3	Positivisation	8.2%	9.9%		
4	Flattening	-9.6%	-9.1%		
5	Short rates up	-10.1%	-7.6%		
6	Short rates down	10.5%	7.7%		

Notes:

(1) Changes in the economic value of equity = Δ EVE/TIER1 (%) | Changes in net interest income = Δ NII 12M/TIER1 (%)

The Dec''23 sensitivities were revised by incorporating a new internal behavioural model for current accounts (NMDs) with a better statistical fit by incorporating the recent period of rising interest rates in Euro currency and in accordance with the new regulatory guidelines [EBA 10/2022].

The interest rate risk figures as at end-December 2024 reflect:

- Bankinter's exposure to structural interest rate risk is within the regulatory and internal (risk appetite framework) limits.
- The most unfavourable scenario for the NII metric is the regulatory scenario of a parallel decline in interest rates. Both adverse scenarios have negative sensitivity, although this is very low. This is due to the asymmetry in the application of

[3] Assumptions on the pace of early repayments of mortgage loans and/or the behaviour of demand deposits are subject to interest rate shock scenarios.

assumptions about the behaviour of the balance sheet in response to the changes described in the regulatory scenarios.

- NII's net sensitivity to the rate cut scenario is due to the lower projected interest margin on variable-yield asset positions in this scenario. This negative sensitivity is mitigated by the lower cost of financing in liability positions. However, in the event of an interest-rate cut, the bank does not expect to make any changes to the cost of financing non-interest-bearing accounts, leaving the interest rate at 0%. The net impact of this scenario reflects a drop in net interest income, which is slightly higher than 2.5% of the bank's Tier 1 capital.
- The fall in market interest rates during 2024 has led to the Group's balance sheet being positioned to preserve the generation of financial income in the base scenario. The performance of the regulatory sensitivity of net interest income (NII) in Bankinter Group in 2024 was in line with expectations, at low levels.
- In the case of the Economic Value metric, the short-term interest rate hike scenario becomes the most adverse scenario from the beginning of 2024, mainly as a result of the Bank's positioning in a probable scenario of interest rate declines in the market.
- The greater negative sensitivity in this interest rate hike scenario is due both to the increased exposure and duration on the asset side (particularly in the mortgage portfolio and the ALCO portfolio) and to the gradual reduction in liability duration resulting from its new composition (the migration of low-yielding sight balances to term deposit). Note that, in the case of asset positions, their Economic Value is reduced by discounting their future cash flows at higher discount rates.
- The performance of the regulatory sensitivity of economic value (EVE) in the adverse scenario in 2024 shows stable behaviour due to active risk management of these new exposures, despite being impacted by the shorter maturity of the Group's financial liabilities, due to both its new composition and to the application of regulatory restrictions on the maturity of current accounts.

8.1.6. Internal scenarios for interest rate shocks

Based on the EBA guidelines, various management scenarios have been defined to capture all interest rate risks in Bankinter: repricing, basis and optionality risk. These scenarios were presented and approved by ALCO.

- Parallel-down movement in rates of 25 bp
- Parallel-up movement in rates of 25 bp
- Parallel-down movement in rates of 100 bp
- Parallel-up movement in rates of 100 bp
- Gradual up movement in rates of 100 bp
- Gradual down movement in rates of 100 bp
- Flattening of the slope of 50 bp
- Positivisation of the slope of 50 bp.

Interest rate scenarios presented periodically in ALCO corresponding to parallel and instantaneous changes of 25 basis points up and down have been included.

More stressed scenarios have also been analysed, with parallel and instantaneous 100 basis point movements.

Two scenarios with progressive interest rate changes have been added, which focus on the measurement of repricing risk on net interest income, and two further scenarios with a change in the slope of the yield curve, which mainly affect the sensitivity of economic value.

8.1.7. Current exposure to structural interest rate risk: Internal management approach

At the end of 2024 financial year, the sensitivity results of the net interest income and economic value in the different scenarios would be as follows:

Sensitivity of net interest income		VEC sensitivity	
-25 bp parallel	-0.8%	-25 bp parallel	-0.6%
+25 bp parallel	+0,8%	+25 bp parallel	+0,6%
-100 bp parallel	-3.5%	-100 bp parallel	-2.7%
+100 bp parallel	+2,7%	+100 bp parallel	+2,5%
Gradual fall	-1.5%	Gradual rise 100 bp	+2,3%
Gradual rise	+1,3%	Gradual fall 100 bp	-2.5%
Flattening	-0.3%	Positivisation 50 bp	+1,0%
Positivisation	+0,3%	Flattening 50 bp	-1.5%

8.2. Exchange rate risk

8.2.1. Management of structural foreign currency risk

The structural exchange rate risk on the balance sheet derives from investment positions and funds that are denominated in foreign currency. The aim of managing this risk is to limit the possible negative impact of exchange rate fluctuations on the Bank's margins and equity.

The Balance Sheet Management area, part of the Treasury and Capital Markets area, establishes the management and hedging policies for exchange rate risk. The Group's policy is to hedge all balance sheet positions, so that the number of open positions in each of them is kept to a minimum.

The risk of operating with assets and liabilities in other currencies before hedging would be defined by:

- The percentage depreciation of a currency if a long position (more assets than liabilities in that currency) is taken.
- The percentage appreciation of a currency if a short position (more liabilities than assets) is taken.

The Liquidity desk, within the Balance Sheet Management area, is responsible for exchange rate hedging. It receives information on a daily basis about the position in each of the currencies and the expected movements. The positions are then hedged in light of the resulting balances, either by placing surpluses on the market or taking negative positions. These hedges are carried out either through spot transactions or FX swaps.

Therefore, the structural exchange rate risk is managed on a daily basis, minimising the impact that an adverse movement in exchange rates could have on the Group's results. Additionally, a second level control is carried out by the Financial Control department on the positions in each of the currencies.

The currency positions generated by trading activities are also managed by the Currency Desk, but their measurement is included in the monitoring of the rest of the market risks.

09

Liquidity and funding risk

9. Liquidity and funding risk

9.1. Governance and monitoring of funding and liquidity risk

Information on the governance and management of this risk is provided in Note 44 to the Group's consolidated annual financial statements.

Structural liquidity risk is associated with the financial institution's capacity to handle the payment obligations it takes on and to fund its investment business. The Bankinter Group actively monitors liquidity and its forecasts as well the measures to take either under normal market conditions or in exceptional situations resulting from external causes or market behaviour.

The management of this risk is the responsibility of the ALCO by delegation of the Board of Directors.

The principles, strategies and practices for liquidity management are set out in the 'Liquidity planning framework' that is approved by the Board of Directors.

The primary goal of managing liquidity risk is that Bankinter Group maintains enough funds to cover all its commitments over a long period of time in any market conditions.

Fulfilment of this objective is subject to the following restrictions:

- Maintaining a reduced reliance on wholesale markets to fund operations through balanced growth in loans and retail funds.
- Diversifying wholesale funding sources, both from the point of view of instruments and markets
- Maintaining a customer funding gap with a loan-to-deposit (LtD) ratio below 120%.
- Maintain a presence in wholesale markets, issuing on a regular basis in accordance with market opportunities and needs
- Offering maximum transparency to investors, by regularly providing information about the Bank.
- Having an appropriate wholesale maturity profile, avoiding concentrations.
- Maintaining a sufficient buffer of liquid assets to cope with potential closure of wholesale markets and other stress test scenarios

The metrics defined to assess liquidity risk are described and structured in the Risk Appetite Framework at two levels, depending on whether they are metrics related to the main risks of the business or those that directly impact profitability, capital and liquidity. In this case, they would fall into Level 1, while Level 2 applies to those that extend Level 1 information or do not directly impact the company's risks:

Level 1

a) Liquidity coverage ratio (LCR)

Stock of high-quality liquid assets that covers net cash outflows over a 30-day period

b) Loan-to-deposit ratio

Ratio of net lending to stable customer deposits, ensuring that there are suitable levels of self-funding of loans in the balance sheet at all times

c) Total liquidity buffer (first + second liquidity line)

Amount of assets that can be easily liquidated in order to cover any liquidity needs, including the issuing capacity of covered bonds.

Level 2

a) ECB financing

The total amount of financing through the European Central Bank (ECB) net of balances deposited in accounts at the ECB.

b) Short-term wholesale funding ratio

Short-term wholesale funding as a percentage of total wholesale funding

c) Wholesale funding with maturity of less than 12 months as a percentage of liquid assets

Wholesale funding with maturity of 12 months as a percentage of the Institution's liquid assets

d) NSFR

Ratio of available stable funding over required stable funding

e) Deposit concentration

Coefficient between the top 10 depositors and total customer deposits. This measures the liquidity risk derived from concentrating liability balances.

f) Funding costs

It is measured as the weekly change in the secondary market spread of the Institution's issues compared to the rest of the sector. If it is trading with a large spread compared to the sector as a whole, the Bank could face problems in obtaining funding from the wholesale markets or may have to pay a higher rate of interest to do so.

Bankinter Group has several tools for analysing and monitoring the short- and long-term liquidity situation. These include both static and dynamic tools. In addition, backtesting is also conducted on the projections made.

In addition to the above, the Market Risks area controls liquidity risk by verifying compliance with the limits set by the Board of Directors and delegated to the persons responsible for their management and the ALCO.

An Internal Liquidity Adequacy Assessment Process (ILAAP) is conducted annually to review liquidity measurement and management strategies and procedures. The document provides an overview of the Group's liquidity and funding situation and uses metrics and parameters to describe the management of this risk. In this way, management and the Board of Directors assess Bankinter's liquidity risk.

The latest ILAAP study (for 2024) found that liquidity risk management is adequate, that Bankinter's liquidity risk profile is low and that all levels of the Bank adhere to strict monitoring and control of this risk. The Liquidity Adequacy Statement analyses:

- Strategy and management of liquidity risk
- The performance of the main liquidity indicators
- Compliance with regulatory and internal limits
- The existence of a robust liquidity contingency plan that includes the areas and committees responsible for overseeing the contingency plan, early warning mechanisms to detect significant changes in the bank's liquidity, and a wide range of liquidity-generating measures, the quantification of which is regularly reviewed.
- Approving the use of assumptions to highlight the Bank's liquidity position, which are presented monthly in ALCO and reflect a very strong liquidity position.

9.2. Liquidity and funding prospects

During 2024, Bankinter has maintained a very strong liquidity position, with customer funds accounting for 105.6% of the Group's customer credit. The liquidity needs generated by the growth in credit investment have been fully covered by retail funds, with growth in both indicators exceeding 3.500 million euros.

Regarding wholesale funding, 500 million euros of a senior preferred issue matured in March and, in the same month, the last live auction of the TLTRO III programme was redeemed for an amount of 1.294 million. To cover these maturities and meet MREL requirements, Bankinter has gone to the institutional market on two occasions, issuing preferred senior debt for a nominal value of 750 million and subordinated debt for a nominal value of 200 million, with excellent acceptance by wholesale investors.

Wholesale funding maturities are distributed over time so as to minimise refinancing difficulties.

Regarding the liquidity buffer, it continues to increase, allowing LCR levels to be maintained well above both internal and regulatory limits, reaching 199.6% at the end of the year.

The net stable funding ratio (NSFR), given the balanced and stable composition of the financing provided by the Bankinter Group to cover its needs, stands at 142.72% as of December 31, 2024, compared to 141.03% at the end of the previous year.

For 2025, Bankinter expects to continue its balanced growth in lending and in deposits, thus reducing dependence on wholesale markets.

Issues in wholesale markets will be used to meet the maturities of wholesale funding and capital requirements.

9.3. Liquidity coverage ratio (LCR)

Table LIQ1 below presents the components of the LCR ratio in monthly average data at the end of each quarter of 2024. The values and figures have been calculated as simple averages of month-end observations during the twelve months preceding the end of each quarter, according to the instructions in Regulation (EU) 2021/637.

Liquidity coverage ratio, LCR (LIQ1)

		a	b	c	d	e	f	g	h
	Consolidated scope	**Total unweighted value (average)**				**Total weighted value (average)**			
EU 1a	Quarter ending	31/12/2024	30/9/2024	30/6/2024	31/3/2024	31/12/2024	30/9/2024	30/6/2024	31/3/2024
EU 1b	Number of figures used in calculating the average	12	12	12	12	12	12	12	12
	HIGH QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					17,664	18,195	18,707	19,904
	CASH OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	49,502	48,927	48,453	47,940	2,616	2,581	2,585	2,604
3	Stable deposits	25,382	25,019	25,472	26,156	1,269	1,251	1,274	1,308
4	Less stable deposits	12,701	12,496	12,279	12,257	1,346	1,330	1,311	1,296
5	Unsecured wholesale funding	25,330	24,803	24,726	24,393	9,514	9,380	9,634	9,493
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	14,303	13,036	11,634	11,024	3,391	3,081	2,738	2,590
7	Non-operational deposits (all counterparties)	10,796	11,567	12,925	13,238	5,892	6,099	6,728	6,772
8	Unsecured debt	232	200	168	131	232	200	168	131
9	Secured wholesale funding					633	577	467	336
10	Additional requirements	13,251	13,127	13,352	13,594	1,237	1,231	1,238	1,254
11	Outflows related to derivative exposures and other collateral requirements	264	263	257	253	264	263	257	253
12	Outflows related to loss of funding on debt products	0	0	0	6	0	0	0	6
13	Credit and liquidity facilities	12,987	12,865	13,094	13,335	973	968	981	995
14	Other contractual funding obligations	190	174	176	289	114	99	103	218
15	Other contingent funding obligations	5,820	5,593	5,290	4,991	815	824	836	820
16	**TOTAL CASH OUTFLOWS**					14,929	14,693	14,864	14,725
	CASH INFLOWS								
17	Secured lending (e.g. reverse repos)	6,406	6,427	5,677	4,672	—	—	16	22
18	Inflows from fully performing exposures	6,451	6,267	6,226	6,084	4,869	4,686	4,697	4,591
19	Other cash inflows	376	401	443	506	653	669	646	641
EU 19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					—	—	—	—
EU 19b	(Excess inflows from a related specialised credit institution)					—	—	—	—
20	**TOTAL CASH INFLOWS**	13,233	13,095	12,346	11,262	5,523	5,355	5,358	5,254
EU 20a	Fully exempt inflows	—	—	—	—	—	—	—	—
EU 20b	Inflows subject to 90% cap	—	—	—	—	—	—	—	—
EU 20c	Inflows subject to 75% cap	13,233	13,095	12,346	11,262	5,523	5,355	5,358	5,254
EU 21	**LIQUIDITY BUFFER**					17,664	18,195	18,707	19,904
22	**TOTAL NET CASH OUTFLOWS**					9,406	9,338	9,505	9,471
23	**LIQUIDITY COVERAGE RATIO (%) (1)**					188.38 %	195.63 %	197.53 %	212.46 %

Figures in millions of euros

(*) Average of the consolidated LCR ratios

Qualitative information on the liquidity coverage ratio (LIQB)

Main drivers of LCR performance and change over time of the contribution to the liquidity coverage ratio calculation.

The metrics that influence the LCR are liquid assets (HQLA) and net liquidity outflows after 30 days, in accordance with the regulations for this ratio.

Change in liquidity coverage ratio over time

At year-end 2024, as throughout the year, the liquidity coverage ratio remained comfortably above regulatory limits and the Group's internal control limits, standing at 188.38% on average over the past 12 months

Concentration of liquidity sources and funding

Of particular importance within the various sources of funding is that originating from retail deposits, which is characterised by its stability. Wholesale funding is in second place.

Composition of the liquidity buffer of the bank

The liquidity buffer consists largely of Level 1 assets, mainly reserves at central banks that can be withdrawn. Second, there are the assets of public administrations. Third, we have mortgage bonds with a very high degree of liquidity. In addition to regulatory liquid assets, Bankinter has a significant amount of unencumbered liquid funds available for immediate use as collateral to obtain additional financing.

There are no other relevant LCR calculation elements that are not included in the LCR disclosure template.

Derivative exposures and possible collateral calls

Derivative transactions are carried out under credit support annexes (CSAs) that Bankinter has entered into with the various counterparties it operates with, illustrating that hedging derivatives exposure is normal practice for the Bank.

Currency mismatches in the LCR

Bankinter only produces a liquidity coverage ratio (LCR) in euros at consolidated level, as this is its only significant currency.

Other elements involved in calculating the liquidity ratio

No other significant elements are involved in calculating the liquidity ratio other than those in the previous points of this template.

9.4. Net stable funding ratio (NSFR)

Net stable funding ratio, NSFR (LIQ2)

		Value not weighted by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	One year or more	
	Available stable funding items (ASF)					
1	**Capital items and instruments**	**5,928**	**0**	**0**	**982**	**6,910**
2	Shareholders' equity	5,928	0	0	982	6,910
3	Other capital instruments		0	0	0	0
4	**Retail deposits**		**47,750**	**3,306**	**314**	**47,873**
5	Stable deposits		30,374	1,785	216	30,767
6	Less stable deposits		17,377	1,521	98	17,106
7	**Wholesale funding:**		**50,201**	**2,274**	**5,296**	**22,269**
8	Operating deposits		15,717	0	0	7,859
9	Other wholesale funding		34,484	2,274	5,296	14,410
10	**Interdependent liabilities**		**0**	**0**	**0**	**0**
11	**Other liabilities:**	**62**	**3,214**	**41**	**854**	**874**
12	Liabilities arising from the net stable funding ratio	62				
13	All other liabilities and capital instruments not included in the previous categories		3,214	41	854	874
14	**Total stable funding available**					**77,926**
	Required stable funding (RSF) items					
15	**Total high-quality liquid assets (HQLA)**					**501**
EU 15a	**Encumbered assets with a residual maturity of one year or more in a coverage pool**		**0**	**0**	**1,895**	**1,611**
16	**Deposits held in other financial entities for operating purposes**		**0**	**0**	**0**	**0**
17	**Performing loans and securities:**		**27,938**	**7,124**	**52,358**	**48,539**
18	Non-performing securities financing transactions with financial customers collateralised by Tier 1 HQLA are subject to a valuation haircut of 0%		5,159	0	0	0
19	Non-performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions		5,598	1,304	620	1,822
20	Performing loans to non-financial corporate customers, loans to retail and small business customers, and loans to sovereign issuers and public sector entities, of which:		11,886	4,967	14,840	43,573
21	With a risk weight of 35% or less under the BCBS II standardised approach for credit risk		805	291	5,515	23,985
22	Mortgages on residential real estate, of which:		287	352	34,509	0
23	With a risk weight of 35% or less under the BCBS II standardised approach for credit risk		261	337	30,083	0
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equity and on-balance sheet trade finance products		5,008	500	2,389	3,143
25	**Interdependent assets**		**0**	**0**	**0**	**0**
26	**Other assets**		**4,018**	**404**	**2,650**	**3,243**
27	Physically traded commodities				0	0
28	Assets posted as initial margin for derivatives contracts and contributions to CCP default funds		170	0	0	144
29	Assets arising from the net stable funding ratio		0			0
30	Liabilities resulting from the net stable funding ratio before deduction of the contributed variation margin		1,599			80
31	All other assets not included in the above categories		2,249	404	2,650	3,018
32	**Off-balance sheet items**		**318**	**84**	**13,443**	**708**
33	**Total stable funding required**					**54,601**
34	**Net stable funding ratio (%)**					**142.72 %**

Figures in millions of euros

10

Leverage

10. Leverage

10.1. Definition and composition of the leverage ratio

The leverage ratio is a supplementary measure to the remaining capital indicators, intended to encourage institutions to maintain prudent financing structures, restricting excessive leverage and avoiding destabilisation of the economy and of the banking system.

As defined in Regulation (EU) 575/2013, this ratio is tier 1 capital as a percentage of total exposure. The elements used to build the ratio are as follows:

- **Tier 1 capital:** calculated according to the capital adequacy regulations. It includes capital, reserves, retained earnings and capital gains on other available-for-sale assets, as well as additional tier 1 capital instruments adjusted for tier 1 deductions.
- **Exposure:** as defined in article 429 of the Regulation, this is the sum of balance sheet assets, off-balance sheet items, derivative and securities financing exposures, and Tier I deductions.
  a) Balance sheet assets: includes the carrying amount of financial assets, but does not include derivatives or securities financing transactions (which are considered in the following sections).
  b) Exposures in derivatives: includes the replacement cost following application of netting agreements and collateral received and the potential future risk (add-on) taking into account contractual netting agreements.
  c) Exposures in securities financing transactions: includes the exposure measure plus an add-on for counterparty credit risk.
  d) Off-balance sheet items: relates to contingent risks and commitments, applying a floor of 10% to the conversion factors, in line with article 429 septies of the Regulation.
  e) Conventional purchases or sales outstanding, calculated as referred to in Article 429g of the Regulation.

Exposures excluded from the total exposure measure:

- Tier 1 deductions: amounts deducted from the tier 1 capital measure to ensure consistency between the capital measure and exposure, therefore reducing leverage ratio exposure. These deductions are shown in Point 2 of this report.
- The other exposures that are described in article 429 bis of the CRR2.

At the close of the 2024 financial year, the Bankinter Group's leverage ratio stood at 5.03%, compared to 4.86% in the previous year. The 2024 and 2023 ratios are well above the regulatory minimum requirement of 3%.

Bankinter Group leverage ratio at the end of December 2023 and 2024: 2023 2024

	2024	2023
Tier 1	5,927,633	5,449,116
Exposure	117,919,464	112,070,874
Leverage ratio	**5.03 %**	**4.86 %**

Figures in thousands of euros

A reconciliation between the Group's financial statements and the exposure used in calculating the 2024 leverage ratio is as follows:

Summary of the reconciliation of accounting assets and exposures corresponding to the leverage ratio (LR1).

		a
		4Q24
1	Total assets according to published financial statements	122,010,796
2	Adjustment for entities consolidated for accounting purposes, but which fall outside the scope of regulatory consolidation	–
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transfer)	(278,037)
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	–
5	(Adjustment for fiduciary assets recognised on the balance sheet under the applicable accounting framework but excluded from the total exposure measure under CRR Article 429a(1)(i))	–
6	Adjustment for regular way purchases and sales of financial assets subject to accounting on the trade date	–
7	Adjustment for eligible cash pooling transactions	–
8	Adjustment for derivative financial instruments	(1,406,056)
9	Adjustment for securities financing transactions	(3,657,486)
10	Adjustment for off-balance-sheet items (i.e., conversions of off-balance-sheet exposures to credit equivalents	6,400,292
11	(Prudent valuation adjustments and specific and general provisions that have reduced Tier 1 capital)	–
EU 11a	(Adjustment for exposures excluded from the total exposure measure in accordance with Article 429a(1)(c) CRR)	–
EU 11b	(Adjustment for exposures excluded from the total exposure measure in accordance with Article 429a(1)(j) of the CRR)	–
12	Other adjustments	(5,143,396)
13	**Total leverage ratio exposure measure**	**117,926,113**

Figures in thousands of euros

The following table provides a breakdown of the items used to calculate the leverage ratio at 31 December 2024:

Leverage ratio common disclosure table (LR2)

		CRR leverage ratio exposures	
		a	b
	On balance sheet exposures (excluding derivatives and SFTs)	**4Q 2024**	**2Q 2024**
1	On balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including security interests	110,518,486	102,618,090
2	Gross-up for derivative collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	—	—
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(902,148)	(602,828)
4	(Adjustment for securities received in securities financing transactions recognised as assets)	—	—
5	(Adjustments for general credit risk of on-balance sheet items)	—	—
6	(Amounts of assets deducted to determine tier 1 capital)	(480,746)	(473,550)
7	Total on balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	**109,135,592**	**101,541,712**
	Exposures in derivatives		
8	Replacement cost associated with all derivative transactions under the standardised approach to counterparty risk (i.e. net of eligible cash variation margin)	23,685	59,516
EU-8a	Exception applicable to derivatives: contribution to replacement costs under the simplified standardised approach	—	—
9	Amounts of additions for potential future exposure associated with derivative transactions under the standardised approach for counterparty credit risk	270,321	265,396
EU-9a	Exception for derivatives: Potential contribution to future exposure under the simplified standardised approach	—	—
EU-9b	Exposure determined under original exposure approach	—	—
10	(CCP component excluding client-cleared trading exposures) (standardised approach for counterparty credit risk)		
EU-10a	(CCP-exempt portion of trade exposures netted by the client) (simplified standardised approach)		
EU-10b	(CCP-exempt portion of trade exposures netted by the client) (original exposure method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and additional deductions for credit derivatives entered into)		
13	Total derivatives exposures	**294,006**	**324,912**
	SFT exposures		
14	Gross assets of securities financing transactions (without recognition of netting), after adjustments for sale accounting transactions	5,753,710	9,710,430
15	(Net amounts of cash payable and cash receivable in gross assets of securities financing transactions)	(3,657,486)	(5,001,115)
16	Counterparty credit risk exposure on securities financing transaction assets	—	—
EU-16a	Exemption for securities financing transactions: Counterparty risk exposure under Article 429e(5) and Article 222 of the CRR	—	—
17	Agent transaction exposures	—	—
EU-17a	(CCP component excluding exposures from securities financing transactions netted by the client)	—	—
18	Total SFT exposures	**2,096,224**	**4,709,314**
	Off balance-sheet exposures		
19	Off-balance sheet exposures at gross notional amount	26,799,857	25,210,827

20	(Adjustments for conversion to credit equivalent amounts)	(20,399,565)	(18,986,342)
21	(General provisions deducted for the determination of Tier 1 capital and specific provisions associated with off-balance sheet exposures)	—	—
22	Off balance sheet exposures	**6,400,292**	**6,224,485**
	Exposures exempted		
EU-22a	(Exposures excluded from the total leverage ratio exposure measure in accordance with Article 429a(1) of the CRR)	—	—
EU-22b	(Exposures exempted under Article 429a(1)(j) CRR (on- and off-balance sheet))	—	—
EU-22c	(-) Exposures excluding public development banks - Public Sector Investments	—	—
EU-22d	(Excluded promotional loans from public development banks: - Promotional loans granted by a public development credit institution- Promotional loans granted by an bank set up directly by the central government, regional governments or local authorities of a Member State- Promotional loans granted by an institution set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	—	—
EU-22e	(Excluding exposures of promotional loans transferred by non-public development banks or units) - Promotional loans granted by a public development credit institution- Promotional loans granted by an bank set up directly by the central government, regional governments or local authorities of a Member State- Promotional loans granted by an institution set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	—	—
EU-22f	(Excluding the secured portions of export credit risks)	—	—
EU-22g	(Excluding excess collateral lodged with tripartite agents)	—	—
EU-22h	(Excluding CSD-related services of institutions in accordance with point (o) of Article 429a(1) of CRR)	—	—
EU-22i	(CSD-related services excluded from entities designated in accordance with Article 429a(1) of the CRR)	—	—
EU-22j	(Reduction in the exposure value of pre-financing or mezzanine loans)	—	—
EU-22k	(Total exposures excluded)	—	—
	Capital and total exposure measurement		
23	Tier 1 capital	**5,927,633**	**5,692,985**
24	Measurement of total exposure for leverage ratio	**117,926,113**	**112,800,423**
	Leverage ratio		
25	Leverage ratio (%)	5.03 %	5.05 %
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.03 %	5.05 %
25a	Leverage ratio (excluding the impact of any applicable temporary exemption from central bank reserves) (%)	5.03 %	5.05 %
26	Regulatory minimum leverage ratio requirement (%)	3 %	3 %
EU-26a	Additional shareholders' equity requirements to address the excessive leverage ratio (%)	0 %	0 %
EU-26b	of which: consisting of Common equity tier 1	0 %	0 %
27	Required leverage ratio buffer requirement (%)	0 %	0 %
EU-27a	Overall leverage ratio requirement (%)	3 %	3 %
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice of transitional arrangements for the definition of the capital measure		
	Disclosure of mean values		
28	Average value of SFT gross assets, after adjusting for sales accounting transactions and deducting the amounts of cash liabilities and related cash receivables.	2,220,827	3,529,522

29	Quarter-end value of SFT gross assets, after adjusting for sales accounting transactions and net of related cash liabilities and receivables	2,096,224	4,709,314
30	Measurement of total exposure (including the effect of any temporary relief from central bank reserves) incorporating the averages of line 28 of gross assets of securities financing transactions (after adjustment for accounting sales transactions and net of amounts of related payment and cash receipt assets).	118,050,716	111,620,630
30a	Measure of total exposure (excluding the effect of any applicable temporary central bank reserve exemption) comprising the averages of line 28 of gross SFT assets (after adjustment for accounting sales transactions and net of related cash liabilities and assets).	118,050,716	111,620,630
31	Leverage ratio ((including the effect of any applicable temporary central bank reserve exemption) comprising the averages of line 28 of gross SFT assets (after adjustment for accounting sales transactions and net of related cash payables and receivables).	5.02 %	5.10 %
31a	Leverage ratio (excluding the effect of any applicable temporary central bank reserve exemption) comprising the averages of line 28 of gross SFT assets (after adjustment for accounting sales transactions and net of related cash payables and receivables).	5.02 %	5.10 %

Figures in thousands of euros

Below is a breakdown of the on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures):

On-balance sheet exposures (excluding derivatives, SFTs and exempted exposures (LR3)

		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, securities financing transactions and excluded exposures), of which:**	**109,616,338**
EU-2	**Trading book exposures**	**2,088,827**
EU-3	**Loan book exposures, of which:**	**107,527,511**
EU-4	Covered bonds	—
EU-5	Exposures treated as sovereigns	24,534,254
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,192,629
EU-7	Institutions	6,151,447
EU-8	Secured by mortgages of immovable properties	38,556,387
EU-9	Retail exposures	11,656,262
EU-10	Corporates	21,001,918
EU-11	Defaulted exposures	764,553
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	3,670,063

Figures in thousands of euros

10.2. Trends in the leverage ratio

The leverage ratio increased by 17 basis points during 2024 financial year from 4.86% at the end of 2023 to 5.03% at 31 December 2024.

The value of the numerator of the ratio, Tier 1 Capital, increased by 479 million euros during the year, which mitigated some of the increase in total exposure that forms the denominator of the ratio.

The total exposure of the ratio, in the denominator, increased by 5,927 million euros during the year, mainly due to the increase in the total assets on the Group's balance sheet.

10.3. Managing the risk of excessive leverage

Bankinter Group calculates the leverage ratio quarterly, analysing the changes in all the items that comprise both its numerator and denominator, and carrying out close monitoring to ensure that the ratio remains comfortably above the minimum required level and that there is no risk of excessive leverage at any time. This analysis is reported quarterly to senior management.

In addition to this quarterly monitoring, Bankinter's leverage ratio is also one of the tier 1 ratios tracked by the Board of Directors in the risk appetite framework. The Institution has established operational measures and limits by actively integrating the leverage ratio into risk management and ensuring that it remains at levels that are in line with sustainable balance sheet growth and with a prudent risk policy.

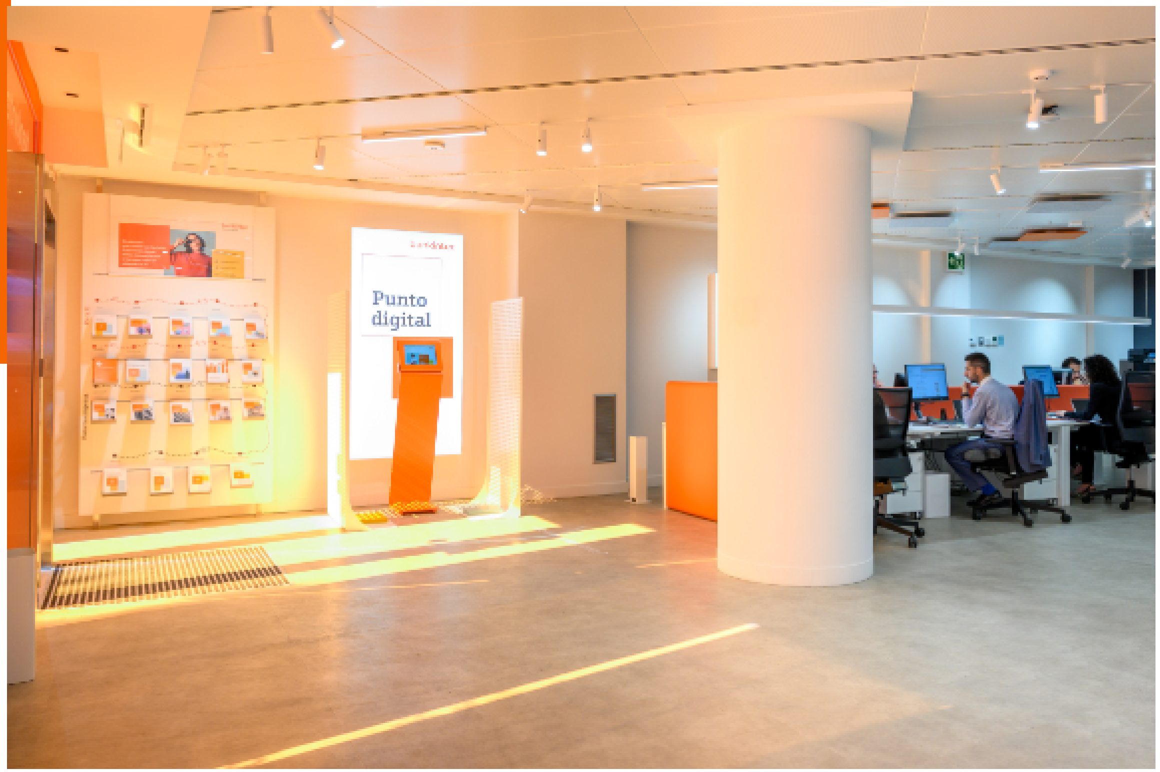
Forecasts for this ratio are also made in the three-year balance sheet, earnings and capital projections, in both central and stress scenarios, to guarantee compliance in adverse situations.

The ratio has been monitored as part of the Group's regulatory reporting since 2014, in compliance with disclosure requirements regulations, confirming that the ratio comfortably exceeds the minimum required levels.

As an additional transparency measure, the LR1, LR2 and LR3 tables are published every six months on Bankinter Group's corporate website.

11

Information on asset encumbrance



11. Information on asset encumbrance

Asset encumbrance refers to the part of the Institution's assets that have been committed as a result of use in guaranteed funding operations.

Below, Bankinter Group reports the information required under Commission Delegated Regulation (EU) 2017/2295.

The scope of regulatory consolidation used in this report, is the same as that defined for the application of liquidity requirements on a consolidated basis, as set out in Part Two, Chapter 2 of Regulation (EU) 575/2013, modified by Regulation (EU) 876/2019. Therefore, there is no difference between them.

Neither are there any difference between the assets pledged and transferred in accordance with the applicable accounting frameworks used by the Bank, and the encumbered assets. There is no difference between the treatment of these transactions.

The amount of the exposure shown in the following tables, corresponds to the carrying amount and the fair value. The information relating to the amount of the published values is calculated as the average of the quarterly values, as this measure of centralisation reflects the inequality of the frequency distribution of the values, dividing the distribution of them into two equal parts (second quartile).

The main sources of asset encumbrance in Bankinter can be classified according to the type of asset associated with a specific obligation, as set out below.

Loans and advances to customers

Securitization

Since 2004, transactions transferred to securitisation funds appear on the consolidated balance sheet. However, credit rights are assigned to funds that in turn issue debt acquired by investors. This includes the limitation involved in transferring the credit risk on the securitised transactions to securitisation funds, up to the amount of the securitisation bonds held by third parties or used to secure financing transactions. It is also worth pointing out that there is no significant guarantee envelope.

Covered bonds

In accordance with the Spanish Mortgage Market Law, covered bonds can be issued on mortgages with a LTV of less than 80% and on commercial mortgages with a LTV under 60%. The legal over-collateralisation of issued covered bonds is set at 25%. As a result, in covered bonds sold to investors, 125% of the issued amount is recognised as loans associated with these bonds. With regard to on-balance sheet covered bonds, loans have been included for 125% of the amount required to obtain Eurosystem funds.

Transferable securities

Repurchase agreements

A significant part of fixed income securities are transferred as a guarantee so they can be funded in the repo market. All securities placed as collateral are considered unavailable for the purpose of asset encumbrance disclosure. All of the Bank's accounting portfolios are included: the 'Financial assets held for trading', 'Financial assets not held for trading and required at fair value through profit or loss', 'Financial assets at fair value through other comprehensive income' and 'Financial assets at amortised cost' portfolios.

Collateral agreements signed to trade through CCPs and with other counterparties are also included. The mark-to-market valuation of derivatives and repo transactions are the main generators of collateral taken or given.

Impact of the business model on the level of encumbrance. Importance of encumbrance in the financing model

It should be pointed out that in relation to the structure of the encumbrances among Group entities, they always come from the parent and there are no major intra-group encumbrances.

In addition to this, there are no material encumbrances either off-balance sheet or in currencies other than the reference currencies.

Other forms of encumbrance are also carried out. These are shown in the summary table below, 'Encumbered and unencumbered assets (AE1)', with figures for the December 2024 close:

Encumbered and unencumbered assets (AE1)

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		10	30	40	50	60	80	90	100
10	**Assets of the reporting institution**	**21,665,235**	**8,372,298**			**96,289,609**	**12,761,205**		
30	Equity instruments	8,207	3,669			635,423	41,449		
40	Debt securities	8,376,359	8,368,491	8,247,897	8,240,565	6,498,155	3,456,567	6,178,193	3,772,721
50	of which: covered bonds	0	0	0	0	15,243	15,046	15,562	15,562
60	of which: securitisations	0	0	0	0	0	0	0	0
70	of which: issued by public administrations	8,368,491	8,368,491	8,240,565	8,240,565	3,855,837	3,231,195	3,700,980	3,540,515
80	of which: issued by financial corporations	7,868	0	7,331	0	1,729,284	21,237	1,634,397	21,750
90	of which: issued by non-financial corporations	309	309	309	309	987,160	204,135	967,543	196,104
120	Other assets	13,675,067	0			89,122,010	9,263,189		

Figures in thousands of euros

The columns of “Unencumbered assets” reflect the assets that are available for sale or to be used as collateral when in need of liquidity. Most of this balance comprises loan and advances with customers, debt securities and capital instruments, all of which can used for this purpose. Nevertheless, a small part of the amount reflected in these columns relates to items that cannot be sold or pledged and that correspond to intangible assets, goodwill, tax assets, etc.

The columns of 'Encumbered assets' mostly relate to loans and credits linked to the issue of covered bonds and securitisation bonds.

The amount for 'Other assets' mainly relates to the Bank's loan book.

Collateral received (AE2)

The following chart reflects collateral received (primarily debt securities) as well as collateral that could be committed.

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
130	**Collateral received by the reporting institution**	4,996,151	4,994,598	8,615,826	5,881,004
140	Loans on demand	–	–	–	–
150	Equity instruments	–	–	–	–
160	Debt securities	4,996,151	4,994,598	8,041,211	5,881,004
170	Of which: covered bonds	943,621	943,621	1,915,381	1,915,381
180	Of which: securitisations	3,105	–	2,424,029	–
190	Of which: issued by public administrations	4,039,035	4,039,035	3,630,719	3,630,719
200	Of which: issued by financial corporations	943,621	943,621	4,523,613	1,915,381
210	Of which: issued by non-financial corporations	–	–	–	–
220	Loans and advances other than loans on demand	–	–	–	–
230	of which:	–	–	638,702	–
240	Own debt securities issued other than own covered bonds or asset-backed securities	–	–	–	–
241	Own issued and not yet pledged securitisations and covered bonds			6,439,819	–
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**26,917,536**	**12,419,515**		

Figures in thousands of euros

Lastly, a breakdown of the amounts of encumbered own debt securities issued (covered bonds and securitisation bonds) and the assets which cover them is shown in table AE3 below.

Therefore, financial liabilities issued and linked to certain assets and guarantees received at 31 December 2024, are as follows:

The 'Liabilities' column includes matching liabilities, contingent liabilities and securities lent.

The 'Assets' column includes assets, collateral received and own debt securities issued other than covered bonds and encumbered ABSs.

Sources of encumbrance (AE3)

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and encumbered ABSs
		10	30
10	**Carrying amount of selected financial liabilities**	18,291,419	19,970,646

Figures in thousands of euros

12

Remuneration

12. Remuneration

12.1. Information on the decision-making process for establishing the remuneration policy

Pursuant to Bankinter's by-laws and the rules and regulations of its Board of Directors, Bankinter's Board of Directors is responsible for setting up a control and supervision system for the remuneration policy. It has a remuneration committee to which it may delegate monitoring and oversight in the implementation of the policy.

The duties of the Remuneration Committee are regulated in Article 41 of the rules and regulations of the Board of Directors. In addition, the Committee has its own Regulations, the current text of which was approved by the Board of Directors on 18 May 2022 and which were incorporated for the first time in 2020 into the Bankinter Group's internal corporate governance regulations, the purpose of which is to promote the independence of the Committee and determine its principles of action and the basic rules for its composition, operation and powers, all in compliance with best corporate governance practises.

In accordance with the foregoing, the remuneration committee shall perform, inter alia, the following functions:

- Proposing to the Board the remuneration policy for directors and their individual remuneration, along with the annual directors' remuneration report, which the Board puts to an advisory vote at the annual general meeting.
- Submitting a proposal to the Board of Directors on the individual remuneration of executive directors and, as the case may be, external directors, for the performance of duties other than those of a director and other terms and conditions of their contracts.
- Proposing the remuneration policy for senior managers, including managing directors or those who perform senior management duties and report directly to the board, to executive committees or to chief executive officers, as well as their individual remuneration and other basic terms and conditions of their contracts.
- Setting the remuneration of members who are not considered senior managers but who receive significant remuneration (especially variable remuneration), and whose activities may have a significant impact on the Group's risk profile.
- Verifying the extent of compliance with the remuneration policy in general during the financial year and enforcing compliance.
- Conducting regular reviews of remuneration programmes; assessing their implementation and effectiveness; and ensuring that directors' remuneration conforms to standards of moderation and the Bank's results.
- Ensuring transparent remuneration and its inclusion in the annual report and in any other annual reports containing information on directors' remuneration; and, to this end, submitting relevant information to the Board.
- Reporting on incentive plans for senior managers or employees that are performance-based on the Bank's listed share price or other variable indices, as well as on remuneration systems for the Bank's management team based on collective insurance systems or deferred remuneration systems, if applicable.
- Performing such other duties as may be delegated to the committee under these rules and regulations or by the Board of Directors.

At the date of this report, the remuneration committee is composed of four directors appointed by the Board of Directors, all external and non-executive, in accordance with the provisions of the Spanish Companies Act, the majority of whom are independent directors (75%), including the director who chairs the committee.

In order to perform its duties, Bankinter's Remuneration Committee met seven times during the year 2024, holding five ordinary and two extraordinary meetings to deal with all matters within its remit.
All of the Committee's activities are included in the annual activity report for 2024 financial year, published on Bankinter's corporate website for the Annual General Meeting. The activities specified in this report include, but are not restricted to: the determination and proposal to the Board of Directors of individual remuneration of the Non-executive Chair, Executive Directors and Senior Management, approval and tracking of multi-year variable remuneration, proposal of the annual report on Directors' remuneration; verification of the information on the remuneration of Directors and Senior Management found in corporate documents; and monitoring of compliance with and regular revision of the Bankinter remuneration policy; determination of identified staff[4], the exercise of its functions in relation to the Group's subsidiaries, and updating of remuneration-related policies and procedures.

Article 41 of the Rules and Regulations of the Board of Directors and the committee Regulation provide that the remuneration committee must have access to all information and documentation needed for it to carry out its duties, and may receive assistance from advisors, consultants, experts and other independent professionals.

The remuneration committee and the board were able to use comparative studies conducted by the consulting firm Korn Ferry in their decision-making processes for remuneration matters. These studies compare the Bank's relevant remuneration information with that of peer institutions and comparable markets, considering the dimension, characteristics and activities of the Bank.

In addition to the duties attributed to the remuneration committee, the risk and compliance committee has, in relation to the remuneration policy, the duty of collaborating in setting rational remuneration policies and practices (article 42 of Royal Decree 84/2015, implementing Law 10/2014 and the rules and regulations of the Board of Directors).

[4] The categories of personnel whose professional activities have a material impact on the Entity's risk profile.

Without prejudice to the duties of the Remuneration Committee, the risk and compliance committee verified at its meetings held on 19 February 2024 and on 17 February 2025 that the incentives accrued by the Identified Staff, which includes those relating to Executive Directors, provided for in the remuneration system for the 2023 and 2024 financial years, respectively, take into account risk, capital, liquidity and the probability and opportunity of benefits.

During the meetings held by the risk and compliance committee, the Risk Control area presented a report on the suitability of the parameters and values proposed as variable incentive targets for 2024 and 2025, respectively, for Identified Staff. It concluded that they comply with Bankinter's risk appetite and strike an appropriate balance between the various objectives so as not to encourage actions that might generate excessive risks.

On 20 February 2024, the Bankinter's Board of Directors approved the Annual Directors' Remuneration Report, as per the proposal of the Remunerations Committee, which was approved, on a consultative basis, by the Annual General Meeting on 21 March 2024 (approved with 92.668% of the votes), in compliance with the provisions of Article 541 of Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Spanish Companies Act (the "Spanish Companies Act"). This report is available on the corporate website (www.bankinter.com/webcorporativa) from the date on which the Annual General Meeting is convened. Likewise, the Board of Directors presents the Annual Directors' Remuneration Report for the advisory approval of the Annual General Meeting to be held on 27 March 2025. This document describes the Director Remuneration Policy, which was ratified on 21 March 2024 with an approval of 88.953%. The policy has been in force since its approval and will remain in force during 2025, 2026, and 2027 (the "Director Remuneration Policy"), in compliance with Article 529 novodecies of the Spanish Companies Act. The complete text of the policy is available on the corporate website.

Bankinter Group's general remuneration policy, currently in force and described in this report, was approved by the Board of Directors on the recommendation of the remuneration committee at its meeting held on 19 January 2022.

The primary purpose of Bankinter Group's remuneration policy is to establish a remuneration scheme that is consistent with Bankinter's business strategy, objectives, values and long-term interests, both in absolute terms and in comparison with sector peers. The policy aims to clearly and concisely define and control the Bank's remuneration practices, so that these practices in no way jeopardise the soundness of the company by providing incentives for employees to assume excessive risk.

12.2. Principles of Bankinter's remuneration policy

The general principles governing Bankinter's remuneration policies are as follows:

General principles of Bankinter's remuneration policy	
Prudent and effective risk management	The policy should be compatible **with adequate and effective risk management** and not offer incentives towards assuming risks that exceed the **tolerance level** set by the Bank in accordance with the risk elements in Bankinter's **Risk Appetite Framework** including, where appropriate, **sustainability** risks.
Pay equality	The policy will ensure **non-discrimination** and promote salary management by ensuring at all times that remuneration policies and practices are non-discriminatory in terms of gender, age, culture, religion and race.
Alignment with long-term interests	The policy should be compatible with the Bank's **business strategy, objectives, values and long-term interests**, and should include measures to avoid conflicts of interest.
Appropriate balance between fixed and variable components	As a general rule, variable remuneration should not acquire too a significant proportion in relation to fixed remuneration, to avoid excessive risk-taking. The **fixed component should therefore represent a sufficiently high proportion of total remuneration** to allow a fully flexible policy on variable remuneration, including, in appropriate cases, not paying the variable component of remuneration.
Multiple elements	Remuneration packages must comprise a set of instruments that allows remuneration to be adjusted to both the needs of the company and of its personnel in terms of content (**remuneration in cash and in kind**), time horizon (short, medium and long term), security (fixed and variable) and purpose.
Internal fairness and external competitiveness	The policy should provide compensation based on the level of responsibility and career path of Bankinter's directors in order to guarantee fairness internally and competitiveness externally.
Supervision and effectiveness	As part of its supervisory duties, the Bank's administrative body will adopt and periodically review the general principles of the Director Remuneration Policy and will be responsible for monitoring and guaranteeing its effective and appropriate application.
Flexibility and transparency	Guidelines to managing directors' remuneration will include mechanisms for handling exceptional situations in view of any needs that may arise. These guidelines should be explicit and understood by Bankinter's directors and prioritise transparency in compensation.
Simplicity and personalisation	These remuneration management rules will be written clearly and concisely, with the utmost simplicity in their descriptions and in the calculation methods and relevant conditions for achieving them.

12.3. Description of the types of employees and executives considered identified staff

In order to determine the Company's Identified Staff, the Board of Directors, at its meeting held on 21 January 2015, convened on the recommendation of the Remuneration Committee, approved a policy for determining Identified Staff. This was amended by the Board of Directors on the recommendation of the Remuneration Committee at its meeting held on 20 October 2021.

This policy sets out the criteria for determining the members of staff or categories of staff whose professional activities have an impact on the risk profile of the Entity, taking into account the criteria set out in Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council (the "implementing regulation").

In general, on the basis of the quantitative and qualitative criteria provided for in the applicable regulations and applied to their internal rules, the following persons are among the identified staff of Bankinter Group on a consolidated basis:

- According to qualitative criteria, based on the authority and responsibility delegated to the bank's staff, the following form part of the identified staff:
  - Members of the Board of Directors and senior management of the Entity.
  - Staff members with responsibility for management and control functions or the Entity's major business units.
  - Those responsible for legal matters, the soundness of accounting policies and procedures, finance including taxation and budgeting, conducting economic analysis, prevention of money laundering and terrorist financing, human resources, development and implementation of remuneration policies, information technology, information security and management of outsourcing arrangements for critical or important functions.
  - Those responsible for managing the risks referred to in Articles 79 to 87 of Directive 2013/36 and the voting members of the internal committees responsible for managing those risks, in general, and those with voting rights in the Products Committee, in particular.
  - Those responsible for making, approving or vetoing decisions on credit risks that exceed the limits set out in Regulation 923/2021.
  - Dealers who may take significant market risk positions.

- According to **quantitative criteria**:
  - Employees who have received significant remuneration in the previous year, which was demonstrably above 500,000 euros and which was equal to or above the average remuneration of Directors and Senior Management, and who perform their duties in a significant business unit and that this activity has an impact on the bank's risk profile.
  - Employees who received remuneration of 750,000 euros or more in the previous year.
  - Those whose remuneration is among the 0.3% of employees who received the highest total remuneration in the previous year or for the previous year in companies with more than 1,000 employees.

- According to **internal criteria**:
  - Managers with a certain degree of responsibility for credit or market risk in specific units.
  - Senior managers of a business unit with a regulatory licence (bank or securities market).
  - Senior managers identified by one of the qualitative criteria.

The criteria for proportionality were also established in accordance with the current applicable regulations, best practises and market trends, both in terms of the relative importance of the units and the different degrees of responsibility of the positions held by the people assessed.

The composition of this identified staff is revised annually by Bankinter's remuneration committee, which in turn submits the revised list to the Board of Directors for approval.

The companies forming Bankinter Group participate actively in the identification process, providing all of the necessary information to adequately identify all staff who have a material impact on the Group's risk profile.

As a result of the identification process explained, a total of 104 professionals were classified as identified staff at the close of the 2024 financial year, which represents approximately 1.56% of the workforce.

Nevertheless, Bankinter understands that, in accordance with its current risk management and control structure, no person may make decisions with regard to risks that could compromise the organisation as a whole, its earnings or its capital base, as the decisions must be made by the competent committees (jointly) in accordance with an established delegation scheme.

12.4. Characteristics of the remuneration scheme applied to identified staff

Bankinter Group has specific guidelines for identified staff as part of its remuneration policy.

These guidelines consist of:

- The policy and procedure for determining the identified staff, described above, which includes the principles and criteria to identify the individuals who have a material impact on Bankinter Group's risk profile, based on Commission Delegated Regulation (EU) 2021/923 of 25 March 2021, as described above.
- The specificities described below are set out in the general remuneration policy for application to this group as well as in the applicable rules and the guidelines of the European Banking Authority (EBA).
- The application of the remuneration policy to the subsidiaries of Bankinter Group, with the adjustments necessary to comply with local regulatory requirements or to follow the recommendations of their supervisory bodies.

As indicated in previous sections, the Board of Directors of Bankinter, at the proposal of the Remuneration Committee, annually analyses and approves, where appropriate, changes to the remuneration policy of the Bankinter Group in general, as well as the Remuneration Policy for Directors, in order to keep them aligned with the long-term interests of the shareholders, the strategic objectives of the Group and regulatory requirements. The subsidiaries formally adhere to the Group's corporate remuneration policy, which implies the alignment of their practices with the principles contained therein.

i. Fixed remuneration of all directors for carrying out supervisory and collective decision-making duties:

The current composition of the Board of Directors and of its committees can be found on the corporate website.

The remuneration accrued by the members of the Board of Directors for their collective decision-making and supervisory duties comprise an annual fixed amount that does not include any variable components, insofar as the earning of such remuneration is not subject to the achievement of objectives or linked to profits, thus complying with corporate governance recommendations. This practice therefore avoids any potential conflicts of interest when assessing accounting practices or any other decisions that could alter the immediate earnings of the Company.

The total remuneration received individually may be satisfied through one or a combination of three of the following remuneration concepts, all contemplated in the Entity's Bylaws: i) annual fixed amount for membership on the Board of Directors and chairing any committees thereof; ii) allowances for attending meetings of the board and the committees thereof; and iii) delivery of shares, share options or remuneration indexed to the value of shares.

As in recent years, the remuneration for the 2024 financial year includes only the first two items.

At the annual general meeting, the shareholders approved, in accordance with articles 217 and 529 septdecies of the Spanish Companies Act, and as part of the current director remuneration policy, the establishment of the maximum amount of annual director remuneration for membership on the board at €2,200,000. This amount is currently applicable, and will remain in force for as long as the policy is in force, provided no modification is approved at the annual general meeting. The Board of Directors, on the recommendation of the Remuneration Committee, submits for approval to the Annual General Meeting held on 27 March 2025, that the maximum amount be increased to 3 million euros, due to the increase in the number of members of the Board of Directors, from 11 to 12, which is submitted for approval by the Annual General Meeting, together with the appointment of two new Directors and due to the increase in the number of meetings of the Supervisory Boards, as a result of the increase in their monitoring and advising duties to the Board on Risk and Sustainability matters.

The specific amounts for each director for the items mentioned above are set annually by the Board of Directors considering the positions held by each director on the board, their membership of the board and board committees, and their attendance at board and committee meetings.

The annual report on directors' remuneration, available on the corporate website (www.bankinter.com/webcorporativa), includes the individual amount paid to the members of the board for the performance of their duties in 2024 financial year, along with a description of the amounts to be accrued for each item in 2024.

ii. Remuneration of the Chairperson of the Board of Directors:

Since 2013, the Chair of the Board has had a non-executive status, fulfilling non-executive institutional duties (as described in the Corporate Governance Report published on Bankinter's corporate website), in addition to the current duties of the Chair of the Collective Body, the latter remunerated according to the scheme in the previous point. The non-executive Chair shall only receive fixed remuneration and no variable remuneration for these duties, for the same reasons as noted in the previous point in the case of Non-Executive Directors.

Please note that María Dolores Dancausa Treviño was appointed non-executive Chair on 21 March 2024. She previously served as Chief Executive Officer until that date, ceasing to hold all executive duties held up until then.

The maximum global limit of fixed remuneration of the Chair for the duties indicated above during the validity of the aforementioned Policy can be checked in the current Remuneration Policy for the members of Bankinter's Board of Directors approved in March 2024.

The report on the remuneration of Directors, available on the company's corporate website (www.bankinter.com/webcorporativa), includes the individual amount paid to the Chair for the performance of these duties in 2024 financial year.

iii. Remuneration of executive directors for carrying out executive duties and remuneration of the rest of identified staff:

Bankinter's remuneration policy for directors makes a clear distinction between criteria for setting:

1. Basic fixed remuneration, which primarily reflects the professional experience and organisational responsibility; and
2. Variable remuneration, which reflects sustainable and risk-adjusted performance, and rewards the creation of value through the achievement of the objectives in the Group's strategic plans.

Fixed remuneration

Fixed remuneration constitutes the basic element of the remuneration policy. This concept is in essence linked to the content of the positions and is established on the basis of the degree of responsibility of the position held, as well as the experience, performance and education of the person holding the position.

In addition to the remuneration accrued for membership of the Board of Directors, executive directors receive annual remuneration, including a fixed component, for their executive duties within the framework of the management agreements that bind them to the Institution.

The maximum global fixed remuneration limit of Executive Directors for the executive duties during the validity of the aforementioned Policy can be checked in the current Remuneration Policy, available on the corporate website.

Fixed remuneration for the rest of employees is established taking into account the following aspects:

- **Collective bargaining agreement:** The Bank's collective bargaining agreement foresees a minimum annual salary based on, among other aspects, the employee's job category and length of service.

  This remuneration takes precedent over the remuneration scheme prevailing at any time. Therefore, if, by virtue of the collective bargaining agreement, an employee is entitled to remuneration above that set out in the Institution's remuneration framework, the remuneration established in the bargaining agreement will take priority.

- **Job evaluation:** Bankinter's organisational structure and internal job evaluation system comprise a significant pillar in the establishment of internal salary benchmarks.

  Job evaluation is a basic component in achieving equity and balance in terms of salary. This process is carried out following an exhaustive analysis of the job position, to place each position in a comprehensive ranking and naming system.

  Significant differences between the different positions are the comparative base used for achieving a fair distribution of salaries, thus reducing any arbitrariness.

  Whether an employee is situated in one place or another within the evaluation is mainly due to the responsibility attached to the position, which is established on the basis of the professional qualification, the resources managed, the level of risks managed and the job position's relative contribution to the Bank's business objectives.

- **Performance assessment:** This is a systematic process of determining how employees perform their tasks and assume the responsibilities attached to their positions.

  The main aims of performance assessment are to: i) improve the management of people, insofar as it helps detect skills, potential, and training needs; and ii) to motivate employees, insofar as it recognises and rewards performance.

  Performance assessment is a key aspect in defining, within the remuneration based on job evaluation, the trajectory that an employee can follow when it comes to changing position or salary band.

  All Bankinter employees are assessed annually by their immediate manager, with the Human Resources Division leading the process.

Pension scheme:

Bankinter currently has in place a complementary social benefit scheme for executive directors, senior managers and some executives. For executive directors, only the chief executive officer takes part in this system at present.

Bankinter's pension scheme is a defined contribution plan. To implement it, the Bank has taken out a unit-linked group insurance policy and a guaranteed return group insurance policy covering retirement, death and disability. The rights deriving from these commitments do not vest at the time of termination of the contractual relationship with the Company, but only when one of the aforementioned contingencies is met, in accordance with the policy and regulations of Bankinter's senior management pension plan. Payment is not associated with termination for any reason.

The scheme entails an initial contribution, which is a fixed contribution of the same amount for all beneficiaries; and an annual contribution (after five years have passed from the time of the initial contribution), which varies in accordance with each employee's responsibilities and functional scope. A description of this system can be found in the Directors' remuneration report available on the corporate website.

Variable remuneration

Objectives and principles

The main objective of variable remuneration is to incentivise performance in line with the Company's objectives and to foster solid and effective risk management whereby this variable remuneration does not encourage individual employees to take on excessive risks.

The variable components of Bankinter employees' remuneration takes into account the following principles:

- When remuneration is linked to results, its total amount will be based on an assessment that combines the results of the individual, estimated using both financial and non-financial criteria, the results of the business unit in question and the global results of the Bank.
- Total variable remuneration does not limit Bankinter's capacity to reinforce the soundness of its capital base.
- Given that guaranteed variable remuneration is not compatible with healthy risk management or with the principle of rewarding performance, it does not form part of any of the Bank's remuneration plans.
- Guaranteed variable remuneration is exceptional and can only occur when hiring new staff and where the Entity has a sound and strong capital base, and is limited to the first year of employment.
- Fixed and variable components shall be appropriately balanced in total remuneration. The fixed component shall represent a sufficiently high portion of total remuneration to allow a fully flexible policy on variable remuneration components, up to the point where it is possible not to pay them.
- The allocation of variable remuneration components at the Entity shall take into account all current and future risk types.
- The assessment of performance shall be placed in a multi-year context to guarantee that the assessment process covers long-term performance and that the effective payment of performance-based remuneration components is scaled over a period of time that considers the Entity's underlying economic cycle and business risks.
- When assessing the performance used to calculate variable remuneration components, an adjustment will be made for all types of current and future risks, taking into account the cost of the capital and liquidity required.
- Variable remuneration shall not be paid through vehicles or methods that facilitate non-compliance with regulations on organisation and discipline.
- Retention awards will only be granted in exceptional and justified cases, provided that the relevant retention conditions have been met and there have been no major breaches of regulations or misconduct.

Bankinter has established a series of appropriate ratios between the fixed and variable components of total remuneration, considering the different groups within the Institution.

Nevertheless, the following principles apply to members of identified staff (which includes directors):

- The variable component shall not exceed 100% of the fixed component of each individual’s total remuneration.
- However, Bankinter’s annual general meeting can approve a higher variable component than this, provided that it does not exceed 200% of the fixed component.

Type of variable remuneration

<table>
<tr><th colspan="3">Variable remuneration
Rewarding value creation by achieving the targets in Bankinter Group's strategic plans</th></tr>
<tr><td rowspan="4">Annual variable remuneration</td><td>Executive directors, as well as those groups of employees within the identified staff who do not participate in the specific incentives</td><td>Bankinter defines the same variable remuneration scheme for executive directors and for the rest of the identified staff. The purpose of this variable remuneration is to incentivise achieving the targets set by the Bank, in order to ensure a proper correlation between the resulting remuneration levels and trends in the Company's earnings, as they are directly linked to overall banking activity targets, while at the same time promoting sound and effective risk management practices that prevent such remuneration from creating incentives for excessive risks. The distribution system operates at an individual level, based on assigned duties and responsibilities.</td></tr>
<tr><td>Specific to the commercial network</td><td>The purpose of the specific incentive is to incentivise the commercial activity of individuals in the core area where the business was generated, aligning their activity with the business strategy and objectives established by Bankinter.
This is conceived for employees who perform commercial tasks and who lead commercial teams, as they are responsible for the commercial activities of the teams and for applying the commercial strategy. Overall, the amount of the incentive can be broken down into two sections according with the following:
▪ The first is linked to commercial objectives based on the position.
▪ The second is linked to the banking business results of the Group and the profits at the centre where the employee works, based on indicators for each financial year.</td></tr>
<tr><td>Specific to concrete areas</td><td>It applies to the following areas: Treasury and Capital Markets, Risks, Investment Banking, Financial and Market Analysis, Bankinter Asset Management and Bankinter Consumer Finance.
The objectives pursued by this structure of incentives, depending on the corresponding area of activity, are as follows:
▪ Ensure the independence of the division vis-à-vis the areas it serves.
▪ Maintaining a senior-level experienced team, considering the importance of intellectual capital, preventing the temptation to achieve short-term results at the expense of properly managing incurred risks.
▪ Correlating the incentive system with the area's specific activity and its contribution to the business.
▪ Assigning the incentive to the contribution of each employee and achievement of the established objectives.</td></tr>
<tr><td>Control areas</td><td>The indicators established for the accrual of variable remuneration in these areas are directly related to their control activities and are independent of the references used for the areas they control.</td></tr>
<tr><td>Multi-year variable remuneration ("LTI 2024-2026")</td><td colspan="2">A long-term variable remuneration system applies to executive directors, other directors and key personnel of Bankinter Group.

Following the changes previously indicated to the Board of Directors, the Bank has embarked upon a new phase, involving the design of an ambitious strategic plan.

This new strategic plan for the Group covers the 2024-2026 period and constitutes an ambitious but clear roadmap for the creation of long-term value and development for the Bank over the coming years in a way that is sustainable over time and aligned with the interests of Bankinter's stakeholders: our shareholders, customers, employees and society in general.

To ensure and achieve the maximum motivation, loyalty, commitment, alignment and dedication of the Bank's key staff to achieving the objectives established in the aforementioned strategic plan, the Board of Directors, at the proposal of the Remuneration Committee, at its meeting in July 2024, approved a new long-term incentive (LTI 2024-2026), for which the measurement period is 3 years, also taking into account the suggestions and best recommendations made by investors and proxy advisors.

The objectives and characteristics of this Plan are described in the Directors' Remuneration Report, which is submitted for consultative approval by the Annual General Meeting in 2025.

Given its purpose, this plan is additional to the other variable remuneration plans in existence at this time.</td></tr>
</table>

Adjustment of variable remuneration to sustainability indicators:

It should be noted that variable remuneration for the identified staff is determined by applying very demanding indicators. These are fully aligned with the Bank's risk profile and are essential for the sustainability of the bank in the long term.

To do this, the calculation of variable remuneration is carried out in three phases:

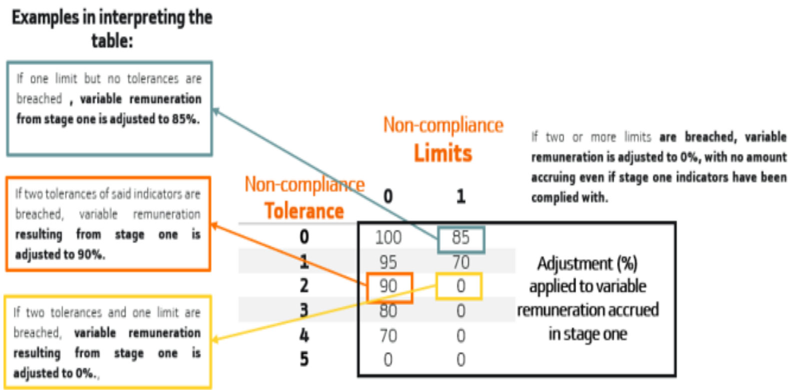
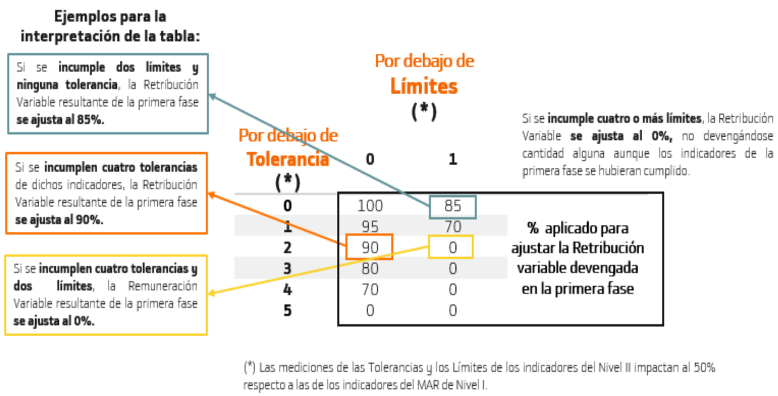
- **Stage one:** fulfilment of the annual and multi-year targets is assessed based on the indicators established for each case.
- **Second phase:** the variable remuneration calculated based on the above indicators is adjusted by the risk appetite framework (hereinafter, RAF) indicators aligned with metrics that adequately reflect the most significant risks, under robustness and validation criteria, including ESG risks.

These indicators can reduce the accrued variable remuneration to zero and never increase it.

In the adjustment of the variable remuneration accrued since 2023, Bankinter has used six MAR indicators, now having two indicators related to environmental and social objectives: **financed emissions** (which measures the impact on the decarbonisation of the economy through the financing granted by the Bank to its clients) **and the NPS of clients**. These indicators for 2024 are described in the Director Remuneration Report, which is available on the corporate website.

Each indicator has a defined objective, tolerance and limit that are approved by the Board of Directors at the proposal of the risk and compliance committee. The measurement of each indicator is quarterly (so each indicator has four annual measurements). Failure to comply with the tolerance and limit levels entails a penalty on the accrued variable remuneration, which may even be adjusted to zero.

The RAF indicators associated with adjusting the variable remuneration accrued in 2024 are outlined below:

RAF metric levels	Indicator	Associated risk	Calculation of the adjustments to be made to the variable remuneration accrued during stage one for failing to comply with the risk tolerance or limit levels set by the board within the RAF indicators
Tier I Contains the main risk metrics for the Entity, as well as any risks that directly affect profits, capital and liquidity.	**CET1 ratio** This is the core-capital-to-risk-weighted-assets (RWAs) ratio.	**Solvency**	
	***Liquidity Buffer* + Issuance Capacity** This is made up of two lines of liquidity: – The liquidity buffer, which measures the cash balance, the central bank account, the interbank and discountable assets; and – The issuing capacity for covered bonds.	**Liquidity**	
	Sensitivity of net interest income This measures the exposure of net interest income to an adverse movement on the interest rate curve.	**Interest rate**	
	Problem assets (%) This measures the weighting of impaired credit-risk exposures.	**Credit**	
Tier II These are metrics that expand or break down the information defined in Tier I, as well as metrics that do not directly affect these dimensions.	**NPS (Net Promoter Score) of all of the Bank's customers according to quality surveys** This measures customers' inclination to recommend the Bank.	**Reputational**	
	Emissions financed (equivalent tonnes per million financed) This measures the equivalent tonnes of direct CO2 emissions per million euros financed.	**Environmental**	

- **Third phase:** variable remuneration is adjusted by the **RoE TTC**, based on the scale that the Board, on the recommendation of the risk and compliance committee, decides at any given time, with a view to creating long-term value and ensuring the Bank's development in the coming years is sustainable over time and aligned with the interests of the shareholders.

These three stages apply to both annual variable remuneration and multi-year variable remuneration. The second and third stages involve ex ante adjustments.

The design of the variable remuneration system fully responds to Bankinter's firm commitment to long-term sustainability in all areas, a commitment that translates into the use of robust, long-lasting indicators, controlled and verified by the bank's control areas and external auditors. As part of this design, and in relation to specific social and environmental objectives, the RAF incompanies the NPS of customers and CO2 emissions financed, which are then applied to variable remuneration.

Characteristics of variable remuneration 2024

The specific characteristics and targets of the variable remuneration awarded to executive directors, both annual and multi-year, are described below, as well as the characteristics of the ex ante adjustment of the variable remuneration accrued, in accordance with the RAF indicators:

	Frequency of variable remuneration	Indicator	What it measures	Weighting	Achievement rate (%)	Incentive accrual (%)			Impact on the accrual of total variable remuneration
Stage one	**Annual**	**Profit Before Tax** (PBT) of the Group's Banking Activity (including EVO in the case of Executive Directors)	Appropriate risk management and its link to the medium and long term	40%*	90% ≤ x ≤100% 100%< x ≤120%	80% ≤ x ≤100% 100%< x ≤120% linear			**0 to 120%**
		Indicator linked to the centre's/ area's attainment of annual targets. For example, **Operating Margin before provisions** of the Group's Banking Activity (including EVO in the case of executive directors)	Sustainability of the business in the medium and long term and alignment with the Entity's risk policy	60%*	90% ≤ x ≤100% 100%< x ≤120%	80% ≤ x ≤100% 100%< x ≤120% linear			
	Multi annual	**Group ROE** Measured on two dates: December 31, 2024 December 31, 2025 December 31, 2026	Ability to generate value for its shareholders	100% (1/3 each year)	**% Group RoE**	**% of Incentive as of 31 December 2024**	**% of Incentive as of 31 December 2025**	**% of Incentive as of 31 December 2026**	**0 to 120%**
					X > Comparison Group Midpoint	100% of 20% of the Target Incentive	100% of 40% of the Target Incentive	100% of 40% of the Target Incentive	
					X < Comparison Group Midpoint	0%	0%	0%	
		Profit After Tax (PAT) at 31 December 2026	Appropriate risk management and its link to the medium and long term	100%	**Bankinter Group PAT** (millions of euros)	**Incentive achieved (%)**			
					PAT < 860	**0%**			
					860 ≤ PAT < 1,075	**80%≤ X <100%**			
					1,075 ≤ PAT < 1,183	**100%≤ X <120%**			
					PAT ≥ 1,183	**X=120%**			
Second Phase These are adjustments linked to the RAF (risk appetite framework) indicators, tier 1 and tier 2 (NPS), which suitably reflect the biggest risks **(ex ante adjustment)**	**Annual and Multi annual**[1]	Tier 1: **CET1 Ratio**	**Solvency ratio**	100%	See detailed description about the variable-remuneration adjustment to these RAF indicators in the previous section.				**0 to 100%**
		Tier 1: ***Liquidity Buffer* + Issuance Capacity**	**Liquidity**	100%					
		Tier 1: **Sensitivity of net interest income**	**Interest rate**	100%					
		Tier 1: **Problem assets (%)**	**Credit**	100%					
		Tier 2: **NPS – Total Bank customers *according to quality surveys***	**Reputational**	100%					
		Tier 2: **Funded emissions**	**Environment**	100%					
Stage three **(ex ante adjustment)**	**Annual and multi-year**[2]	**RoE TTC** (*through the cycle*), return on equity (RoE)	Takes the long-term structural outlook and targets into account	100%	RoE TTC < 6%	0%			**0 to 100%**
					6%≤ RoE TTC ≤ 9%	50%			
					RoE TTC > 9%	100%			

(*) weight applicable to executive directors among other members of the identified staff.
[1]Additionally, in the 2024 financial year, in the case of multi-annual variable remuneration, the application of the Risk Appetite Framework metric "Deposit to Loan" as an "ex ante adjustment" will be taken into account.

[2]Metric that serves to assess the Bank's medium-long term profitability, isolating the cyclical component that introduces the cost of risk into the income statement, as well as other extraordinary profit that, although it must be considered as part of the Bank's historical profitability, constitutes isolated, one-off events that do not serve as reference in a prospective assessment of profitability. To align the objectives of generating value with its shareholders, in 2024, the Board of Directors, on the recommendation of the risk and compliance committee, decided to update the RoE TTC tolerance metric (from 7% to 9%). Likewise, on the date of approval of this Report, 19 February 2025, the Board of Directors, on the recommendation of the risk and compliance committee, has decided to update the RoE TTC limit metric (from 6% to 7%) (applies during 2025).

Annual variable remuneration 2024

The degree of compliance with the objectives to which the annual variable remuneration accrued in 2024 (general and applicable to executive directors, among others) was linked is shown below. No multi-year variable remuneration was accrued :

	Indicator	Weighting in this stage	Achievement rate (%)	Incentive accrual (%)	% degree of achievement per phase of total variable remuneration	Percentage of final accrual of annual variable remuneration
Stage one	**Profit before tax** (PBT) of the banking business in Spain, Portugal and Ireland (including EVO in the case of Executive Directors)	40%(*)	103.83%(1)	**103.83**	105.48%	Same accrual percentage obtained in the first phase **105.48%**
	Indicator linked to the centre's/area's attainment of annual targets. For example, specifically for executive directors and the part of the rest of the identified staff that does not participate in specific incentives, data is provided for the operating profit before provisions indicator for the banking business in Spain, Portugal and Ireland (including EVO in the case of executive directors).	60%(*)	106.57%(2)	**106.57**		
Stage two	**CET1 Ratio**	100%	There were no breaches of tolerances or limits in the 24 measurements (equivalent to 4 quarters) of these six RAF indicators.		**100%**	
	***Buffer* Liquidity + Issuance Capacity**					
	Sensitivity of net interest income					
	Problem assets (%)					
	***NPS* Total Bank customers according to quality surveys**					
	Funded emissions					
Stage three	**ROE TTC** (through the cycle), return on invested capital.	100%	At 31 December 2024, the RoE TTC was above 9% (tolerance), meeting the target by 100%.		**100%**	

(*) weight applicable to executive directors among other members of the identified staff.

(1) PBT objective for 100% accrual of variable remuneration: 1.401 million euros. Figures at 31 December 2024: 1.457,7 million euros.
(2) Target operating margin before provisions for 100% accrual of variable remuneration: 1.823 million euros. Figures at 31 December 2024: 1.942,8 million euros.

- **The following are the clauses to which the variable remuneration of executive directors is currently subject:**

Accrued variable remuneration is subject to the following clauses:

<table>
<tr><th colspan="3">Clauses to which variable remuneration ultimately accrued is subject.</th></tr>
<tr><td rowspan="2">Deferral
A substantial part will be deferred
for a period of 5 years.</td><td colspan="2">Payment in shares
A substantial part will be paid in Bankinter shares.
(at least 50% of the deferred portion and 50% of the non-deferred portion)</td></tr>
<tr><td>Prohibition of hedging transactions
This applies to both shares pending delivery and shares delivered but subject to a withholding period</td><td>Share retention period
1 year from each delivery</td></tr>
<tr><td colspan="3">Ex-post adjustments
Reduction (malus) and return (clawback) clauses are applicable to 100% of the amount granted</td></tr>
</table>

In accordance with Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions, the variable remuneration of the members of the Identified Staff, which includes executive directors, including the deferred portion, shall only be paid or vested if it is sustainable in accordance with the financial situation of the institution as a whole, and if it is justified on the basis of the results of the institution, the business unit and the individual concerned.

The malus or clawback clauses are explicit ex post risk adjustment mechanisms by means of which Bankinter adjusts the remuneration of the members of the Identified Staff.

The Group has a remuneration repayment policy and a procedure for the application of reduction clauses applicable to the identified staff, which defines the cases in which these clauses may be applied, including: i) evidence of misconduct or serious error by the Identified Staff member; ii) if Bankinter's and/or the business unit's financial results subsequently suffer a significant decline; iii) if Bankinter and/or the business unit in which the Identified Staff member works commits a material risk management failure; iv) significant increases in the regulatory or economic capital base of the business unit or Bankinter; v) regulatory sanctions to which the conduct of the Identified Staff member has contributed.

As in the previous year, it is reported that in the case of executive directors, the information on the total maximum number of shares to be delivered reported in the Annual Report on Remuneration of Bankinter directors, approved by consultative vote at the General Shareholders' Meetings held on March 23, 2023 and March 21, 2024, includes the adjustment of the number of shares pending delivery as deferred variable remuneration, to neutralise the effect of the segregation of LDA (in 2021), which affects variable remuneration subject to deferral, adjustment set by the Board by delegation of the General Meeting, at its meeting of December 22, 2021, at 1.28 shares for each Bankinter share.

Termination benefits:

The compensation, if any, payable to members of the identified staff will be based on results achieved over time and shall not reward poor performance or inappropriate behaviour and shall be subject to the provisions of Bankinter Group's general remuneration policy in force from time to time.

In general, severance payments, including post-contractual non-competition agreements, shall be considered variable remuneration for all purposes and shall be subject to the remuneration policy applicable to the members of the Identified Staff and, in particular, for the calculation of the ratio of the application of the deferral, malus and clawback provisions in accordance with the rules in force at a given time. Notwithstanding the foregoing, the amounts of severance payments shall not be taken into account for the calculation of the ratio, the application of the deferral provisions and the payment in instruments that comply with the provisions of Bankinter's remuneration policy.

In any case, there is no right to receive severance payments relating to changes of ownership of the Entity.

In the case of the President and the other non-executive directors, no compensation has been established in the event of termination for any reason.

The severance payments for executive directors established in the contract signed with the Company are based on the relationship with the Entity prior to being appointed chief executive officer apply. They only apply in cases similar to those defined in the Workers' Statute (Estatuto de los Trabajadores) for ordinary employment relations. There is also a severance limit that may not, under any circumstances, exceed the limit provided for in employment regulations for all Bankinter staff.

12.5. Quantitative information on the remuneration policy

The tables below, REM1, REM2, REM3, REM4 and REM5, contain information on the remuneration policy at year-end 2024 in accordance with Article 450 of Regulation (EU) 575/2013 and Regulation (EU) 631/2021:

Special payments to staff whose professional activities have a material impact on the risk profile of the institution (identified staff) (REM2)

		a	b	c	d
		Oversight function of the management body	**Management function of the management body**	**Other senior management**	**Other identified staff**
	Guaranteed variable remuneration granted				
1	Guaranteed variable remuneration granted - Number of identified staff members				
2	Guaranteed variable remuneration granted - Total amount				
3	Of which: guaranteed variable remuneration paid during the financial year, which is not taken into account when capping bonuses				
	Severance payments granted in previous periods and paid during the year				
4	Severance payments granted in previous periods and paid during the year- Number of members of the identified staff				1
5	Severance payments granted in prior periods and paid during the year - total amount				12
	Severance payments granted during the year				
6	Severance payments granted during the year- Number of members of the identified staff				2
7	Severance payments granted during the year - total amount				868
8	Of which: paid during the year				672
9	Of which: deferred				196
10	Of which: severance payments paid during the year that are not taken into account in the capping of premiums				378
11	Of which: highest compensation awarded to a single person				490

Figures in thousands of euros

Remuneration granted for the year (REM1)

			a	b	c	d
			Oversight function of the management body	Management function of the management body	Other senior management	Other identified staff
1	Fixed remuneration	Number of members of identified staff	9	2	9	84
2		Total fixed remuneration	1,840	2,734	4,788	16,315
3		Of which: in cash	1,818	2,719	4,614	15,464
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: equity-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
7		Of which: other modalities	22	15	175	851
9	Variable remuneration	Number of members of identified staff		2	9	84
10		Total variable remuneration		779	1,222	5,170
11		Of which: in cash	–	349	552	3,382
12		Of which: deferred	–	158	212	707
EU-13a		Of which: shares or equivalent ownership interests	–	384	529	1,768
EU-14a		Of which: deferred	–	193	216	707
EU-13b		Of which: equity-linked instruments or equivalent non-cash instruments	–	–	–	–
EU-14b		Of which: deferred	–	–	–	–
EU-14x		Of which: other instruments	–	–	–	–
EU-14y		Of which: deferred	–	–	–	–
15		Of which: other modalities	–	47	141	21
16		Of which: deferred	–	47	141	21
17	**Total remuneration (2+10)**		**1,840**	**3,513**	**6,011**	**21,485**

Figures in thousands of euros

Remuneration of 1 million euros or more per year (REM4)

		a
	Euro	**Identified staff with high remuneration within the meaning of Article 450(i) of the CRR**
1	From 1 mn to less than 1.5 mn	–
2	From 1.5 mn to less than 2 mn	2
3	From 2 mn to less than 2.5 mn	–
4	From 2.5 mn to less than 3 mn	–
5	From 3 mn to less than 3.5 mn	–
6	From 3.5 mn to less than 4 mn	–

Information on the remuneration of staff whose professional activities have a material impact on the institution's risk profile (REM5).

	a	b	c	d	e	f	g	h	i	j
	Remuneration of the management body			**Business areas**						
	Oversight function of the management body	**Management function of the management body**	**Total management body**	**Investment banking**	**Retail commercial banking**	**Asset management**	**Corporate functions**	**Independent internal control functions**	**All others**	**Total**
1 Total members of identified staff										**104**
2 Of which: members of the management body	9	2	11							
3 Of which: other senior management				–	–	–	–	–	9	
4 Of which: other identified staff				6	31	5	24	18		
5 Total remuneration of identified staff	1,840	3,513	5,354	1,996	9,507	1,783	5,935	2,264	6,011	
6 Of which: variable remuneration	–	779	779	602	2,240	783	1,269	276	1,222	
7 Of which: fixed remuneration	1,840	2,734	4,574	1,394	7,267	1,000	4,666	1,988	4,788	

Figures in thousands of euros

Deferred remuneration (REM3)

		a	b	c	d	e	f	g	h
	Deferred and retained remuneration	Total amount of deferred remuneration granted in respect of previous performance periods	Of which: to be vested during the year	Of which: which will be vested in subsequent years	Amount of the performance adjustment applied in the year to deferred remuneration to be vested in the year	Amount of the performance adjustment applied in the year to deferred remuneration to be vested in future years	Total amount of adjustment during the year due to implicit ex post adjustments (changes in the value of deferred remuneration due to changes in instrument prices)	Total amount of deferred remuneration granted prior to the year and actually paid in the year	Total amount of deferred remuneration granted in respect of prior performance periods that has vested but is subject to withholding periods
1	Oversight function of the management body	–	–	–	–	–	–	–	–
2	In cash	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Equity-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other modalities	–	–	–	–	–	–	–	–
7	Management function of the management body	4,144	607	3,537	–	–	22	628	271
8	In cash	1,473	262	1,211	–	–	–	262	–
9	Shares or equivalent ownership interests	2,118	344	1,774	–	–	22	366	271
10	Equity-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
11	Other instruments	–	–	–	–	–	–	–	–
12	Other modalities	552	–	552	–	–	–	–	–
13	Other senior management	5,525	912	4,613	–	–	39	951	286
14	In cash	2,327	444	1,884	–	–	–	444	–
15	Shares or equivalent ownership interests	2,427	468	1,958	–	–	39	507	286
16	Equity-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
17	Other instruments	–	–	–	–	–	–	–	–
18	Other modalities	771	–	771	–	–	–	–	–
19	Other identified staff	11,623	1,025	10,598	–	–	86	1,110	354
20	In cash	5,664	512	5,152	–	–	–	512	–
21	Shares or equivalent ownership interests	5,829	512	5,317	–	–	86	598	354
22	Equity-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
23	Other instruments	–	–	–	–	–	–	–	–
24	Other modalities	129	–	129	–	–	–	–	–
25	Total amount	21,291	2,543	18,748	–	–	146	2,689	911

Figures in thousands of euros

13

Environmental, Social and Governance (ESG) Risks

13. Environmental, Social and Governance (ESG) Risks

13.1. Information on the main ESG risks

According to Article 449a of Delegated Regulation (EU) 575/2013, institutions shall disclose information on environmental, social and governance risks (ESG risks) including physical and transitional risks. The details of the information to be published are set out in Implementing Regulation (EU) 2022/2453 of 30 November 2022.

13.2. Sustainability strategy

Over the past decade, the Bankinter Group has demonstrated a strong commitment to sustainability, integrating environmental, social and governance (ESG) criteria into its corporate strategy. The lines of action of this strategy are structured under sustainability plans, such as 'Noughts and Crosses' Plan (2012-2015 / 2016-2020), 3D Plan (2021-2023) and the DNA Plan (2024-2026). These plans seek to promote sustainable and inclusive development, aligning with the corporate values of agility, enthusiasm, integrity and originality. Thanks to these initiatives, the Bankinter Group not only contributes to protecting the environment, but also fosters a positive impact on the society and economy of the countries where it operates.

The bank has been publishing sustainability reports periodically for more than a decade (called non-financial information statements since the entry into force of Law 11/2018 on non-financial information and diversity). In this way, the Bankinter Group guarantees transparency and monitoring of its progress in this area.

Sustainability Policy

The sustainability and appointments committee reviewed the Sustainability Policy in December 2023, as the body responsible for reviewing this policy and monitoring the sustainability strategy and overseeing the Group's ESG (Environmental, Social and Governance) indicators. It monitors stakeholder engagement and ESG risk assessments, and ensures public disclosure of non-financial and diversity information.

For the definition of the present policy, the expectations of the double materiality analysis carried out in 2023 were included, which made it possible to identify the sustainability priorities relevant to Bankinter Group and its stakeholders.

The Sustainability Policy defines the framework within which Bankinter Group integrates the Bank's values - Agility, Enthusiasm, Integrity and Originality - along with the principles of responsible management into its activities to create economic, social and environmental value.

This is the benchmark policy for managing the bank's Environmental, Social and Governance (ESG) aspects and covers how all impacts, risks and opportunities (IROs) identified as significant are managed. It has an end-to-end approach that ensures the identification and management of the most relevant IROs, in line with the requirements of the CSRD (Corporate Sustainability Reporting Directive) and the subtopics included in this standard.

Each of the principles established in the sustainability policy addresses, in a cross-cutting manner, the different sub-topics defined in the regulatory framework, thus guaranteeing that the material IROs linked to areas such as climate change, people management, customer relations and corporate governance are reflected in the Bank's strategic guidelines.

The Policy applies to all entities that make up the Bankinter Group. It is aligned with the Sustainable Development Goals of the United Nations 2030 Agenda and reflects commitments made in international protocols and standards. These include the UN Global Compact Guiding Principles, the Equator Principles, the Principles for Responsible Banking, the UN Environment Programme Financial Sector Initiative and the Net-Zero Banking Alliance (NZBA). These frameworks reinforce the Bankinter Group's commitment to sustainability and its integration into the corporate strategy.

The Bankinter Group also considers the opinions and expectations of its stakeholders as a core element in its development and implementation. To this end, the Bank carries out periodic materiality analyses, through which it identifies and prioritises the most relevant sustainability issues, integrating the perspectives of its main stakeholders. The principles of this policy are published on the Bankinter Group corporate website and are available to all stakeholders.

ADN Sustainability Plan 2024-26

Sustainability plans are the instrument that the Bank implements to deploy its Sustainability Policy. For the structuring of this Plan 2024-26, the following references, among others, were considered:

- The Spanish Companies Act and Law 11/2018, of 28 December, on non-financial information and diversity.
- Directive (EU) 2022/2464 of the European Parliament and of the Council on corporate sustainability reporting (CSRD, Corporate Sustainability Reporting Directive)
- Delegated Regulation (EU) 2023/2772 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards (ESRS).
- The recommendations included in the Code of Good Governance of Listed Companies approved by the CNMV.
- The commitments that the Bankinter Group has signed within the framework of various international initiatives, including, among others, the Guiding Principles of the United Nations Global Compact, the Equator Principles, the Principles for Responsible Banking and the initiative for the financial sector of the United Nations Environment Programme and Net-Zero Banking Alliance (NZBA).
- Analysis of the results of assessments by leading ESG analysts and rating agencies

- International standards and frameworks relating to Sustainability management (GRI, IIRC, ISO 26000, SGE 21, etc.).
- Analysis of the results of satisfaction surveys completed by stakeholder groups such as customers and employees.
- The goals associated with the Sustainable Development Goals (SDG).
- Consideration of best practices from global industry leaders.
- Materiality analysis carried out in 2023.

The ADN Sustainability Plan 2024-26 is made up of 3 pillars:

- **The "A" for responsible action**. It focuses on the Bank's ethical management and its commitment to responsible and transparent business practices. Its strategic lines are corporate governance, ethics and transparency, human rights and supply chain.
- **The "D" for differentiation**. The Bank positions itself as an organisation with distinctive core values, thanks to its provision of innovative solutions with the best available technologies, such as artificial intelligence, recognised quality service, and advanced people management. The strategic lines linked to differentiation are: Customer relations, people management, sustainable innovation and relations with the local community.
- **The "N" of sustainable business**. It covers aspects related to Bankinter Group's business from a sustainable perspective, incorporating new business opportunities that arise for the Bank, and also addresses ESG risks. The strategic lines linked to this pillar are sustainable finance, climate change, natural capital and cybersecurity.

The achievement of business objectives must be compatible not only with regulatory compliance, but also with the development of best practices and national and international standards required for its activity. The Strategic Plan also serves to comply with regulatory requirements in terms of sustainability and following recommendations from international advisors, such as sustainability rating agencies and corporate responsibility observatories.

The plan's objectives related to new ESG-related business opportunities are noteworthy, as they are closely linked to the bank's inclusive strategy with its clients, to help them in the transition to a more sustainable and low-carbon economy.

2024-2026 DNA Sustainability Plan

Action

The strategic pillar "A", which corresponds to ""**Responsible Action**".

Strategic lines:

- Corporate governance
- Ethics and transparency
- Human Rights
- Supply chain

Differentiation

The strategic pillar "D", which corresponds to "**Differentiation**".

Strategic lines:

- Customer relations
- People management
- Sustainable innovation
- Relationship with the local community

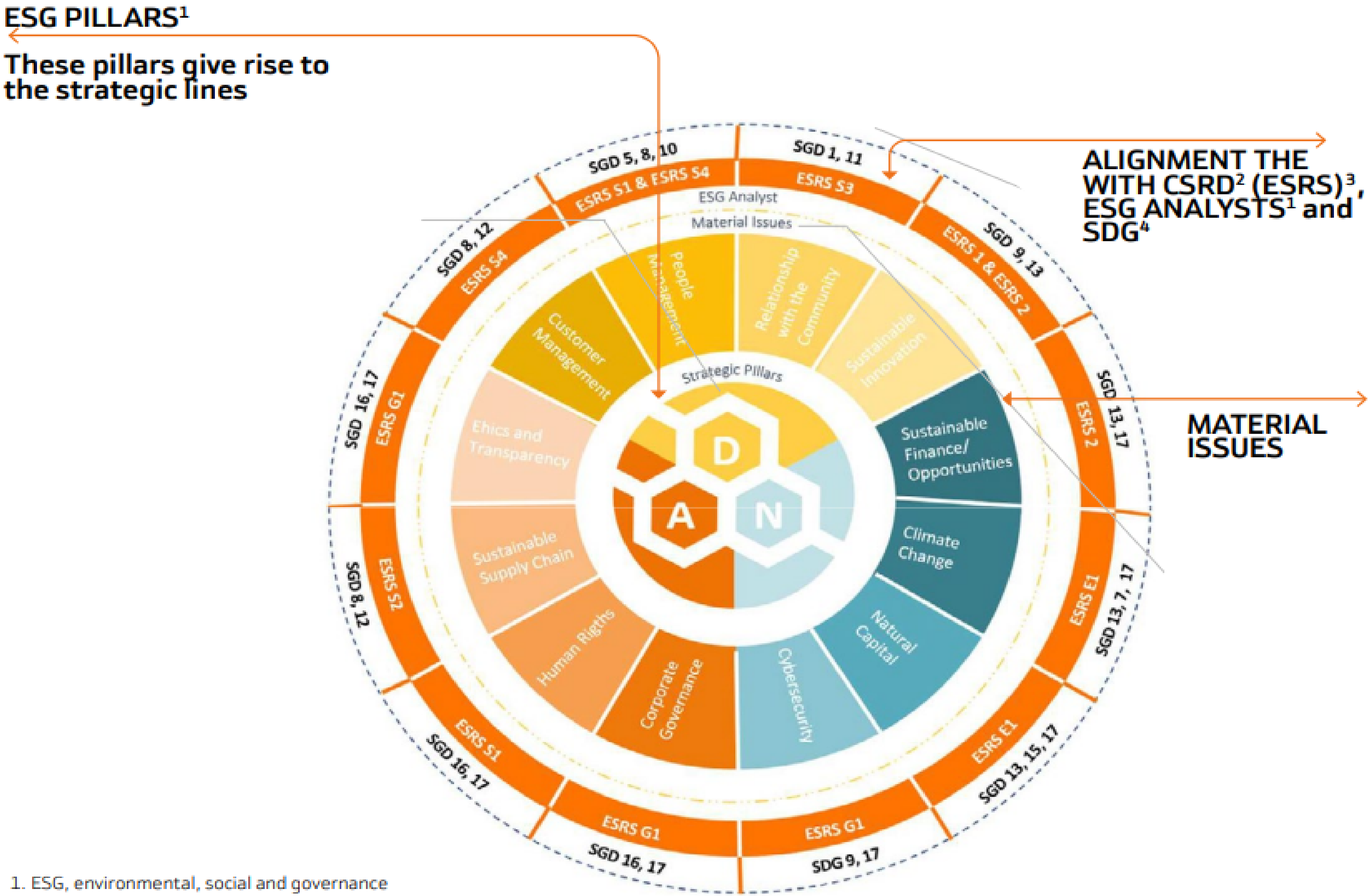
Business

The strategic pillar "N", which corresponds to ""**Sustainable business**".

Strategic lines:

- Climate change risks
- Natural capital risks
- Cybersecurity risks
- Sustainable Finance/Opportunities

2024-2026 DNA Sustainability Plan



1. ESG, environmental, social and governance
2. CSRD: Corporate Sustainability Reporting Directive
3. ESRS: European Sustainability Reporting Standards
4 SDGs: Sustainable Development Goals

Key milestones for 2024

In 2024, Bankinter Group strengthened its sustainability function, providing it with greater resources, placing it under the direct hierarchical dependence of the Chair of Bankinter Group and under the supervision of the sustainability and appointments committee. Thus, this committee of the Board of Directors adopts the functions of reviewing the Strategic Sustainability Plan, monitoring the strategy and supervising the performance of the Group's ESG indicators, monitoring the dialogue with stakeholders, evaluating ESG risks and ensuring the public dissemination of non-financial and diversity information.

With this new organisation, the Bankinter Group seeks to respond to the growing challenges in terms of sustainability. Specifically, the new sustainability function is aimed at meeting the following objectives:

- Promote the identification, evaluation and capture of value creation opportunities arising from the sustainable transition
- Lead Bankinter Group to the highest level in the sustainability standards defined by the European Union
- Ensure complete and rapid adaptation to current and future regulatory and supervisory requirements
- Transmitting Bankinter Group's contribution to ESG concerns to its numerous internal and external stakeholders

Following the publication of the CSRD, the development of the ESRS (European Sustainability Reporting Standards) and the associated EFRAG (European Financial Reporting Advisory Group) guidelines, Bankinter Group has updated its materiality analysis. The process has resulted in the identification of 43 material impacts, risks and opportunities (IROs) in the areas of climate change (NEIS E1), employees (NEIS S1), consumers and end users (NEIS S4) and governance (NEIS G1).

Based on the development of the double materiality analysis under these new standards, Bankinter has carried out work in 2024 to align the DNA Plan with this new fiscal year, prioritising initiatives, homogenising metrics and structuring control processes. In this way, the progress made in the ADN Plan will respond to the material issues identified under the new methodology.

Below are some of the main milestones achieved in 2024 in terms of sustainability and included in the strategic lines of the ADN Plan, as well as major objectives for 2025.

Within the scope of Responsible Action, as described above, Bankinter Group has reorganised and updated sustainability governance in the Group and has carried out a new double materiality analysis in accordance with current sustainability information reporting requirements. In addition, Bankinter Group has modified some of the relevant policies within the Group (such as Safety, Health and Wellbeing), as well as the sectoral ESG policies within the Risk Framework Agreement.

For 2025, Bankinter Group has set itself the goal of continuing to strengthen the approval of suppliers with ESG criteria and strengthening the due diligence process in terms of Human Rights, in accordance with the future requirements of the CSDDD (Corporate Sustainability Due Diligence Directive). In addition, the implementation of the DNA Plan will be completed in all geographies in which the Bank operates, also incorporating Avant Money.

In the area of Differentiation, Bankinter SA and Bankinter Global Services have achieved certification of the Safety, Health and Wellbeing management system according to the international standard ISO 45001. In the case of Portugal, this certification has been renewed.

The Bank has also continued to promote financial education through various programmes such as the digital platform Money Town, the project "Your Finances, Your Future" together with the Spanish Banking Association (AEB, for its acronym in Spanish), the Game of Traders game for students and workshops on financial education adapted for the elderly and people with intellectual disabilities.

In 2025, Bankinter Group will make progress in incorporating accessibility criteria into all its stakeholder relationship channels (physical and digital) within the framework of its 'A Bank for All' programme, taking into account the requirements of the regulations in this area that come into force in July.

In the area of Sustainable Business, Bankinter Group has designed a sustainable finance framework and set up the Sustainable Marking Unit, whose function is to assess transactions using sustainability criteria and mitigate the risk of greenwashing. The sustainability axis has also been incorporated into the business strategy, systematically identifying business initiatives, formalising commercial alliances and developing training plans for the commercial network and its support areas.

In line with commercial developments, the Bankinter Group has also made progress in managing climate and environmental risks to align it with the expectations of the European Central Bank. In this area, it is worth highlighting the fulfilment of the decarbonisation roadmap for the corporate portfolio, achieving a 5.2% reduction in financed emissions per million euros, with respect to 2023 (more details are included in section 2.2.3 Action).

In 2025, the Group aims to further align its business strategy with sector-specific decarbonisation paths, expand the range of products and solutions for customer decarbonisation and strengthen control over the risk of greenwashing.

A strategy recognised by the market

Bankinter's sustainability management has been recognised in 2024 with its inclusion in the Dow Jones Sustainability World Index for the seventh consecutive year, as one of the entities that show the best environmental, social and governance performance. In addition, the bank maintains its position in the FTSE4Good Sustainability Index and has been listed on the IBEX ASG index since its launch in 2023. Furthermore, it should be noted that sustainability rating agencies, such as MSCI and ISS, have maintained their rating for Bankinter with respect to 2023.

13.3 Environmental risk

13.3.1. Business strategies and processes

Bankinter remains firmly committed to addressing its environmental management by taking on the challenge and responsibility of operating in the most environmentally friendly manner, taking the necessary measures to mitigate its direct and indirect climate and environmental impact, in line with the precautionary principles. To this end, analyses of the most relevant climate and environmental risks throughout Bankinter's value chain are performed, both Bankinter's own direct risk (the Bank premises where its employees work) and the indirect risks deriving from its financial activity. It manages all of these risks in accordance with the principles of prevention and involving all stakeholders.

The Sustainability Policy is the main reference for managing the Bank's environmental, social and governance (ESG) aspects and covers the management of all IROs identified as material. This policy takes a comprehensive approach to ensuring the identification and management of the most relevant IROs, aligning with the requirements of the CSRD and the sub-topics outlined in this directive. Each of the principles established in the Sustainability Policy addresses, in a cross-cutting manner, the different sub-topics defined in the regulatory framework, thus guaranteeing that the material IROs linked to areas such as climate change, people management, customer relations and corporate governance are reflected in the Bank's strategic guidelines. More information on this policy is provided in section 13.2 Sustainability Strategy.

Bankinter also has a complementary policy specifically focused on the management of environmental and climate issues, the Environmental and Climate Change Policy. This policy aims to establish the framework for the Group's action in matters of the environment and climate change in all its activities and constitutes the reference framework for establishing improvement objectives. This policy addresses the management of the material IROs identified in the ESRS E1 topics, including climate change mitigation and adaptation, as well as energy management.

Monitoring and control of the Environmental and Climate Change Policy corresponds to:

- The sustainability committee, which is responsible for promoting and supervising the implementation of this Policy, must report on its follow-up to the sustainability and appointments committee of the Board of Directors.
- The Sustainability department, which is responsible for coordinating the actions defined in the Environment and Climate Change Strategy Guidelines and Programmes, verifying the level of compliance with the established goals and identifying areas for improvement, according to internationally recognised standards, regulations, guidelines and the proposal for adopting instruments to implement this policy.

In preparing this policy, Bankinter has taken into account the provisions of European and Spanish legislation and other international standards. These include the UNE-EN ISO 14001 International Standard for Environmental Management Systems (EMS), the UNE-EN ISO 14064 International Standard for Greenhouse Gases and other recognised environmental reporting standards for the preparation of non-financial reports.

The policy is public on the usual communication channels, both external and internal, on the Corporate Website and on the Bank's Intranet.

The last update of the document was carried out in 2022. This policy is aimed at enhancing the positive impacts and minimising the negative effects of its activity on the environment. In addition, it was adapted to new regulations such as the Climate Change Law or the Sustainable Finance Taxonomy Regulation, its coverage was expanded to the management of aspects derived from financial activity and references were incorporated to the international frameworks that have been developed in recent years and which the Bank takes into account when managing its environmental dimension (Sustainable Development Goals, Paris Agreement on climate change, among others).

The Sustainable Business pillar of the DNA Sustainability Plan includes a strategic line associated with climate risks, included in a general category of ESG risks. In addition, the management of the Bank's environmental footprint is incorporated through the environmental management and carbon footprint calculation system (through which both the direct and indirect environmental impacts generated by the Bank's activity are identified, measured and controlled).

Strategic levers on exposure to polluting sectors

Bankinter is not excluded from the European Union benchmarks harmonised with the Paris Agreement. And although it does not have a complete transition plan with all the requirements of ESRS E1, the Bank has various measures such as the decarbonisation strategy and strategic levers such as those defined below, which allow the Bank's portfolios to be decarbonised in line with the emissions reduction targets of the countries where it conducts business.

Bankinter is a signatory to the main international initiatives in the area of sustainability, such as the Equator Principles, the Global Compact, the sectoral initiative of the United Nations Environment Programme (UNEPFI) and the Principles of Responsible Banking. The latter is a framework for sustainable banking business in line with the SDGs and the 2030 Agenda. In 2021, the Bank joined the Net-Zero Banking Alliance, the main aim of which is to become net zero in emissions by 2050, with intermediate decarbonisation objectives to be achieved by 2030. Bankinter has drawn up a decarbonisation roadmap for its corporate business and mortgage portfolio, with reduction objectives as regards financed emissions to be reached by 2030 (see section on Decarbonisation Strategy).

The Group has little exposure to the sectors that emit the most greenhouse gases. An alert system (climate rating) has been put in place for the individual impacts of these risks on each customer and transaction, and dialogue has been established with the customers with the highest emissions, which is considered in proposal and approval processes (refer to the Climate rating for legal entities section). Furthermore, this exposure will be reduced in line with the commitments made by the Bank, such as its adherence to the Net-Zero Banking Alliance initiative, its portfolio decarbonisation objectives and its strategic decision to support customers in the transition of their business to a lower-emitting economy.

In addition, the Bank has defined sector-specific financing guidelines, with social and environmental criteria, for certain sectors that are considered more relevant due to their potential social or environmental impact, including the energy, agricultural, extractive and defence sectors. These sector guidelines, specifically those for the energy and extractive sectors, have been updated in 2024. Bankinter is becoming progressively more demanding in meeting decarbonisation objectives, limiting the financing of activities that are incompatible with reducing emissions or financing for customers who are not willing to transform (see Decarbonisation Strategy section).

As credit facilitators, there is a responsibility to help finance the transition to a sustainable economy. However, this transformation process also requires other types of incentives and certainties regarding the technology to be targeted that do not depend on the financial sector. Therefore, the Group's decarbonisation will largely depend on compliance with the national objectives set, as recognised in the strategy itself.

A Bankinter Gestión de Activos Exclusions Policy has been defined and approved, aiming to set limits and/or prevent investment in companies whose activity is associated with "controversial activities".

Strategic levers for climate change mitigation actions

As a financial institution, Bankinter recognises its role in climate change mitigation efforts and focuses on supporting and facilitating financing for its customers. This corresponds to Scope 3 of its carbon footprint, which accounts for more than 95% of the Group's emissions. However, Scope 1 and 2 emissions are monitored under environmental management systems and annual carbon footprint declarations and verifications.

Regarding scope 3, that is, the emissions that the Bank finances for its customers, work has been done on the design of products with ESG criteria that help customers in their transition plans. Furthermore, in March 2024, Bankinter reorganised the Sustainability department, with the responsibility of defining the Group's Sustainability Strategy, promoting its implementation and monitoring its progress. Among its responsibilities is the promotion of sustainable business, incorporating financing for activities that require investments for mitigation and climate change mitigation, whether natural or legal persons and in any geography, with the aim of accompanying customers in their strategies for decarbonisation and transition to lower carbon models. The actions taken in this regard are specifically detailed in the "Business with ESG criteria" section.

13.3.2. Governance

As regards the specific governance of climate change and environmental risks and opportunities, the bodies involved are the following:

The **Board of Directors** is the body that approves the Group's Sustainability Policy. In 2023, the board reviewed and authorised the "ESG Business" proposal, which incorporated the business plan of products that include ESG criteria in order to help our customers in their decarbonisation paths and other sustainability objectives. It is supported by the following Committees that form part of the administrative body:

- The sustainability and appointments committee, which assumes responsibilities in matters of sustainability, including:
    - Review the Sustainability Policy, ensuring that it is always geared towards value creation.
    - Monitoring of the sustainability strategy and practices, best practices in this area, and evaluation of their degree of compliance.
    - Evaluate everything related to the social, environmental, political and reputational risks of the company, independently of the powers corresponding to the risk and compliance committee or to other committees of the board. Specifically, this body is the one that approves the decarbonisation roadmap for the Bank's portfolios in accordance with the commitments made in its Sustainability Policy.
- The Audit Committee: Ensures the clarity and integrity of the non-financial information that the Bank must make public periodically.
- The risk and compliance committee exercises oversight functions in risk matters and is the main support to the board in this area. Specifically, it is responsible for reviewing the proper compliance with the risk appetite declaration, which includes all material risks. In November 2022, the risk and compliance committee submitted a proposal to the Bank's Board of Directors advising it to incorporate the "Emissions Financed" indicator, which measures the impact on decarbonising the economy through financing granted by the Bank to its customers, into Bankinter Group's risk appetite framework (hereinafter, RAF). Furthermore, the risk and compliance committee receives a recurring report on the management and control of all material risks, including a global monthly report that includes all material risks and, specifically, those related to climate and the environment, in addition to monitoring compliance with the risk appetite statement.
- The remuneration committee. In Bankinter Group, the variable remuneration of the categories of staff whose activities have a material impact on the risk profile of Bankinter ("identified staff"), which includes board members, is adjusted based on the specific RAF indicators, as determined by the Board of Directors, as suggested by this committee, in line with metrics that suitably reflect the most significant risks, including environmental, social and governance risks. The remuneration committee proposed to the Board of Directors the incorporation of this new RAF indicator (decarbonisation pathway of

emissions financed for the corporate portfolio), to adjust the variable remuneration accrued in 2023 for the identified group (including that accrued by executive directors). As with the other RAF indicators that can adjust the variable remuneration of identified staff, non-compliance with the risk tolerance and limits will result in adjustment of the accrued variable remuneration, and may even reduce it to zero.

Bankinter's Board of Directors agreed to approve both proposals from its oversight committees on 22 February 2023 (for more information, consult the Annual Report on Director's Remuneration, which is available on Bankinter's corporate website).

Since 2022, joint committees between the above-mentioned board committees have been held, where considered necessary.

The following bodies should also be highlighted:

- Risk committees. Analyses and approves risk transactions proposed by the branch network that should consider climate change as a risk factor in each transaction.
- Reporting directly to the non-executive chairman of the Board of Directors:
    - The sustainability committee ensures compliance with the Sustainability Policy and the development of successive Sustainability Plans, ensuring their dissemination and seeking the involvement of all Bankinter stakeholders, especially strategic ones (staff, shareholders, customers, etc.)
    - The Sustainability department, which is tasked with ensuring the Group's ongoing leadership in sustainability while responding to growing regulatory, supervisory and competitive pressures. It includes those responsible for sustainability in areas that are especially involved and functionally dependent on the Sustainability department, at two levels:
        - Areas with exclusive and independent responsibility: climate risks, CSR and ESG department in Portugal
        - Managers in business areas (including subsidiaries) and territorial organisations.
- Other internal bodies or working groups on sustainability:
    - Green bond committee: analyses the potential portfolio for green issue collateral and monitors live emissions
    - Sustainable Labelling Unit: Newly created internal unit to mitigate the risk of "greenwashing" in financing classified as green and linked to sustainability.

13.3.3. Risk management

Bankinter is developing its sustainability strategy to minimise the negative impacts that its activity may have on its social and environmental surroundings and to enhance the positive ones. This strategy is transversal and involves all areas of the Bank and therefore all its businesses. Bankinter identifies the aspects of its activity that have the greatest impact on the environment through a management system for the needs and expectations of its main stakeholders.

As mentioned above, Bankinter conducted a double materiality analysis during 2024, following the indications of the EFRAG IG1 Materiality Assessment guide, with a view to identifying the material IROs on which to focus its sustainability reporting.

Bankinter used internal exercises and reports, insofar as they were available for the different categories of IROs, so that this double materiality analysis was in line with the Bank's own management and strategy, and the material IROs obtained reflected the company's reality.

This is why, in the specific analysis of risks related to climate change, Bankinter has taken into account the "risk assessment" exercise carried out in response to the "Thematic Review" of the European Central Bank, which analyses how the different prudential risks (credit, market, liquidity, operational and reputational) are affected by climate risk factors (transition and physical for various time horizons). This exercise is explained in more detail in the next section.

Materiality

To assess the materiality of climate change risks, Bankinter carries out exercises to quantify the effects that climate change can have on the different traditional risks and, therefore, the potential losses that it can have on its business. In conclusion, Bankinter considers these risks to be material, based on the assessment of their impacts as described below.

Climate risks are considered 'risk factors'. This means that they do not have an impact in themselves, but they do materialise through the risks traditionally managed by financial institutions, Specifically, in credit, market, operational, reputational and liquidity risks.

They also impact the business model over the medium and long term, depending on the extent to which the Bank's business involves sectors and markets vulnerable to these risks.

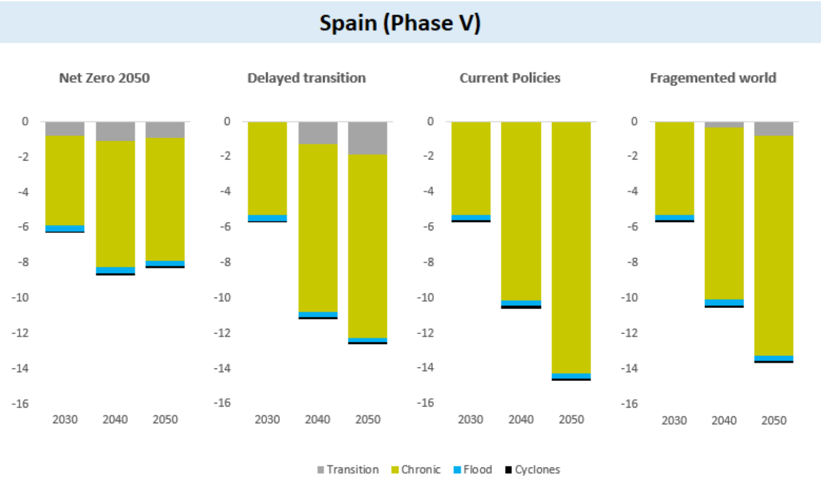
Climate risks are therefore considered as a cross-cutting source of risk, included in each of the risk categories described below.

The assessment of the potential impacts of these risks is carried out from a dual perspective:

Top-down approach

One of the most important references in relation to the potential economic damage that climate and environmental risks can cause is the set of contents published by the Network for Greening the Financial System (hereinafter, NGFS). This association of central banks and supervisors is making a major effort to establish a common framework of scenarios and associated impacts, which provides us with a very solid basis on which to build our impact analyses and, consequently, to determine the materiality of climate factors, especially with regard to credit risk. In November 2024, this organisation published the so-called Phase V of its scenarios, the most relevant novelty being the incorporation of a new damage function that gives enormous prominence to physical risks.

The following graph shows the impacts on GDP for Spain, in terms of cumulative growth differential, of physical and transition risks in four scenarios that we take as a reference for the years 2030, 2040 and 2050 with respect to a theoretical scenario in which climate effects are ignored:



These Phase V impacts correspond to the NiGEM NGFS v1.24.2 model[REMIND-MAgPIE 3.3-4.8][5], adding those associated with flooding and cyclones that come from Phase IV (NiGEM NGFS v1.23.2 model[Climate Analytics][6]).

The narrative describing these four scenarios considered is summarised in the following points:

- Ordered: this is the desired scenario and represents an orderly transformation through effective policies and innovation to reach the goal of net zero CO_2 emissions by 2050, keeping the temperature increase to 1.5°C. Since this is an orderly scenario, not only are physical risks mitigated to the maximum, but those associated with the energy transition are kept at moderate levels.
- Messy: In this scenario, effective actions to reduce emissions are delayed until 2030 and therefore it is necessary to introduce urgent measures that cause a temporary energy shock. To a certain extent, although on a different scale, this is what is currently happening as a result of the Ukraine conflict and its effects on energy prices. Therefore, by acting late and in a disorderly manner, both the impact of transition risks and physical risks is greater, limiting the temperature increase to 2°C.
- Hot house World: This scenario assumes that current policies are maintained, which causes emissions to continue to grow and, therefore, leads to greater exposure to physical risks. However, transition risks are not considered in this context.[7]
- Fragmented World: a delayed and divergent political response is assumed between different countries, which ultimately results in ineffective action where high transition risks coincide with a limited capacity to reduce emissions. This scenario seems plausible given the current geopolitical tensions, as well as a probable change of plans in the US under the Trump administration. In fact, in early 2025 all major US banks abandoned the Net Zero Banking Alliance.

As can be seen, even in the best of scenarios, physical risks have a material impact on the economy as a whole. In addition, acute physical risks can concentrate their impacts over short periods of time, in specific geographic areas, as well as in specific activities.

Bankinter uses these scenarios to assess potential future impacts both in terms of losses associated with stress situations and in terms of capital needs.

On this basis, in 2024 financial year, Bankinter carried out a Materiality Analysis of Climate and Environmental Risks, studying the different impacts, under the hypothesis of realisation of the different scenarios on traditional risks such as credit, operational, reputational, market and liquidity risks. The methodology used involves:

- Define the risk drivers or transmission channels of each risk
- Defining time horizons
- Conduct a qualitative analysis of the potential impact of climate risks on traditional risks
- Make a quantitative analysis of each of these.

This exercise has been carried out for all the Bank's geographies and businesses and for the first three climate scenarios stated[8] in three time horizons, in accordance with the horizons established in exercises such as the ICAAP or the recommendations of the EBA (European Banking Authority) for this type of analysis related to climate risks: Short term, medium term and long term.

The impact assessment is carried out using a severity scale from 1 to 5:

[5] For more details, see the document NGFS Climate Scenarios Technical Documentation V5.0 (November 2024)
[6] For more details, see the document NGFS Climate Scenarios Technical Documentation V4.1 (November 2023)
[7] In this scenario, a financial risk of NON-transition could be considered. That is, a risk derived from excessive exposure to projects that, without a real transition, will not achieve the expected return values in their business plans.
[8] The Fragmented World scenario can be viewed as a combination of the Delayed Transition and Current Policies scenarios, so it was not deemed necessary to incorporate it into this analysis.

Severity	High	Medium- High	Medium	Medium - Low	Low
Impact	5	4 - 4.9	3 - 3.9	2 - 2.9	0 - 1.9

Severidad	Alto	Medio - Alto	Medio	Medio - Bajo	Bajo
Impacto	5	4 - 4,9	3 - 3,9	2 - 2,9	0 - 1,9

The assessment carried out on the possible impact of climate risks on each of the traditional risks is detailed below.

Credit risk

Climate risks (physical and transition) can have an impact on credit risk because they increase the probability of default or non-compliance by borrowers with respect to their obligations to Bankinter, due to a reduction in their income as a result of a climate event. Specifically, these three Bankinter portfolios may be affected:

- Mortgage portfolio: they may lead to a reduction in the value of the assets that serve as collateral.
- Financing for individuals with personal guarantee: May affect borrowers and therefore increase the risk of default on their financial obligations.
- Financing to companies: Some economic sectors are particularly vulnerable to climate risks, such as agriculture, construction, energy or insurance. Companies in these sectors may see their productivity and business models affected or their supply chains interrupted if these risks materialise.

The analysis of the impact of climate risks on credit risk has been carried out taking into account the portfolio distribution data detailed above and transition and physical risks.

Transition risk can impact credit risk mainly through climate policies/regulations, investor/customer behaviour and technological development requiring higher capital investments. For the qualitative analysis of its impact through credit risk, a theoretical exercise is carried out to identify the transmission channels through which climate risks can impact the three credit portfolios and the impact and probability of occurrence that they could have in the three defined time and climate horizons is evaluated.

Regarding physical risks, they can affect credit risk mainly through extreme weather events, such as floods, forest fires, earthquakes and other natural disasters, which impact the value of assets and the payment capacity of customers. To analyse this impact, the transmission channels of physical risk in the Bank's three credit portfolios are identified, considering the probability of occurrence and the potential impact of these risks in different time horizons and under the three climate scenarios.

Market risk

Physical and transition climate risks may impact market risk, affecting these Bankinter portfolios:

- Trading Book + Banking Book: Some economic sectors are particularly vulnerable to climate risks, both physical and transitional, such as agriculture, construction, energy or insurance. Bonds issued by companies in these sectors may be at risk if any of these risks materialise.
- Non-trading Book: Physical risks, such as natural disasters, can deteriorate the credit quality of assets in Non-Trading Book portfolios, increasing defaults and reducing the value of collateral. On the other hand, transition risks, arising from regulatory and economic changes towards a low-carbon economy, may affect specific sectors where the financial institution has exposure, increasing the risk of credit losses and adjustments in asset valuation.

Transition risks can impact market risk by affecting the value of financial assets linked to carbon-intensive sectors or those not aligned with the climate transition. Changes in regulatory policies, technology or investor preferences can cause sudden adjustments in the prices of these assets, increasing the volatility of investment portfolios. Furthermore, an accelerated or disorderly transition could generate significant losses in fixed and variable income instruments, affecting the market position and financial results of the bank. To analyse these effects, the vulnerability to climate transition risk of each of the sectors with exposure in the two portfolios is assessed, the vulnerability of each sector is obtained and multiplied by its exposure.

Physical risk can impact market risk by altering the value of financial assets related to sectors or regions vulnerable to extreme weather events, such as floods or droughts. To carry out the qualitative analysis of the impact of physical risk on market risk, the vulnerability to climate risk of each of the sectors with exposure in the two market portfolios (Trading Book + Banking Book and Non-trading Book) is assessed. Once the vulnerability of each sector is obtained, it is multiplied by its exposure.

In order to estimate the quantitative impact of climate risks on market risks, these portfolios, mostly composed of securities issued by public or financial institutions, have been analysed using a tool that establishes climate ratings on each issuer, stressing it in terms of climate scenarios and time frames and using qualitative analysis as the basis.

Liquidity risk

Climate risks (physical and transition) can impact liquidity risk due to a reduction in asset quality, an increase in non-performing loans, an increase in cash demands and even a loss of value in the bank's exposed sectors. Specifically, climate risk can affect portfolios in four of these ways:

- Deposits: Withdrawal of large amounts of cash to cover immediate needs.
- Wholesale financing: Wholesale markets are increasingly focused on sustainability. If Bankinter does not adequately manage climate risks or does not align its strategy with ESG principles, it may lose support from institutional investors.
- Loans: In loans, affecting borrowers, asset quality and the Bank's ability to manage its liquidity.
- Collateralized assets: A reduction in the value or availability of collateral assets may limit the Bank's liquidity.

For the qualitative analysis of transition risk in liquidity risk, each risk driver has been analysed and assigned a severity according to ECB guidelines, and an average is then applied together with the probability of occurrence.

For the qualitative analysis of physical risk in liquidity risk, each risk driver has been analysed and assigned a severity according to the ECB guidelines and the Think Hazard tool and then an average is applied to it along with the probability of occurrence, considering the exposure in each of the geographies where Bankinter is exposed to liquidity risk (Spain, Portugal, Ireland and Luxembourg).

Regarding the quantitative assessment of the possible impacts of climate risks on the Bank's liquidity risks, the effects of a possible reduction in customer deposits or greater investment provisions as a result of climate events or transition risks on the LCR ratio have been analysed. The conclusions are that this ratio, in the different time frames and scenarios, would always remain within the minimum levels set out in Bankinter's Risk Appetite Framework. It is also concluded that these risks are not material for Bankinter.

Operational risk

Climate risks can affect a Bank's operational risk. Extreme natural events, such as floods or hurricanes, can damage key infrastructure, disrupting operations and technology services. Additionally, stricter climate regulations may require complex operational changes, increasing the risk of errors and associated costs. In addition, disruptions in the supply chains of critical suppliers due to climate events or their inability to adapt to the transition can impact business continuity.

In this regard, three main areas of impact of operational risk have been identified in the bank:

- Financial: Quantifies the economic loss that would be caused by the interruption of the analysed activity.
- Operational: The interruption of activity can have an impact by increasing the workload of other areas, reducing or paralysing their activity and requiring investment to restore adequate levels of service.
- Legal or litigation: Any way in which stopping the process could result in legal action against Bankinter is being considered.

Transition risk can impact operational risk by requiring costly adaptations to processes and systems to comply with environmental regulations. Furthermore, disruptions in supply chains and shifts in customer preferences towards sustainable products can strain internal resources, creating inefficiencies and operational vulnerabilities.

Climate risk through physical risk can impact the financial institution, legally and operationally.

- Financial impact: Local operating costs are taken into account to determine the proportional weight of each geography in the financial impact of physical risks.
- Operational impact: The number of branches per country will be taken into account to determine the proportional weight of each geography in the operational impact of business continuity of physical risks.
- Legal impact: The number of clients will be taken into account to determine the proportional weight of each geography in the legal impact of physical risks.

The calculation of the physical impact on operational risk is carried out through an approach that includes the identification and analysis of multiple factors. First, the severity of the impact is assessed by geography, considering financial, business continuity and legal areas.

To do this, the Think Hazard tool is used, which allows for the analysis of each of the relevant risk drivers, such as floods, droughts or extreme events, in the regions in which Bankinter operates.

A weighted average is then calculated that combines the identified severity with the probability of occurrence of the events under different climate scenarios. This detailed analysis considers how operational, legal and financial exposure varies across geographies, allowing for a more accurate calculation of potential impact and yielding results that integrate both the magnitude and likelihood of physical risk in each context.

Regarding the quantitative assessment of operational risks, physical and transition risks have been assessed. For physical risk, the loss has been estimated using as a reference the losses that occurred with the DANA in Valencia. For transition risk, the maximum (very high impact in the most adverse scenario) is taken as the average of fines imposed on banks in recent years for misrepresentation or erroneous disclosure in ESG and climate risk matters, and the proportion is calculated with the ratio of the size of these banks to that of Bankinter.

Reputational risk

Climate risks (physical and transition risks) may impact reputational risk due to the perception that different stakeholders may have regarding Bankinter's actions in climate matters, both in relation to the financing of certain carbon-intensive activities and due to its collaboration and commitment to the transition. In this regard, specifically, although physical and transition climate risks may impact the Bank as a whole, the reality is that financing certain industries that are more sensitive to reputational risk may have a greater effect on Bankinter's reputation. For this reason, exposure to different sectors of activity has been taken into account within this qualitative analysis.

To calculate the impact of transition risk on reputational risk, different variables have been defined to assess the severity of each of the risk drivers initially defined. Here are some examples of those analysed:

- Possible sanctions for non-compliance with regulations, adverse publications by official bodies that may result in reputational damage if the Bank is involved in legal actions
- Financing customers with unsustainable practices can damage the Bank's reputation, resulting in less financing capacity.

- Practices that are not sustainable or not aligned with their E&SG goals (inappropriate investment, inadequate or insufficient ESG product catalogue, controversial comments from spokespersons, expulsion from or downgrading in sustainability indices, environmental media controversies) can damage their reputation, leading to a loss of demand or investment.
- Lack of transparency and information reported regarding compliance with sustainability objectives and climate and environmental commitments (Greenwashing)

To calculate the impact of physical risk on reputational risk, the same methodology has been followed as for transition risk, defining a variable for the evaluation of the severity of each risk driver and its defined severity to complement it with its probability of occurrence according to the defined scenarios.

For example, regarding the risk driver of an inability to adequately anticipate the risks associated with extreme weather events, the calculation of the severity of the impact has been carried out by taking the reputational impacts obtained in the BIAS conducted by the Bank for the different areas. Subsequently, the different reputational impacts in the different geographies of the Group have been taken into account and the weighted average value of reputational impact for all of them has been assigned.

To quantify climate risks on reputational risk, the losses from an extreme event with a reputational impact associated with the governance dimension have been analysed. These types of events could be associated with climate factors linked to greenwashing or, directly, to a breach of our own policies. In the most extreme cases, the impact of these events could be significant for the Bank.

<u>Conclusions</u>

The results obtained from the qualitative analysis for the climate transition risk in the different scenarios and time frames are shown below collectively:

	CLIMATE TRANSITION RISK								
	ORDERED			DISORDERED			HOT HOUSE WORLD		
	S/T	M/T	L/T	S/T	M/T	L/T	S/T	M/T	L/T
Credit Risk	3.4	3.3	2.7	2.5	3.3	3.3	2.2	2.2	2.3
Reputational Risk	3.2	3.2	2.9	2.3	3.2	2.8	1.7	1.7	1.8
Operational Risk	2.7	2.8	2.9	2	2.2	2.4	1.5	1.5	1.8
Liquidity Risk	2.2	1.9	1.7	1.7	1.9	2.2	1.7	1.4	1.4
Market Risk	1.8	1.8	1.7	1.8	1.8	2.1	1.6	1.6	1.6

These results are consistent with previous analyses carried out at Bankinter and are also supported by the bottom-up approach described below. Most of the values obtained are low or medium-low, except for credit and reputational risks, where in some scenarios and time frames average results are obtained.

The risk of transition is obviously greater in scenarios that assume a transformation towards a sustainable global economy, with differences in the timeframes between an orderly and therefore early transition, compared to a late transition.

In any case, the results obtained in the qualitative assessment of transition climate risks on credit risks are conditioned by the low exposure in Bankinter's credit portfolio to sectors of activity that emit high levels of greenhouse gases, such as agriculture or oil & gas, even in the activity of electricity generation, where more than 77% of the exposure is through direct financing of renewable energy projects.

Regarding the results obtained on physical risks, they are presented in the following table where a hypothetical lack of action against climate change would increase their materiality, especially in the long term:

	CLIMATE PHYSICAL RISK								
	ORDERED			DISORDERED			HOT HOUSE WORLD		
	S/T	M/T	L/T	S/T	M/T	L/T	S/T	M/T	L/T
Credit Risk	2.4	2.6	3.0	2.5	3.4	3.3	2.5	3.4	4.3
Reputational Risk	1.8	1.8	1.8	1.8	2.3	1.8	1.8	2.3	2.3
Operational Risk	1.9	2.4	2.9	1.9	2.7	3.0	1.9	2.7	3,7
Liquidity Risk	1.4	1.9	1.4	1.4	1.9	1.9	1.4	1.9	2.4
Market Risk	1.6	1.6	1.7	1.6	1.8	2.1	1.7	1.9	2.3

In this case of physical risks, credit risk is also the one most affected by climatic factors. In this qualitative analysis, taking into account the worst-case scenario and the long term, operational risk would also be affected (medium impact), although it is understood that given that the Bank's branch network is not very extensive and is concentrated in large urban centres, as well as the certified business continuity system implemented, it would be correctly mitigated.

Bottom-up approach

The bottom-up approach consists of assessing how both the Bank itself and its customers are specifically exposed to climate risks. Both perspectives are closely related; they must be consistent in the sense that the potential events must be the same and must complement each other.

However, this view cannot lead to the assumption that the effects can be isolated to certain sectors of activity or to regions more exposed to certain physical risks:

- A modern economy implies an enormous interrelation between different productive activities. Thus, cost increases that may arise from the materialisation of certain risks may end up spreading through the value chains. This fact has been observed quite clearly as a consequence of the war in Ukraine and, specifically, how the supply shock in both fossil energy and commodities caused inflationary tensions that were transferred to all sectors of activity.
- There are sectors that are considered strategic and that have historically received support in order to avoid the negative externalities of excessive foreign dependence. One of them is the primary sector and the energy sector could also be highlighted. It is unacceptable that these sectors are subject to their own fate and that, therefore, efforts to preserve them in a context of increased vulnerability are not maintained.

An approach aimed at concentrating the physical risk on the property or the activity directly affected, which could compromise the solvency of the owner or holder of this, does not fully respond to reality, which is somewhat more complex. Firstly, it should be noted that the risks associated with natural disasters should tend to be mutualised due to both their great uncertainty and the high severity of their effects. It cannot be ignored that, for example, in Spain, there are powerful mitigation instruments such as the Insurance Compensation Consortium, Agrinsurance or the declaration of a catastrophic zone.

The effect of mutualisation of damages must therefore be considered with regard to acute physical risks. This also leads to the mutualisation of climate change adaptation investments for mitigation. But what is clear is that, globally, acute physical risks represent uncertainty and destruction, and this has a potential effect on the economy as a whole, which is what is revealed in the top-down approach.

Thus, from this bottom-up approach, climate factors are considered to have moderate impacts on business for the following reasons:

- The Bank has little exposure to the sectors that emit the most greenhouse gases (as will be explained in the section on measuring financed emissions). An alert system (climate rating) has been put in place for the individual impacts of these risks on each customer and transaction, and dialogue has been established with customers with the highest emissions, which is considered in proposal and approval processes (refer to the Climate rating for legal entities section).

  Furthermore, this exposure will be reduced in line with the Bank's commitments, such as its membership of the Net Zero Banking Alliance initiative, the decarbonisation targets for its portfolio, and the strategic decision to help customers in the transition of their businesses to a low-emission economy.

- Exposure to potentially destructive physical hazards, such as flooding, is very low. In addition, the properties used as collateral are required to be insured. Acute risks such as droughts and heat waves have a more general effect that can compromise the normal development of certain activities and economic growth as a whole, but their impact is much more distributed among debtors.

  In any case, it must be stressed that the low exposure to certain particularly sensitive activities does not insulate the bank from the general damage that climatic factors can cause, especially in scenarios where action to reverse global warming is insufficient or even non-existent.

Risk management in financing

Bankinter has implemented specific policies designed to manage the most relevant material impacts, risks and opportunities (IROs) in relation to its business activity and climate change. These policies cover core aspects related to financing and investment, two key areas where numerous material IROs are concentrated. They address issues such as climate change mitigation and adaptation, energy efficiency and the deployment of renewable energy projects – restricting financing for more carbon-intensive sectors while promoting those with lower environmental impact, as detailed in the sectoral policy for the energy sector, which is further elaborated in this chapter. On the one hand, policies and procedures have been developed focused on business lines related to the financing of both legal entities and individuals. Moreover, specific policies have been established aimed at business activities related to investment.

Regarding the IROs relating to the Bank's financing activities, Bankinter has sustainable financing principles included in the Risk Framework Agreement, as well as sectoral policies or guidelines that establish the framework for action in financing in particularly controversial or risky sectors, and whose social and environmental impact can be significant.

The sectors identified as controversial are the defence sector, the extractive sector, the agricultural sector and the energy sector. Other exclusion criteria, independent of the sector, are also included, such as respect for fundamental human rights, respect for labour rights, the fight against corruption, the protection of areas included in the UNESCO World Heritage List and the United Nations list, and respect for current legislation. These policies also constitute a key basis for the management of IROs associated with the Bank's risk management, since the established exclusions are linked to companies that present high levels of risk.

Bankinter bases its policies on various international recommendations and principles, including the United Nations 2030 Agenda and its 17 Sustainable Development Goals, the Paris Agreement and the European Commission's Action Plan to finance sustainable growth. It adheres to the Equator Principles, the United Nations Global Compact and other key initiatives such as the Universal Declaration of Human Rights and the ILO's key conventions (International Labour Organization). In addition, it follows the guidelines of the IFC (International Finance Corporation) and the UNEP (United Nations Environment Programme) Finance Initiative, considering protected areas and critical habitats.

Bankinter is committed to following these guidelines and their correct application, as well as to their ongoing review. The Bank's risks units and business units must comply with these guidelines.

In 2024, the Bankinter Group's Sustainable Financing Classification Criteria (CCFS) were also developed, regulating the procedure and criteria that a financing operation must meet to be classified and labelled as sustainable. These criteria ensure a homogeneous and standardised methodology for the entire Group, allowing the correct identification and disclosure of financial products and services related to sustainability. The policy applies to all Bankinter Group financing operations, without specific exclusions.

The CCFS will be reviewed and updated periodically to reflect developments in applicable regulations, market sustainability criteria and the Bankinter Group's own activities. Modifications to the SFCC will be approved by the product committee, at the proposal of the Sustainable Labelling Unit or of the product committee itself or one of its members. Bankinter's governance framework consists of a dual organisational structure that serves to analyse, supervise and approve the sustainable environment.

- The product committee is responsible for approving the SFCC and their development documents, as well as new products that Bankinter considers eligible as sustainable at any given time, in accordance with the regulatory environment and applicable market practices.

- The Sustainable Labelling Unit (SLU), made up of a multidisciplinary team, is responsible among other functions for approving sustainable labels for Bankinter's non-standard operations and the subsidiaries identified in the SLU regulation. Bankinter's branch in Portugal will have its own sustainable marking unit.

The SFCC create a classification system based on the European Taxonomy and the international standards defined in the Green Loan Principles issued by the LMA (Loan Market Association), LSTA (Loan Syndications and Trading Association), the Green Bond Principles issued by the ICMA (International Capital Market Association), the Sustainability Linked Loan Principles issued by the LMA (Loan Market Association) and the LSTA (Loan Syndications and Trading Association) and the Sustainability Linked Bond Principles issued by the ICMA (International Capital Market Association).

An extract of these criteria is published on Bankinter's corporate website and is available to all stakeholders.

The Sustainable Labelling Unit, introduced above, is managed through the Sustainable Labelling Unit (SLU) Regulations. The main objective of this Regulation is to define the rules of operation, composition and powers of the UMS within Bankinter Group. The regulations establish the standards for the correct labelling and classification of sustainable financial operations, including the definition of key terms such as "Green Customer", "Sustainable Finance Classification Criteria (SFCC)" and "Sustainability Linked Finance". The UMS is responsible for ensuring that operations comply with established technical and regulatory criteria and for periodically evaluating the sustainability objectives and key performance indicators reported in contracts signed with customers. The UMS has jurisdiction over Bankinter as a Group, including all its subsidiaries.

Among the key documents related to the financing business, the Guide for the Structuring of Sustainability-Linked Financing stands out, whose main objective is to establish clear internal guidelines for structuring this type of financing, defining key concepts and specific requirements for its development. This guide defines sustainability-linked financing as financing instruments whose economic characteristics may vary depending on whether or not the debtor achieves predetermined, ambitious, material and quantifiable sustainability objectives. The aim is to support and encourage companies to improve their sustainability profile. The guide establishes the procedures and requirements for the structuring, origination and approval of this financing, including the selection of Key Indicators and the calibration of Performance Objectives.

Risk management in investments

The policies described in this section serve as a basis for the management of investment-specific IROs. They also complement all the policies described earlier in the management of identified material IROs for financing activities, and similarly address issues such as climate change mitigation and adaptation, energy efficiency and the deployment of renewable energy projects, through the exclusion policy or the integration of ESG risks in investment decision-making.

Within the investment business line, there is also an exclusion policy: the Bankinter Asset Management Exclusion Policy. This policy applies to the management and administration of collective investment and pension funds and discretionary portfolio management.

The goal is to avoid investing in companies whose business is wholly or partly associated with all the so-called "controversial activities". These activities are characterised by generating a high negative impact in environmental or social terms due to the resources they consume, the waste they generate, the impact of the goods or services they produce on the environment or on society and/or the bad practices they apply in the management of their human resources.

To define the exclusions and for their subsequent application, analysis and monitoring, Bankinter uses information provided by specialised external suppliers. The implementation of this policy involves coordination between the Regulatory Compliance department, the Fund Manager's Risk Management department, the Front Office department and the Sustainability department. The approval of this policy is the responsibility of the sustainability committee.

There is also a policy for integrating sustainability risks into investment decision-making. The main objective of the policy is to develop its activities in a responsible manner and to encourage its customers to move towards a transition committed to future challenges and sustainable development. It describes how relevant, material or potentially material sustainability risks are integrated into investment decision-making processes.

The sustainability department, together with the business teams, is responsible for updating this policy, which is approved by the Board of Directors. An update of this policy is planned for 2025 with the aim of expanding its scope,

This policy complies with the requirements of the Sustainable Finance Disclosure Regulation (SFDR) and the MiFID II Directive.

The policy is made available to stakeholders through the Bankinter Group corporate website, where it is published and kept up to date.

Strategy in relation to ESG risk management

Among the principles declared for the proper management and control of risks is Bankinter's responsibility to society, which is manifested through various lines of action. Prominent among them is the stimulation of sustainable development which enables the objectives agreed by the United Nations to be met and which, specifically, promotes the preservation of the environment and compliance with the commitments to mitigate the effects of climate change.

Thus, In October 2021, the bank's Board of Directors approved the basic approach of the bank's strategy for ESG risks, in accordance with EBA criteria: integration into the sustainability policy, scenario analysis, setting and monitoring of long-term objectives (portfolio decarbonisation path) and sustainable financing products. The bank has established four lines of work: Identification and measurement, Assessment, Action, and Monitoring.

Each of these will be reviewed in the following sections.

13.3.4. Identification and measurement

Identifying and measuring climate risks is the starting point. At present, information is scarce and there are few measurements, with only incremental improvements. A lot of the data we have to work with are estimates and speculation. The Bank is continuously supplementing this information with more rigorous and detailed information as the state of the art develops. However, this is highly dependent on the introduction of regulatory initiatives to significantly improve disclosure by financial and non-financial companies of information related to sustainability (specifically, the NFRD and CSRD directives).

In this regard, work is being done to measure how the risk derived from climate change can affect the Bank's main portfolios: Large-corporate banking and mortgage portfolio.

This analysis of climate risks and resilience to them does not exclude any relevant part of Bankinter's value chain, nor any material physical or transition risk.

Corporate portfolio

The main indicators that help us to measure how this risk can impact the Bank's Corporate & SME customers are the measurement of financed emissions, the internal climate rating and the measurement of physical risks.

- **Funded emissions**

This measurement is carried out using the PCAF (Partnership for Carbon Accounting Financials) methodology, which is now commonly used by other financial institutions, for calculating the emissions financed by the Bank, and is used to estimate the emissions financed by Bankinter for its portfolio of Spanish and Portuguese resident companies.

The estimation procedure is summarised in the following points:

1. When information is available on emissions declared by the customer (generally through their Statement of Non-Financial Information), the emissions are allocated to Bankinter based on the weight of the funding provided in relation to the customer's total liabilities.

2. When the emissions declared relate to the consolidated Group and there is no individual information, the emissions are allocated to the entire group of companies within the consolidation scope.

3. However, in specific activities such as financing renewable energy projects, emissions are adjusted according to the specific purpose of the financing.

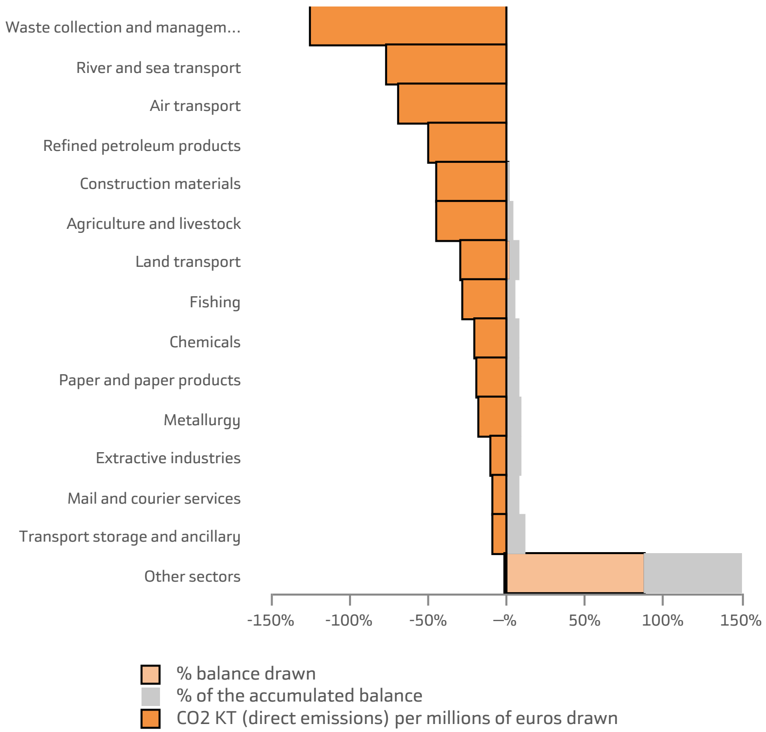
4. Finally, an estimation procedure is applied when the debtor's individual emissions are not available. This also provides a quality control tool for the information on emissions disclosed. For this purpose, the following information is used:

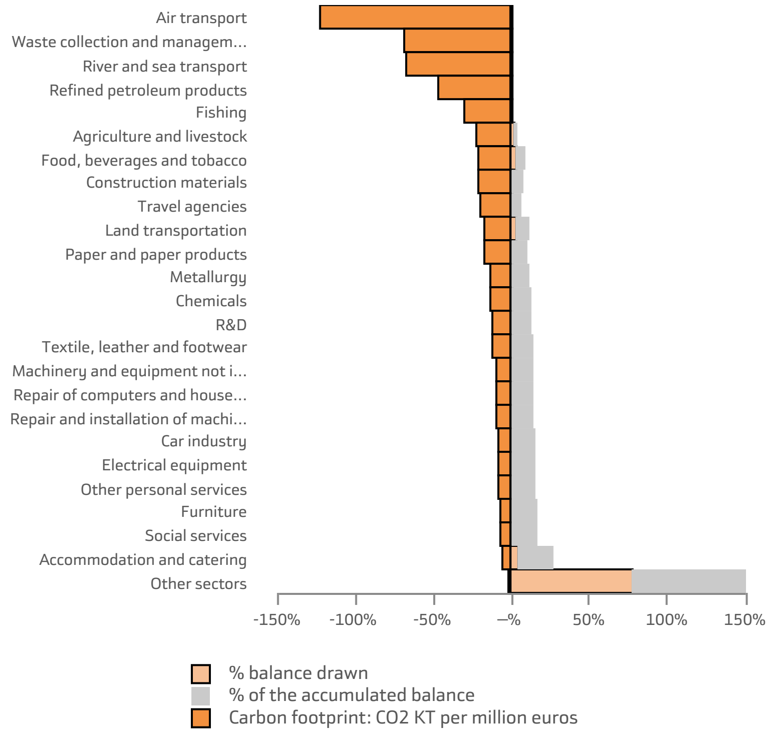
- Emissions from each sector, annual data from the Spanish and Portuguese National Statistical Institutes.
- The revenue of each customer and percentage share of the total sector, based on turnover and output data by areas of activity published by the National Statistics Institutes.
- The ratio of bank debt to total balance-sheet liabilities for each customer.
- The percentage indebtedness of each customer with Bankinter compared to the total, using CIRBE data.
- Based on this information, the estimated emissions of each customer are calculated as follows:
- It is attributed a total volume in accordance with the emissions of the sector in which it operates and the proportion that its turnover represents with respect to the total turnover of said sector.
- This total volume attributed to the customer is weighted by the percentage that bank financing represents of its liabilities. This is then multiplied by the share of that debt corresponding to Bankinter.
- Adding the attributed or estimated emissions financed for each customer gives us the emissions for each sector of activity and for the entire corporate portfolio.

This procedure applies to scope 1, 2 and 3 emissions. Scope 2 emissions are estimated by propagating the emissions of the electricity sector throughout the value chains using the input-output tables for the Spanish and Portuguese economies. Scope 3 emissions are estimated in a similar way, but considering the spread of all emissions originating in the different sectors. This enables us to calculate the carbon footprint associated with each customer's activity, including the accumulated emissions in the products to meet final demand. The great advantage of this concept is that it avoids the overlap that exists between the three scopes, which are not directly aggregable.

Bankinter also made further refinements to this calculation in 2023 by incorporating the emissions data published by the companies required to do so. In December 2024, the weight of companies providing observed non-financial information reached 16% of the drawn-down risk of the corporate portfolio. Bankinter compiles published data on the emissions of these companies on a monthly basis and incorporates them into its measurements. The charts below, updated on a monthly basis and included in the Global Risk Report, represent the intensity of direct emissions and the carbon footprint by activity sectors, in descending order, adding the distribution of balance drawn.

Intensity of direct emissions and carbon footprint by activity sectors





The conclusion is that at the end of 2024 Bankinter financed 0.62% of direct emissions in Spain and Portugal (productive activities) and 0.70% of their carbon footprint, with a volume of 51 tonnes of CO_2 and 51.8 tonnes of CO_2 equivalent in terms of direct emissions and carbon footprint, respectively, for every million euros of balance drawn down.

This represents a decrease compared to the close of the 2023 financial year of 3 TCO_2 and 6.2 TCO_2 per million euros, respectively. In the total corporate portfolio, the (direct) emissions financed by Bankinter in Spain and Portugal according to this PCAF methodology is 1.7 MM T CO_2 with an investment of 32.262 MM euros.

According to the description of the methodology and considering the audited nature of this report, the quality of the information on financed emissions can be rated at 3.5, on a scale of 1 (best) to 5 (worst) and following the classification criteria in the standard established by PCAF (PCAF score). In this regard, it should be noted that level 1 is only achieved when emissions correspond to values declared by companies and verified. This score refers to the entire corporate portfolio.

Calculating the emissions financed is essential for implementation of the Group's decarbonisation strategy. Bankinter has established specific objectives for reducing average emission intensities, incorporated into its Risk Appetite Framework, as detailed below, with monthly monitoring.

The comparison below shows the distribution of loans to companies by Bankinter Spain and the sector, direct emissions and the carbon footprint. This shows that the most polluting sectors have lower weight in Bankinter's portfolio.

	Credit distribution			
Sector	**Bankinter**	**System**	Direct emissions1	Carbon footprint2
Agriculture	2.0%	4.3%	155.65%	110.38%
Extractive	0.3%	0.3%	38.95%	40.15%
Transportation materials and equipment manufacture	0.9%	1.2%	4.28%	18.23%
Chemistry	1.4%	1.2%	75.81%	47.89%
Foodstuffs	4.1%	5.0%	19.88%	47.42%
Oil	0.4%	0.5%	397.62%	144.13%
Metallurgy and machinery	4.1%	4.1%	25.69%	28.94%
Other manufacturing Manufact.	3.0%	2.9%	18.00%	22.65%
Construction materials	1.0%	0.7%	387.54%	189.20%
Energy and water	5.0%	5.4%	122.18%	89.51%
Real-estate Real estate	21.0%	14.9%	1.29%	3.89%
Ad hoc buildings and works	2.9%	2.3%	6.16%	19.60%
Building installation and finishing	2.0%	1.5%	6.16%	19.60%
Public works	0.9%	1.2%	6.16%	19.60%
Preparation for works	0.3%	0.3%	6.16%	19.60%
Transportation and storage	4.9%	7.2%	71.01%	65.84%
Sales and spare parts	16.6%	16.9%	5.56%	10.68%
Hospitality	5.7%	5.8%	4.00%	12.90%
Other services	23.6%	24.2%	1.78%	6.44%
Bankinter			**23.8%**	**23.1%**
System			**29.0%**	**27.3%**

1 Relative to the gross added value of the sector (kt/€mn)

2 Relative to net final demand for attributed imports (kt/€mn)

As can be seen, even excluding financial activities, Bankinter's exposure to the most polluting activities or those that incorporate a higher intensity of emissions in their final products is very moderate.

This better starting point for Bankinter's loan book in the face of climate change risks is explained by a number of factors:

- Lower weight of higher emitting sectors, such as agriculture or refineries.

◦ Investment in energy production sectors has already been decarbonised, due to the significant weight of renewable energies.

These metrics are monitored by the Bank's Board of Directors.

- **Climate rating of companies**

In October 2021, Bankinter implemented a rating tool for climate change risk for all companies as part of the process for processing credit applications. This climate rating measures the customer's propensity to be affected by physical and transition risks. This considers variables related to the company's activity, the geographical location of its headquarters and factories; and its turnover and credit quality measured through internal ratings.

Below is the distribution of the loan portfolio with financial and non-financial companies as of 31 December 2024 resident in Spain and Portugal, on a 5-level scale according to sensitivity to climate factors.

As we can see, 83% of the exposure (risk drawn down plus committed) is concentrated in the two best rating levels. Only 2% is in the highest-risk rating level, which contains the most polluting activities.

As with the emissions financed, this information is reported to the Bank's directors as part of the risk information every month.

	Committed Amount (MM €)				Physical risks*				Transition risks	
Risk group	BK Spain		BK Portugal		Temperature	Wind	Water	Land	Carbon leakage	Potentially sustainable*
Very Low	24,433	54%	2,111	49%	2.0%	2.6%	3.1%	2.0%	0.6%	39.1%
Low	13,452	30%	1,228	29%	35.9%	22.9%	36.3%	36.3%	2.7%	67.6%
Medium	3,272	7%	373	9%	18.5%	15.2%	19.8%	19.7%	10.5%	51.9%
High	2,996	7%	404	9%	43.8%	33.4%	45.5%	37.6%	19.1%	49.6%
Very High	972	2%	158	4%	25.4%	13.1%	25.4%	23.9%	76.3%	55.4%
Total	45,125	100%	4,280	100%	16.7%	11.9%	17.7%	16.5%	4.9%	49.6%

*According to EU Taxonomy, according to the latest update adopted in Jun-21

- **Physical risks**

Bankinter has developed a process to improve the measurement of the main physical risks that may affect its risk portfolios. On the one hand, in the case of individuals, because they may pose a risk to mortgaged properties and on the other hand, in the risk portfolio of legal entities, because they may affect the physical assets of the various companies or compromise the normal development of their activity.

This is a structural approach that is divided into three distinct parts:

- On the one hand, current exposure to different physical risks is determined, mainly river and sea flooding, desertification, forest fires, drought and heat waves, according to the precise location of the buildings or the development of productive activities, using databases that provide precise information, which is essential to evaluate certain risks such as flooding.
- An adjustment factor is calculated based on the term and scenario considered, using the forward-looking information published in Copernicus. While this information has low granularity, it does provide a very useful benchmark for establishing trends.
- Lastly, a vulnerability factor is determined for each risk considered, according to the type of building or the activity carried out (through CNAE/NACE codes), exploring in the latter case the different impact transmission channels that exist, which are not limited to damage to physical assets.

This work is currently in the implementation phase with the aim of offering specific information on the potential risk of exposure to these risks in the approval process, both for operations with companies and mortgages with individuals, although it is already applied in the characterisation of activities sensitive to physical risks.

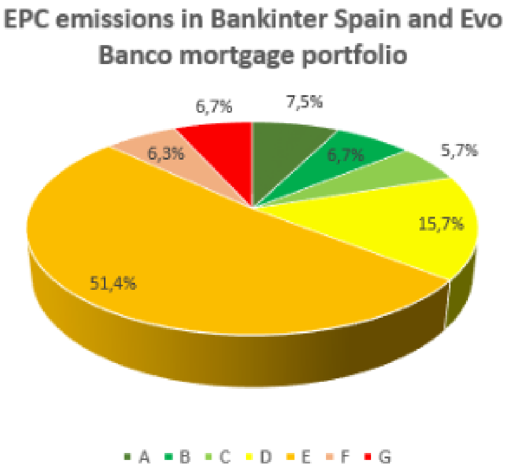
Below is a summary of the channels considered to determine the different vulnerabilities to the different physical risks.

		Impacts					
		Impact on physical assets (due to direct damage or loss of value)	Limitations on access to groups of workers	Reduction in productivity	Supply problems	Increase in costs	Lower sales
Physical risks	Flood	Infrastructure Real Estate Crops Machinery Inventories	Yes	No	Damage to the electricity distribution network Impact on transport	More expensive insurance	Customer limitations Impact on transport Reduced tourism
	Heat waves	Crops Livestock Forests	No	Activities that take place outdoors or without sufficient cooling capacity Lower fishing catches Crops Livestock Forests Limitation of activities due to fire risk	Saturation of the power supply network	Higher cooling/ dehumidification costs for plant and transport More expensive insurance	Reduced tourism Customer limitations
	Drought	Crops Livestock Forests	No	Crops Livestock Forests	Sectors with intensive water consumption Limitations on hydroelectric production	More expensive insurance	Reduction in tourism
	Forest fires	Infrastructure Real Estate Crops Livestock Forests Machinery Inventories	Crop, livestock and forestry areas	No	Damage to the electricity distribution grid Impact on transport	More expensive insurance	Reduced tourism Impact on transport

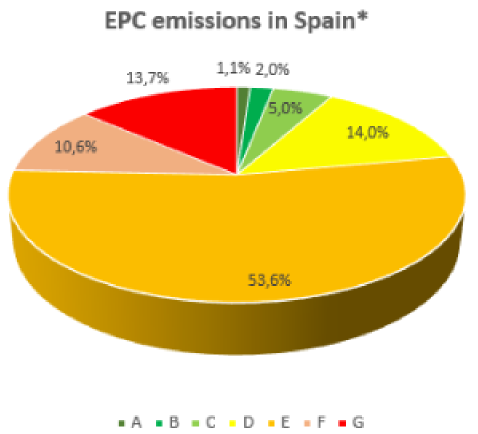
Mortgage portfolio

- **Transition risks**

Currently, information is available on the energy efficiency of the properties in guarantee, real or estimated, of the mortgage portfolios in all the geographical areas in which Bankinter Group operates. Below are the distributions by energy efficiency ratings, with the letter "A" being the best rating and the letter "G" being the worst.

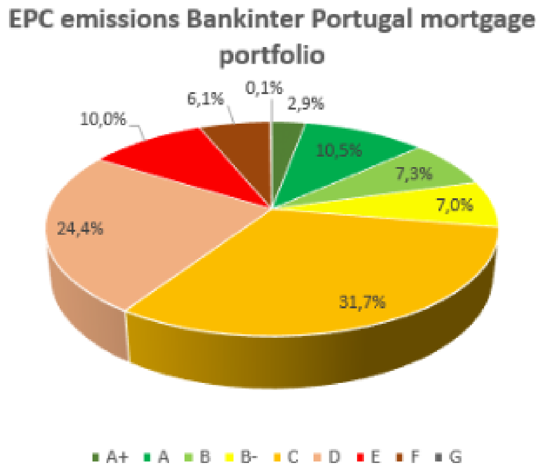


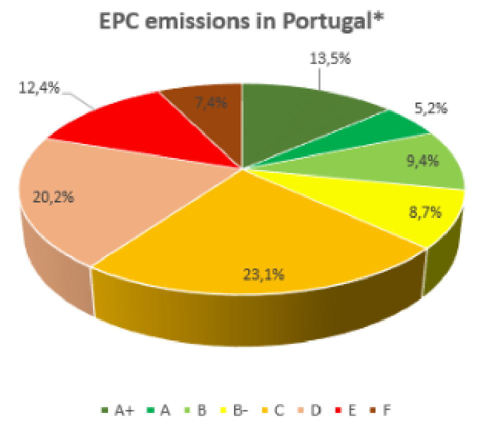
As can be seen, there is a huge concentration in level E in Spain, corresponding to the general efficiency situation in Spain, as shown in the following chart:



* Source: Report on the status of energy certification of buildings. Ministry of Transport, Mobility and the Public Urban Agenda. December 2021

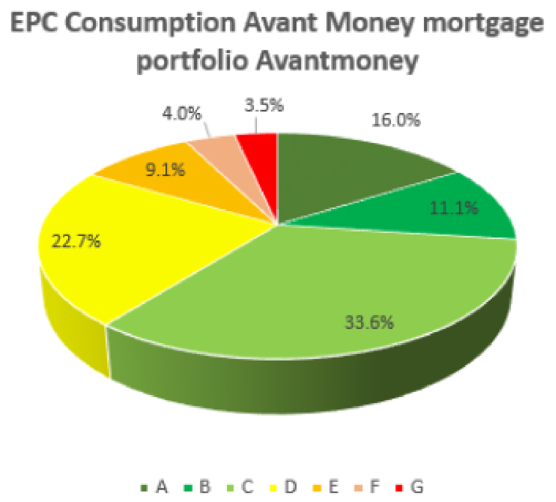
Below you can see the distribution of Energy Efficiency Certificates in Portugal:

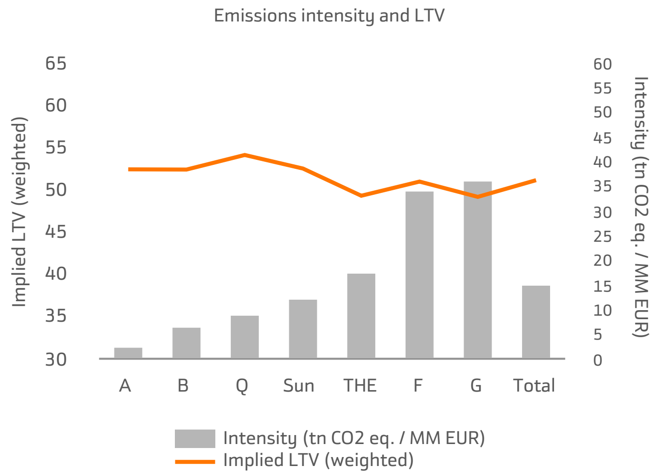




*Source: Statistics of the Building Energy Certification System. ADENE - Agency for Energy. Data in Q4 2023.

Finally, the distribution of Energy Performance Certificates from the Avant Money portfolio in Ireland:





There is considerable room for improvement in the efficiency of buildings. Bankinter's business objectives, therefore, include promoting building refurbishment projects, making financing available to property owners' associations, which is the approach needed for such projects to be performed. This is explained in more detail later. If we compare both distributions, we can see in Bankinter's portfolio a greater weighting of the best ratings to the detriment of the two worst ratings, F and G.

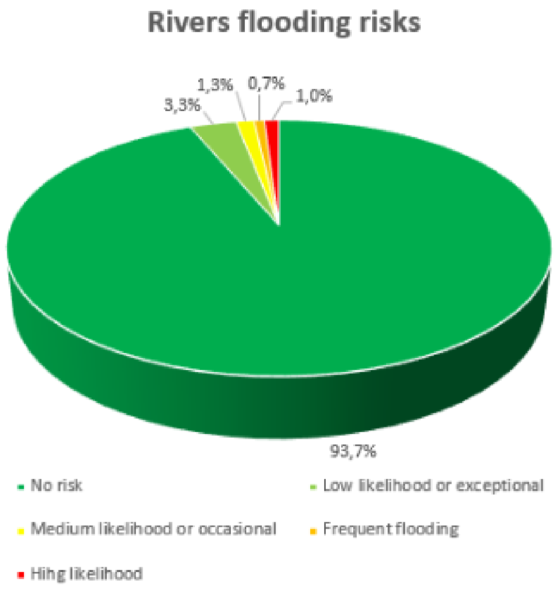
The ratings are used to determine the emissions financed by Bankinter, taking into account the property's emissions included in the certificate itself or, in the case of estimates, those representative of the assigned letter, the type of property, its location and the climate zone. The following chart shows the intensities of emissions financed (in terms of tonnes of CO_2 equivalent per year per million euros financed) and the implicit LTVs, which are determined as a ratio of the emissions attributed to Bankinter through its financing and the totals generated by the property:

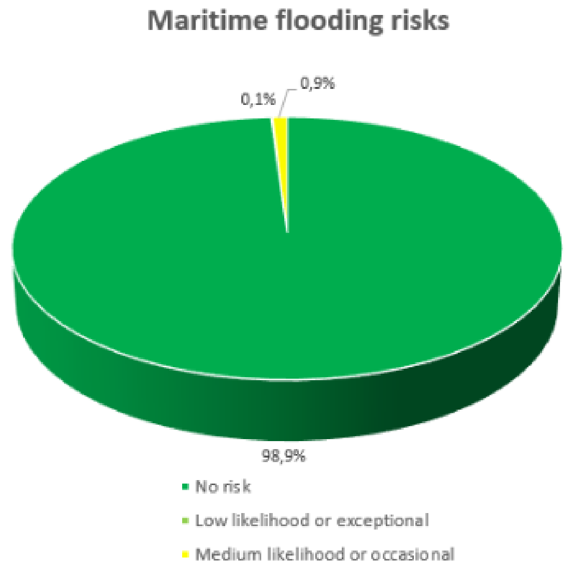
It can be observed that the average LTVs start to be higher from the D rating to the A rating, which is related to the fact that the new mortgage production presents a greater energy efficiency. This situation also contributes to better coverage of transition risks.

In the section 2.2.3.2 Business Strategy – Transition Plan, the decarbonisation pathway of Bankinter Group's mortgage portfolio is included, which will be included in the APM in 2025.

- **Physical risks**

The information from the Energy Efficiency Certificates (CEE) for the mortgaged properties, is supplemented by various physical risk indicators depending on the geographic location of the collateral, such as the risks of flooding by rivers or seawater, and desertification. In this regard, considering the geographical areas where Bankinter concentrates its activity, the risks of flooding are very low, as can be seen in the following graphs in which the exposure is distributed by risk levels:



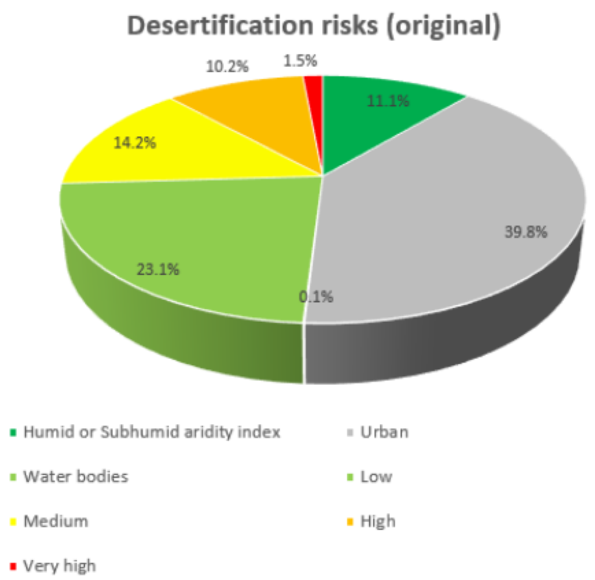


On 29 October this year, a natural disaster occurred in the form of a DANA (an isolated depression at high levels of the atmosphere) with particularly catastrophic consequences in the province of Valencia. This raises even more alarm about the potential capacity of climate change to cause radical and irreversible damage and not necessarily in the very long term. But it also highlights some relevant issues:

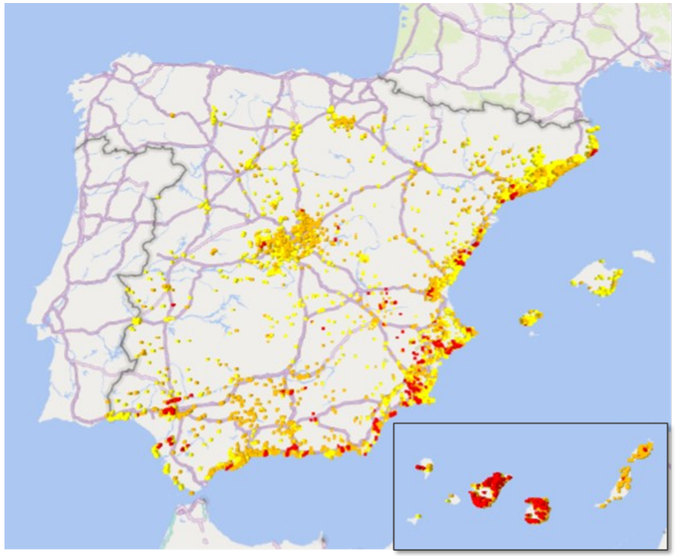
- The first is that it demonstrates the scope of mutualisation, not only because of the rapid deployment of the aforementioned instruments but also because other tools have been quickly put in place with the publication of Royal Decree-Law 6/2024 of 5 November. In fact, the experience gained with the Covid health crisis has greatly facilitated the immediate deployment of these tools provided for in the Royal Decree.
- The second is that the affected area was mostly classified as a non-flood zone in the National Cartography of Flood Zones. This raises the question of whether bottom-up approaches, which are very focused on establishing a precise limitation of exposure to acute physical risks, are appropriate at this time insofar as they are based on tools, such as the aforementioned mapping, which have clearly been overtaken by events and probably require a review with a more prospective approach. This does not mean that flood zone mapping is not useful, but it seems to be insufficient.
- The third is that, in the face of a catastrophe of such magnitude, it remains to be seen what second-round effects it will generate, that is, to what extent the productive fabric in the area will recover and how the real estate market will be affected. In this respect, adaptation measures that allow the resizing of water containment and channelling infrastructures to a new reality will be essential.

The Bank's priority has been to use all means at its disposal to contribute to the restoration of normality in the affected areas, contacting customers and offering the aid mechanisms provided for in the aforementioned Royal Decree. The economic impact in terms of deterioration of the loan portfolio has been estimated as very moderate and amply covered by the Overlay adjustment for uncertainty maintained by the Group at the end of 2024, as detailed in the 2024 Annual Financial Report.

As for the risk of desertification, it is higher due to Spain's geographical location, as reported in the original source (Soil and desertification mapping published by the Ministry for Ecological Transition and the Demographic Challenge).

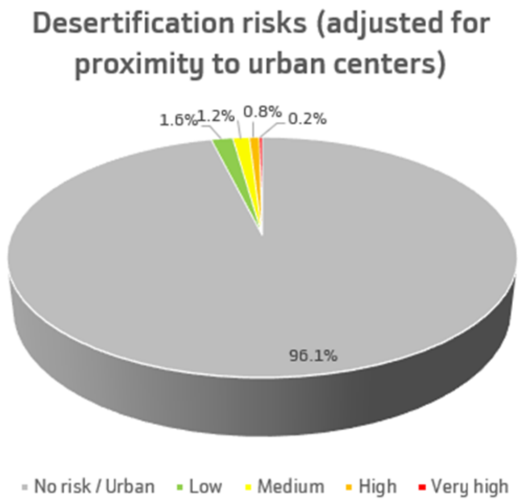


If very high, high and medium risks are added, they represent 22.1% of the reported portfolio. Note, however, that urban centres are outside this classification. The following map represents the geographical distribution of balance drawn in these medium (yellow), high (orange) and very high (red) risks:

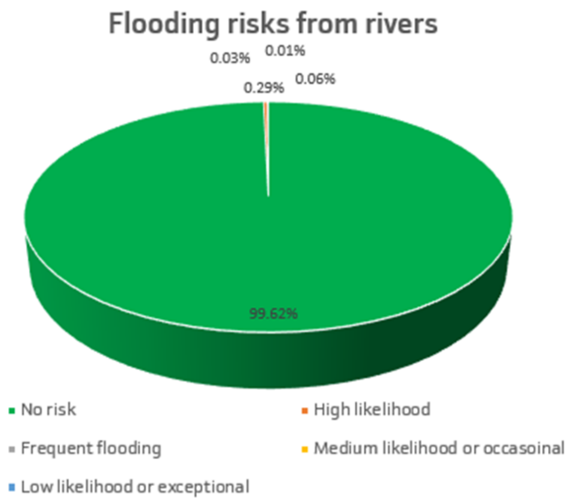


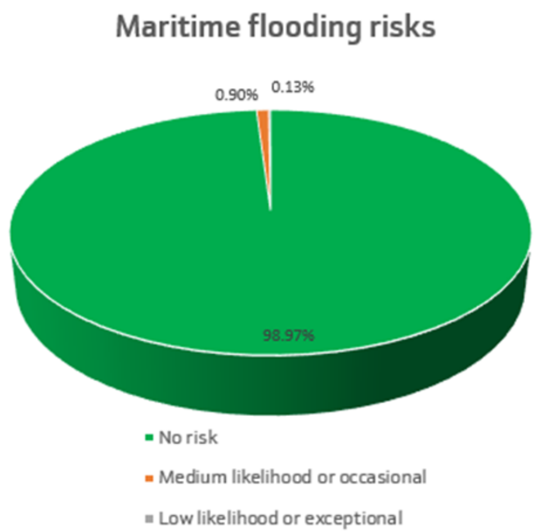
It can be observed how these risks are concentrated mainly around urban centres, especially in Madrid and Barcelona. In fact, the distinction between urban and suburban cores and the possible specific impact of this risk in suburban areas is highly debatable.

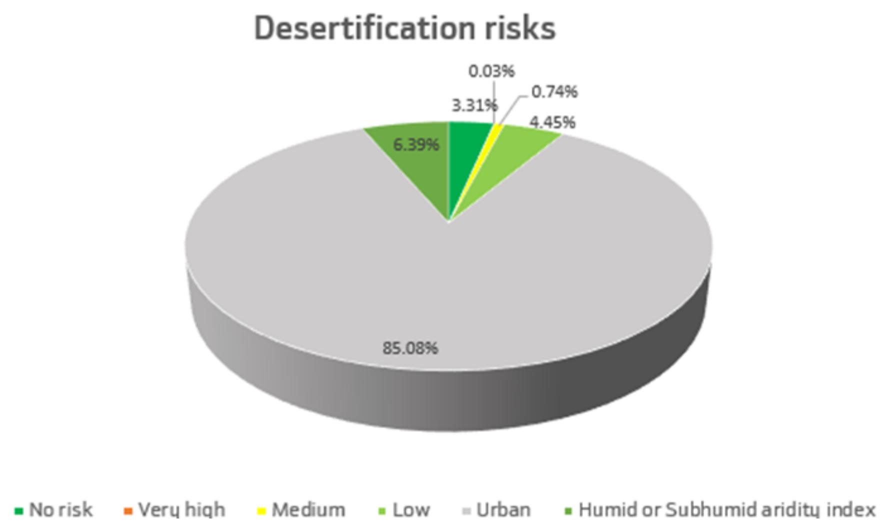
In general, the environmental degradation of the area in which a building is located will have a significant impact on its value, unless there are other factors such as its proximity to a consolidated urban centre with a high concentration of employment, services, etc. For this reason, a filtering criterion is applied that also considers metropolitan areas or environments close to municipalities with a minimum population to be urban. Under these conditions, the risk distribution is represented in the following graph:



Finally, information is provided on flood and desertification risks in Portugal:







Even these filtered desertification risks are concentrated in coastal tourist areas, where it is not obvious what impact this risk may have specifically on the value of the building.

- **Financed emissions**

As for Bankinter Spain's mortgage portfolio, emissions are calculated using Energy Efficiency Certificates. Although it is currently required in all property purchase and sale transactions (except those that are exempt from certification due to their type), the truth is that, in order to extend this calculation to the entire portfolio, it is necessary to resort to an estimate of the emissions rating of many properties. It is worth noting that the Bank has contracted a service that allows it to track existing certificates in all public registries of the Autonomous Communities. Estimates are, therefore, only used when the property's actual certificate cannot be traced.

If there is a certificate, the property's emissions are taken. If we have to estimate the energy rating, we regard the representative emissions for the rating as being the emissions, considering the location, climatic zone and type.

In the case of mortgages with individuals in Spain, on a portfolio of 31.430 MM€ (with actual or estimated energy efficiency certification), 473 thousand tonnes of CO2 equivalent are financed (485 thousand tonnes of CO2 equivalent in 2023), which implies an average intensity of 15 tonnes per year for each million euros of balance drawn down (16.6 in 2023). In this calculation, of the total available associated with all the properties considered, 54.7% have observed emissions reported in the energy efficiency certificates. According to this percentage and taking into account that the estimated emissions are obtained considering the surface areas of the properties, its PCAF score in relation to the quality of the reported information is 3.4 on a scale from 1 (best) to 5 (worst). However, it should be noted that when energy certification is available, the emissions reflected in the certificate itself are adopted, so an estimate based on the label is not used, as could be interpreted from the PCAF evaluation methodology for score 3, which is the one applied to properties with real certification.

13.3.5. Assessment

Assessing climate and environmental risks poses a real challenge to financial institutions for several reasons.

Firstly, this is because of the characteristics of the potential impact of physical factors, especially those of a chronic nature the effects of which manifest themselves gradually over the very long term. It is therefore not only a matter of assessing the Bank's capacity to withstand a temporary shock, but also of being able to adapt to a new reality in the event that international commitments to reduce emissions are not met.

All analysis must be supported by verified information. But while it is often taken for granted that the available data is both sufficient and reliable, the truth is that reliable information is still scarce and estimates have to be used about which there may be significant uncertainty.

Last but not least, the novel nature of climate risk assessment exercises must be taken into account. This not only requires developing certain capabilities internally, but also requires consolidating commonly accepted methodological approaches that can therefore serve as a reference.

Despite these difficulties, it is necessary to make progress in assessing risks related to climate and the environment. The Group has decided to adopt an eclectic approach, developing the three lines of work set out by the EBA in the "EBA Report on management and supervision of ESG risks for credit institutions and investment firms" in parallel:

- Portfolio alignment: performance compared to objectives
- Sensitivity analysis: impact of potential events and materialisation of adverse scenarios
- Exposure method: Assessment of individual exposures to climate risks

We explain each of these three lines of work in more detail below

Portfolio alignment

As mentioned in the previous section, Bankinter estimates its financed emissions for exposures where it makes sense to do so, including the entire corporate portfolio of Bankinter Spain and Bankinter Portugal, and the mortgage portfolio with individuals of Bankinter Spain, EVO Banco, Avant Money and Bankinter Portugal. Only the Bank's investment in individuals without mortgage guarantees is excluded from this perimeter, which, in the case of Bankinter, is mostly composed of transactions with pledge collateral, personal guarantee loans or credit cards without a specific purpose. For example, automobile financing is not very significant within the Group.

This is not only important for setting and monitoring decarbonisation targets, as will be described in the next section, but also allows characterising the concentrations of direct and indirect emissions by activity branches, a core aspect for sensitivity analysis.

Although this involves identifying emissions at the counterparty level for the various direct scopes, through energy consumption and indirect scopes, the problem is how these overlap. This means we also need to apply the "carbon footprint" concept. This refers to the concentration of emissions in the final products of an industry and which come from both the emissions necessary for its production and from the intermediate products and services that form part of the added value of the product.

There is a shortage of individualised information on direct emissions. This is even more pronounced in the case of indirect emissions. This is an important issue to which we need to adapt.

Bankinter has a diversified portfolio with exposures in a large number of small and medium-sized companies that, for the time being, are not required to disclose this type of information. For this reason, adaptation consists of having the capacity to obtain individual estimates from official statistics on emissions into the atmosphere by activity sectors. Furthermore, this estimation exercise also serves as a contrast when information provided by the companies themselves is available.

On the other hand, it must be taken into account that financial institutions, as credit facilitators, can contribute to the transformation towards a sustainable economy, but they do not have the capacity to lead the change. This means that the Group's decarbonisation objectives cannot be separated from the fulfilment of the general objectives set at both national and European level. The monitoring of the Group's portfolio must, therefore, be framed within the general path of emission reductions.

Sensitivity analysis

This analysis is essential for incorporating climate risks into the regular self-assessments of capital adequacy and, therefore, the bank's solvency. It also includes stress testing.

The European Central Bank is committed to promoting this type of analysis. Therefore, it organised a climate stress test exercise for the first half of 2022, the results of which were published in July. This is a first exercise developed on the basis of limited information and unconsolidated methodological support. However, this has promoted the development of internal approaches to the assessment of climate risks.

For many participating entities, this exercise only involved providing information by branch of activity on margins, the emissions of the largest customers and energy efficiency certificates for the properties held as collateral. In addition to this exercise, Bankinter is developing its own sensitivity analyses / stress tests based on the following criteria:

- Alignment with the scenarios and projections offered by the Network for Greening the Financial System (NGFS). This collaborative group, made up of central banks, supervisors and other observers, is building a framework for climate risk analysis that defines a small number of relevant scenarios, each characterised by long-term projections of multiple variables of interest and further scaled down to country level. This provides the entities with, at the very least, a common language and a methodological framework of reference, thus promoting consistency between the evaluations carried out by the different entities. The progress made in recent publications is also noteworthy, particularly the so-called phase IV of November 2024. In this last phase, as already explained in the section on materiality analysis, the impacts on the growth of activity of certain acute physical risks are reduced at the country level, and these gain enormous prominence. Indeed, last year it was already commented that the overall effect on growth could not be ignored, also considering their mutualisation.

- Sectoral asymmetry of effects. The transmission of shocks (such as the one associated with the "Delayed transition" scenario in the NGFS projections) to exposures must consider the asymmetry of effects on different branches of activity considering the carbon footprints of the final products, which involves an upwards spread of emissions through value chains. This is particularly true for transition risks However, the downward propagation of the effects must also be considered, so that the difficulties of a sector are also transferred to its suppliers, even if they do not incorporate emissions into the final product. In other words, we cannot assume that the effects of such shocks will not spread, to a greater or lesser extent, to all productive sectors, in an economy where activities are so interrelated. This is something we can currently see as a consequence of the war in Ukraine and its effects on energy and raw material prices. Indeed, a short-sighted view of the problem can lead to an underestimation of its effects.

- Managing very long-term effects today. The scenarios involving a lack of action to reduce emissions are characterised by incremental and irreversible impacts on economic growth derived from the effects of rising temperatures. These will become significant over the very long term. On the other hand, it should be noted that financial institutions have been adapting their exposures to a changing reality. Let us think, for example, of the transformations that have occurred in recent decades in relation to technology, offshoring or distribution models. Entities are adapting to the developing nature of demand for viable credit, resulting in loan books rotating to assimilate these changes. It is therefore difficult to determine, for example, what additional capital needs imply potential impacts that will materialise over the next 50 years.

However, the peculiarity of not acting against the chronic and irreversible effects of rising temperatures is that this will probably lead to a context of lower growth and greater volatility resulting from greater exposure to acute physical risks.

Under these conditions, it is possible to foresee greater exposure to financial risks, which would require higher capital needs if the scenario materialises.

Exposure method

The exposure method consists of understanding the risks to which customers are exposed and how they are mitigating them or plan to do so. This is an essential approach to developing an inclusive decarbonisation strategy, as will be explained in the next point.

To do so, the Group relies on all the identification and measurement tools described in section 2.2.1 of this chapter. Specifically, the climate rating applied in the corporate sector serves as a classification tool with the primary objective of providing a warning about potential climate risks for certain customers and, in this way, facilitating a more targeted dialogue with them:

- On the one hand, to understand their real exposure according to the activities they carry out.

- On the other hand, to encourage transformation projects, facilitating the necessary financial assistance.

In other words, this method is essential not only to better understand climate risks and incorporate them into decision-making, but also as an instrument for the development of sustainable financing.

In addition, in 2025 the Group will incorporate specific adjustments in the provisioning models in order to incorporate impacts on expected losses associated with climate risks, both in the corporate and mortgage portfolios.

13.3.6. Action

Inclusion of climate change risk in the credit risk approval process.

In order to include the risk of climate change in the risk sanctioning process, Bankinter has taken three important steps:

a) Include information related to climate change risk in risk proposals:

Corporate & SME customers

- Emissions information for each customer. In the event that the latter publishes them, the published emissions are incorporated. If the customer does not publish their emissions, which is the case for the majority of Bankinter's portfolio of small and medium-sized enterprises, the information on estimated emissions is incorporated using the PCAF methodology.
- Information on the climate rating of each customer, with the aim of focusing the dialogue with them, especially on the highest risks and, this way, incorporating factors related to climate and the environment in decision-making. It was decided to start this process with customers whose transition risk indicator is high or very high.
- Mandatory questionnaire. This group represents approximately 9.1% of the portfolio. In such cases, the relationship manager starts a conversation with the customer with these objectives:
    - To find out their opinion on how climate change may be affecting their activity, both as a result of physical risks and transition risks.
    - Find out about their plans to reduce this effect by diversifying their activity or reducing their greenhouse gas emissions. It will be considered important that the company has established a decarbonisation plan for its activity and that it complies with it.
    - To find out about the investments planned for this purpose and the possibility that Bankinter may collaborate, if appropriate, by providing financing for these investments.

The information obtained in this conversation must be included in the risk proposal under study and discussed in the corresponding risk committee.

To help in this process, the climate rating is automatically included in the minutes of committee meetings. Fields have also been included in proposals for the customer's rating with space to include the information from this customer dialogue.

Customers with mortgage-backed transactions

The proposal and approval process includes information on the Energy Efficiency Certificate of the properties that act as collateral for loans, which is recorded in the risk proposal and in the Bank's information systems, such as climate zone, emissions or consumption.

b) Additionally, as previously mentioned, an analysis and improvement of physical risk estimates has been conducted. These will be incorporated in the 2025 financial year as forward-looking information to assess physical risks based on both the location of collateral and the development of productive activities. In this regard, it is essential to combine current information on exposure to certain physical risks in a sufficiently granular manner with the projections available from climate models, which generally offer much less detail. This information will be useful:

- On the one hand, so that the risk committee, with sufficient powers, can include in its decision the estimation of the effects of climate change as a possible risk
- And for the branch network, in its commercial activity, generating sustainable business by knowing which customers are most in need of investing in decarbonisation projects and, therefore, helping in their potential financing.

Once this information has been collected for each transaction, the risk committee must approve the proposal, considering whether the climate risk should influence it in its different aspects of price, term, amount and guarantees. In this regard, in the approval of transactions, the Bank considers:

- The people who sanction credit risks are the same ones who sanction this climate risk, since it is understood that climate risk is a risk factor that affects traditional credit, operational, reputational, liquidity and market risks in a transversal way. In order to incorporate these analyses into the authorisation of transactions, the Bank has the relevant policy documents. In addition, analysts will have sufficient training to understand and authorise these transactions.
- Bankinter wants to implement an inclusive strategy related to climate risks, collaborating with companies and individuals by financing their transition towards activities that emit less greenhouse gases.

c) For the Corporate & SME customers portfolio, a new indicator has been incorporated into the Risk Appetite Framework, limiting to 12% of the Corporate & SME customers portfolio in Spain and Portugal, investment in climate risk considered high and very high.

For the mortgage portfolio, there are restrictions for the worst Energy Efficiency Certificates:

- On the one hand, limiting manual approval to transactions with energy efficiency certificates F or G and with tighter effort ratios.
- Moreover, those transactions with F or G category certificates that are approved manually will have to take into account a possible increase in the effort required to invest in improving this certificate.

Business strategy

Bankinter is in the final phase of developing a business strategy consistent with these commitments. This is based on four pillars:

1. Sustainability policy
2. Scenario analysis – prospective approach
3. Decarbonisation strategy

4. Business with ESG criteria

In this section we look at the progress with these pillars of our strategy.

Sustainability policy

See information in chapter 13.3.1 Business strategy and processes and 13.3.2 Governance.

Scenario analysis

The incorporation of climate factors into the business strategy requires development of capacities to assess their effects in the long and very long term.

This entails a great deal of uncertainty that cannot even be determined, not only due to the lack of empirical evidence but also because action against climate change requires global agreements that are not easy to achieve. The appropriate tool in this context is therefore scenario analysis, as pointed out by the European Banking Authority in its "EBA Report on management and supervision of ESG risk for credit institutions and investment firms". The business strategy must be developed using a baseline scenario – currently Net Zero 2050 as per the NGFS definition and projections – as a benchmark. This also involves evaluating the strength of the bank and its strategy under the hypothesis that plausible alternative scenarios become reality, especially those where action in response to climate challenge is delayed ("disorderly" in the NGFS terminology).

On the other hand, as previously mentioned, Bankinter works with the following scenarios: SSP1-1.9 and SSP4-6.0 in estimating physical risks that may affect its corporate or mortgage risk portfolio.

Decarbonisation strategy

Bankinter recognises that the financial sector must assume its role as facilitator of the transformation towards a sustainable economic model, which allows mitigating or adapting to the effects of climate change and preserving the environment. Bankinter is firmly committed in this direction, as demonstrated by its membership in the Spanish Global Compact Network and its adherence to the UNEP FI and the Net Zero Banking Alliance. It is worth noting that being part of this alliance means committing to neutralise emissions corresponding to its financial and investment activity before 2050, in line with the objectives of the Paris Agreement on climate change. The Bank has a decarbonisation strategy for its corporate and mortgage portfolio, which is the most relevant part of its financed emissions, until 2030 and will be reviewed periodically. In the case of residual GHG emissions around 2050, carbon credits would be used as has been done in recent years to offset the direct footprint (see section 2.6.1 emissions offsetting).

As mentioned above, to deliver on this commitment, in February 2022 the Group drew up its own decarbonisation strategy, approved by the Group's administrative body through the sustainability and appointments committee. This involved establishing specific quantitative targets for the intensity of emissions financed to 2030, in line with the emission reduction plans laid down in Spain's Integrated National Energy and Climate Plan (PNIEC) and its counterparts in Portugal and Ireland. These emission reduction plans, in turn, represent the national implementation of the commitments made in the Paris Agreement and, therefore, include details of the decarbonisation pathways for the main sectors, including both activities and households, which are used as a reference for aligning the Group.

The decarbonisation metric for the Corporate Banking portfolio, which includes the main greenhouse gas emission-intensive activities in Bankinter's credit portfolio, was authorised by Bankinter's Board of Directors in 2022 and has been monitored monthly since then and incorporated as an indicator in the Risk Appetite Framework.

For a growing bank such as Bankinter, these objectives have been defined in relative terms and for this reason the Bank's Decarbonisation Plan refers to intensities (economic intensity of emissions = emissions measured in tonnes of CO_2/million euros of investment)

Given that, in the case of Bankinter, this Corporate & SME customers portfolio is largely composed of medium or small-sized companies, it is considered that this economic intensity metric has advantages over others:

- It allows the intensity of all sectors to be compared by using a homogeneous metric.
- It allows for an estimate of the financed emissions based on sectoral data from the INE, compared to the difficulty of using an activity metric on which we would find more difficulties for its estimation.
- It allows global conclusions to be drawn from the entire portfolio, its evolution and alignment with objectives.

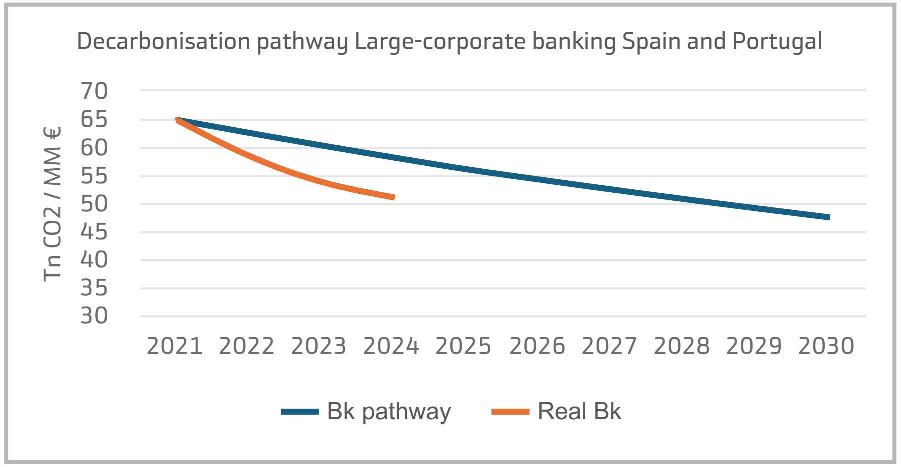
Throughout 2024, experience and confidence have been gained in the decarbonisation metric of mortgaged property emissions, using the same economic intensity ratio based on property emissions obtained through the Energy Efficiency Certificate. In November 2024, the Executive Commission authorised the incorporation of a new metric in the Risk Appetite Framework based on these intensities and their reduction throughout 2025.

<u>Decarbonisation targets for legal entities (Tn CO_2 eq/mn euros)</u>

Despite Bankinter having a better starting point than the system as a whole, as it has less investment in the sectors with the highest emissions, the target path is similar to the path in the PNIEC.

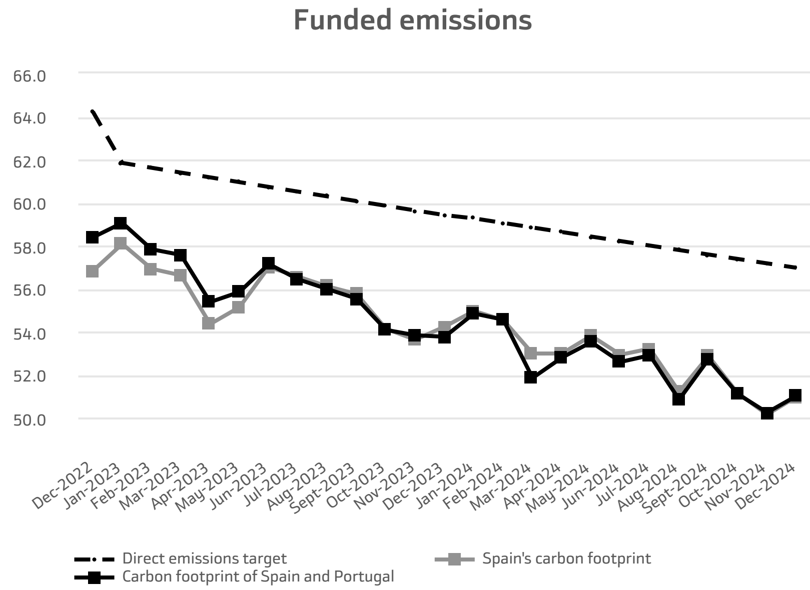
Thus, the objective for 2025 is to achieve a reduction in emissions intensity of 13.5%, with an additional 15.8% cut between that year and 2030, compared to the data for 2021, which stood at 64.3 tonnes of CO_2 per million euros of investment. This slower initial pace is justified by the fact that efforts in the first years of the national plan are focused on the electricity production sector, which in the case of the Bank is practically decarbonised. Altogether, this represents a total decrease of more than 20%. It should be noted, however, that these goals, although aligned with the official emissions reduction plans of the main countries where the Bank is represented (Spain and Portugal), are not validated by an external body such as SBTi.

This path is updated as data is obtained from official sources (National Plans, INE data on sectoral emissions) and internal data from Bankinter's corporate portfolio. Considering the latest update with data published by the INE on greenhouse gas emissions of the Spanish economy in 2023, the Bank's decarbonisation path is as follows:



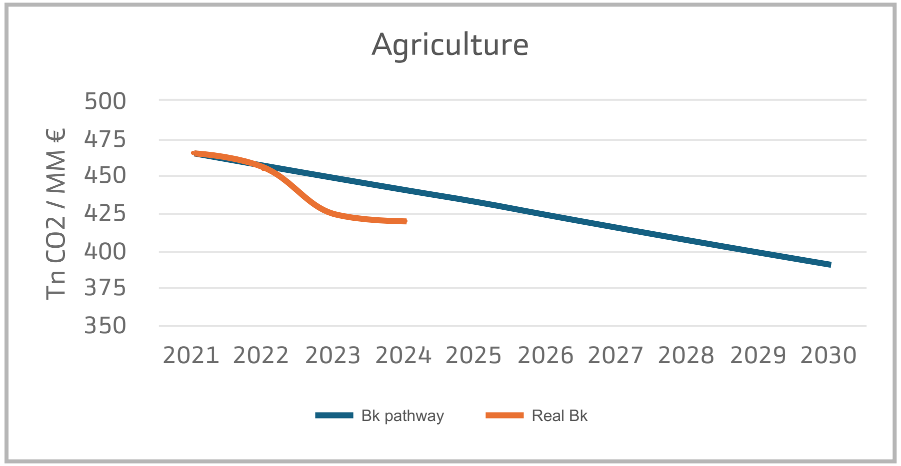
This decarbonisation path of the Spain and Portugal corporate portfolios is monitored and included in the Global Risk Report on a monthly basis, comparing the target path with the actual updated data, and the results are made available to the members of the administrative body.

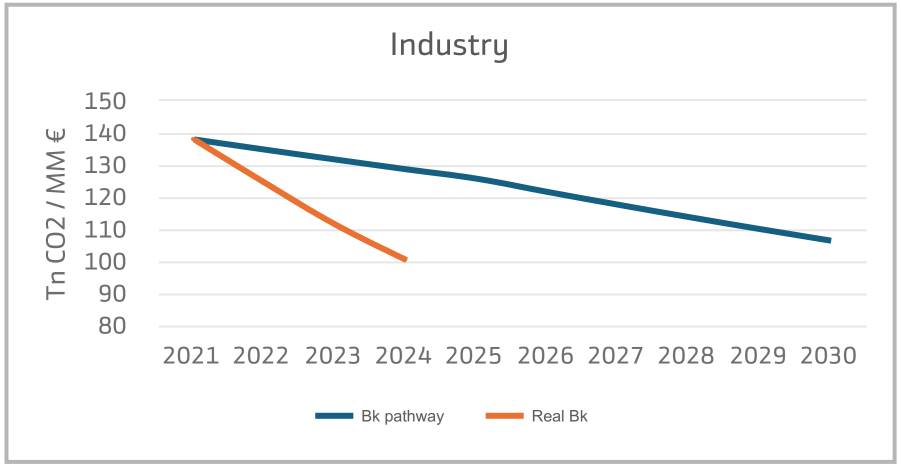
The monthly monitoring of this decarbonisation path for the corporate portfolios of Spain and Portugal is shown below:

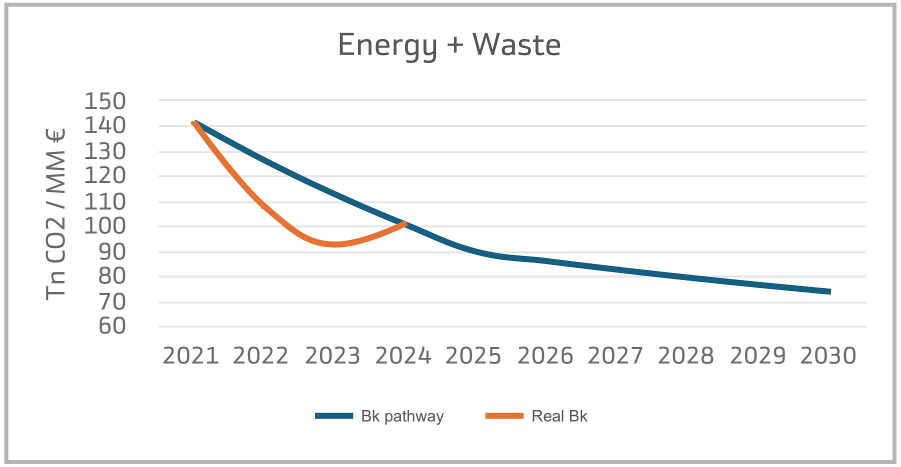


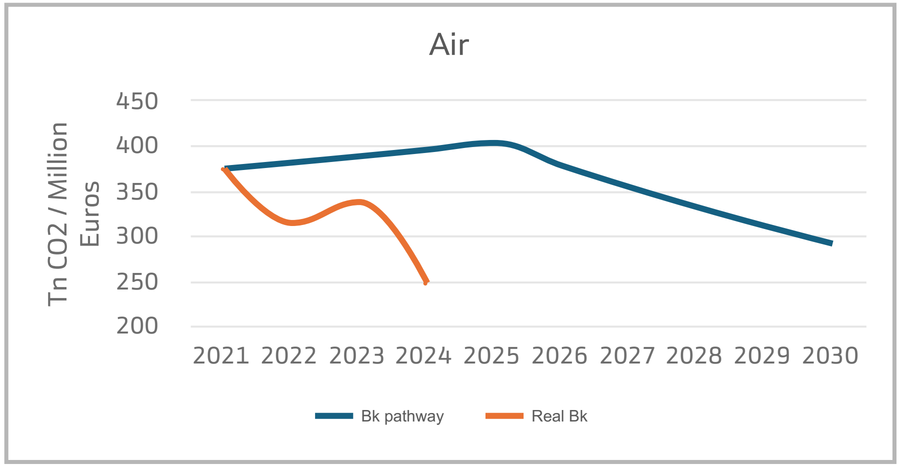
The main objective of this decarbonisation path is to reduce the emissions financed by each million euros of lendings in the entire Bankinter portfolio. However, although this global objective is the metric usually reported both internally and externally, a series of sectoral sub-objectives are monitored, using information on estimated or actual emissions by sector of activity for the Bank's entire Corporate Banking portfolio and, via the national statistics institutes, for all economic activities in both Spain and Portugal.

Specifically, these sectoral groups are the following: Agriculture, industry, transportation, energy and others, which would allow us to analyse causes of deviation from the main objective. The paths for the 4 sectoral groups mentioned are shown below:







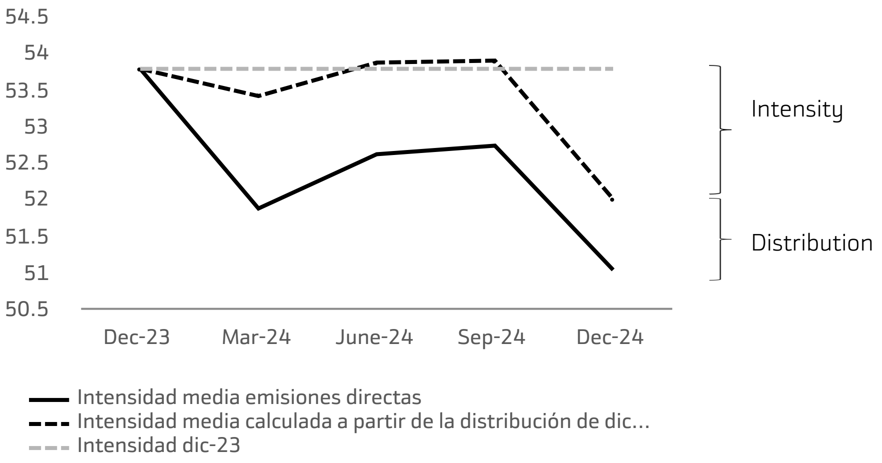


It should be noted that as this is a global objective that refers to the entire corporate portfolio, it can be achieved through two complementary channels:

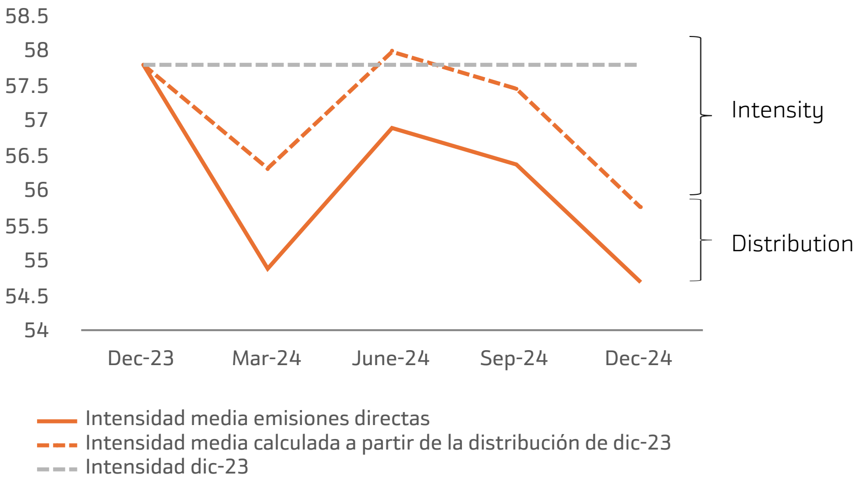
- By the reduction in emissions intensity itself, which may occur as a result of customers' decarbonisation efforts or by a reorientation of lending towards less emissions-intensive borrowers.
- For an evolution of the portfolio composition towards activities with lower emission generation.

The following graphs show the evolution of the intensity of direct emissions from the credit portfolio, as well as that corresponding to the carbon footprint, distinguishing between both indicated paths, intensity and distribution:

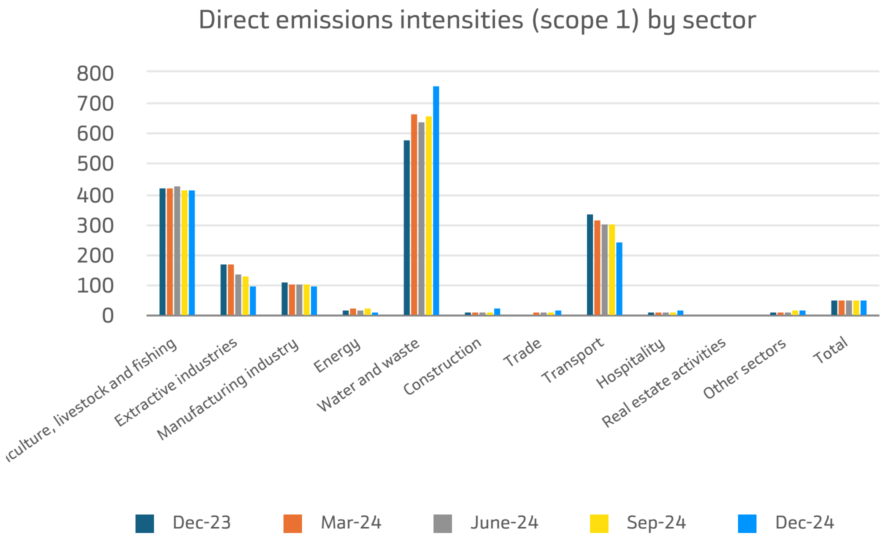
Direct emissions: Evolution between Dec-23 and Dec-24

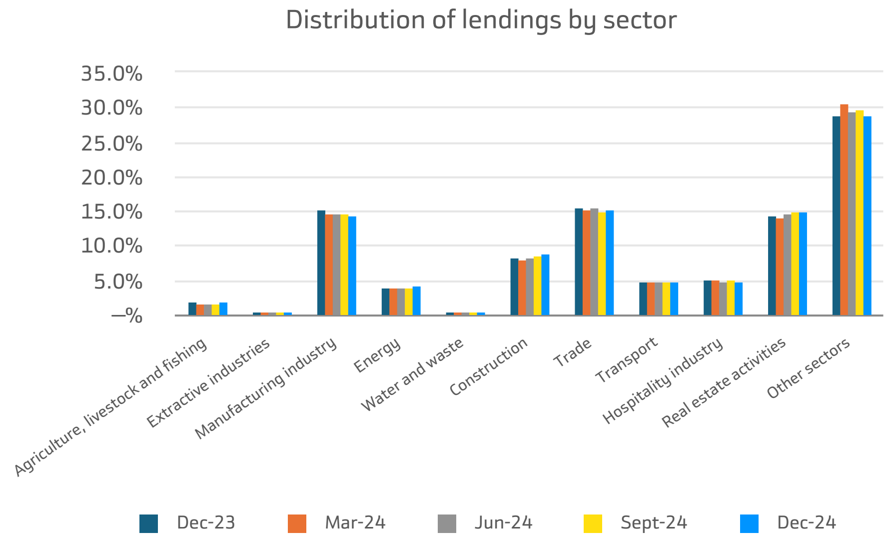


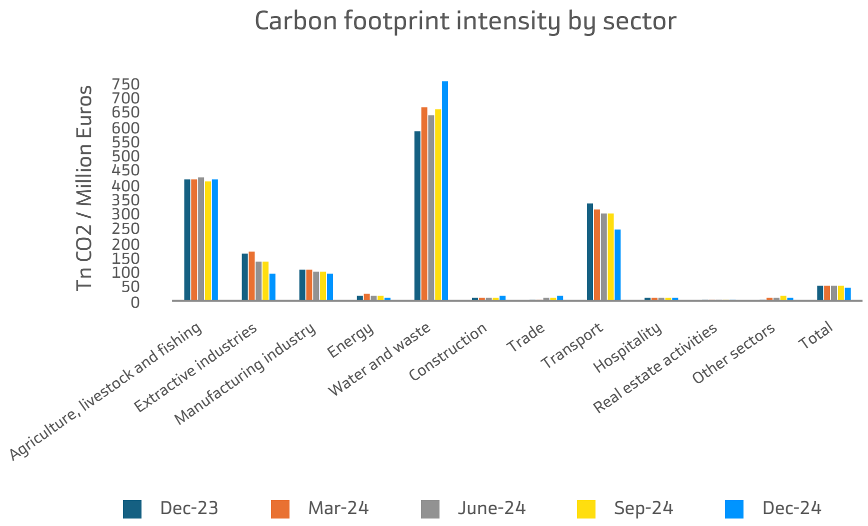
Carbon Footprint: Evolution between Dec-23 and Dec-24



As can be seen, the reduction in overall intensity in 2024 is due to both changes in the specific intensities of the different sectors and movements in the distribution of the portfolio. It is worth noting that the intensities are adjusted as emissions reports from large companies are updated, and in the case of estimates, the update of official atmospheric emission statistics in the second half of the year has an impact. Hence the temporal distribution of the different effects. The following graphs show the evolution of intensities by sector and their weight in the portfolio:







To meet its decarbonisation goals, Bankinter is clearly committed to an inclusive strategy, promoting the reduction of intensities in the face of changes in distribution, providing the necessary support so that customers can transform and adapt to a less emission-producing and environmentally friendly economy.

However, it cannot be ignored that the largest source of greenhouse gases comes from the combustion of fossil fuels, so efforts in the coming years will focus on substantially reducing dependence on them. Against this backdrop, Bankinter is becoming progressively more demanding in terms of compliance with decarbonisation objectives, limiting funding of activities that are incompatible with emissions reduction or customers who are not willing to change.

In this regard, new changes have been introduced in the sectoral financing guidelines that tighten the admission criteria in the extractive and energy sectors. Specifically, Bankinter will not finance:

- to customers in which more than 25% of their activity consists of the extraction of thermal coal and who do not have a diversification or decarbonisation strategy. It also undertakes not to have exposure to thermal coal mining from 2025.
- for customers who have a significant installed capacity of coal-fired power generation (over 25%) and do not have a diversification/decarbonisation strategy. In line with the decarbonisation objectives of the Bank's financing portfolios, Bankinter undertakes the commitment to, from now until 2030, progressively reduce the provision of any type of financing to customers for whom energy generation from coal directly represents more than 10% of its income in consolidated terms.
- for customers that have significant activity in the field of unconventional oil and gas extraction (tar sands, hydraulic fracturing and/or exploration and production in the Arctic and/or ultra-deep water [UDW]) that represents more than 10% of their turnover and that do not have a diversification or decarbonisation strategy.

Banks have a responsibility to help finance the transition to a sustainable economy, as facilitators of credit. However, this transformation process also requires other types of incentives and certainties regarding the technology to be targeted that do not depend on the financial sector. Therefore, the Group's decarbonisation will largely depend on compliance with the national objectives set and this is recognised in the strategy itself.

Decarbonisation objectives Mortgage Portfolio (Tn CO_2 eq/million euros)

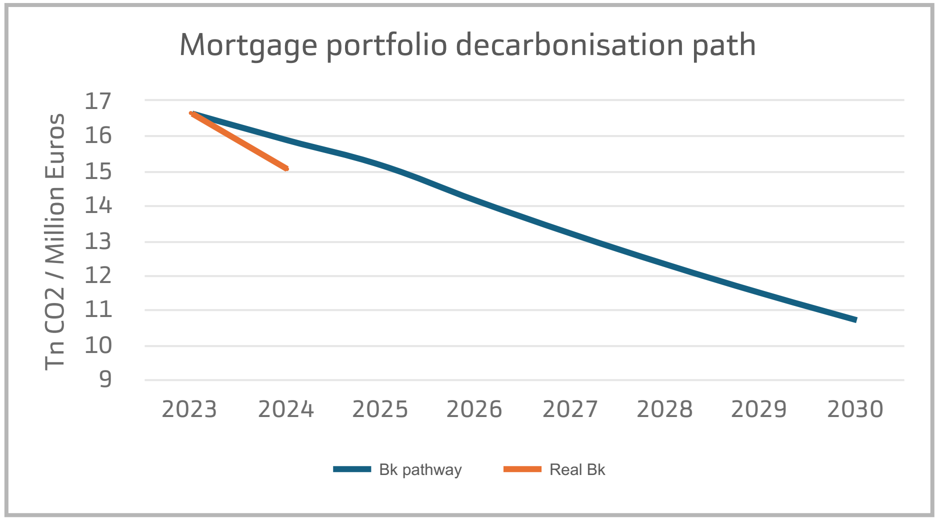
The Bankinter Group has established a path to decarbonise its mortgage portfolio, following the same system as for its corporate portfolio. The ratio used is the same, tonnes of CO_2 per million euros financed. The goal for 2030 is to reduce the emission intensity of the mortgage portfolio by 36% compared to 2023.

For its calculation, the emissions included in the energy efficiency certificates of each property acting as collateral are used, weighted by the Loan to Value (LTV) of each mortgage loan and divided by the outstanding balance of the financing.

This calculation is carried out for all mortgage portfolios of the Bankinter Group (Spain, Portugal and Ireland).

The slope of the target path that marks the speed of decarbonisation uses as a reference the PNIEC of Spain and its counterparts in Portugal and Ireland, specifically the data on household decarbonisation. It should be noted, however, that these objectives, although aligned with the official emissions reduction plans of the countries where the Bank is represented, are not validated by an external body such as SBTi.

This metric will be incorporated into Bankinter's Risk Appetite Framework in 2025 and will be monitored monthly in the Global Risk Report.



Business with ESG criteria

One of the four pillars on which the business strategy against climate change must be based is development of sustainable financing/investment products that help customers adapt to a lower emission economy. Bankinter wants to do this using an inclusive strategy whose main objective is to help our customers, companies and individuals in their decarbonisation processes, offering them financing with products that help them to reduce their greenhouse gas emissions, their adaptation to the effects of climate change and their ecological transition.

From the Risk area, the possible collaboration with these objectives is evident, since indicators such as the predisposition of a company to be affected by the risk of climate change, the physical risks derived from it, the answers to the questionnaires in the case of High or Very High climate risk or the Energy Efficiency Certificates, are indicators of possible investment needs and, therefore, of potential need for financing.

The new Sustainability Area has incorporated responsibility related to commercial activity, business development and taking advantage of business opportunities with ESG criteria. Some of the initiatives developed in 2024 are:

- Incorporation into the Bank's management tools of the definition of which operations are sustainable according to the European Taxonomy and which operations are green, using the Sustainable Financing Classification Criteria and the Sustainability-linked Financing Structuring Guide. In addition, an internal group (Sustainable Labelling Unit) has been created to study and sanction whether an operation can actually be considered sustainable or green and whether it can have related Sustainability indicators.

- Training plans for the Bank's staff related to sustainability, climate risk, decarbonisation plans, risks and related business opportunities.

- Collaboration agreements with expert suppliers that allow them to advise on sustainability issues that can help our customers in the development of their decarbonisation strategies, ecological transition and fulfilment of their objectives.

- Internal dissemination of good market practices that allow for a better understanding of their application and sharing the knowledge acquired to identify the needs and opportunities of our customers.

- Creation and development of products with ESG criteria that can help in the decarbonisation of business or household activities, as well as in their ecological transition. These include the financing of renewable energies, issuance of green bonds, sustainable investment funds, financing linked to sustainability criteria, financing of property refurbishment that improves energy efficiency, and green mortgages. In addition to financing lines already standard at Bankinter, other more innovative products specifically related to climate change, included in this business plan, involve providing customers with features such as sustainability certificates, advice or specific working capital lines for customers or sustainable suppliers.

Below is a more detailed description of the efforts made by the Bank in collaborating with customers in this process of transition to a more sustainable economy:

For corporate banking, Bankinter has developed a segmented action plan to support corporate customers in their CO_2 footprint reduction and transition plans.

- Corporate Banking: Larger Corporate Banking customers tend to be advanced in their transition plans and demand banking services that support their transformation. Bankinter offers sustainability-linked financing, whether term or working capital, structured financing, project financing and sustainable loans and credits.

- Medium-sized companies: companies in intermediate turnover brackets are in an unequal situation. From more advanced companies that have already established transition plans they are implementing, similar to Large-corporate Banking, to less mature ones that are just beginning to work on these aspects, generally starting with reporting obligations. Bankinter recognises that it can play a role in guiding these companies, given its sectoral knowledge, but not in advising them due to the degree of specialisation required. To support the latter, Bankinter has developed a set of alliances with third parties that offer solutions for the development of decarbonisation plans and their execution, requests for aid, management of energy saving certificates and the provision of capital goods, self-consumption equipment, electric or plug-in hybrid vehicles, among others.

- Small enterprises: small enterprises are showing incipient concern for sustainability and rarely are they developing actions related to footprint measurement or transition plans, unless there is an obligation on the part of their customers, public or private. Bankinter is approaching these customers by offering solutions that, in addition to reducing emissions, improve the efficiency and costs of small businesses.

Since not all of these businesses are under equal pressure to initiate a transition plan, Bankinter has developed a rating for customer transition need and urgency to address the value proposition described above in the most efficient way. The rating is based on an analysis of the regulatory burden, the Bank's internal climate rating, pressure on the supply chain and CO_2 emissions, among other parameters.

In commercial banking, the needs of individual customers are limited to the acquisition or renovation of housing, electric vehicles and other consumer goods. The acquisition of sustainable housing is channelled through the Efficient Mortgage product. Mortgage financing is categorised as sustainable based on the climate zone and energy consumption. Bankinter has substantially improved the quality of information relating to energy certificates and their periodic updating.

The rest of the financing associated with commercial banking is managed through consumer financing. Bankinter Consumer Finance has reached agreements with third parties to offer advice and installation of self-consumption solutions.

Bankinter is also updating its Risk Appetite Framework to effectively integrate climate and environmental risks into its corporate strategy. This process seeks to ensure sustainable and responsible management, aligned with regulatory standards and best practices in the financial sector. The Bank is evaluating how climate change-related exposures may impact its operations, customers and investments in the long term.

On the other hand, in the investment business, Bankinter's ESG investment products are designed to offer customers solutions that combine financial return with a positive impact on the environment and society. These products respond to the growing demand from investors interested in supporting sustainable and responsible projects. They also reinforce the bank's commitment to sustainability and contribute to generating long-term value for both customers and society in general. In this case, Bankinter offers its customers alternative investment vehicles in renewable energy and the circular economy, its own investment funds and pension funds classified as Article 8, as well as third-party investment funds classified as Article 8 and Article 9.

In addition, Bankinter's digital investment manager launched its first sustainable portfolios in 2021, which invest in funds from the world's leading asset managers that meet environmental, social and good corporate governance criteria.

Monitoring

The main lines of monitoring of indicators related to climate risks that the Bank has developed are as follows:

- Risk Appetite Framework. In 2024, two new metrics have been incorporated, as detailed below:

    - Scope 1 emissions intensity financed: covers the corporate portfolios of Spain and Portugal.

    - Average intensity of financed emissions of the mortgage portfolio of individuals: Covers all geographies.

    - High and Very High Risk exposure limit according to the climate rating in the loan portfolio: covers the corporate portfolios of Spain and Portugal

As the climate rating evolves towards a global indicator that incorporates environmental objectives, the latest metric will also include limits on environmental risks.

- Information incorporated into the Business Intelligence management tool.

Throughout 2024, new information has been incorporated into the management tool that is consulted through the Bankinter branch network. This new information allows users to obtain reports on the main indicators of climate risks, climate ratings for the corporate portfolio and energy efficiency certificates for the mortgage portfolio.

Furthermore, by cross-referencing them with the rest of the previously available information, it is possible to obtain data on prices, credit quality, sectors of activity, behaviour, guarantees, terms, branches and areas, etc.

- Global Risk Report.

This report is updated monthly, is made available to members of the Board of Directors and includes a summary of the main climate risk indicators.

13.3.7. European Taxonomy requirements

Regulatory Framework

This document includes the ESG risk disclosure exercise required under Article 449a of the Capital Requirements Regulation (CRR). More precisely, Bankinter is obliged to disclose the following quantitative information templates (the qualitative part is included in the text of this chapter on ESG Risks):

Prudential disclosures of ESG risks (Article 449a of the CRR)

Template number	Name
1	Banking book – Climate change transition risk: Credit quality of exposures by sector, issues and residual maturity
2	Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral
3	Banking book – Climate change transition risk: Alignment metrics
4	Banking book – Climate change transition risk: Exposures to top 20 carbon-intensive firms
5	Banking book – Climate change physical risk: Exposures subject to physical risk
6	Summary of GAR KPIs
7	Mitigating actions: Assets for the calculation of GAR
8	GAR (%)
10	Other climate change mitigating actions that are not covered in the EU Taxonomy

Templates 6, 7 and 8 are related to the calculation of the GAR (Green Asset Ratio), information that is also included in the Non-financial and Sustainability Information Statement of the Bankinter Group in accordance with Article 8 of the Taxonomy Regulation (EU) 2020/852 (the "Taxonomy Regulation"), the Delegated Regulation (EU) 2021/2178 on disclosure, and Delegated Acts. The purpose of these regulations is to establish the criteria for determining whether an economic activity is considered environmentally sustainable, compatible with the objective of controlling global warming levels and the European Green Deal.

In this regard, financial institutions are required to publish a series of indicators relating to sustainable economic activities in accordance with the EU Taxonomy.

The Taxonomy Regulation identifies six environmental objectives: Climate change mitigation; Adaptation to climate change; Sustainable use and protection of water and marine resources; Transition towards a circular economy; Pollution prevention and control; Protection and recovery of biodiversity and ecosystems.

Based on these objectives, the regulations also require technical criteria to assess whether an activity is environmentally sustainable:

- First, it is necessary to determine whether an activity falls within those listed as eligible by the EU taxonomy.
- If eligible, the activity will be aligned with the EU taxonomy based on the substantial contribution to one or more objectives; if the activity does not cause significant harm to any of the other environmental objectives (DNSH: Do No Significant Harm) and whether the activity is carried out in accordance with minimum social and human rights safeguards (MSS).

In this regard and due to the above, Bankinter is obliged to disclose the activities that meet these criteria in relation to the 6 environmental objectives. Specifically, by 2024, the following must be disclosed:

- GAR alignment for the 2 climate objectives, mitigation and adaptation.
- Eligibility with respect to the 6 environmental objectives.

It should be noted that economic activities that are not included in the Taxonomy or do not meet the requirements do not imply that they are harmful or negative for the environment, but rather that they do not meet the conditions to be part of this classification.

The main new features of the information to be published this year include:

- Inclusion of eligibility information and alignment of the Bank's portfolios with the 4 environmental objectives of circular economy, pollution, water and marine resources and biodiversity and ecosystems.
- In compliance with the requirements of Commission Delegated Regulation 2023/2486, adaptation alignment information is not reported for the climate change adaptation objective.
- Calculation of the GAR in terms of flow, which was not presented for the year 2023.
- Improvements have been made to the basic information (mainly, the corporate structure of the counterparties), in addition to the automation of calculations.
- In the process of generating the GAR for the year 2023, only those non-financial companies that had published sustainability reports were included, we limited ourselves to the available data. This year, the criteria have been adjusted to align with the regulations and all corporates required to disclose information according to the NFRD criteria are included, regardless of whether they have published data or whether we have been able to collect their data.

Scope of assets and activities covered by the GAR

Regulation 2021/2178 indicates that credit institutions shall disclose relevant key performance indicators based on their prudential consolidation scope, determined in accordance with Regulation (EU) No 575/2013, Title II, Chapter 2, Section 2.

Therefore, the assets considered in the Environmental Taxonomy disclosure coincide with the totals of the Consolidated Annual Financial Statements as of the end of 2024.

Section 2 of the Annual Accounts, "Accounting Criteria Applied", section D, consolidation principles, describes the criteria used to consolidate the Group's participating companies, whether they are Subsidiaries, Joint Ventures or Associates.

The amounts considered in the GAR are constructed from the positions with which the financial reporting is built, guaranteeing consistency in amounts and segmentation with the financial reporting.

Data considerations

This is the second year that Bankinter has reported on the GAR ratio; in this regard, many difficulties continue to be encountered in reflecting the true position and the efforts that the bank is making in terms of decarbonising the economy.

In order to correctly understand the published results, some notable aspects must be taken into account.

- The population of the information used for the calculation of the RAG was obtained from the positions that make up each of the headings of the Consolidated Annual Financial Statements.
- As in 2023, Bankinter has relied on external providers to collect information on eligibility and alignment of Bankinter's counterparties. Specifically, the information provided by INFORMA D&B, S.A.U. was used to obtain the information relating to the eligibility and alignment of on-balance sheet exposure and financial guarantees, and MSCI, Inc. was used for the exposure relating to assets under management.
- The small number of companies required to report according to taxonomy and the demands of DNSH requirements means that certain financing operations, clearly associated with the transition to a carbon-neutral economy, are not included in the alignment ratio. Bankinter has a significant portfolio in the financing of wind and solar farm projects that cannot be incorporated into the GAR ratio.
- Inclusion in the denominator of the GAR ratio of exposure to local governments and SMEs, when these are not required to report information on alignment.
- The numerator and denominator of the GAR ratio are calculated on different perimeters: the first is on corporates required to report NFRD; the second is on the total included in the GAR, whether or not they are required to do so) means that the ratio is conditioned by the proportion of each bank's investment in large corporates, which are required to report. As a result, the results are not comparable between entities and the ratios depend, to a large extent, on the business model of each bank.

In conclusion to these considerations on Taxonomy information, the Bank has made its best efforts to comply with the regulations and continue to grow and progress along with the upcoming regulatory requirements, contracting external services to collect data and reviewing and justifying transactions. The work carried out has forced us to continue making progress in gathering up-to-date information (especially regarding companies required to report and energy efficiency certificates in the mortgage portfolio), updating reports (such as the Group's mortgage portfolio with the updated energy efficiency certificates) and advance in measurements and learning (for example, completing templates and analysing investments), with the confidence that there will be improvement this year, and that it will better reflect the investment effort of banks.

The summary template with the main indicators of the GAR ratio is included below:

	Key performance indicator			
	Climate change mitigation	Adaptation to climate change	Total (climate change mitigation + climate change adaptation)	% coverage (over total assets)*
GAR stock	1.54 %	0.01 %	1.55 %	86.96 %
GAR flow	2.15 %	0.01 %	2.17 %	91.82 %

* % of assets covered by the KPI compared to the total assets of banks

Breakdown of the GAR ratio

The GAR is an indicator that seeks to reflect the extent to which certain assets on the bank's balance sheet are aligned with the EU taxonomy. In this regard, the bank has developed this indicator following the regulatory definitions of the European Commission. The items included and excluded in the numerator are shown below.

Items included in the numerator of the GAR ratio

The population and amounts of the information that match the positions on which the 2024 year-end Annual Consolidated Financial Statements are based, including only those whose holder, or its parent company in the case of legal entities, is located in the EU.

The exposure reflected as eligible and aligned for each of the portfolios is:

- Mortgage portfolio: Loans to individuals with residential properties, granted for the purchase thereof. The identified properties meet the criteria set out in the taxonomy regulations regarding the date of construction of the property, its Energy Efficiency Certificates, energy consumption, climatic zone and possible influences of physical risks resulting from climate change, to ensure compliance with the DNSH. Properties associated with the following physical risks are excluded:
  - Risk of maritime flooding in areas with a medium to occasional probability
  - Risk of river flooding in areas with high probability
  - Risk of fire in areas with levels of risk higher than 1000.
  - Seismic risk in areas with a high level of probability
  - Volcanic risk in areas with a high level of likelihood
- Portfolio of financial and non-financial companies: exposure to those companies that either by themselves or through their parent company reported eligibility and alignment in their 2023 report, according to two criteria:
  - General financing operations, imputing to the exposure the percentage of eligibility or alignment reported by the company or group to which it belongs.
  - Targeted operations with corporates subject to NFRD and ensuring compliance with DNSH.
- Portfolio of local administrations: exposure to investments aimed at financing public housing or projects that support an economic activity aligned with the Taxonomy.

Items excluded from the numerator of the GAR ratio

For non-financial corporations, exposure not subject to NFRD is excluded and is subtracted from the total exposure reflected in the Financial Statements.

The exposure of counterparties in non-EU countries that do not report under the Directive is also excluded, the gross book value for non-EU countries from the consolidated financial statements is included.

Finally, all exposure relating to derivatives, interbank loans on demand, cash and other assets such as goodwill, commodities, etc. is excluded.

Below is a table showing the amounts of each balance sheet item included as aligned in the GAR ratio.

Concept	Alignment (millions of EUR)
Households	836.7
Non-financial corporations	693.3
Financial companies	130.6
Total	1,660.6

This year, a recalculation of the GAR ratio for the year 2023 has been carried out, applying the same methodology as the calculation for the year 2024, with the GAR result being 1.52% (in the year 2023, 1.54% was reported).

In addition to publishing a GAR ratio aligned with the standard, which, as explained above, does not show Bankinter's efforts in investing in decarbonisation, the Bank has operations that contribute to the transition to a low-carbon economic model, such as:

- Mortgage Portfolio with estimated Certificates that meet the taxonomy criteria.
- Loan portfolio intended to finance investments in renewable energy projects in which the holder is not required to report according to environmental taxonomy.
- Portfolio of loans to homeowners' associations intended to finance energy efficiency improvements in buildings, in a line included in the Next Gen fund aid.

Description of compliance with the Taxonomy Regulation

<u>Key indicators of stock exposures</u>

Template 3 presents the GAR ratio indicator in terms of Bankinter's investment stock, for all environmental objectives, with the result of the GAR ratio being 1.55% (1.52% in 2023).

It is especially significant that Bankinter has a high exposure to small and medium-sized companies in its corporates portfolio, an exposure that cannot be included in this indicator because they are not companies required to report NFRD.

<u>Eligibility</u>

The eligibility ratio of the portfolio with the 6 environmental objectives has been calculated. To this end, the mortgage portfolio has been incorporated into the numerator (maintaining the criteria from previous years, 100% of the mortgage portfolio of individuals/households), the energy efficiency improvement portfolios of buildings, automotive and the corporate portfolio reporting NFRD, due to the percentages published by the companies; and in the denominator, the same amount as in the GAR. The result obtained is: 35.1% eligibility (34.9% in 2023)

<u>Information regarding the GAR in terms of flow</u>

Bankinter did not disclose the alignment information in terms of flow with data as of the end of December 2023.

However, Bankinter does publish this information for the year 2024 for the first time, considering all registered transactions (renewed or novated) during the entire reference period.

The GAR ratio in terms of flow over income in 2024 is 2.17% and on CAPEX is 3.13%

Templates

Section 6 (Risk indicators) and subsequent sections include the templates related to Implementing Regulation 2022/2453 on the disclosure of ASG risks under Pillar III.

13.4. Social risk

13.4.1. Business strategy and processes

As previously mentioned, Bankinter's sustainability strategy has materialised in the ADN 24-26 Multi-Year Sustainability Plan, established with the aim of developing responsible management in three main pillars: responsible action, differentiation and sustainable business, to generate a three-fold impact on the geographies in which the Group operates.

This Plan was designed as a result of a materiality analysis with the Bank's stakeholders, which concluded by identifying the most relevant issues that Bankinter should integrate into its strategy and respond to the expectations of its stakeholders.

However, a new double materiality analysis was conducted in 2024, in accordance with the expectations of the CSRD regulations. In addition, the strategic plan was updated to take into account the material issues arising from this new analysis.

With regard to social matters, a distinction was made between issues related to the company's own staff and customer staff (in line with the CSRD's NEIS S1 and S4 standards).

Own staff

In this exercise, no material risks or opportunities related to the company's own workforce have been detected, but positive and negative impacts have been detected.

Most of the material impacts identified related to Bankinter's own staff affect the entire salaried workforce of Bankinter, covering all the geographies in which the Bank has a presence. This staff is made up of working individuals hired directly by the Bank, who represent the core of the organisation's Human Resources.

The material IROs in this standard and the way in which they are integrated with the bank's strategy are presented below.

The promotion of a flexible remuneration system is aligned with the talent retention strategy, improving the Bank's competitiveness as an employer and offering tax advantages to workers. This initiative contributes to attracting and retaining key professionals for the business model, ensuring more committed and satisfied teams. Currently, Bankinter Spain's staff has a flexible remuneration system at their disposal that allows them to replace part of their fixed remuneration with goods and services, such as childcare vouchers, training, contributions to pension plans, transport cards or restaurant cards. This system improves staff remuneration through price optimisation, thanks to the Bank's negotiating capacity and the tax advantages associated with some of the products included. This model is designed to be accessible to all Bankinter Spain employees.

The commitment to freedom of association, collective bargaining and social dialogue guarantees a collaborative and transparent work environment, promoting more sustainable labour relations that enable effective conflict resolution and support the organisational stability necessary for the execution of the business model. The Group demonstrates its firm commitment to respect for labour standards, trade union rights and freedom of association and collective representation, making available to workers different channels to express their opinions, conflicts or needs, including channels of social dialogue and participation appropriate to overcome conflicts or differences between the parties and reach agreements within the labour framework.

Initiatives aimed at improving the physical and emotional well-being of the workforce, which go beyond regulatory requirements, generate a positive impact by promoting productivity and reducing absenteeism, contributing to having healthier and more resilient teams, essential to achieving strategic objectives. In this context, the ""Bankinter takes care of you"" programme promotes various activities and actions aimed at health and well-being. In addition, 100% of the staff is covered by health and safety systems, which ensures that all Bankinter employees benefit positively from this impact.

The promotion of gender equality in the workplace is directly linked to the company's core values and its commitment to diversity, generating a positive impact on attracting talent and strengthening the brand's reputation as an inclusive employer. In addition, attracting young talent and a diversity of profiles ensures the future sustainability of the organisation by incorporating new perspectives and ideas, strengthening the teams that are critical for the implementation of the business strategy. Bankinter is committed, in its Second Equality Plan, to respecting the principle of non-discrimination on the grounds of race, gender, ideology, nationality, religion, sexual orientation or any other personal, physical, psychological or social condition. It also actively promotes equal opportunities, with a special focus on gender equality and the integration of people of different nationalities. These commitments have a positive impact on Bankinter's current staff, especially on those who participate in internal mobility processes and apply for new positions, as well as on potential employees who are part of the Group's selection processes. In this case, the potentially vulnerable groups of women, young people and immigrants are especially affected by these positive impacts.

Training and learning activities are aligned with the strategy of strengthening human capital, which is key to the sustainability of the business model. Boosting the knowledge and professional skills of its staff enables Bankinter to respond quickly to the challenges of the financial environment and to customer demands. Continuous training contributes to generating a positive impact by improving internal employability, retaining talent and ensuring that teams are prepared to face strategic challenges. Based on the Bank's strategic plan, the Training and Talent team designs a training plan each year to support Bankinter's growth strategy and its various initiatives. This plan is guided by the area's mission: Identify current and future talent, plan succession and train staff. Its aim is to ensure that all staff have the knowledge and skills necessary to perform their current role and prepare for more complex roles in the future. All employees of the Bankinter Group have benefited, in one way or another, from this type of training programme.

These training plans focus on employee training in privacy and cybersecurity with the aim of reducing the risks of personal data breaches, protecting the Bank's critical assets. These initiatives strengthen technological resilience and ensure operational continuity, key factors for the success of the business model. Bankinter's Digital Security awareness and training plan, aimed at the entire workforce, reinforces the culture of compliance in terms of privacy and information security. This commitment is based on three core pillars: Privacy, ensuring respect for fundamental rights to data protection in accordance with the Charter of

Fundamental Rights of the European Union; transparency, ensuring that data subjects are aware of how their data is processed in compliance with the GDPR and other applicable regulations; and computer security, by implementing measures to prevent security breaches and unauthorised access. These actions generate a positive impact by strengthening staff skills and mitigating risks associated with data management and digital security.

The implementation of prevention and response protocols in cases of harassment, together with the availability of a complaints mailbox, reinforce Bankinter's commitment to a safe and respectful work environment. This policy is aligned with the bank's values and strengthens its ethical management strategy. By fostering a harassment-free environment, risks related to workplace conflicts are minimised, ensuring team cohesion and the reputation of the organisation. Bankinter has a Prevention and Action Protocol for any situation of workplace harassment and a Confidential Complaints mailbox, in order to deal quickly, confidentially and appropriately with possible situations of harassment that may arise. The protocol is applicable throughout the Group and the mailbox is available to the entire Bankinter staff.

Promotion of a more diverse Board of Directors, with a percentage of women above the established targets, to strengthen the Bank's governance. This commitment is aligned with Bankinter's ESG strategy, increasing representation and diversity in decision-making. Greater diversity on the Board of Directors helps mitigate strategic risks by ensuring more inclusive decisions aligned with stakeholder expectations.

Bankinter classifies the gender pay gap as a negative impact related to gender equality, based on the ratings established by the applicable regulations. This impact is classified as systemic, as it reflects a structural trend that requires strategic action to address the identified disparities. Managing this impact is essential to fulfilling the gender equality and pay equity commitments made by the bank. This challenge directly impacts the Bank's ability to position itself as an inclusive and attractive employer, influencing its ability to attract and retain diverse and engaged talent. This negative impact affects the group of women on the staff more directly.

Work-life balance has been identified as a potential negative impact to the extent that the programmes and measures implemented at Bankinter do not meet all individual needs and sensitivities, which may be reflected in internal surveys. Bankinter has a wide range of work-life balance measures in place, which not only includes recent legislative developments, but also improves in many aspects the measures established in such legislation. Despite this, Bankinter analyses all these individual opinions and constantly seeks alternatives for improvement in its work-life balance and flexibility initiatives and programmes, with the aim of improving satisfaction and perception of well-being for the entire workforce. This management is directly aligned with Bankinter's sustainability and talent care strategy, aware of its importance in impacting the general perception of the work environment, the bank's ability to retain key talent and, ultimately, improve the organisation's efficiency and productivity.

Dialogue with our staff

At Bankinter, employee participation is a core pillar in the design and development of corporate strategies and the bank's business model. Employee well-being and engagement are recognised as key factors for sustained success and achieving organisational objectives. The company therefore continuously integrates the opinions, interests and rights of its own staff into strategic and operational decision-making, ensuring a sustainable and responsible approach that respects human rights and promotes equality, diversity and inclusion.

The collection of opinions from our own staff is carried out through various communication channels, which include both general tools and media designed for specific topics. Each of these channels is managed by the team in charge of its supervision, which guarantees an adequate and professional treatment of the contributions collected. Likewise, the procedures for integrating these contributions into the strategy or business model vary according to the nature and scope of each channel, allowing for specific adaptation that maximises the impact of the proposals. The main channels of dialogue with the staff are: climate surveys, internal quality surveys, Business Partners, collective bargaining channels, specific channels for training, channels for new hires, specific channels for matters related to health and safety, such as the Bankinter Te Cuida (Bankinter, Here to Help) programme, etc.

Policies and procedures

The Bankinter Group's Sustainability Policy sets out the bank's basic people management principles and human rights, which affect all the impacts identified:

- Principle 4: The management of people as the Group's most important capital, promoting their well-being and motivation through work-life balance, personal and career development and health and safety, and encouraging inclusion and employee diversity. Bankinter also rejects any form of forced labour and child labour, respecting freedom of association and collective bargaining.
- Principle 7: Respecting, supporting and protecting human rights in the development of its activity, in relation to its staff, customers, suppliers and other business partners in the environment in which it operates, in accordance with the United Nations Guiding Principles on Business and Human Rights.

Given that Bankinter operates directly exclusively in countries of the European Union, where the risk of incidents related to forced labour, child labour or human trafficking is considered low, no specific policies have been developed that explicitly address these risks. However, within the framework of the human rights due diligence process, the Bank has assessed and covered risks related to both its direct activity and potential impacts arising from its financial activity. These risks include human trafficking, forced labour, child labour, freedom of association, the right to collective bargaining, equal pay, discrimination, work-life balance, the right to privacy and the right to fair and favourable working conditions. In this way, Bankinter ensures respect for human rights in all aspects of its activity.

Human Rights Policy

The objective of the Human Rights Policy is to reflect the Group's commitment to respect, support and protect human rights in the development of its activity and in its relationship with stakeholders within the environment in which it operates. The principles governing this policy are divided according to the stakeholder group to which they are directed. With regard to its own staff, Bankinter is committed to promoting a fair, inclusive and respectful work environment. Its key principles include the promotion of equal opportunities and professional development based on merit, as well as the implementation of measures that favour the reconciliation of work and personal life. The Bank guarantees decent, competitive remuneration in line with market standards, also ensuring a work environment free of harassment, violence or discrimination. Bankinter also respects and promotes freedom of association and the right to collective bargaining. In terms of health and safety, the organisation rigorously complies with current regulations, implementing proactive measures to protect the physical and emotional well-being of its staff.

This policy is applicable to the whole organisation and affects all the Group's workers, as well as the rest of the stakeholders involved. The sustainability committee is responsible for approving, monitoring and periodically controlling compliance with the guidelines set out in this policy.

The document identifies the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, the ten principles of the United Nations Global Compact and the Declaration of the International Labour Organisation as reference standards.

The policy is made available to staff and other stakeholders through the corporate website and internal intranet.

Health, Safety and Wellbeing Policy

Activities related to the health, safety and well-being of employees are based on Bankinter Group's health, safety and well-being policy, the aim of which is to promote a culture of care and respect in these areas, both internally and externally. This policy establishes the general principles and lines of action necessary to protect the safety, health and well-being of our own staff and of people who work at Bankinter Group work centres in Spain. It also defines key roles and responsibilities to ensure its effective implementation. The policy has a comprehensive scope, covering all operations, activities and phases of the value chain, as well as all regions in which the bank operates.

The People Management, Communication and Quality Department, through the Occupational Risk Prevention areas, will be in charge of ensuring the application of this policy. Compliance and continuous improvement of the policy is ensured through regular audits and reviews, with the Bankinter Sustainability Committee ultimately responsible for its approval.

This policy is governed by the regulations of the Law on the Prevention of Occupational Risks and the ISO-450001 regulations and is available to all interested parties on the Intranet and on the corporate website.

Bankinter Portugal and Avant Money have a health and safety policy that meets the specific requirements of the country, but is aligned with the Group's general policy.

Inclusion and Diversity Policy

Material impacts relating to equal treatment and opportunities in the company are managed, among other documents, through the Inclusion and Diversity Policy. The objective of this policy is to fulfil the commitment to protect and promote compliance with human rights and applicable laws in the countries in which the Bank operates on diversity and inclusion, guaranteeing equal opportunities, providing fair and non-discriminatory treatment without associated bias of any kind. This policy is corporate and applies to all employees of the Bankinter Group.

The corporate sustainability committee is responsible for approving this policy and monitoring the degree of compliance with the principles contained therein, agreeing on any modifications and improvements that may be necessary.

The document identifies the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, the ten principles of the United Nations Global Compact and the Declaration of the International Labour Organisation as reference standards.

This policy is publicly available on the Bank's corporate website and internal intranet.

General Remuneration Policy

The Bank's Remuneration Policy aims to ensure that remuneration systems are aligned with the Bankinter Group's long-term strategy and objectives, including collective objectives that may be environmental, social and governance ("ESG") in nature, corporate culture and values, the bank's risk culture, as well as the measures used to avoid conflicts of interest.

The policy was approved by the Bankinter Board of Directors at the proposal of the remuneration committee. Bankinter has established a governance model to ensure that remuneration policies and systems at Bankinter comply at all times with the framework of current regulatory provisions and good corporate governance standards, adapting them to the core principles contained in the recommendations of the Financial Stability Board, in the guidelines of the European Banking Authority, in European regulations, in the recommendations of the Unified Code of Good Governance and in current national regulations.

The principles of the General Remuneration Policy are available to staff on the Bank's internal intranet.

Internal Rotation Policy

With regard to internal growth opportunities, Bankinter has the Bankinter Group Internal Rotation Policy, which pursues the purpose of developing an internal framework that ensures internal rotation processes to promote the professional growth and development of people, while contributing to meeting business needs and guaranteeing the homogeneity of the criteria applied when managing internal rotation processes in all Bankinter Companies. This policy sets out the general principles that govern Bankinter Group's internal rotation processes, which are equality, diversity, meritocracy, objectivity, confidentiality and consistency with the Group's business strategy.

This policy applies to all the companies that form part of Bankinter Group, constituting the reference document on internal rotation. It has been approved by the People, Corporate Communication and Quality department and is of indefinite duration, and may be revised to make any changes or modifications that may be appropriate.

The policy is expanded in the Bankinter Group Internal Rotation Circular, which establishes that participation in the internal rotation systems is open to all Bankinter Group employees, and will be governed by the general principles set out in the Bankinter Group Internal Rotation Policy, these being equal opportunities, non-discrimination on any grounds (gender, age, race, religion, nationality, marital status, sexual orientation, social class or disability), equal treatment and respect for people and their abilities.

Both documents, the policy and the circular, are published on the corporate intranet, in a space dedicated to content related to internal vacancies, which also includes information on the internal vacancy process and some recommendations for candidates participating in this type of process.

Selection and Succession Policy for members of the Bankinter Board of Directors

The Selection and Succession Policy establishes the principles and procedure for the selection and replacement of board members which, together with the Policy for the evaluation of the suitability of board members, ensure that the proposals for the appointment and re-election of directors are based on a prior analysis of the needs of the Board of Directors and respond to the regulatory requirements and best practices in this area. This policy will apply to the selection of Bankinter directors. This policy is updated, revised and approved by the Board of Directors, following a proposal from the sustainability and appointments committee.

Among the general principles that govern this policy, one has been established that explains that Bankinter will seek diversity of nationalities, gender and experiences, in such a way that decision-making is enriched and plural points of view are contributed to the debate on matters within its competence.

Code of Ethics

The Code of Professional Ethics is the document that contains the corporate principles and values that guide the professional conduct of all employees and collaborators of the Bankinter Group.

Within the code of ethics, several general principles are established in relation to employees. Non-discrimination on the basis of race, sex, ideology, nationality, religion, sexual orientation or any other personal, physical, psychological or social condition is established, as well as the promotion of equal opportunities among workers. Likewise, any form of harassment or workplace violence is rejected, guaranteeing a work environment that respects physical and moral integrity. In addition, the reconciliation of personal and work life is encouraged, respecting the personal lives of employees and promoting policies that facilitate this balance. The right to privacy is guaranteed, in strict compliance with data protection regulations. In terms of occupational health and safety, it adopts preventive measures in accordance with current legislation to protect its staff and ensure a safe working environment.

Group Privacy Policy

In the interests of consolidating an organisation-wide culture of compliance with privacy regulations, within this policy, it is established that Bankinter Group draws up and implements a privacy and data protection training plan for all obligated subjects.

More information regarding this policy can be found in the section 3.2.2.2 Key policies, processes and actions relating to consumers.

Digital Disconnection Policy

The main objective of this policy is to ensure the digital disconnection of the Bankinter Group staff once the working day has ended, promoting occupational health and a better balance with their personal and family life. This policy is applicable to all professional levels at Bankinter and the companies of the Group.

Customers

The incidents, both current and potential, as well as the Group's risks in relation to all consumers or end users, regardless of their characteristics and capabilities, are intrinsically linked to the Group's strategy as a provider of financial products and services. Therefore, the incidents identified in the double materiality analysis serve as a basis and contribute significantly to the adaptation of the company's strategy and business model.

The analysis carried out has made it possible to identify material incidents, risks and opportunities exclusively related to the bank's own activity in terms of its relationship with customers and end users. No material IROs have been identified associated with its value chain, which indicates that the processes, suppliers and other external actors linked to the bank's operations do not have significant impacts that could affect the bank's customers or end users.

As noted above, customers are one of the Group's most important stakeholders and the Bank therefore seeks to minimise negative impacts, increase positive impacts and mitigate risks.

The Bank is aware of the current and anticipated effects of IROs on its business model, strategy and decision-making. As part of its comprehensive approach, the bank has introduced and plans to continue introducing adjustments to its strategy and business model to adapt to these effects. This includes modifications to processes and services to mitigate risks, take advantage of relevant opportunities and ensure that responses to incidents are effective, aligned with consumer expectations and needs.

To assess the effectiveness of the remedial measures, the Bank conducts ongoing monitoring through different channels and procedures, each with its own control, monitoring and effectiveness evaluation mechanisms, which will be detailed in the following sections. This approach ensures that the actions implemented are effective and adequately respond to consumer expectations and needs.

One of these incidents is related to the privacy and data protection of customers. At Bankinter, it is a core pillar of its strategy and business model, as it has a direct impact on customer confidence, market competitiveness, regulatory compliance and innovation capacity. Customers trust the bank to manage sensitive information, such as personal data, financial records and transactions. Ensuring privacy not only reinforces that trust, but is also key to preserving long-lasting relationships. Data loss or privacy breaches can severely impact an bank's reputation, leading to potential loss of customers and credibility.

Bankinter Group is characterised by its commitment to privacy and the protection of the personal data of its customers, shareholders, staff, suppliers and other subjects whose data may be processed. In compliance with its legislative obligations, the bank has developed a framework of internal policies and procedures, including the Security Incident Management Procedure, which establishes the methodology necessary to assess the risks inherent to the processing of personal data and apply effective measures to mitigate them.

Bankinter has specific procedures in place to ensure appropriate management in the event of an incident that may compromise the confidentiality, integrity or availability of personal data. These procedures are mandatory for all employees of the organisation, who are responsible for immediately notifying the information security department of any incident affecting personal data. This allows for proper investigation and the adoption of sufficient measures to prevent similar situations from recurring.

In addition, the bank has a Data Protection Officer who plays an active role in managing incidents, assessing the impact on the privacy rights of data subjects and complying with current regulatory obligations. In the event that an incident poses a high risk to privacy, the relevant supervisory body and, if necessary, the affected data subjects will be notified. Bankinter operates under a firm commitment to current regulations, such as the General Data Protection Regulation (GDPR) in Europe, which establish strict obligations on how data is collected, stored and processed.

Adapting to these legal frameworks allows avoiding economic and legal sanctions, in addition to reinforcing the bank's image as a responsible and transparent organisation. In a digitalised financial environment, Bankinter understands that the lack of protection measures can increase exposure to risks such as cyberattacks and fraud, so it implements advanced data protection strategies that minimise these risks and ensure business continuity, protecting both its customers and the organisation itself.

This commitment to privacy and data protection, beyond being a legal obligation, is an essential component of Bankinter's strategic vision, which guarantees relationships of trust with interested groups and consolidates its position in the financial market.

Another of these material incidents is the complaints or claims submitted by customers in relation to transactions and banking and financial services. In this sense, Bankinter's Customer Service department (CSD) plays a strategic role in aligning customer relations with the bank's business and corporate objectives. Its integration into the organisational model ensures that customer experience and regulatory compliance are core pillars of the global strategy.

The CSD supports the business strategy by regularly sharing its findings with the Regulatory Compliance and Legal Counsel areas, guaranteeing a comprehensive and proactive vision of the risks and opportunities related to customers. This way, it contributes to mitigating operational risks and strengthening the bank-customer relationship, a key differentiating factor in the market.

Regarding the negative impact: To mitigate 'consumer dissatisfaction arising from significant problems in the overall customer experience', Bankinter relies on the system of customer surveys conducted by the Quality department. As previously mentioned, the NPS (Net Promoter Score) indicator is followed, with the aim of analysing and understanding possible negative experiences.

On the other hand, reputational risk is a strategic issue for Bankinter because it can negatively affect customer perception and trust, which in turn impacts loyalty, satisfaction and, ultimately, the Bank's income. Failure to meet customer expectations of products and services can lead to a loss of trust and reputation, which is crucial in the financial sector, where trust is key.

To mitigate this risk, Bankinter applies various strategic measures. First, it ensures that all its products and services comply with industry regulations and standards. In addition, it works on the continuous improvement of its offer, with the aim of satisfying and exceeding the expectations of its clientele.

It also maintains clear and transparent communication, informing users about the characteristics of the products and services, as well as any possible changes or incidents. To strengthen its response capacity, the Bank has crisis management plans that allow it to react quickly to any situation that may affect its reputation.

Finally, Bankinter trains its team to understand the importance of corporate reputation and the impact of its actions on the perception of the bank.

The nature of the financial sector involves handling sensitive customer information and critical operations, making it especially vulnerable to cyberattacks and digital fraud. Bankinter has highlighted cybersecurity as a key strategic priority. The bank has implemented an Information Security Master Plan that includes several phases and projects to guarantee the confidentiality, integrity and availability of information for customers, staff, shareholders and suppliers.

Some of the measures adopted include the use of advanced technology for data protection and the simulation of constant attacks, training and awareness of the staff through online programmes and simulations and security certifications such as ISO 27001 and ISO 22301 to guarantee the quality of the processes.

Bankinter's Information Security Master Plan covers various key areas within the organisation. On the one hand, it focuses on technological risk management, ensuring regulatory compliance, developing specific policies, implementing business continuity plans and carrying out detailed risk analyses. It also gives high priority to cybersecurity, protecting customer data by constantly simulating attacks against the Group's systems and promoting continuous improvement against potential cyber threats. Additionally, the plan includes a focus on security monitoring and fraud prevention, with constant monitoring of communications, transactions and security analysis of applications. All of these initiatives work together to ensure the confidentiality, integrity and availability of information within the organisation.

The IROs identified as 'Operational risk due to a cyberattack that compromises business continuity' and 'Security in the protection of customers' financial and/or personal data' are directly linked to the incidence of "Leakage of confidential or sensitive customer information". As previously noted, privacy and data protection, along with cybersecurity, have been consolidated as core strategic pillars in the Bank's strategy. These areas involve all workers through specific training, in addition to promoting awareness among customers.

By preventing costly incidents and complying with regulations, the Bank avoids sanctions and financial losses that could reach millions of euros, reinforcing its stability and sustainability. This way, Bankinter not only protects. It also boosts business and ensures an environment of trust.

In line with the objective of providing the best customer service, the bank has detected a positive impact due to its inclusive strategy to provide an accessible and transparent service to all people, regardless of their abilities.

This strategy is implemented through its 'A Bank for All' programme, which reflects its firm commitment to making its channels accessible. This line of action addresses physical, digital and cognitive accessibility. This programme has been incorporated into all of the Bank's successive sustainability plans. Thus, within one of the twelve strategic lines of Bankinter Group's Sustainability DNA Plan for the 2024-2026 period, specifically in the one corresponding to Customer Relationship Management, the Physical and Digital Accessibility programme has been included.

Bankinter Group's Universal Accessibility strategy is aimed at offering accessible, inclusive, safe and comfortable physical and digital spaces for all customers. But the main beneficiaries of this strategy are people with physical, sensory or cognitive disabilities and older people who develop some limitations due to age. This is why its objective is to improve the accessibility of products and services for all customers by adapting to the needs of people from groups such as people with disabilities and the elderly.

In 2022, Bankinter Group's Accessibility Policy was updated, adapting it to the new regulations on accessibility, as well as to the new needs of the environment: increasing digitisation of the environment and customers, identification of needs for financial education in the community and the ageing of the population, and increasing needs in terms of accessibility in relationship channels for customers and other stakeholders.

In order to achieve continuous improvement of its accessibility indicators, Bankinter has implemented a Universal Accessibility Management System (SGAU) certified according to the UNE 170001 standard, in unique buildings in Madrid (head office on Paseo de la Castellana and LEED building in Alcobendas) and in 11 branches distributed across several provinces. In addition, the company's Corporate University (located in the Tres Cantos building, Madrid) has this certification, which makes it accessible to workers with any type of disability. Accessibility criteria are also being applied in the renovation works of this building in Tres Cantos, which will make it potentially certifiable in the future.

Regarding the digital accessibility strategy, the Bank is focused on the following main areas:

- Alignment with the regulations that come into force in mid-2025.
- Optimisation of the digital development methodology to ensure that all new projects guarantee regulatory compliance in this area
- Special processes: identification of critical points that may affect digital accessibility barriers
- Document accessibility

A risk has been identified associated with the potential reputational impact that could arise from a lack of commercial and corporate transparency in communications aimed at the Bank's customers. Bankinter's business strategy includes active management of reputational risks, including those linked to a lack of transparency in commercial and corporate communications. Customer trust and the reputation of the bank are key factors in ensuring its sustainability in a highly competitive and regulated environment. Inadequate communication could generate mistrust, dissatisfaction and, ultimately, negatively impact customer loyalty, limit business opportunities and expose the bank to possible regulatory sanctions.

As a mitigation mechanism, Bankinter has adopted a Commercial Communication Policy that guarantees that all interactions with its customers are clear, precise and understandable. This policy reflects the bank's commitment to transparency and ethics, principles that form part of its corporate culture. Furthermore, Bankinter is a member of Autocontrol, an advertising self-regulation organisation that ensures ethical, legal and truthful advertising. Reviews advertisements, resolves complaints, develops ethical codes and promotes good practices in the advertising sector.

Through these actions, Bankinter strengthens the trust of its customers and protects its reputation, consolidating itself as an bank committed to transparency and corporate responsibility.

Dialogue with customers

Dialogue and collaboration with stakeholders are essential for the Bank, as they allow it to understand the opinions, interests and rights of consumers and end users, as well as integrate these aspects into its strategy and business model. This approach not only makes it easier to identify, manage and mitigate risks, but also helps take advantage of opportunities to improve customer experience. It also reinforces the Bank's commitment to transparency, inclusion and continuous improvement of its financial products and services.

In this context, the incidents, both current and potential, as well as the Group's risks in relation to all consumers or end users, regardless of their characteristics and capacities, are closely linked to the Group's strategy as a provider of financial products and services. Therefore, the incidents identified in the double materiality analysis serve as a basis and contribute significantly to the adaptation of the company's strategy and business model.

Bankinter has various communication channels designed to facilitate the exchange of information with its customers. These channels are designed to gather their interests and opinions and to preserve their rights, including respect for human rights, an aspect to which Bankinter is firmly committed through its human rights policy. On the other hand, it allows for effective interaction that strengthens the relationship with the bank. Available media include digital options, such as apps and online platforms, as well as traditional and in-person channels, which seek to adapt to different customer preferences and characteristics. This approach allows for structured management of the information received, which can be used to adjust or improve the organisation's services and processes.

The Bank has a structured approach to identifying, remediating and preventing negative incidents that may affect consumers or end users. In the event of detecting that it has caused or exacerbated a relatively significant incident, it activates various repair mechanisms, ensuring a quick and effective response. These mechanisms include procedures for resolving incidents through the Customer Service area, the resolution of digital security incidents, the implementation of transparency measures in the commercial relationship and the continuous improvement of products and services based on the analysis of quality surveys. Each of these procedures is designed to address the incidents, ensuring that the consumer receives an appropriate and timely solution.

Policies and procedures

The following describes the key policies, processes and actions that the Bank has in place to manage its incidents, risks and opportunities of relative importance, all of which are related to consumers or end users, since they may affect all customers, regardless of their characteristics or capabilities.

There are more extensive documents that, although they do not constitute a specific policy directed exclusively to customers or users, address key aspects of the bank's relationship with its customers.

The Bankinter Group's Sustainability Policy considers customers as one of its main stakeholders, giving them priority attention due to their strategic importance. This is reflected in the inclusion of two principles within the policy, focused on the relationship that the Bank maintains with them, ensuring their satisfaction and fostering a sustainable long-term connection.

- Establishing a balanced, accessible, transparent and clear relationship with its customers and stakeholders in general, offering products oriented to their needs as well as quality service.
- Respecting, supporting and protecting human rights in the development of its activity, in relation to its own personnel, customers, suppliers and other business partners in the environment in which it operates, in accordance with the United Nations Guiding Principles on Business and Human Rights.

Bankinter's Code of Ethics ensures that the relationship with customers is based on transparency, respect and the best banking practises. It guarantees the protection of personal data, which is treated confidentially and prohibits conduct that may mislead or violate the rights of customers. It also promotes training for employees in data protection and business ethics and establishes official channels for managing complaints, always ensuring fair and transparent treatment. The Bankinter Board of Directors is responsible for approving and supervising the Code of Ethics.

The main objective of Bankinter's Human Rights Policy in relation to customers is to guarantee balanced, transparent and clear treatment, developing products and services adapted to their specific needs and circumstances. Bankinter promotes equal access to its services for all people, ensuring that customer relations are always governed by principles of professionalism, respect and ethics.

To this end, Bankinter assumes the commitments contained in recognised international protocols and standards, including the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, the ten principles of the United Nations Global Compact, the Declaration of the International Labour Organisation and the Equator Principles. The policy was approved by the sustainability committee, which is responsible for monitoring and enforcing it.

Bankinter's Human Rights Due Diligence Process guarantees the protection of its customers' fundamental rights through transparent relationships tailored to their needs. It includes measures to protect personal data, comply with current regulations and manage complaints through tools such as the CSD, the Customer Ombudsman and a confidential complaints channel. Ombudsman and a confidential complaints channel. Their approach focuses on building relationships based on ethics, trust and mutual respect.

After analysing these potential claims, the Internal Audit Department studies the cases, reporting its conclusions to the Committee on Criminal Prevention and Business Conduct. In 2024, no cases related to human rights violations have been reported.

Bankinter's Privacy Policy regulates the general principles that the organisation must apply to guarantee the right to privacy.

This policy is based on three core pillars: Privacy, transparency and regulatory compliance. Its main objective is to guarantee respect for the right to privacy and the protection of personal data of interested parties, in accordance with the General Data Protection Regulation (GDPR). It applies to all Bankinter Group entities and covers all activities related to the processing of personal data. The Bankinter Group's privacy policy is committed to complying with the GDPR and any other data protection regulations in force in the countries where it operates. No other specific third-party standards or initiatives are mentioned.

Responsibility for implementing the policy lies at the highest level of the organisation, ensuring that all regulations are complied with and the privacy rights of stakeholder groups are protected. This policy details the organisational structure regarding privacy.

To ensure the correct handling of confidential information and prevent customer data leaks, the Bank has a Privacy Committee, a collegiate body whose main function is to promote and approve initiatives of strategic importance for Bankinter Group when they may affect the privacy rights of data subjects. This committee is comprised mostly of senior management. The chair of the Privacy Committee shall report at least annually to the audit and compliance committee of the Board of Directors on the activity of the committee.

Finally, the privacy policy is made available to all stakeholders through Bankinter Group's communication channels, ensuring that stakeholder groups and those who must contribute to its application have access to it.

This policy also defines the organisational structure regarding privacy implemented in the Bankinter Group. This structure ensures that any initiative undertaken or any processing carried out that may have an impact on the right to privacy and the right to data protection complies with the regulations in force on this matter. This organisational structure is made up of the following bodies: Privacy Committee, Corporate Privacy and Data Protection Officer and privacy and data protection officers of the various entities that form part of the Bankinter Group.

Both the organisational structure and the Governance Framework that the organisation has implemented in terms of privacy and data protection ensure that the Bankinter Group can meet its objective of guaranteeing maximum respect for the right to privacy and data protection of all its customers, shareholders and employees.

To achieve this objective, the Bankinter Group relies on four basic pillars:

- Compliance culture: Bankinter Group guarantees respect for the right to privacy and the right to protection of personal data of data subjects. To this end, the Bankinter Group has a training plan that consists of:
- Training: In addition, specialised courses are held, designed to meet the training needs of specific departments within the bank. These training programmes are aimed at providing key knowledge and skills for the correct execution of the procedures and treatments specific to each area, thus ensuring greater operational efficiency and compliance with internal and regulatory standards.
- Transparency: Bankinter Group guarantees that data subjects are duly informed about which data are processed, how they are processed and for what purpose, and the lawful basis that underpins such processing. Consequently, the Group complies with all the obligations of Regulation 2016/679 of the European Parliament and of the Council, of 27 April 2016, on the protection of individuals with regard to the processing of personal data and on the free movement of such data (hereinafter, 'GDPR') and with all other data protection regulations currently in force or that affect the privacy rights approved in any of the states in which Bankinter Group operates. A new update of the clauses is planned for 2025 and interested parties will be informed again of the most relevant changes.
- Computer security: The Bankinter Group has all the necessary security measures in place to prevent system failure and/or unauthorised access by third parties to the data available.

In compliance with prevailing legislation, Bankinter has established a Customer Service Complaints and Claims Policy. This policy defines the procedures and guidelines for managing customer complaints and claims. Its general objectives include ensuring adequate care and resolving complaints in the shortest possible time to increase customer satisfaction. The commercial and professional honourability of the Customer Service (CSD) personnel and their experience in financial activity is emphasised. The policy addresses the management of complaints and claims, highlighting the need for appropriate follow-up to identify and mitigate risks related to customer satisfaction and the company's reputation. Opportunities to improve processes and services based on the feedback received are also mentioned.

The policy applies to the main entities of the Bankinter Group, while the rest of the subsidiaries have their own policies aligned with the same principles. The highest level of the organisation responsible for implementing the policy is the head of Customer Service, who must have commercial and professional integrity, as well as adequate knowledge and experience. It refers to several regulations and guidelines, including Order ECO/734/2004, Law 7/2017 and Order ECC/2502/2012, which regulate the customer service departments and services and the customer ombudsman of financial institutions. The policy is established with the interests of customers in mind, ensuring that their complaints and claims are handled fairly and efficiently. The possibility of appealing to regulatory bodies such as the Bank of Spain, the CNMV and the DGS in case of disagreement with the resolution of a claim is mentioned.

It is available to stakeholders, including customers who may be affected and those who must contribute to its implementation.

The policy is developed with effective and transparent procedures for managing customer complaints, ensuring rapid and appropriate processing of the same, as well as the relevant registration of each complaint and the measures adopted for its resolution.

Bankinter makes the following information available to customers both on the notice board available in all branches open to the public and on its website (www.bankinter.com/webcorporativa):

- The existence of the SAC and the Customer Ombudsman with an indication of their postal and electronic addresses.
- The obligation to address and resolve complaints and claims submitted by customers, related to their legally recognised interests and rights, with the maximum response period being that established in the general regulations in force and, where applicable, in the specific regulations in force from the presentation of the claim or complaint.
- The existence of a Regulation for the operation of the SAC and the Customer Ombudsman.
- In the event of a resolution that is not satisfactory to the customer or disagreement with the result, information regarding the possibility of contacting the corresponding Complaints Service, depending on the matter in question: Bank of Spain, CNMV or General Directorate of Insurance. The customer is also informed that before going to these governing bodies, the customer must have previously lodged their complaint with the Customer Service department, or with the Customer Ombudsman, if one exists.
- References to the regulations on transparency and protection of financial services customers.

Communications of the resolution of complaints or claims made by the Customer Service department will be sent by ordinary mail if the customer has arranged for communications to be sent by paper mail to Bankinter, or will be posted in the section relating to their communications on the website. In addition, regardless of the method of communication delivery, from the day after the resolution, the customer can access the letter via the website, as a copy will be generated and made available in the 'Webmail' section of the Bankinter website and, in the case of Bankintercard customers, in the 'My communications' section.

Additionally, a link providing easy access to the response provided by the Customer Service department will appear in the customer's global position. The customer can also find the response to their claim/complaint in the notifications section. The response is always stored in the Webmail and in the bank's systems for a period of 10 years.

If the customer has their e-mail address in their Data Model, they will also be sent the attached response letter in the e-mail sent from our bank.

In line with the provisions of Guideline 5 of the Guide on the management of complaints and claims for the securities and banking sectors of the Joint Committee of the European supervisory authorities (EBA, ESMA and EIOPA) and in section 3.1 of the Guide on the criteria for the organisation and operation of customer service departments of entities supervised by the Bank of Spain, the CSD must continuously analyse data on the management of complaints and claims in order to identify and address recurring or systemic problems and potential legal, operational and conduct risks.

In order to detect, process and resolve those issues that constitute the cause of the complaints received, the SAC carries out various periodic controls, the details of which are described in the SAC internal procedure "processing of complaints and claims".

The bank does not have a specific policy regarding the quality of the service provided. However, in December 2022 a strategy was established in the area of Quality, called PEPA, which is based on four basic pillars: Ask, Listen, Predict and Act. The "Ask" pillar seeks to improve the response rate, the efficiency of the survey model and its adaptation to the omnichannel nature of customers. To 'Listen', a Voice-to-Text Analysis tool has been implemented to enable the industrialisation of customer voice processing. The "Predict" pillar seeks to update and recalibrate the Predictive Quality Model, incorporating new sources of information and testing its results through pilots. This model seeks to anticipate the perception of each customer in a personalised way, allowing a proactive approach to satisfy their individual needs. Finally, the 'Act' pillar seeks to manage quality proactively, identifying trends and customer responses that require immediate action.

Within this strategic framework, different action plans have been developed aimed at improving customer satisfaction, which translates into a better NPS (Net Promoter Score).

One of the main focuses is updating company contacts in the system, ensuring that information is always accurate and up to date. In addition, strategies are being implemented to increase the percentage of responses to surveys, which will allow for greater statistical representation and a more precise view of customer satisfaction.

Regarding training, efforts are being made to enhance the training of the sales network and companies to highlight the importance of the NPS as a key tool for assessing the Bank's quality and promoting its continuous improvement. Specific action plans have also been designed for branches and centres, which show areas of opportunity in their results. For example, in the first half of 2024, we worked with 23 branches, of which 83% improved their results at the end of June. Similarly, measures were implemented in 11 business centres during the months of February and March, achieving improvements in 82% of the cases.

A detailed analysis of the results is also conducted by segmenting specific areas such as Retail Banking, Private Banking, Business Banking, SMEs and Corporate Banking. This level of segmentation allows for more precise identification of areas with lower performance and the design of improvement plans tailored to each segment. Finally, continuous monitoring of quality and satisfaction indicators is carried out to evaluate the effectiveness of the actions implemented, ensuring that the necessary adjustments are made to maintain a constant improvement in NPS results.

Detailed reports are then produced summarising the main findings, including graphs, tables and explanatory comments. These reports are shared with the different areas of the Bank through internal platforms, such as the intranet, ensuring that the responsible teams have access to the relevant information.

Communication of results is carried out through meetings and presentations aimed at the teams and departments involved, in which findings are discussed and corrective actions are planned. In addition, specific feedback is sent to the services involved to help them identify specific areas for improvement.

Finally, action measures derived from the results include changes in processes, training for employees and adjustments in customer service strategies. These measures are continuously monitored through key quality and satisfaction indicators, with periodic surveys scheduled to evaluate their effectiveness and collect new opinions that drive constant improvements.

Communication of results is carried out through meetings and presentations aimed at the teams and departments involved, in which findings are discussed and corrective actions are planned. In addition, specific feedback is sent to the services involved to help them identify specific areas for improvement.

The operational manager of these surveys is the head of Quality at Bankinter, who will submit the results to the Management Team on a monthly basis and to the executive committee of the Bank on an annual basis.

In addition, the Quality department, together with other areas of the Bank, draws up a Commercial Protocol that establishes the behavioural guidelines for our relationship with our current and potential customers. This protocol impacts the management of IROs related to customer service.

The Commercial Protocol organises the commercial relationship in three different phases: Contact, Explanation and Commercial Action, defining the priorities and behaviours required at each stage.

Compliance with this protocol is assessed semi-annually in all universal offices of the network using the Mystery Shopping technique, carried out by external auditors. This procedure allows verification of the degree of compliance with established guidelines and provides an objective quality indicator that is compared with financial sector standards.

All companies and subsidiaries that form part of the Group have similar operating and management mechanisms. However, each of these processes has been adapted to respond to the particularities of each region in which they operate, taking into account geographical, regulatory and cultural factors that may influence their implementation.

The Bankinter Group has a regulatory framework governed by its Security and Business Continuity Policies, which aim to guarantee the security of information and the continuity of the Bank's operations in the event of possible disruptive incidents. Its objectives include protecting employees, customers and the brand, ensuring the confidentiality, integrity and availability of information, as well as maintaining critical services at acceptable levels during contingencies.

The policy applies to all areas, activities and phases of the Bank's value chain, covering both internal and external aspects (including critical suppliers) and is designed to adapt to the specific needs of the organisation.

The ultimate responsibility for its implementation lies with the Bank's management, which supports its execution through two management systems certified according to international standards: ISO/IEC 27001 (information security) and ISO 22301 (business continuity), whose certifications were renewed in 2024, offering an external guarantee in the execution of projects and the development of processes.

The Bank is committed to complying with legal, contractual and industry regulations, including recognised international standards. It also takes into account the interests of stakeholders, such as customers, staff and partners, when designing and implementing the policy.

Finally, Bankinter disseminates the policy through internal and external channels, ensuring that relevant stakeholders are informed and participate in its application. Continuous improvement is ensured through audits, reviews and regular training.

Digital security is one of Bankinter's top priorities, as demonstrated year after year by the increase in budget and staff dedicated to this area. The purpose is to ensure a high level of confidentiality, integrity and availability to customers.

Digital security is a true business driver that contributes to the bank's mission of offering quality financial services.

These commitments are set out in the Digital Security Master Plan, which made important contributions to security projects and internal processes in its third year in force.

These included the increasing maturity of business continuity plans and protection against threats such as distributed denial of service attacks (DDoS) and ransomware.

The use of the NIST Cybersecurity Framework (a framework for protection against threats and risks) makes it possible to measure the level of maturity of compensatory controls or countermeasures and minimise risk to the Bank. In 2024, a high level of maturity was reached and for 2025 a much broader, more ambitious and demanding global framework has been proposed.

Security reviews were also performed on the bank's suppliers, using a methodology based on the European Banking Authority (EBA) guidelines.

A team was also created to address the application of the European DORA regulation, which made it possible to ensure its early compliance and guaranteed that all Bankinter Group subsidiaries are covered in terms of digital resilience.

In the world of cybersecurity, compensatory measures for detection, prevention, protection and recovery have been deployed. At the same time, maturity was improved in the management of identities, passwords, additional authentication methods, etc.

The area's activity was completed with the development of awareness plans for users, who are the weakest link in the security chain.

- Cybersecurity Training

The Bank runs online training programmes for workers via the intranet and simulations are run to check how confidential information (passwords, identification data, etc.) can be unintentionally disclosed via e-mail, text messages (smishing), phone calls (vishing), etc. Some of these exercises were expanded in 2024 with the performance of baiting (USB) and hacking (social engineering with QR codes) exercises.

In addition, in 2024, role play exercises were carried out on senior management to analyse decision-making and evaluate the reaction of the management team in terms of cybersecurity using technologies such as artificial intelligence to expose the risks derived from its misuse, such as fraud, idbank theft and reputational damage.

The awareness-raising work also extended to external staff, with direct initiatives for Bankinter customers and non-customers. To this end, a specific web portal was created where you can take a course with an immersive experience, listen to podcasts, read news, books, manuals, etc.

- Cyber Intelligence: anticipating problems

At the same time, Bankinter deployed a cyber intelligence service to obtain early and preventive information on threats such as stolen customer credentials, compromised credit card numbers, brand abuse, etc.

This service provides additional visibility into what is happening outside our borders, which, together with the internal information reported to management through performance and risk indicators, allows for the construction of a global picture that helps with the early and proactive management of threats and risks.

To unify all the information necessary for its correct management, the strategic project of the Modern SOC (Security Operation Centre) in 24x7 mode was completed.

These security operations centres are highly specialised and have expert professionals at different levels of support and analysis, which guarantees constant knowledge and an appropriate response to incidents worldwide and with a comprehensive service.

As a framework for action in the management of Universal Accessibility, the Bankinter Group has established an Accessibility Policy, the main objective of which is to guarantee equal opportunities and non-discrimination of people, identifying accessibility as one of the basic pillars to meet the expectations of our stakeholders, in order to offer an adapted, inclusive and quality service.

The policy addresses the risks of not complying with accessibility regulations, which could result in the exclusion of people with disabilities. Opportunities include improving customer inclusion and satisfaction, as well as complying with legal regulations. It applies to the entire Bankinter Group.

The highest level of the organisation responsible for the application of the policy is the sustainability committee, which approves the policy, and the Board of Directors, to which it reports.

This policy refers to all Spanish and European regulations relating to accessibility for financial institutions, as well as the main UNE accessibility standards. Furthermore, the commitments contained in internationally recognised protocols and standards, such as the Universal Declaration of Human Rights, the Convention on the Rights of Persons with Disabilities and the principles of the Global Compact, are included.

It has been established taking into account the main stakeholders' interests, including customers with disabilities and the Bank's employees who work in the design and maintenance of digital content.

The policy is available to all stakeholders who may be affected and to those who must contribute to its implementation, through Bankinter's corporate website, and has not been updated during 2024.

Bankinter has implemented various accessibility measures to ensure that all its customers can access its services without barriers.

The bank has developed the Universal Accessibility Management System (SGAU), certified according to the UNE 170001 standard. This implies that:

- Processes and procedures are in place to ensure that the requirements demanded by the customer are known and met, and to ensure accessibility to facilities and services.
- There is confidence in knowing and understanding the legal requirements that affect the Bank and every effort is made to comply with them.
- There is confidence in knowing and understanding the legal requirements that affect the Bank and every effort is made to comply with them.
- We work to: Implement, maintain and continually improve the SGAU.

Ensure that the implemented system can be audited internally or externally, including by certification bodies, to evaluate its ability to meet the requirements of the customer, its personnel, regulatory requirements and its own requirements.

The following principles have been taken into account in the development of this system:

a) DALCO requirements: They clearly correspond to characteristics of the built environment, which provide that environment with accessibility, taking into account the users who will carry out the actions of wandering, apprehension, localisation and communication.

b) User focus: All members of the Bank must understand the current and future needs of its users (internal or staff and external or customers), satisfy their requirements and strive to exceed their expectations.

c) Leadership: Management leads and establishes the orientation of the service, creating and maintaining an organisation that fosters a work environment and philosophy that allows its staff to become fully involved and committed to achieving the organisation's objectives.

d) Staff participation: The Bank's employees, regardless of their level within the organisation, are the essence of the service and their total involvement allows their abilities to be used for the benefit of the users.

e) Process-based approach: To achieve satisfactory overall results, the Bank manages its activities and resources as processes.

f) System approach to management: To achieve the objectives set and to increase the effectiveness and efficiency of the work, the different processes are managed considering that they are interrelated and studying them in detail.

g) Continuous improvement: At the Bank, the continuous improvement of all our processes and activities is a permanent objective.

h) Evidence-based approach to decision making: At the Bank, decisions are made based on a diagnosis of the problem, carried out through the compilation and analysis of available data and information (users, suppliers, employees, processes and activities).

In 2024, Bankinter will have renewed its UNE 170001 certification following a process of monitoring and evaluating the measures implemented for its maintenance. This annual renewal reflects the effectiveness of the procedures and actions adopted, ensuring compliance with the required quality and management standards.

At Bankinter Portugal, the Properties area is continuing its remodelling plan to guarantee physical access to all branches and work centres for the Bank's customers and staff with reduced mobility.

In the field of digital accessibility, the necessary measures are being taken to adapt to the new regulatory requirements that come into force in mid-2025.

The main ones are:

- Preparation of audits for the first quarter of the year for 12 Bankinter Spain websites. This approach will also be replicated by Bankinter Consumer Finance, Portugal and Ireland. This measure is key to aligning the accessibility status of all digital assets and from here being able to establish monitoring systems, continuous reporting and objectives in this regard.
- Work is underway to define digital development methodologies (integration of automatic tests, communication flows between teams, training content, contractual content for suppliers) to ensure that all new projects guarantee regulatory compliance in terms of accessibility (first legal milestone June 2025)
- Work is underway to identify critical points that may affect digital accessibility barriers affecting services offered by Bankinter due to their cross-cutting involvement in all the Bank's channels, such as: Signing of contracts, biometric identification of customers, security. The challenge is to get ahead in improving these processes, since any modification has a great impact by involving many technological resources.
- Works related to document accessibility of:
    - Transactional documents
    - Static documents such as product sheets, financial reports, etc.
    - Documents generated by suppliers.

Bankinter's Commercial Communication Policy focuses on ensuring that all commercial communications of banking and investment products and services are clear, truthful and transparent. The general objectives include ensuring customer confidence and complying with current regulations. The policy addresses risks such as misinformation and opportunities to improve customer relationships. The monitoring process includes internal audits and periodic reviews to ensure compliance.

The scope of the policy covers all of Bankinter's commercial activities, including the development and promotion phases of products and services. It affects all stakeholder groups, including customers, staff and regulators.

The highest level of the organisation responsible for applying the policy is the Bankinter Board of Directors, which oversees its implementation and compliance.

Bankinter is committed to respecting third-party rules and standards, such as the guidelines of the National Securities Market Commission (CNMV) and other relevant regulations.

In developing the policy, particular attention is paid to the interests of key stakeholders, ensuring that their needs and expectations are considered.

The policy is made available to interested parties through the Bankinter website and other communication channels, ensuring that stakeholders can access it and contribute to its implementation.

The general principles of action by which Bankinter and the entities of Bankinter Group will be governed in their commercial communications of banking products and services are established through the communication policy published and revised annually.

The Bankinter Group companies to which this policy applies are Bankinter, S.A. and EVO Banco, S.A.U, although there are policies derived from this in the rest of the Group's subsidiaries.

- Campaign and Advertising Control System

As a mitigation mechanism for material risk, the Bank has a structured control system for the review of all campaigns and advertising material, ensuring their compliance with current regulations. In this process, all material undergoes a prior review by self-control, as mentioned above.

In accordance with the principles of control based on three lines of defence, the Marketing, Communication and Social Networks areas are primarily responsible for ensuring compliance with this policy and related procedures. These areas may be supported by external controls, such as those provided by self-control, as set out in the relevant sections of the policy.

The second and third lines of control (Regulatory Compliance, Risk Control and Internal Audit) are responsible for verifying the effectiveness of the first level controls, ensuring compliance with advertising regulations and ensuring the proper implementation of this policy and its internal procedures.

Self-control process.

The review process through self-control is carried out as follows:

1. The advertising piece is sent to the self-control mailbox.

2. Self-control redistributes the request internally to the corresponding specialist.

3. They respond within a standard period of 3 business days or 5 business days in the case of complex products such as equities, funds or investments.

4. There is an express review option (response in 1 working day) at an additional cost.

5. If the answer is positive, the piece is approved for distribution. If the answer is negative, the necessary modifications are made and the request is sent again, receiving a response within an additional period of 2 business days.

Finally, all communication pieces addressed to consumers with a positive or approved COPY report are archived in the commercial communications register, ensuring that they comply with established regulatory and quality standards.

In 2024, all advertising pieces have been reviewed by self-control, which demonstrates the effectiveness of the actions implemented by the marketing department to guarantee responsible advertising. In addition, quarterly monitoring has been carried out through the reputational risk map, ensuring compliance with ethical and regulatory standards in commercial communication.

13.4.2. Governance

The **Group's Board of Directors** is responsible for approving the Company's general policies and strategies. It is also responsible, directly or through its committees, for monitoring their implementation, including the sustainability strategy and policy and the other policies developed under its sphere of action.

In December 2023, the Board of Directors approved an update to the sustainability policy, which sets out corporate-wide guidelines for Bankinter Group to integrate responsible management values and principles into its activity, so it can contribute to the prosperity of society and sustainable development.

The **Sustainability and Appointments Committee**, composed of five Board members, is the body responsible for reviewing the Sustainability Policy, monitoring the strategy and supervising the performance of the Group's ESG (Environmental, Social and Governance) indicators, monitoring the dialogue with stakeholders, assessing ESG risks and ensuring the public dissemination of non-financial and diversity information.

Likewise, there are internal bodies created within the Bank to transfer, to the whole organisation and its Group, the principles and guidelines that the board and its committees dictate in terms of sustainability, creating a solid, efficient and fully coordinated system for sustainability management:

- The **sustainability committee** takes on the role of coordinating sustainability within the Bank and is responsible for preparing the proposal for the multi-annual strategic sustainability plans and promoting, within Bankinter Group, compliance with the principles contained in Bankinter Group Sustainability Policy, approved by the Board of Directors, as well as the objectives of the strategic sustainability plans in force at any given time.

  The committee is chaired by the Non-executive Chair of the board and is made up of those responsible for the key areas for the integration of ESG criteria in decision-making throughout the Group's value chain.

- The **Sustainability department** is responsible for ensuring the effective performance of the actions defined in the lines and programmes of the multi-year strategic plans. It also acts as an observatory of trends and risks based on ongoing dialogue with stakeholders and promotes coordinated action among the areas to develop initiatives focused on meeting their expectations. It is also responsible for monitoring and verifying the alignment of the Bank's different divisions, subsidiaries and branches, as well as monitoring and verifying the degree of compliance with the objectives set out in the strategic plan, reporting periodically to the sustainability and appointments committee and to the sustainability committee. It also identifies areas for improvement, according to internationally recognised standards, norms, guides and ethics and sustainability indexes. It is also responsible for the preparation of the different sustainability accountability reports for the various regulators and competent bodies and other stakeholders, as well as the information required by investors and sustainability analysts.

  The Sustainability department is committed to positioning the Bank and its Group as leaders in sustainability and social responsibility.

  Given the Bank's activity, the Sustainability department participates internally in the units responsible for evaluating and promoting the financing and issuance of green financial instruments.

At Bankinter Group, the material impacts, risks and opportunities (IROs) detected through the double materiality analysis are integrated into the strategic lines of the DNA Sustainability Plan.

Regarding the supervision of the IROs by the Board of Directors, the Sustainability Plan, which includes the identified IROs, is periodically presented to the sustainability and appointments committee. At these meetings, information is provided on the progress of initiatives, progress in the application of due diligence and the results obtained in relation to policies, actions, parameters and goals.

With respect to the integration of IROs into risk strategy and management, these form part of Bankinter Group's risk strategy and management, and are aligned with the strategic lines of the Sustainability Plan. Their impact is analysed in the regular sessions of the Sustainability and Appointments Committee, which monitors how these issues influence corporate strategy, decision-making and the risk management process, ensuring their alignment with the bank's strategic objectives.

Lastly, as regards the matters addressed during the reporting period, the sustainability and appointments committee dealt in four sessions with various issues relating to the material

IROs included in Bankinter Group's Sustainability Plan, ensuring their proper supervision and integration into the Bank's strategy.

Below is a more detailed description of certain activities and scopes that may have implications for social risks, which complement the information already included on each of the implemented policies defined in the previous point:

Community relations activities:

Although this is not a matter identified as material for the Bankinter Group, Bankinter continues to collaborate with local communities. In 2022, the Sustainability Committee approved the Group's Social Action Strategy, which establishes the framework for action of Bankinter Group's entities in the process of requesting, assessing, deciding, controlling, monitoring and measuring all of Bankinter's contributions in the social sphere. This is fully compatible with the Sustainability Policy approved by the Board of Directors. In particular, it also complies with principle eight, which governs contributions to boost social development in the communities where an bank operates, both through its own business operations and through initiatives focussed around social investment, through Bankinter Innovation Foundation, partnerships with the non-profit sector and the corporate volunteering programme.

Bankinter Group's Social Action strategy aims to maximise the contribution of Bankinter Group's Social Action to the Sustainable Development Goals (SDGs), by helping to improve the society where the Group operates, increase employee and stakeholder satisfaction, increase recognition and boost Bankinter's reputation and brand.

Employee relations and employment standards:

As mentioned earlier, Bankinter's main commitment in this area is to maintain employment not only quantitatively but also qualitatively.

The bank's Sustainability Plan incorporates the Differentiation strategic line, which includes advanced people management, establishing lines of work, objectives and indicators for creating quality employment, complying with relevant standards and initiatives.

These programmes are monitored by the sustainability committee and the sustainability and appointments committee, as part of the monitoring of the development of the Sustainability Plan.

Customer protection and product responsibility:

In this case, strategic lines such as customer relations have also been integrated into the Differentiation pillar. As in the previous cases, as they are included in the Sustainability Plan, the responsibility for their implementation and monitoring lies with the sustainability committee and the sustainability and appointments committee.

Bankinter also has strict systems and policies in place to ensure regulatory compliance and the prevention of corruption and money laundering in its relations with its main stakeholders, identifying potential short, medium and long-term risks and establishing policies and procedures to mitigate them, such as its Codes of Ethics (for employees, suppliers and agents), Anti-Corruption policies and Anti-Money Laundering policies, all of which are included in the Sustainability Plan's Responsible Action pillar.

Bankinter also has the following bodies:

- The regulatory compliance committee. This is the senior management body that monitors the bank's compliance policies according to the charter of the Regulatory Compliance function. The committee executes the policies in relation to the regulatory and regulatory compliance matters established by the Board of Directors' risk and compliance committee.
- The product and operational risk committee. This committee approves the launch, modification, monitoring and cancellation of products and services offered to customers. It is the body to which information on the bank's operating and operational risk is reported.
- The Internal Control Body. It is responsible for establishing and ensuring compliance with the policies and procedures for preventing money laundering and terrorist financing, in accordance with Law 10/2010 and other applicable regulations, which constitute the preventive framework of the Bankinter Group.

In addition, to support the Board's oversight function, other specialised committees have been established, made up of Senior Management, in which the Compliance Department participates to ensure effective and homogeneous risk management, such as the Committee on Criminal Prevention and Professional Ethics. In addition, the company participates in the Corporate Risk Map Monitoring Committee, the Credit Risk Models Committee, the Data Management Operations Committee, the Technological Risk Coordination Committee, the Information Security and Business Continuity Committee and the Outsourcing Committee.

Human rights

The bank's activity is governed by a human rights policy that includes its commitment to respecting, supporting and protecting human rights in its activities and in relation to its stakeholders in the environments where it operates (employees, customers, suppliers and other commercial partners), under the UN motto: "protect, respect and remedy". This policy is complemented by other policies, such as the corresponding Diversity, Accessibility policies and the Equal Opportunities Plan, all of which are included in the Sustainability Plan's Responsible Action pillar.

The sustainability committee is responsible for approving the policy and monitoring the degree of compliance with its principles. The committee's members have received training in the application of human rights in business activities.

The Group has accepted the obligations defined in internationally recognised protocols and standards, including the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, the Ten Principles of the United Nations Global Compact, and the Equator Principles.

Bankinter complies fully with the provisions of the key conventions of the International Labour Organization (ILO) with regard to respecting freedom of association and the right to collective bargaining, as well as with the Spanish Constitution, the Organic Law on the Freedom to Form a Trade Union, the Workers' Statute and applicable collective bargaining agreements in all the countries where it operates.

Bankinter involves its partners and third parties in the principles of this policy, and in similar frameworks and principles.

This policy applies to all the Group's activities. Bankinter Group requires its partners and third parties to accept the content of this policy or to abide by comparable rules of conduct and values.

Alignment of remuneration policy with environmental and social risk objectives

Bankinter Group's policies are formulated to foster equal opportunities and eliminate unfairness due to gender diversity. The bank's remuneration strategy aims to ensure internal fairness and external competitiveness, considering salary parity between men and women, as measured by the salary gap. The salary gap is analysed regularly to monitor its development and define action plans, as necessary.

With regard to the inclusion of environmental and social objectives in remuneration, it should be noted that the risk and compliance committee proposed to the Bank's Board of Directors in November 2022 to include in Bankinter Group Risk Appetite Framework (hereinafter "RAF") a "Financed Emissions" indicator, measuring the impact on the decarbonisation of the economy of the financing provided by the Bank to its clients (already discussed in the section on environmental risks).

Within Bankinter Group, the variable remuneration of the categories of staff whose activities have a material impact on the risk profile of Bankinter ("identified staff"), which includes board members, is adjusted based on specific RAF indicators, as determined by the Board of Directors, on the recommendation of the remuneration committee, in line with metrics that suitably reflect the most significant risks, including environmental, social and governance risks.

In response to investor and stakeholder expectations for 2023 and the following financial years, the remuneration committee submitted a proposal to the Board of Directors advising adding this new RAF indicator (Financed Emissions), in order to adjust the variable remuneration accrued in 2023 and the following financial years for identified staff (including the variable remuneration accrued by the executive directors).

In order to adjust the variable remuneration accrued during the year, Bankinter is using six RAF indicators, one more than in the previous year, and will now have two indicators related to environmental and social objectives: emissions financed and the NPS (Net Promoter Score) of the Bank's customers, based on quality surveys for customers.

Each indicator has a defined target, tolerance and limit approved by the Board of Directors, as proposed by the risk and compliance committee. The measurement of each indicator is quarterly (so each indicator has four annual measurements).

Failure to comply with the tolerance and limit levels will result in a penalty being applied to the accrued variable remuneration, and may even adjust it to zero.

Bankinter's Board of Directors agreed to approve both proposals of its Supervisory Committees on 22 February 2023.

All of the information about these ex-ante adjustments will be detailed in the annual director remuneration report, which will be put to an advisory vote by the Annual General Meeting and which was made available on Bankinter's corporate website. This Report will be submitted to a consultative vote at the Annual General Meeting.

13.4.3. Risk management

Bankinter has established its social risk management policies and tools in accordance with the main international initiatives and commitments to which it is a party.

The above sections on Business Strategy, Processes and Governance describe the relationship of impacts, risks and opportunities with the social standards detected during the double materiality analysis, as well as the policies implemented and the procedures required to manage them, including how such policies and procedures are governed.

All processes associated with the workforce, policy, channels and employee impact management and those related to customers have been described in depth, as mentioned above, following the same structure and specifically mentioning how identified risks are managed, such as: reputational risk due to failure to meet customer expectations in relation to products and services, security in the protection of customers' financial and/or personal data and operational risk due to cyber attacks that may compromise business continuity.

In addition, the Bankinter Group has other policies and mechanisms in place to manage the potential social risks in its relationship with stakeholders. These are described below:

- **Compliance with international responsible management and social and environmental impact standards** associated with its operations, such as: the UN's Global Compact, the Principles for Responsible Banking, the Equator Principles or the Net Zero Banking Alliance.
- The **Sustainability Principles** of sustainable finance integrated in the Risk Framework Agreement and the derived sector guides relate to financing in sectors that are particularly controversial or risky, and whose social and environmental impact may be significant. The main recommendations that the Bank has followed in establishing these principles can be found in the Equator Principles, the United Nations Global Compact, the Universal Declaration of Human Rights, the ILO Core Conventions, etc. The analysis of operations in these sectors under these principles is the responsibility of the Risk and Sustainability departments, which require a positive report according to the criteria of these principles in order to proceed with the operation.

- The **ESG guidelines** for the Defence, Mining, Energy and Agricultural sectors, which incorporate the environment and social criteria that the bank must comply with in its financial operations in these sectors.
- **Bankinter's Asset Management Exclusion Policy,** which reflects the criteria incorporated into the Risk Framework Agreement for investment activities.
- **Reputational risk** is the risk arising when the expectations of stakeholders, i.e., customers, shareholders, employees and investors, are not met and their reactions can adversely affect existing or new business relationships. They are unique because they depend on external assessments and can originate from a wide variety of sources, including other risks and social, economic or sector conditions.

  The reputational risk management model involves preventing such risks, identifying and controlling them proactively to reduce their probability of occurrence and mitigate their impact. The bank has various tools at its disposal for this:

  - Regular measurement of the perception and expectations of the main stakeholders (internal climate, reputation and customer satisfaction surveys, analyst ratings, etc.).
  - Monitoring and analysis of mentions of the bank in conventional and social media, in addition to active listening to gauge trends in the market and environment.
  - Assessment of reputational risk before marketing a product, outsourcing a service or partnering with a third party.
  - The reputational risk map, which includes a catalogue of 33 possible events related to products and services, conduct, finances, leadership, innovation, employment aspects, sustainability and image. All of these are associated with performance and impact indicators, and control mechanisms.
  - Crisis management protocol to preserve reputation and business continuity.
  - Employee training and awareness-raising within the bank to reinforce a preventive culture.
  - Reporting to the governing bodies.
- In 2024, the **Bankinter Group developed its Sustainable Financing Classification Criteria (SFCC)**, as mentioned in the section on environmental risk management, which regulate the procedures and criteria that a financing operation must meet to be classified and labelled as "Sustainable". These criteria ensure a homogeneous and standardised methodology for the entire Group, allowing the correct identification and disclosure of financial products and services related to sustainability. The policy applies to all Bankinter Group financing operations, without specific exclusions.

The CCFS will be reviewed and updated periodically to reflect developments in applicable regulations, market sustainability criteria and the Bankinter Group's own activities. Modifications to the SFCC will be approved by the product committee, at the proposal of the Sustainable Labelling Unit or of the product committee itself or one of its members. Bankinter's governance framework consists of a dual organisational structure that serves to analyse, supervise and approve the sustainable environment.

- The product committee is responsible for approving the SFCC and their development documents, as well as new products that Bankinter considers eligible as sustainable at any given time, in accordance with the regulatory environment and applicable market practices.
- The **Sustainable Labelling Unit (SLU)**, made up of a multidisciplinary team, is responsible, among other functions, for approving sustainable labels for Bankinter's non-standard operations and the subsidiaries identified in the SLU regulation. Bankinter's branch in Portugal will have its own sustainable marking unit.

13.5. Governance risk

13.5.1. Governance and risk management

Bankinter has a strong commitment to sustainability; i.e., responsible performance in all its areas of operations. This implies a robust Corporate Governance model underpinned by a board with the right size and composition to ensure diversity and effectiveness; sound internal decision-making processes; and a clear corporate structure, with well-defined lines of responsibility to guarantee that risks are properly identified, assessed and managed.

Under the board's leadership and oversight, this model helps achieve the core objective of long-term value creation for all stakeholders: shareholders, customers, employees and society in general. In addition, all recommendations of the Code of Good Governance applicable to the bank are complied with.

The Board of Directors has a size favouring effectiveness, where all directors may participate and decision-making is agile, and a structure that reflects the existing proportion between the company's capital, represented by the proprietary directors, and the rest of the capital. Bankinter has 54.5% independent directors, which enables it to comply with national and international recommendations and best practices.

Regarding gender diversity, the appointment of a new Executive Director and a new independent external Director in 2024 has led to a percentage of women on the board of 64% (7), exceeding the goals set by both Bankinter Group and the national and international recommendations and best practises.

Additionally, the election by the board of directors of Ms Maria Dolores Dancausa Treviño as Non-executive chairman, makes the Bankinter Group the only IBEX35 company with two women in the main management and administration positions of the Bank (Non-executive chairman of the Board of Directors and CEO). The rest of the directors (5) are independent external directors.

Once the candidates whose appointments are subject to approval by the 2025 General Shareholders' Meeting join the board, the gender distribution within the board will be 58% women (7) and 42% men (5), achieving an ideal balance in terms of gender diversity.

The members of Bankinter's Board of Directors have, as a whole, sufficient and appropriate knowledge and experience to cover all the areas necessary for the performance of the Bank's activities.

Further information regarding the Group's governance model can be found in the 2024, Annual Corporate Governance Report, available on the corporate website.

Bankinter uses a systematic approach to identify material incidents, risks and opportunities related to business conduct. This process considers key criteria such as location, analysing the incidents and risks in all jurisdictions where the Bank operates, with special attention to those markets with more demanding regulations or greater inherent risks in terms of governance and compliance. The nature of the bank's activities, such as financial operations, supplier relationships and customer services, is also taken into account, assessing the potential impact on the transparency and integrity of the organisation.

In addition, the specific risks of the financial sector are addressed, including exposure to cases of corruption, money laundering or conflicts of interest, for which mitigation strategies are applied based on the strict application of the Code of Ethics and the Anti-Corruption Policy.

In this way, the Bank integrates these dimensions into a continuous assessment model that identifies opportunities to strengthen a responsible and honest corporate culture, mitigate risks through internal policies and specialised training programmes and ensure regulatory compliance at all levels of the organisation.

In the analysis of double materiality, which has been mentioned throughout this chapter, 4 impacts related to governance were detected:

- Promotion of a responsible and upright corporate culture derived from good governance actions that are framed within the principles of the Sustainability Policy.
- Reinforcement of the fight against corruption and improvement of integrity in the supply chain derived from the implementation of and compliance with the Supplier Code of Conduct and the incorporation of governance criteria in its evaluation and approval
- Strengthening the culture of transparency and integrity within the Bank due to the strict application of the Anti-Corruption Policy, code of ethics, etc., which includes labour and contractual sanctions for non-compliance and the possibility of mitigating responsibilities.
- Need for specialised training aimed at senior management to properly monitor ESG aspects within the Bank

Business conduct

Bankinter has zero-tolerance policy toward crime, having adopted all measures necessary to convey this commitment and the obligation to prevent, detect and persecute crime in all its forms and to the full extent at all levels of the Bank's structure.

On 21 October 2015, the Board of Directors of Bankinter, S.A., in accordance with the reform of the Criminal Code approved by Organic Law 1/2015, of 30 March, which entered into force on 1 July 2015, approved the creation of the Crime Prevention and Professional Ethics Committee, which is responsible for overseeing the functioning and compliance of the criminal risk prevention model and has autonomous powers of initiative and control.

The rules and regulations developing the powers and functions of the committee have been updated in relation to the criminal compliance systems in Bankinter Consumer Finance, Luxembourg and EVO, to ensure harmonisation and integration with the Bank's system. These rules and regulations have been presented to the audit and regulatory compliance committee and approved by the Board of Directors.

The chairman of the criminal prevention and professional ethics reports annually and directly to the Audit Committee, reporting to the Board of Directors.

The report on the general criminal compliance model was completed in 2020, with procedural effects and certification by an external expert implemented in Bankinter. Its conclusions state that it complies with the requirements established by the current Criminal Code: It adequately identifies the risks of criminal liability, has the necessary tools, has a complete internal control structure, has the necessary resources, pays attention to the ongoing training of its staff and is subject to continuous review and improvement.

One of the most important corporate values of the Bankinter Group is compliance by all employees with the most demanding standards of ethics and professional responsibility.

The People Management department is responsible for the correct dissemination and communication of the obligations of the Code of Ethics. Therefore,

- All new additions to the Group receive and sign that they have received the Code of Professional Ethics
- Periodically, at least once a year, publications are posted on the intranet to remind all employees of its main features and including a link to it. The last of these publications took place in March 2024.

With regard to staff training, courses on criminal compliance and ethical codes were held in all Group companies in 2024.

In addition, criminal compliance training is provided to new recruits, both Bankinter's employees and members of the governing bodies. Likewise, new staff members are given introductory information at welcome days, emphasising the importance of corporate culture and values, the mandatory reading and signing of the Code of Professional Ethics and the completion of the mandatory Criminal Compliance course.

Bankinter's Board of Directors plays a key role in overseeing and promoting a culture of ethical and responsible business conduct, ensuring that the bank's policies and procedures reflect the highest standards of integrity, transparency and regulatory compliance. Through the sustainability and appointments committee and the Audit Committee, the board oversees the application of internal regulations on business ethics, prevention of conduct risks and regulatory compliance.

As part of this commitment, the board receives specialised training in aspects related to business conduct, which strengthens its capacity for monitoring and making informed decisions. In 2024, the board members participated in training sessions on the Prevention of Money Laundering and Financing of Terrorism, as well as updates on key regulatory frameworks such as the Directive on Operational Resilience (DORA) and the new Artificial Intelligence Regulation. In addition, topics related to geopolitics and their implications for business have been addressed, contributing to a more strategic view of conduct risks. For 2025, the board's training plan includes at least 5 additional sessions on ESG risks, technology and digital security, geopolitical risks and prevention of money laundering, ensuring that directors continue to develop their knowledge of business conduct.

This structured approach enables the board to monitor the correct implementation of the Anti-Corruption Policy, the Code of Ethics and other frameworks of conduct, ensuring that Bankinter's corporate culture remains aligned with the principles of integrity and responsibility in all its operations.

In line with its sustainability strategy, the bank has designed a sustainability training plan for its staff. The plan is structured into three levels of general knowledge, complemented by specific actions aimed at specific teams. The initial itinerary, accessible to all staff, includes two online courses through the Bankinter training platform: "Bankinter Sustainable" and "Sustainable Finance". The intermediate itinerary, incorporated into the continuous training plans of the commercial network, also consists of two online courses: "Special service for customers" and "Sustainability preferences and operational processes". The advanced itinerary offers certification in sustainable finance and a programme specialising in the new ESG offering model for SMEs.

In addition, the plan includes specialised programmes adapted to the specific priorities of each area, with diverse topics and levels of specialisation, taught in collaboration with prestigious schools. This approach ensures training aligned with Bankinter's strategic needs and market trends in sustainability.

Codes of ethics and conduct

Bankinter has a Code of Professional Ethics and a regulations of the crime prevention committee. In addition, it has set up a Whistleblowing Channel, which is used by the entire Group. The risk map is currently being updated to include crimes contemplated in Law 10/2022, of September 6, such as sexual harassment, workplace harassment and attacks on moral integrity in the workplace, including those committed in the digital sphere.

The Bankinter Group Code of Ethics establishes the basic principles of action and professional conduct practices for all of its staff and people who work for the Group. Its general objectives include promoting integrity, prudence, professionalism and transparency in all the Group's activities. Furthermore, it seeks to protect the interests of customers, shareholders and other groups affected by the Group's activities.

The code addresses incidents and risks related to corruption, bribery, and other unethical behaviour, establishing a monitoring process through the Regulatory Compliance Unit (RCU) and the Code of Ethics monitoring committee.

This Code applies to all staff, including those who hold management positions and make up the administrative bodies of Bankinter Group, as well as to agents, scholarship holders, interns, subcontractors and, in general, to all persons who work for or provide services to the Bank. It also includes family members and people linked to workers in certain cases. It covers all the Group's activities, including the upstream and downstream phases of the value chain and is applied in all geographical areas where Bankinter operates.

The Board of Directors of Bankinter is ultimately responsible for the application of the Code of Ethics and is aligned with regulations such as the Spanish Criminal Code.

The Code of Ethics establishes the different requirements to be met in the relationship with all the Bank's stakeholders, ensuring that all the Group's actions are transparent and ethical.

Bankinter makes the Code of Ethics available to all interested parties through its corporate website and other internal and external communication channels.

In this regard, the Bank's Board of Directors approved in 2023 the latest update of the Group's Code of Professional Ethics, the main modifications of which were:

- The reinforcement of some of the articles to provide greater consistency in terms of avoiding irregular behaviour.
- Modifications derived from some legislative developments, such as the incorporation of harassment as a crime with the legal person being held criminally responsible.
- Adaptation of the Confidential Whistleblowing Channel to Directive 2019/1937 and Law 2/2023 transposing it into Spanish law.

Bankinter Group's criminal prevention and professional ethics committee was created in 2015 with the aim of consolidating the disciplinary and preventive functions linked to irregular conduct, including those of a criminal nature. This body is responsible for ensuring regulatory compliance and preventing crimes both within the bank and its subsidiaries. Since then, the committee has been responsible for monitoring the Code of Professional Ethics and supervising the prevention model implemented in the organisation.

The committee is made up of the head of Privacy and Litigation, who acts as chair, the Chief Financial Officer and head of Digital Banking, the Chief Risk Officer, the head of Internal Audit, the head of People Management, Corporate Communication and Quality, and the Corporate Director of Control and Compliance.

The committee's primary responsibility is to supervise and ensure compliance with the Bankinter Group's criminal prevention model. Its functions include identifying activities with a risk of committing crimes, proposing measures and protocols for their prevention, sanctioning breaches of the Code of Professional Ethics and other internal regulations and coordinating the implementation of prevention models in the Group's subsidiaries. It also manages a confidential reporting channel to report possible irregularities and carries out periodic reviews of the prevention model.

Committee meetings are held quarterly, although extraordinary meetings may be held when necessary. Decisions are adopted by majority vote and are documented in minutes kept by the secretary. The chairman of the committee reports annually to the Audit Committee on the activities and resolutions adopted.

During the 2024 financial year, the Bankinter ethics and crime prevention committee has processed 18 disciplinary cases (14 in 2023) for non-compliance with the Code of Professional Ethics by its staff, of which 12 correspond to own personnel in Spain (9 in 2023) and 2 in Portugal (2 in 2023). In these cases, on 5 occasions (all of them in Spain) dismissal has been adopted as a disciplinary measure. The other penalties imposed in relation to the cases processed involved suspensions of employment and salary for periods depending on the seriousness of the offence.

In general terms, the irregular conduct detected has been derived from non-compliance with the bank's internal regulations regarding processes and operations and human and specific errors in relation to data processing, highlighting that, due to the robust and effective controls that the Criminal Compliance model has, non-compliances are detected promptly enough, avoiding further consequences.

Moreover, as a consequence of the possible breach of certain contractual obligations of the agency contract, the cases of 4 agents (3 in 2023) have been reviewed, in 3 of which the termination of their agency contract was decided and in the rest other types of measures to remedy the damage caused, in accordance with the provisions of the contract.

Furthermore, during the 2024 financial year, no legal cases related to corruption have been brought against the Group.

Fight against corruption and bribery

The Regulatory Compliance function is integrated into Bankinter's administrative structure through the Corporate Control and Compliance department ("CCD"), which exercises a supervisory function, with the aim of providing the Board of Directors with a global vision of the Group's control and compliance situation, sharing methodology, tools and resources, as well as characteristics of independence, recognition and objectivity common to the second line of defence.

This organisational configuration allows for the homogenisation of the information systems of all these second-level control areas and provides them with the independence necessary to exercise their functions in line with best practices and allows for a single risk map, guaranteeing greater and better control, ensuring greater interaction between them, which translates into greater efficiency and optimisation of resources, providing this second line of defence with independence.

During 2024, the risk measurement methodology in the area of Regulatory Compliance and prevention of money laundering and terrorist financing has been applied at the corporate level and has been monitored in the tool common to all areas that make up the Directorate, SAP GRC.

The risk control culture, deeply rooted in the organisation, driven by the strong involvement of the Board of Directors and Senior Management, is transmitted to the business units with agility and efficiency through this corporate structure, the systems and tools configured from the outset to ensure compliance with the rules and prevent undesirable behaviour.

Furthermore, the Bankinter Group has an Anti-Corruption Policy, approved by the Audit Committee and the Board of Directors, whose main objective is to convey a message of absolute rejection of corruption. This policy establishes rules and principles of action to prevent and combat any corrupt conduct within the Group's activities. Together with the Circulars, mandatory policies and Ethical Codes, it forms a solid and robust internal regulatory framework.

The Board of Directors of Bankinter is ultimately responsible for the implementation of the Anti-Corruption Policy. The objectives of this policy include raising awareness of the risks of fraud and corruption, strengthening corporate policies to improve efficiency in combating these practices and fostering a culture of deterrence and early detection of corruption.

Following the model based on the three lines of defence and guaranteeing the independence of the function, a structure appropriate to the principles and risk culture of the organisation has been chosen, integrating the different risks of banking activity and their centralised management through a corporate structure with responsibility for global scope.

With this institutional and regulatory framework, the bank developed in 2022 the basic areas of the second line of defence, which is organised into the following Units:

- Control and advice on regulations and banking transparency both in banking products and services, as well as investments and insurance, prevention of market abuse, the Internal Code of Conduct and Conflicts of Interest: Bankinter has implemented a methodology based on the risk approach that enables the risk of default in each area of activity to be assessed in relation to the provision of investment, banking and insurance services.
- Prevention of Money Laundering and Financing of Terrorism (PBC/FT). In 2024, the risk control and management framework has continued to be strengthened, as well as centrally implemented monitoring.
- Risk Control and Internal Validation, which is responsible for control of credit, operational, technological, market and institutional risk.
- Financial Control and Analysis, which reviews the general framework for internal financial control and outsourced services.

The functions of Regulatory Compliance and Prevention of Money Laundering and Terrorist Financing report to the risk and compliance committee of the Board of Directors and are integrated into the Corporate Control and Compliance department, which has organisational responsibilities and exercises a supervisory function with the aim of ensuring global knowledge of the Group's control and compliance situation.

The Corporate Control and Compliance department ensures effective control of all risks in relation to respect for the company's culture and risk policies; compliance with established operating procedures; and compliance with established regulations. It also ensures that risks are managed in accordance with the defined level of risk appetite. This organisation has a global risk map incorporating all of the risks faced and a common information system through the use of a single control tool, including data protection, in order to ensure a comprehensive picture of all risks. This ensures it is a robust second line of defence.

This organisational structure enables the appropriate management of the risk of non-compliance with regulations, which entails a significant reputational risk, with a potential negative impact on the relationship with customers, markets, employees and authorities. In particular, non-compliance with regulations may lead to sanctions, damages or cancellation of contracts, with the consequent damage to the image projected by the bank.

In particular, the Corporate Control and Compliance Department (CCD) participates in the following bodies of the bank:

- The regulatory compliance committee. It is the Senior Management body that monitors the Bank's policies in this area in accordance with the statute of the Regulatory Compliance function. The committee implements the policies relating to regulatory and compliance issues established by the risk and compliance committee of the Board of Directors.
- The product and operational risk committee. It is the governing body for the products and services that Bankinter offers to customers in accordance with the product governance policy approved by the Board of Directors. The Products and Operational Risk committee covers, among its main functions, the approval of the launch, modification or cancellation of new products and services offered to customers, the review or monitoring of the approval conditions of all products and services, as well as the monitoring and resolution of incidents related to these products and services and the monitoring and analysis of the main indicators associated with operational risk management.
- The Internal Control Body. It is responsible for establishing and ensuring compliance with the policies and procedures for preventing money laundering and terrorist financing, in accordance with Law 10/2010 and other applicable regulations, which constitute the preventive framework of the Bankinter Group. This body must be aware of the risks in this area of the bank and ensure that the necessary measures are taken to effectively mitigate them.

Other specialist committees have been set up involving senior management to support the board's supervisory function, such as the Crime Prevention and Professional Ethics Committee. The Corporate Compliance and Internal Control division (CCD) is involved in these to ensure effective and consistent risk management. In addition, the company participates in the Corporate Risk Map Monitoring Committee, the Credit Risk Models Committee, the Data Management Operations Committee, the Technological Risk Coordination Committee, the Information Security and Business Continuity Committee and the Outsourcing Committee.

The Money Laundering Prevention area is responsible for ensuring compliance with the policies and procedures adopted by the bank in matters of prevention of money laundering and terrorist financing. Its objective is to ensure the proper detection, management, control and monitoring of existing risks arising from Money Laundering and Financing of Terrorism, in compliance with all regulatory requirements in this area.

Preventing these activities is a strategic objective and an ethical commitment to society as a whole, to compliance with international standards and best practices in this area. In line with this objective, in 2024 Bankinter and its subsidiaries continued to develop the control measures needed to comply with the regulations. They also developed and updated the AML/CTF risk map and risk appetite, in line with the Bank's framework, and the IT tools for this function, implementing a new management tool for AML/CTF risk.

Likewise, the AML/CFT Policies and Procedures Manual and all the procedures included as annexes to said Manual have been modified and updated in order to make it more agile and structured, incorporating the proposals made by the supervisor and taking into account regulatory changes.

Work also continued on the action plan approved for the year to comply with the recommendations of the external expert and the supervisory authority, consolidating the process for updating due diligence. As a general rule, all Group employees undergo compulsory annual training in AML, including those at greatest risk of exposure to corruption.

As part of Bankinter's commitment to transparency and integrity and in line with the reinforcement of the ethical culture within the bank, refresher courses on the Prevention of Money Laundering will be launched in 2025, aimed at the entire workforce.

Internal Audit has implemented a system for the prevention, detection and management of internal fraud. Its regulatory framework is being updated, but in general it works through alerts that are executed through mass data processing tools. The necessary investigations are carried out on them and if any irregular conduct or non-compliance with regulations is detected, the procedure established in the Code of Ethics is set in motion, submitting a report to the criminal prevention and professional ethics committee so that it can adopt the appropriate disciplinary measures.

During the financial year 2024, no legal cases relating to corruption were brought against the Group.

Reporting channels

Bankinter's Confidential Reporting Channel is a mechanism established to identify, report and investigate illegal conduct or conduct that is contrary to the Code of Professional Ethics, internal regulations or current legislation. Including those related to regulations on the Prevention of Money Laundering and Financing of Terrorism and those having to do with financial, accounting or control issues.

This channel also allows you to report conduct by superiors or colleagues that may be classified as moral or psychological harassment (mobbing) or sexual harassment, as well as any other attitude that conflicts with fundamental rights as a person.

It is available to both internal and external stakeholders, allowing complaints to be filed by internal staff, agents, suppliers and other stakeholders. The staff accesses the channel through the corporate intranet, agents through the agent extranet, suppliers through the supplier portal and the rest of the stakeholders through the Bankinter corporate website. The channel guarantees confidentiality and the possibility of making anonymous complaints through a secure system that uses a unique code and a password selected by the complainant.

Throughout 2024, Bankinter has drawn up the Whistleblowing Channel Policy, as well as the internal procedures for the management and investigation of complaints submitted, in order to adapt it faithfully to Law 2/2023, which regulates the protection of persons who report regulatory infringements and the fight against corruption. These texts will be presented to the Audit Committee and submitted for approval to the Board of Directors for subsequent publication on the corporate website in the first quarter of 2025.

During 2025, the Code of Professional Ethics will be updated, including the modification described above.

Bankinter protects whistleblowers against retaliation, discrimination or any unfair treatment, in accordance with the provisions of the Code of Professional Ethics and current regulations, including the transposition of Directive (EU) 2019/1937. The system guarantees complete anonymity of the whistleblower, as well as legal protection against possible retaliation.

The only recipient of any communication directed to this Confidential Whistleblowing Channel is head of Internal Audit, and it is guaranteed, by the Code of Professional Ethics itself, that any person who reports infractions committed within the Bank will be protected against retaliation, discrimination and any other type of unfair treatment.

The criminal prevention and professional ethics committee (a committee established by the Board of Directors, to which certain functions related to the Code of Professional Ethics have been delegated) is the body that guarantees the confidentiality of the complaints received, the reserved and confidential nature of the data of the complainant and the information provided in them.

The Code itself indicates that no reprisals of any kind will be taken against the whistleblower for the simple fact of reporting. Furthermore, if the whistleblower has participated in the reported conduct, the fact that they became aware of it through the whistleblowing channel may be considered a mitigating factor by Bankinter Group and/or by the competent authority when determining their responsibilities.

Regarding training and information, all employees receive the Code of Professional Ethics upon joining the company, confirming their knowledge and commitment to the established procedures. In addition, at least once a year, communications are made on the intranet to remind people of the characteristics and access to the reporting channel, strengthening awareness about its use.

Bankinter has a robust procedure in place to promptly, independently and objectively investigate incidents related to business conduct, including those linked to corruption, bribery and other irregularities, through the Internal Audit department. This procedure is designed to ensure that all complaints received are handled in a professional manner, protecting the rights of all parties involved and ensuring compliance with applicable regulations.

This procedure covers the following aspects:

- The Group has a communication channel accessible to all its stakeholders. This channel allows anonymous and/or confidential complaints as it allows the anonymisation of the complainant (using a code and password selected by the complainant). This fully ensures that the whistleblower cannot be identified.
- The form on the website is in the language corresponding to the Group company in question.
- It facilitates complete traceability between communication and the research carried out.

The Director of Internal Audit ensures the confidentiality of the complaints received and periodically reports to the Audit Committee of the Board of Directors on the management of complaints in accordance with established procedures. In the hypothetical case that the complaint affected the head of Internal Audit, it would be the Regulatory Compliance department that would assume responsibility and appoint an investigation team.

The Code of Professional Ethics instructs the Internal Audit division, after becoming aware by any means of the existence of conduct that may entail a breach of the standards mentioned in the code, to carry out all prior actions necessary to determine whether there are indications of the existence of irregular conduct. If so, an investigation procedure will be initiated. This is the only unit authorised to direct and coordinate the investigation, although it may request the collaboration of the People Management department or other departments within Bankinter Group.

Supplier relationship management

The procurement process at Bankinter has been transformed in recent years as a result of the guidelines and requirements of European regulation and supervision organisations, in particular, the European Central Bank, the European Banking Authority (EBA) and the Single Resolution Board. This process is constantly evolving to adapt to new requirements and new directives such as the new Digital Operational Resilience Regulation (DORA) or regulations relating to sustainability.

Additionally, with the aim of improving the efficiency, usability, traceability and control of the process, Bankinter implemented a new procedure in 2023 based on a market tool that has successfully strengthened its ability to adapt to the needs that arise from a regulatory standpoint.

One of the advantages of this procedure is that the entire process is centralised in a single tool, managing everything from supplier approval (with a specific sustainability module), through to the control of the necessary budget, continuing with the acquisition and risk analysis process and finally the closing and filing of the contract.

Within this procedure, the approval process and its corresponding sustainability module are a key element. Bankinter ensures that it works with suppliers that meet the criteria and solvency required by Bankinter, as well as those required by the European Banking Regulation (EBA). For this purpose, different variables are evaluated, including sustainability criteria (social and environmental criteria), using a specific assessment, which on the basis of a scorecard derived from the supplier's answers, allows suppliers to be categorised as recommendable or non-recommendable according to ESG criteria. The Bank thoroughly evaluates suppliers under the following criteria:

1. Social Criteria:
   - Code of Ethics and Conduct: It is verified whether the company has a code of ethics or internal policies that promote integrity, transparency and respect for human rights, in line with international best practices.
   - Legal Compliance: Regulatory compliance with specific legislation such as the General Disability Law and other social requirements is assessed.
   - Social Sanctions: An analysis is made of whether the supplier has been subject to social, labour or worker rights sanctions in the last three years.
   - Special Employment Centres (CEE): It is assessed whether the provider promotes social inclusion through collaboration with special employment centres or the hiring of people with disabilities.
2. Environmental Criteria:
   - Environmental Certifications: We check whether the supplier has international certifications, such as ISO 14001 or EMAS, which certify their commitment to the responsible management of natural resources and environmental protection.
   - Carbon Footprint: Information is requested on the analysis and reduction of their carbon footprint, evaluating the measures they apply to minimise their environmental impact.
   - Environmental Impact of Products and Services: The environmental characteristics of the products and services offered are analysed, paying special attention to the sustainability of the materials, the workers and the products' life cycle.

In addition, Bankinter requests that suppliers provide documentation demonstrating compliance with the aforementioned aspects, such as:

- Corporate Social Responsibility (CSR) and sustainability policies.
- Quality (ISO 9001), environmental (ISO 14001, EMAS) and safety (ISO 45001) certifications.
- Reports on internal or external audits related to sustainability and regulatory compliance.
- Reports on the carbon footprint and measures adopted for its mitigation.

Furthermore, as indicated by the Group's policy, the tool has a control system that will not allow the award of contracts to any supplier that has not been approved and is not recommended from a sustainability perspective. In this way, sustainability assessment is not only a control tool, but an opportunity to generate a positive impact throughout the supply chain.

Through this process, Bankinter reinforces its commitment to sustainability and ensures that the commercial relationships established with suppliers not only meet the highest quality standards, but also add value to society and contribute to the preservation of the environment.

The process of contracting with Bankinter suppliers is reflected in the Governance documents of the Outsourcing Policy, as well as the Goods and Services Procurement Policy. Both policies fall under the regulatory framework of the recommendations contained in the European Banking Authority's Guidelines on outsourcing arrangements, EBA/GL/2019/02, published on 25 February 2019 (hereinafter 'EBA Outsourcing Guidelines'), Circular 3/2022 of the Banco de España issued in April 2022 (Rules 34 to 40 on Delegation of Functions / Outsourcing), the Guidelines of the European Securities Market Supervisory Authority, ESMA, on the outsourcing of services to cloud service providers, ESMA50-164-4285, and Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on the digital operational resilience of the financial sector (hereinafter DORA Directive), as well as the Regulatory Technical Standards associated with them.

The policies apply to all business lines and control areas of the entities that make up the Bankinter Group. The Outsourcing Policy has been approved by Bankinter's Board of Directors, while the Procurement Policy for Goods and Services has been approved by the efficiency committee.

In the case of the Group's subsidiaries and branches abroad, and in application of their own policies, the application of certain parts of the process, competences, signatures, amounts and/or responsibilities of this policy may vary in application of the principle of proportionality. In this way, they can have their own organisation based on their specific needs, which is why the awarding of the contracting of goods and services will depend on the people according to their organisational chart and their specific functions.

The contracting procedures detailed in this policy affect all contracts with third parties.

On the other hand, it should be noted that in 2018 the Bankinter Board of Directors approved a Supplier Code of Conduct, which constitutes the set of basic principles of action and standards of professional conduct that must govern the actions of all its suppliers and enshrines the ethical values that have traditionally governed relations with them.

The purpose of this code is to ensure that all suppliers and subcontracted companies comply with the provisions of the United Nations Global Compact, promote sustainable development, safeguard human rights, observe labour regulations and promote environmental protection, among other aspects. Ultimately, it is about ensuring that suppliers share and respect the ethical values that guide the conduct of the Group and its employees.

The principles outlined in this Code of Conduct are an important component when selecting and evaluating suppliers and failure to comply with them may also lead to termination of the contract. Consequently, extra-financial criteria – environmental, social and governance – have been incorporated into the procedure for the evaluation and approval of suppliers.

Bankinter has also included a clause in its contracts with suppliers relating to ethical and social management, whereby they undertake to prevent corruption, ensure data protection, avoid child labour and guarantee the stability of employment, among other requirements.

Customer relationship management

Customer governance is taken into account in the following processes:

- In the risk analysis of the operations of legal persons, customer qualification processes are carried out on quantitative information (balance sheets, P&L, statistical models, etc.) and qualitative information. In this case, the analysis of qualitative information is collected in the subjectivity questionnaire, including issues related to the governance of the company such as, among others: the assessment of the company's shareholders, the management team, the size of the workforce and information provided by third parties from auditors, information services, customers, suppliers, competitors, the media and social networks, which help to form an assessment of the company's situation.

  This qualitative rating plays an important role in obtaining the customer's Unified Risk System or Basel rating through its non-linear combination with the objective or quantitative rating.

  This information is monitored by the customer account manager, risk analysts and regular checks by the organisation's risk managers, as well as by the credit risk managers, corporate sanctioning and the organisational director. Finally, the Risk Control unit establishes controls in its annual planning. These are authorised by the risk committee of the Board of Directors.

- In the processes of analysing customers and transactions, Bankinter's Money Laundering Prevention area, which is part of the Control and Compliance unit, is responsible for ensuring compliance with the bank's policies and procedures for preventing money laundering and terrorist financing. Its aim is to guarantee adequate detection, management, control and monitoring of the risks arising from money laundering and terrorist financing, and compliance with all related legislation. Preventing these activities is a strategic objective and an ethical commitment to society as a whole, to compliance with international standards and best practices in this area.

- The Group Risk Framework Agreement establishes sustainability principles to avoid financing activities that may be contrary to the Group's Sustainability Strategy. Bankinter has developed an exclusion policy in those business units that have significant environmental, social or economic impact due to the resources they consume, the human capital they apply or the controversy they generate.

This policy is complemented by sectoral policies/guidelines for specific sectors (defence, energy, agriculture and extractive sectors). In addition to the exclusion policy and sector guidelines, and considering their high impact, as a general rule, the social and environmental impact of the projects to be financed is analysed prior to making any decision with regard to investing in sectors such as defence, medical research, the primary sector, energy, transport infrastructure, tourism, desalination and waste water treatment plants.

On the basis of the principles with which it aims to lead a transition towards sustainable development (with the help of its customers), the Bank is committed, in general, to not financing or investing in the following, except when there are duly justified circumstances:

- Companies that are known not to respect or support fundamental human rights, as per the United Nations Universal Declaration of Human Rights.
- Companies that do not respect or support labour rights in general and, in particular, child labour rights and rights relating to discrimination and forced labour, in accordance with the International Labour Organisation's key conventions
- Organisations and companies with court sentences deriving from corruption cases
- Organisations and companies that have directly and significantly contributed to dictatorships and have benefited from such situations
- Organisations and companies that are recurring and serious offenders in terms of prevailing legislation, applicable codes or agreements, especially criminal, labour and environmental regulations
- Organisations and companies related in any way to child pornography and/or related in any way to sexual exploitation
- Activities or projects that represent a risk or generate an impact on areas included on the UNESCO's list of World Heritage sites and the United Nations list of protected areas

Specific exclusion criteria are also established for the defence, extractive, energy and agricultural sectors.

These operations are monitored by the Group's Risk and Sustainability areas, and relations are established with customers to analyse their policies and procedures for mitigating this type of risk.

Since the publication of the Bankinter Asset Management Exclusion Policy in 2023, the exclusion criteria identified for financing operations are also considered in lending.

- In the climate rating process, customers are classified in relation to their predisposition to be affected by physical and transition risks into five groups, from very high to very low.

  The climate rating has been incorporated into the admission process to focus the dialogue with customers, especially with regard to the highest risks. This incorporates factors related to the climate and the environment into decision-making. It was decided to start this process with customers whose transition risk indicator is high or very high. For this group, the customer relationship manager should initiate a conversation with the customer with two objectives:

  - To find out how they think climate change may be affecting their activities.
  - To understand their plans to reduce such effects, the investments planned for this, and the possibility of Bankinter helping by providing financing for these investments, as appropriate.

  The information obtained in this conversation must be included in the risk proposal under study and discussed in the corresponding risk committee. To help in this process, the climate rating is automatically included in the minutes of committee meetings. Fields have also been included in proposals for the customer's rating with space to include the information from this customer dialogue.

13.6. Indicators of potential transition risk linked to climate change

13.6.1. Credit quality of exposures by sector, issues and residual maturity

In accordance with Implementing Regulation (EU) 2022/2453 and for the purposes of Article 449a of Regulation (EU) 575/2013, the following table includes information on exposure to non-financial institutions in the banking book that are active in carbon-related sectors and on the quality of these exposures, whether they are considered doubtful or stage 2, as well as the related provisions and maturity ranges.

The amount disclosed in the column a corresponds to the gross carrying amount of loans and advances and debt securities to non-financial corporations other than those held for trading by sector of economic activity. The same CNAE classification has been used to classify them as for the financial information. Column b includes exposures to counterparties excluded from EU benchmarks reflecting the Paris Agreement according to Articles 12.1(d)-(g) and 12.2 of Regulation (EU) 2020/1818. Column c includes environmentally sustainable exposures as they are financing activities that contribute to mitigating climate change, pursuant to Regulation (EU) 2020/852. The figures are for 31 December 2024.

Template 1 (ESG). Banking book – Climate change transition risk: credit quality of exposures by sector, emissions and residual maturity

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Sector or subsector	Gross carrying amount (million EUR)					Accumulated impairment and provisions and negative fair value adjustments due to credit risk (million euros)			GHG emissions financed (counterpart's scope 1, 2 and 3 emissions) (in tonnes CO2 equivalent)		Emisiones de GEI (columna i): porcentaje del importe en libros bruto de la cartera derivado de la información específica de la empresa	≤ 5 años	> 5 años ≤ 10 años	> 10 años ≤ 20 años	> 20 años	Vencimiento medio ponderado
			Of which: exposures to undertakings excluded from the EU benchmarks harmonised with the Paris Agreement in accordance with Article 12(1)(d) to (g) and (2) of Regulation (EU) 2020/1818	Of which: environmentally sustainable (CCM)	Of which: stage 2 exposures	Of which: non-performing exposures		Of which: stage 2 exposures	Of which: non-performing exposures		Of which: scope 3 financed emissions						
1	Exposures to sectors that are major contributors to climate change (1)	24,467	316	582	1,026	1,142	(608)	(30)	(532)	4,447,610	2,766,125	16.8%	16,059	3,498	4,379	531	9.40
2	A - Agriculture, livestock raising, forestry and fishing	673	–	–	38	43	(23)	(1)	(21)	310,280	45,106	4.1%	473	114	74	11	8.12
3	B - Mining and quarrying	94	–	–	3	6	(2)	–	(2)	29,440	11,996	18.9%	85	5	3	1	7.00
4	B.05 - Extraction of anthracite, coal and lignite	–	–	–	–	–	–	–	–	55	19	–%	–	–	–	–	–
5	B.06 - Extraction of crude oil and natural gas	–	–	–	–	–	–	–	–	–	–	–%	–	–	–	–	–
6	B.07 – Mining of metal ores	22	–	–	–	–	–	–	–	11,930	4,045	31.0%	22	–	–	–	6.38
7	B.08 – Other mining and quarrying	72	–	–	3	6	(2)	–	(2)	14,872	5,440	8.8%	63	5	3	1	7.15
8	B.09 – Support activities to extractive industries	1	–	–	–	–	–	–	–	2,583	2,491	67.2%	1	–	–	–	4.14
9	C - Manufacturing	5,157	111	74	289	285	(143)	(8)	(125)	2,214,672	1,669,855	21.9%	4,543	460	135	20	6.87
10	C.10 – Food industry	972	–	–	47	19	(22)	(1)	(19)	960,464	886,159	23.1%	874	86	10	2	8.03
11	C.11 – Manufacture of beverages	215	–	–	14	7	(3)	–	(2)	31,959	27,760	12.9%	170	39	6	–	6.57
12	C.12 – Manufacture of tobacco products	88	–	–	–	–	–	–	–	221	192	–%	88	–	–	–	3.01
13	C.13 - Textile industry	126	–	–	21	13	(4)	–	(3)	22,522	12,700	12.0%	114	10	1	1	6.04
14	C.14 – Manufacture of garments	88	–	–	10	12	(5)	–	(5)	14,575	10,603	13.9%	75	11	2	1	5.57
15	C.15 – Leather and footwear industry	67	–	–	3	13	(7)	–	(6)	10,538	7,817	1.0%	61	3	2	1	7.35

16	C.16 – Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	161	–	–	8	11	(5)	–	(4)	25,667	15,285	2.2%	141	16	4	–	7.11
17	C.17 – Paper industry	170	–	3	11	10	(6)	–	(5)	67,825	33,010	16.7%	154	13	2	1	6.34
18	C.18 – Printing and reproduction of recorded media	97	–	–	5	12	(6)	–	(6)	11,558	8,484	2.4%	77	10	8	1	7.53
19	C.19 – Manufacture of coke and refined petroleum products	111	111	–	29	–	–	–	–	235,422	204,146	74.2%	67	29	15	–	7.86
20	C.20 – Chemical industry	441	–	–	15	22	(5)	–	(4)	191,401	103,594	30.7%	361	42	39	–	6.80
21	C.21 – Manufacture of pharmaceutical products	97	–	–	2	–	–	–	–	5,110	3,492	47.1%	89	6	2	–	5.31
22	C.22 – Manufacture of rubber products	249	–	–	10	20	(8)	–	(7)	41,791	33,800	9.1%	210	33	5	1	6.74
23	C.23 – Manufacture of other non-metallic mineral products	352	–	–	14	17	(7)	–	(6)	221,009	58,536	34.0%	323	25	4	1	6.94
24	C.24 – Manufacture of base metals	320	–	40	5	13	(6)	–	(5)	143,881	70,376	41.2%	307	12	1	–	6.49
25	C.25 – Manufacture of fabricated metal products, except machinery and equipment	539	–	2	34	43	(22)	(2)	(20)	107,167	92,695	13.0%	477	46	13	4	6.86
26	C.26 – Manufacture of computer, electronic and optical goods	64	–	–	2	6	(3)	–	(3)	3,155	2,400	15.1%	61	2	–	–	6.06
27	C.27 – Manufacture of electrical equipment and apparatus	114	–	1	7	7	(3)	–	(3)	18,019	16,543	8.0%	109	4	1	–	6.58
28	C.28 – Manufacture of machinery and equipment not included elsewhere	287	–	–	19	23	(13)	–	(12)	36,584	26,635	13.4%	245	32	7	2	6.37
29	C.29 – Manufacture of vehicles, trailers and semi-trailers	266	–	7	17	9	(6)	(1)	(4)	26,358	22,675	9.2%	251	14	–	–	6.30
30	C.30 – Manufacture of other transport equipment	85	–	20	3	3	(2)	–	(1)	5,956	5,348	43.3%	74	10	–	1	6.94
31	C.31 – Manufacture of furniture	88	–	–	3	11	(4)	–	(4)	10,899	8,965	7.3%	77	5	6	1	6.78
32	C.32 – Other manufacturing	71	–	–	6	6	(3)	–	(3)	7,297	6,110	1.5%	60	5	5	1	6.95
33	C.33 – Repair and installation of machinery and equipment	86	–	1	4	7	(4)	–	(3)	15,293	12,531	7.7%	77	7	2	1	5.77
34	D – Supply of electricity, gas, steam and air conditioning	1,854	92	310	21	16	(18)	(2)	(13)	90,321	45,350	29.7%	690	273	885	6	11.28
35	D35.1 – Production, transmission and distribution of electrical energy	1,786	39	310	21	15	(17)	(2)	(12)	86,367	44,827	30.1%	646	250	884	6	11.46
36	D35.11 – Production of electrical energy	1,509	–	220	15	12	(14)	–	(11)	59,540	38,847	27.1%	459	208	837	5	12.36
37	D35.2 – Production of gas; distribution by pipeline of gaseous fuels	52	52	–	–	–	–	–	–	3,362	447	15.0%	30	22	–	–	6.35
38	D35.3 – Steam and air-conditioning supply	16	–	–	–	1	–	–	–	593	76	0.1%	14	1	–	–	8.37

39	E - Supply of water, sanitation, waste management and decontamination	188	—	16	5	7	(6)	—	(5)	217,415	72,139	33.5%	137	44	5	2	6.65
40	F – Construction	3,196	—	133	112	163	(96)	(4)	(85)	298,885	221,601	15.5%	2,140	301	456	299	10.38
41	F.41 – Construction of buildings	1,797	—	32	65	65	(46)	(2)	(40)	123,347	99,019	14.4%	941	221	350	285	12.65
42	F.42 – Civil engineering	480	—	56	7	13	(8)	—	(7)	71,633	43,256	24.4%	394	51	34	1	8.21
43	F.43 – Specialised construction activities	919	—	45	39	84	(42)	(1)	(38)	103,906	79,326	13.2%	806	29	72	12	6.73
44	G - Wholesale and retail commerce; motor vehicle and motorcycle repair	5,545	114	42	296	395	(224)	(10)	(204)	518,705	415,597	12.4%	4,881	416	201	48	6.87
45	H - Transport and storage	1,112	—	1	48	81	(38)	(2)	(34)	573,216	166,433	24.7%	565	304	237	6	12.98
46	H.49 – Inland and pipeline transport	487	—	—	25	44	(24)	(1)	(22)	327,237	72,227	23.2%	247	65	170	5	13.80
47	H.50 – Inland waterway transport	160	—	—	8	—	—	—	—	42,023	2,750	4.6%	78	82	—	—	8.13
48	H.51 - Air transport	87	—	—	5	24	(4)	—	(4)	63,291	9,371	47.0%	82	4	—	—	5.02
49	H.52 – Warehousing and support activities for transport	349	—	1	10	12	(9)	—	(8)	134,690	78,985	24.4%	128	151	67	1	17.05
50	H.53 – Postal and courier activities	31	—	—	1	1	(1)	—	—	5,974	3,100	29.7%	29	1	—	—	4.54
51	I - Accommodation and food service activities	1,824	—	—	106	71	(29)	(2)	(24)	139,224	92,499	35.5%	1,029	459	314	22	9.41
52	L - Real estate activities	4,824	—	7	107	75	(28)	(1)	(19)	55,452	25,548	3.3%	1,515	1,122	2,070	116	12.74
53	Exposures to sectors other than those that are major contributors to climate change*.	18,458	—	104	246	254	(214)	(9)	(188)				16,742	924	741	49	3.57
54	K - Financial and insurance activities	11,515	—	71	18	23	(7)	—	(5)				11,106	201	202	7	1.71
55	Exposures to other sectors (NACE codes J, M – U)	6,942	—	33	228	231	(207)	(9)	(183)				5,637	723	540	43	6.47
56	**TOTAL**	**42,925**	**316**	686	**1,272**	**1,396**	**(822)**	**(39)**	**(720)**	4,447,610	2,766,125	**17.3%**	**32,802**	**4,422**	**5,121**	**580**	**6.95**

Figures in millions of euros

* In accordance with Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU climate transition benchmarks and EU benchmarks harmonised with the Paris Agreement (Regulation on Climate Transition Reference Standards), Recital 6: Sectors listed in Sections A to H and Section L of Annexe I to Regulation (EC) No 1893/2006.

As can be seen, exposures outside the Paris agreement constitute a very small amount of the total portfolio.

With regard to the GHG emissions financed (counterpart Scope 1, 2 and 3 emissions), measured in tonnes of CO2 equivalent, it has to be considered, first of all, that the current situation is characterised by a low volume of observed information. This depends to a large extent on the deployment of regulatory initiatives aimed at significantly improving the disclosure of sustainability-related information by both financial and non-financial companies (in particular the NFRD and CSRD directives). This means that a significant percentage of the emissions declared and attributed to lending by Bankinter are estimates, applying the criteria described in section 13.3.4.

Finally, it should be noted that the estimate of financed issues of non-financial corporations is made for Spain and Portugal, given the availability of information.

13.6.2. Loans collateralised by immovable property – Energy efficiency of the collateral

The following template shows the exposures of the banking book by energy efficiency segment. This has been done by taking the gross carrying amount of residential and commercial real estate secured loans and repossessed real estate collateral, including information on the energy efficiency level of the collateral. Directive 2010/31/EU of the European Parliament and of the Council ((16)*) and Directive 2012/27/EU of the European Parliament and of the Council ((17)*) promote policies aimed at achieving a highly energy-efficient and decarbonised building stock by 2050. Directive 2010/31/EU introduced energy performance certificates as instruments to improve the energy performance of buildings. These certificates are recognised by a Member State or by a legal bank designated by a Member State, which indicate the energy performance of a building or a building unit, calculated in accordance with this Directive.

Energy efficiency information at the building level is obtained through Energy Performance Certificates. Although it is currently compulsory in all property purchase and sale transactions (except for those that are exempt from certification due to their type), the fact is that, in order to extend this calculation to the entire portfolio, it has been necessary to estimate the emissions rating of quite a few properties. The bank has contracted a service that enables searches of the certificates in all the public registries of the Autonomous Communities. Estimates are, therefore, only used when the property's actual certificate cannot be traced.

In case the certificate exists, both the energy consumption and the emissions of the building are taken into account. If, on the other hand, it is necessary to resort to the estimation of the energy rating, the consumption is taken as representative of the energy rating, considering its location, climate zone and typology. The preferred estimation criterion is through actual evidence in the same building. Where this does not exist, a model is used to determine the energy efficiency label, both in terms of emissions and consumption, considering the specific characteristics of the building, based on the similarity of the property with other similar properties in the same building or using an estimate based on the characteristics of the building itself. If there is a certificate, the property's emissions are taken. If we have to estimate the energy rating, we regard the representative emissions for the rating as being the emissions, considering the location, climatic zone and type. In the case of Portugal, work is underway to incorporate the necessary information on energy efficiency certificates.

In Portugal, since 2023, information on energy certificates has been incorporated, both actual and estimated, for cases where it was not possible to obtain the observed information. As not all residential or commercial properties currently have energy efficiency certificates, it is sometimes necessary to estimate this information. This information is inferred using a model based on available data for properties for which the energy certificates are known. In addition to these energy certificates, the information provider engaged by the Bank uses other variables to infer the energy certification of the property as accurately as possible. These include the energy certificates for the building as a whole, registry data, information on properties in the same building, geolocation, the year of construction, and the climate zone. The model uses this information to infer the data for the properties for which it does not have actual certificate information, assigning a reliability to these estimates depending on the quantity of data, its source and quality, its consistency and supporting evidence. The reliability reported can be: Very high, when there is energy certificate data for the building and similar properties and this information is consistent (similar certifications, renovations, etc.) with the construction data for the building and reference statistics or data obtained from evaluations of other elements of the building or of the property. High, when there is building certification data but it is less consistent, or the data is skimpier or lower quality, or when data is available on other buildings from the year of construction, the climate zone, with similar cladding, etc. with a strong correlation and in sufficient quantity. Medium, when there is no certificate data for the building and the information must be inferred from similar data. Low, when the building cannot be located exactly and data collected at different levels of detail must be used depending on the capacity to locate the building, such as the census, postcode or municipality.

The necessary procedures have been carried out in Ireland since 2023 to obtain information on Energy Efficiency Certificates through property inspections. Estimates were used in other cases. A median BER (Building Energy Rating) was provided by Sustainable Energy Ireland (SEI) for small areas, and this was provided at the building level for residential units where this data is available. The certificate information was estimated in all other cases using the most frequent BER in small areas for the specific type of building, as SEI also provides information on the structure of buildings, fuels used for water and space heating, and type of roof.

In the case of foreclosed properties, the energy efficiency certificate is available for those that are not exempt and are in a marketable situation. A large part of the portfolio is not in this state, which is why coverage is limited.

It should also be noted that among the properties under guarantee without an energy label, there is a relevant volume of categories, such as industrial buildings and parking spaces, which are not subject to rating.

Template 2 (ESG). Banking book – Climate change transition risk: loans secured by collateral consisting of immovable property – Energy efficiency of security interests

	Counterparty sector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
			Total gross carrying amount (in millions of euros)														
			Energy efficiency level (energy performance score in kWh/m² of actual guarantee)						Energy efficiency level (EPC label of the collateral)						Collateral without EPC label		
			0; ≤ 100	> 100; ≤ 200	> 200; ≤ 300	> 300; ≤ 400	> 400; ≤ 500	> 500	A	B	Q	Sun	THE	S	A		Of which: estimated energy efficiency level (energy performance score in kWh/m² of the actual guarantee)
1	**Total within the EU**	**41,820**	**10,266**	**13,080**	**9,516**	**1,931**	**602**	**298**	**1,992**	**2,236**	**2,844**	**3,555**	**9,102**	**1,581**	**1,798**	**18,712**	**67 %**
2	Of which: loans secured by commercial real estate	5,479	548	961	453	196	82	62	197	358	531	349	341	93	82	3,527	9.95 %
3	Of which: loans secured by residential real estate	36,308	9,717	12,117	9,062	1,734	520	236	1,795	1,878	2,313	3,206	8,759	1,486	1,716	15,156	80.72 %
4	Of which: collateral obtained by taking possession: residential and commercial real estate	33	1	1	2	—	—	—	—	—	—	1	1	1	—	30	0.00 %
5	Of which: estimated energy efficiency level (energy performance score in kWh/m² of actual guarantee)	12,585	3,294	5,229	3,269	429	256	108									
6	**Total outside the EU**																
7	Of which: loans secured by commercial real estate																
8	Of which: loans secured by residential real estate																
9	Of which: collateral obtained by taking possession: residential and commercial real estate																
10	Of which: estimated energy efficiency level (energy performance score in kWh/m² of actual guarantee)																

Figures in millions of euros

13.6.3. Climate change transition risk: Harmonisation parameters

The following template includes information on the harmonisation efforts with the Paris Agreement for a number of sectors.

Template 3 (ESG). Banking book – Climate change transition risk: Harmonisation parameters

	a	b	c	d	e	f	g
	Sector	NACE Sectors	Portfolio gross carrying amount (Mn EUR)	Alignment metrics **	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1	Electricity						
2	Fossil fuel combustion						
3	Automotive						
4	Aviation						
5	Maritime transport						
6	Cement, clinker and lime						
7	Iron and steel, coke, and metal ore production						
8	Chemicals						
9	Agriculture, livestock and hunting	1-3	600.32	419.40	December 2024	7.45 %	414.94
10	Industry	5-33	4,915.91	100.40	December 2024	(5.68)%	117.63
11	Electricity and waste	35-38	1,636.83	101.16	December 2024	37.55 %	82.35
12	Air	49-53	1,641.61	247.59	December 2024	(15.00)%	354.10

Figures in millions of euros

Notes:

** Tons per million euros.

*** PiT distance to 2030 NZE2050 scenario in % (for each metric)

From row 9 onwards, the Sectoral Groups have been incorporated as defined in the Decarbonisation Strategy of Bankinter Group, which include the most emitting activities. The Group has defined a decarbonisation path for each sector group and a global one for the entire portfolio.

13.6.4. Exposures to the top 20 carbon-intensive firms

Aggregated information on exposures to the world's most carbon intensive counterparties is included in the table below. The Carbon Major Report database has been used as a source of identification.

The gross carrying amount reported corresponds to the total of the banking book exposures to counterparties listed above. According to Regulation 2022/2453 column c will start to be reported from 31 December 2023.

Template 4 (ESG). Banking book – Climate change transition risk: exposures of the twenty companies with the largest carbon footprints

	a	b	c	d	e
	Gross carrying amount (aggregated)	Gross carrying amount vis-à-vis counterparties compared to the total gross carrying amount (aggregate) (1)	Of which: Environmentally sustainable (CCM)	Weighted average maturity (2)	Number of the 20 most polluting companies included
1	17.23	0.04%	N/A	1.48	1

(1) For counterparties among the world's top 20 carbon emitting companies.

Figures in millions of euros

(2) Maturity shown in years

13.7. Climate change physical risk:

13.7.1. Exposures subject to physical risk

The following template includes banking book exposures, including loans and advances and debt securities neither held for trading nor held for sale, exposed to chronic and acute weather-related hazards by sector of activity and by geographical area of counterparty or collateral.

Bankinter uses a structural approach to evaluate sensitivity to physical risks, as described in the European Central Bank's "Towards climate-related statistical indicators" document. This approach involves breaking the problem down into three levels:

- Identification of climate risk factors;
- The exposure of customers to these factors;
- And the vulnerability of customers to each of the risk factors materialising.

These levels are not independent of each other, as it is expected that a more exposed society will seek to invest more in adaptation. Therefore, we need to include aspects related to the energy transition and adaptation to physical risks in our dialogue with our customers.

The Bank has various sources of information for identifying climate risk factors. First, the Bank has engaged a service that allows it to identify a series of physical risk indicators for each property, according to its geolocation, including, for example, the risks of river and sea flooding and desertification. These risks are assessed on a qualitative scale according to their intensity. This information is used with indicators from the Copernicus databases to enable us to characterise physical risks at the postcode level. This is particularly important in determining exposure to the various risks of productive activities.

On the other hand, in November 2024, the Network for Greening the Financial System (NGFS) published the so-called Phase V of its scenarios, the most significant development being the incorporation of a new damage function that gives enormous prominence to physical risks.

The factors considered in the sensitivity analysis are, therefore:

- Desertification, drought and heat waves, which are closely related. These are classified as acute and chronic risks.
- River flooding, which is classified as an acute risk.
- Sea flooding, which is classified as an acute and chronic risk.
- Forest fires, which are classified as an acute risk.

Once the intensity of the exposure has been determined, we select the high and very high risk levels. As a result, financial instruments with collateral exposed to these levels of risk in relation to flooding and very high risks of desertification are considered sensitive.

We need to perform vulnerability analysis for productive activities as there are many transmission channels for acute physical risks and they are not limited to the impact on physical assets. We do this based on the following cross-referenced table, which establishes the ways activity may be affected by each of the physical risks considered:

Physical risks	Impacts					
	Impact on physical assets (due to direct damage or loss of value)	**Limitations on access for workers**	**Lower productivity**	**Supply problems**	**Higher costs**	**Lower sales**
Flooding	Infrastructure Real Estate Crops Machinery Inventories	Yes		Damage to the electricity distribution grid Impact on transport	More expensive insurance	Customer limitations Impact on transport Reduced tourism
Heat waves	Crops Livestock Forests	No	Activities that take place outdoors or without sufficient cooling capacity Lower fishing catches Crops Livestock Forests Limitation of activities due to fire risk	Saturation of the power supply network	Higher cooling/ dehumidification costs for plant and transport More expensive insurance	Reduced tourism Customer limitations
Drought	Crops Livestock Forests	No	Crops Livestock Forests	Sectors with intensive water consumption Limitations on hydroelectric production	More expensive insurance	Reduction in tourism
Forest fires	Infrastructure Real Estate Crops Livestock Forests Machinery Inventories	Crop, livestock and forestry areas	No	Damage to the electricity distribution grid Impact on transport	More expensive insurance	Reduced tourism Impact on transport

The significance that all these impacts might have is assessed for each productive activity based on objective factors, such as statistics on electricity and water consumption, dependence on transport, etc. This exercise enables us to assess vulnerability by level of activity and risk type. As a result, the exposure presented as sensitive in the sectors of activity corresponds to customers who are highly exposed and vulnerable to the various physical risks.

Assessment of these risks requires consideration of the company's productive activity and the characteristics of other real estate collateral belonging to the company. In the case of business exposures secured by real estate, analysis of the productive activity is combined with analysis of the characteristics of the property. In this regard, a company with business activity in a territory exposed to certain physical risks may use real estate collateral for its operations in other areas that are not subject to physical risks. In these cases, the company's exposure to physical risks considers not only the counterparty's geographical area but also the location of the real estate used as collateral in the company's mortgage transactions.

In relation to the information published in June 2024, and following the experience gained from the DANA cold front, a more conservative approach has been adopted for the quantification of risks when different levels of exposure are observed within the same area.

Template 5 (ESG). Banking book – Climate change physical risk: exposures subject to physical risk

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: geographical area subject to climate change physical risk – acute and chronic events	Gross carrying amount (Mn ER)													
			Of which: exposures sensitive to the impact of physical phenomena linked to climate change												
			Breakdown by maturity bucket					Of which: exposures sensitive to the impact of chronic climate change-related events	Of which: exposures sensitive to the impact of acute climate change-related events	Of which: sensitive exposures to the impact of both chronic and acute events linked to climate change	Of which: stage 2 exposures	Of which: non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	Average weighted maturity							Of which: stage 2 exposures	Of which: non-performing exposures
1	A - Agriculture, livestock raising, forestry and fishing	673	211	48	25	–	2	–	84	200	15	25	(13)	(1)	(11)
2	B - Mining and quarrying	94	13	–	–	–	–	–	14	–	1	2	(1)	–	(1)
3	C - Manufacturing	5,157	467	51	7	–	–	–	523	1	23	33	(15)	(1)	(14)
4	D – Supply of electricity, gas, steam and air conditioning	1,854	62	61	55	–	1	–	177	–	–	1	(1)	–	–
5	E - Supply of water, sanitation, waste management and decontamination	188	3	–	–	–	–	–	3	–	–	–	–	–	–
6	F – Construction	3,196	122	22	39	16	–	–	192	9	14	25	(12)	–	(11)
7	G - Wholesale and retail commerce; motor vehicle and motorcycle repair	5,545	376	39	21	2	–	–	436	3	20	29	(15)	(1)	(13)
8	H - Transport and storage	1,112	23	–	1	–	–	–	23	1	1	2	(1)	–	(1)
9	L - Real estate activities	4,824	102	88	141	5	1	–	277	58	14	8	(1)	–	(1)
10	Loans secured by residential real estate	36,306	97	127	384	363	17	–	552	418	31	23	(3)	–	(3)
11	Loans secured by commercial real estate	5,479	61	241	257	1	9	–	275	284	29	15	(3)	–	(2)
12	Recovered collateral	33						–	7	–			(5)		
13	Other relevant sectors (breakdown below, if applicable)														

Figures in millions of euros

13.8. KPIs. GAR Summary

A summary of the key performance indicators (KPIs), including the green asset ratio (GAR) included in Commission Delegated Regulation (EU) 2021/2178 is provided below.

Template 6 (ESG). Summary of KPIs for exposures that conform to the taxonomy

	Key performance indicator			% coverage (over total assets)*
	Climate change mitigation	Adaptation to climate change	Total (climate change mitigation + climate change adaptation)	
GAR stock	1.54 %	0.01 %	1.55 %	86.96 %
GAR flow	2.15 %	0.01 %	2.17 %	91.82 %

* % of assets covered by the KPI compared to the total assets of banks

13.9. Mitigating actions: assets - GAR

The following template includes the information needed to calculate the green asset ratio (GAR) under Delegated Regulation (EU) 2021/2178, in millions of euros.

Template 7 (ESG). Mitigating actions: assets for calculating the GAR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Reference date of disclosure T															
		Climate change mitigation (CCM)						Climate change adaptation (CCA)					TOTAL (CCM + CCA)				
		Total gross carrying amount	Of which: sectors relevant to the taxonomy (eligible according to the taxonomy)	Of which: environmentally sustainable (that conform to the taxonomy)	Of which: specialised lending	Of which: transition	Of which: facilitators	Of which: sectors relevant to the taxonomy (eligible according to the taxonomy)	Of which: environmentally sustainable (that conform to the taxonomy)	Of which: specialised lending	Of which: adaptation	Of which: facilitators	Of which: sectors relevant to the taxonomy (eligible according to the taxonomy)	Of which: environmentally sustainable (that conform to the taxonomy)	Of which: specialised lending	Of which: transition and adaptation	Of which: facilitators
	GAR - assets included in both the numerator and denominator																
1	Loans and advances, securities representing debt and capital instruments not held for trading eligible for calculating the GAR	68,656	37,462	1,652	27	926	423	17	7	–	–	2	37,479	1,659	27	926	425
2	Financial corporations	11,533	1,101	129	–	4	59	4	1	–	–	1	1,105	131	–	4	60
3	Credit institutions	7,903	663	45	–	4	5	2	1	–	–	–	665	46	–	4	5
4	Loans and advances	6,702	428	32	–	3	4	1	1	–	–	–	429	33	–	3	4
5	Debt securities, including statement on the use of funds	1,201	235	13	–	1	1	1	–	–	–	–	236	13	–	1	2
6	Equity instruments	–	–	–		–	–	–	–		–	–	–	–		–	–
7	Other financial corporations	3,630	438	84	–	–	54	2	1	–	–	1	440	85	–	–	55
8	Of which: investment services companies	3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including statement on the use of funds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–	–		–	–
12	Of which: asset management companies	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

14	Debt securities, including statement on the use of funds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–	–		–	–
16	Of which: insurance companies	224	34	5	–	–	–	–	–	–	–	–	34	5	–	–	–
17	Loans and advances	13	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including statement on the use of funds	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	205	34	5		-	-	-	-		-	-	34	5		-	-
20	Non-financial companies (subject to disclosure obligations under the DINF)	13,854	1,349	686	27	85	364	12	6	–	–	1	1,361	692	27	85	365
21	Loans and advances	13,381	1,284	643	27	85	346	12	6	–	–	1	1,296	648	27	85	347
22	Debt securities, including statement on the use of funds	472	64	43	–	–	18	–	–	–	–	–	65	43	–	–	18
23	Equity instruments	2	–	–		–	–	–	–		–	–	–	–		–	–
24	Households	41,883	35,013	837	–	837	–						35,013	837	–	837	–
25	Of which: loans secured by residential real estate	33,933	33,933	837	–	837	–						33,933	837	–	837	–
26	Of which: building renovation loans	713	713	–	–	–	–						713	–	–	–	–
27	Of which: car loans	366	366	–	–	–	–						366	–	–	–	–
28	Financing of local administrations	1,386	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other financing of local administrations	17	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial real estate	20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	TOTAL GAR ASSETS	68,676	37,462	1,652	27	926	423	17	7	–	–	2	37,479	1,659	27	926	425
	Assets excluded from the numerator for GAR calculation (included in the denominator)																

33	EU non-financial companies (not subject to disclosure obligations under the DINF)	17,451
34	Loans and advances	16,993
35	Debt securities	435
36	Equity instruments	23
37	Non-financial companies outside the EU (not subject to disclosure obligations under the DINF)	3,112
38	Loans and advances	2,725
39	Debt securities	381
40	Equity instruments	6
41	Derivatives	733
42	Interbank call loans	2,174
43	Cash and assets linked to cash	13,245
44	Other assets (goodwill, commodities, etc.)	1,823
45	TOTAL ASSETS IN THE DENOMINATOR (GAR)	107,215
	Other assets excluded from the numerator and denominator for calculating the GAR	
46	Government issuers	12,702
47	Exposures to central banks	-
48	Trading portfolio	3,372
49	TOTAL ASSETS EXCLUDED FROM THE NUMERATOR AND DENOMINATOR	16,074
50	TOTAL ASSETS	123,289

Figures in millions of euros

13.10. Mitigating actions – % GAR

The following template shows the activities of the bank that are considered environmentally sustainable with data for 31 December 2023.

Template 8 (ESG). GAR (%)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	% (compared to total assets included in the denominator)	Reference date of disclosure T: key performance indicators for the stock															
		Climate change mitigation (CCM)					Climate change adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of eligible assets funding taxonomy relevant sectors	Of which: environmentally sustainable	Of which: specialised lending	Of which: transition	Of which: facilitators	Proportion of eligible assets funding taxonomy relevant sectors	Of which: environmentally sustainable	Of which: specialised lending	Of which: adaptation	Of which: facilitators	Proportion of eligible assets funding taxonomy relevant sectors	Of which: environmentally sustainable	Of which: specialised lending	Of which: transition and adaptation	Of which: facilitators	Proportion of total assets covered
1	**GAR**	34.94 %	1.54 %	0.03 %	0.86 %	0.39 %	0.02 %	0.01 %	– %	– %	– %	35.00 %	1.50 %	– %	0.90 %	0.40 %	100.00 %
2	Loans and advances, securities representing debt and capital instruments not held for trading eligible for calculating the GAR	54.57 %	2.41 %	0.04 %	1.35 %	0.62 %	0.02 %	0.01 %	– %	– %	– %	54.60 %	2.40 %	– %	1.30 %	0.60 %	64.04 %
3	Financial corporations	9.54 %	0.19 %	– %	0.01 %	0.09 %	0.01 %	– %	– %	– %	– %	9.60 %	0.20 %	– %	– %	0.10 %	10.76 %
4	Credit institutions	8.39 %	0.57 %	– %	0.05 %	0.07 %	0.03 %	0.01 %	– %	– %	– %	8.40 %	0.60 %	– %	0.10 %	0.10 %	7.37 %
5	Other financial corporations	12.06 %	2.32 %	– %	– %	1.49 %	0.06 %	0.02 %	– %	– %	0.02 %	12.10 %	2.30 %	– %	– %	1.50 %	3.39 %
6	Of which: investment services companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
7	Of which: asset management companies	0.05 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.10 %	– %	– %	– %	– %	– %
8	Of which: insurance companies	15.05 %	2.11 %	– %	– %	– %	0.03 %	0.01 %	– %	– %	0.01 %	15.10 %	2.10 %	– %	– %	– %	0.21 %
9	Non-financial companies (subject to disclosure obligations under the DINF)	9.74 %	4.95 %	0.20 %	0.62 %	2.63 %	0.09 %	0.04 %	– %	– %	0.01 %	9.80 %	5.00 %	0.20 %	0.60 %	2.60 %	12.92 %
10	Households	83.60 %	2.00 %	– %	2.00 %	– %						83.60 %	2.00 %	– %	2.00 %	– %	39.06 %
11	Of which: loans secured by residential real estate	100.00 %	2.47 %	– %	2.47 %	– %						100.00 %	2.50 %	– %	2.50 %	– %	31.65 %
12	Of which: building renovation loans	100.00 %	– %	– %	– %	– %						100.00 %	– %	– %	– %	– %	0.67 %
13	Of which: car loans	100.00 %	– %	– %	– %	– %						100.00 %	– %	– %	– %	– %	0.34 %
14	Financing of local administrations	– %	– %	– %	– %	– %						– %	– %	– %	– %	– %	1.29 %
15	Housing financing	– %	– %	– %	– %	– %						– %	– %	– %	– %	– %	– %
16	Other financing of local administrations	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.02 %
17	Collateral obtained by taking possession: Residential and commercial real estate	– %	– %	– %	– %	– %						– %	– %	– %	– %	– %	0.02 %

13.11. Other climate change mitigating actions

The following template covers other climate change mitigation measures. The aforementioned ESG Risk Disclosure Regulation in Pillar III specifies that exposures of entities that do not conform to the taxonomy within the meaning of Regulation (EU) 2020/852 but support counterparties in the process of transitioning and adapting to climate change mitigation objectives are included in this template. In particular, bonds and loans issued under non-EU standards should be included.

Bankinter has in its portfolio exposures that help to mitigate climate change, although at the moment they are not perfectly identified as being fully included in the taxonomy in their entirety. It has therefore been decided to include in this template the mitigating actions and activities that follow the objectives set by the Group in terms of climate change objectives. This therefore includes green bonds and loans such as:

- Green bonds and sustainability-linked bonds.
- Green loans and sustainability-linked loans (with ESG clauses included in the financing contracts).
- Financing of the renewable energy sector.
- Energy efficiency loans to homeowners' associations for the renovation of buildings.
- Avantmoney's Green Residential Energy Retrofit Loans in Ireland, which aims to include energy efficiency measures in the renovation of buildings.

More details on these mitigation activities are included in the table:

Template 10 (ESG). Other climate change mitigating actions

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigation measures
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial companies	331.9	YES	YES	Sustainability-linked bonds
2		Non-financial corporations	275.9	YES	YES	Sustainability-linked bonds
3		Of which: Loans secured by commercial real estate	–	No	No	N/A
4		Other counterparties	–	YES	YES	Sustainability-linked bonds
5	Lending (e.g. green, sustainable, sustainability-linked according to standards other than EU standards)	Financial companies	–	No	No	N/A
6		Non-financial corporations	1,779.3	YES	YES	The renewable energy loan portfolio, which was not used to calculate the GAR, represents 77.6% of all electricity generation activity financing. Sustainability-linked financing, reviewed by UMS
7		Of which: Loans secured by commercial real estate	–	No	No	N/A
8		Households	784.1			
9		Of which: Loans secured by residential real estate	70.8	YES	YES	Mortgage loans for property built on > 01/01/2021 with construction certificate class A or B and which exceed the consumption levels established in each climatic zone, so these are used to calculate the GAR
10		Of which: Building renovation loans	713.2	YES	YES	The purpose of these loans is to retrofit residential homes to include energy efficiency measures and small-scale renewable energy installations, which generate positive environmental impacts and extend the lifespan of buildings. Specifically, the funded activities are: a) restoration work on facades and roofing, improvement of building insulation and replacement of windows, b) replacement of boilers, LED lighting and installation of energy cost allocators, c) installation of distributed generation and solar thermal equipment, and d) installation of electric vehicle charging points in community garages, and work to improve accessibility for buildings.
11		Other counterparties	–	No	No	N/A

Figures in millions of euros

Annexes

Annexes:

Annex I: CCA- Main features of regulatory shareholders' equity instruments and eligible liability instruments

1	Issuer	Bankinter, S.A.	Bankinter, S.A.	Bankinter, S.A.	Bankinter, S.A.	Bankinter, S.A.	Bankinter, S.A.	Bankinter, S.A.	Bankinter, S.A.	Bankinter, S.A.	Bankinter, S.A.
2	Unique identifier	XS2199369070	XS2585553097	ES0213679030	ES02136790F4	ES02136790Q1	ES0213679JR9	ES0213679HN2	ES02136790P3	ES02136790O6	ES02136790R9
2a	Public or private placement	Private	Private	Private	Private	Private	Private	Private	Private	Private	Private
3	Legislation applicable to the instrument	Spanish law	Spanish law	Spanish law	Spanish law	Spanish law	Spanish law	Spanish law	Spanish law	Spanish law	Spanish law
3a	Contractual recognition of the depreciation and conversion powers of resolution authorities.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Regulatory treatment											
4	Current treatment taking into account CRR transitional rules where appropriate.	Additional tier 1 capital	Additional tier 1 capital	Tier 2 capital	Tier 2 capital (eligible liabilities represent a fraction)	Tier 2 capital (eligible liabilities represent a fraction)	–	–	–	–	–
5	CRR post-transition rules	Additional tier 1 capital	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Eligible liabilities	Eligible liabilities	Eligible liabilities	Eligible liabilities	Eligible liabilities
6	Permitted on an individual/ (sub)consolidated/ individual and (sub)consolidated basis	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
7	Type of instrument	Potentially convertible perpetual securities	Potentially convertible perpetual securities	Subordinated debentures	Subordinated debentures	Subordinated debentures	Simple non-preferred bonds	Simple non-preferred bonds	Simple non-preferred bonds	Ordinary unsecured bonds	Ordinary unsecured bonds
8	Amount recognised in regulatory capital or eligible liabilities (thousands of euros)	Amount recognised in regulatory capital: 353,877 . Admissible liabilities: 350,000	Amount recognised in regulatory capital: 301,519 Admissible liabilities: 300,000	Amount recognised in regulatory capital: 70,469 Admissible liabilities: 81,894	Amount recognised in regulatory capital: 703,806 Admissible liabilities: 750,000	Amount recognised in regulatory capital: 208,049 Admissible liabilities: 200,000	750,000	750,000	500,000	500,000	750,000
9	Nominal amount of the instrument (thousands of euros)	350,000	300,000	81,894	750,000	200,000	750,000	750,000	500,000	500,000	750,000
EU 9a	Issue price	100.00%	100.00%	100.00%	99.80%	99.47%	99.63%	99.89%	99.74%	99.93%	99.67%
EU 9b	Redemption price	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
10	Accounting classification	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities -amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities-amortised cost	Liabilities-amortised cost	Liabilities-amortised cost
11	Original issue date	17/7/2020	6/2/2023	14/5/1998	23/6/2021	25/3/2024	6/2/2020	8/7/2019	13/9/2023	3/5/2023	10/9/2024
12	Perpetual or with maturity date	Perpetual	Perpetual	Maturity established	Maturity established	Maturity established	Maturity established	Maturity established	Maturity established	Maturity established	Maturity established
13	Initial maturity date	No maturity	No maturity	18/12/2028	23/12/2032	25/6/2034	6/10/2027	8/7/2026	13/9/2031	3/5/2030	10/9/2032

14	Issuer´s call option subject to prior approval by the supervision authorities	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	17/1/2026	15/8/2028	0/1/1900	23/12/2027: 100% of the nominal investment amount, in case of Regulatory Event or Tax Event.	25/03/2029 - 25/06/2029. 100% of the nominal investment amount, in case of Regulatory Event or Tax Event.	In case of Eligibility Event or Tax Event: 100% of the nominal amount of investment.	In case of Eligibility Event or Tax Event: 100% of the nominal amount of investment.	In case of Eligibility Event or Tax Event: 100% of the nominal amount of investment.	In case of Eligibility Event: 100% of the nominal amount of investment.	In the case of a Regulatory or Tax Event: 100% of the nominal amount of investment.
16	Dates in subsequent periods, if applicable	–	–	–	–	–	–	–	–	–	–
Coupons/ dividends											
17	Fixed or floating dividend or coupon	Landline	Fixed and variable	Landline	Landline	Landline	Landline	Landline	Landline	Landline	
18	Coupon interest rate and any related index	6.250% (quarterly coupon)	7.375%	6.000%	1.250%	5.000%	0.625%	0.875%	4.875%	4.375%	3.5%
19	Existence of a dividend stopper	No	No	No	No	No	No	No	No	No	No
EU 20a	Fully discretionary, partially discretionary or compulsory (in calendar terms)	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
EU 20b	Fully discretionary, partially discretionary or compulsory (in terms of amount)	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of a coupon step up or other incentives to redeem	No	No	No	No	No	No	No	No	No	No
22	Non-cumulative or cumulative	Noncumulative	Noncumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Convertible	Convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	5.125% CET1	5.125% CET1	–	–	–	–	–	–	–	–
25	If convertible, totally or partially	Totally	Totally	–	–	–	–	–	–	–	–
26	If convertible, applicable conversion rate	€200,000 / Max(market price of an ordinary share; floor price - €4.1686; €0.30)	€200,000 / Max(market price of an ordinary share; floor price - €4.32036; €0.30)	–	–	–	–	–	–	–	–
27	If convertible, mandatory or optional conversion	Mandatory	Mandatory	–	–	–	–	–	–	–	–
28	If convertible, specify instrument type convertible into	Common shares	Common shares	–	–	–	–	–	–	–	–
29	If convertible, specify issuer of instrument they convert into	Bankinter, S.A.	Bankinter, S.A.	–	–	–	–	–	–	–	–

30	Write-down features	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Bail-in powers of the competent resolution authority	Bail-in powers of the competent resolution authority	Bail-in powers of the competent resolution authority	Bail-in powers of the competent resolution authority	Bail-in powers of the competent resolution authority	Bail-in powers of the competent resolution authority	Bail-in powers of the competent resolution authority	Bail-in powers of the competent resolution authority	Bail-in powers of the competent resolution authority	Bail-in powers of the competent resolution authority
32	If write-down, total or partial	In whole or in part, at the discretion of the competent resolution authority	In whole or in part, at the discretion of the competent resolution authority	In whole or in part, at the discretion of the competent resolution authority	In whole or in part, at the discretion of the competent resolution authority	In whole or in part, at the discretion of the competent resolution authority	In whole or in part, at the discretion of the competent resolution authority	In whole or in part, at the discretion of the competent resolution authority	In whole or in part, at the discretion of the competent resolution authority	In whole or in part, at the discretion of the competent resolution authority	In whole or in part, at the discretion of the competent resolution authority
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	–	–	–	–	–	–	–	–	–	–
EU 34a	Type of subordination (only for eligible liabilities)	–	–	–	–	–%	Contractual	Contractual	Contractual	Contractual	Contractual
EU 34b	Order of precedence of the instrument in ordinary insolvency proceedings	2	2	3	3	3	6	6	6	7	7
35	Position in the subordination hierarchy in liquidation (indicate the next highest instrument type)	Tier 2 capital instruments	Tier 2 capital instruments	Ordinary non-preferred credits	Ordinary non-preferred credits	Ordinary non-preferred credits	Ordinary credits	Ordinary credits	Ordinary credits	After ordinary credits	After ordinary credits
36	Non-compliant features following transition	No	No	No	No	No	No	No	No	No	No
37	If so, specify non-compliant features	–	–	–	–	–	–	–	–	–	–
EU 37a	Link to the full mandate and conditions of the instrument (marking)	Prospectus			Prospectus	Prospectus	Prospectus	Prospectus	Prospectus	Prospectus	Prospectus

Figures in thousands of euros

Annex II: CC1- Composition of regulatory shareholders' equity.

		a)	b)
		Importes	Source based on statement of financial position reference numbers or letters in the regulatory scope of consolidation
	Common Equity Tier 1: Instruments and reserves		
1	Capital instruments and the related share premium accounts	269,660	Note 21, item (a) to the Group's notes to the financial statements
2	Retained earnings	—	
3	Accumulated other comprehensive income (and other reserves)	5,021,995	Note 21 (c) to the notes to the financial statements and Note 22
EU -3a	Funds for general banking risks		
4	Amount of the qualifying items referred to in Article 484, Section 3, and the corresponding share premium accounts subject to phase-out from CET1		
5	Minority interest (amount accepted in consolidated CET1)		
EU-5a	**Independently reviewed interim profits net of any foreseeable charge or dividend**	476,486	Amount of eligible items referred to in Article 484(3) of the CRR
6	**Common Tier 1 capital before the regulatory adjustments**	5,768,140	
	Common Tier 1 capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(5,379)	Deduction from Ordinary Tier 1 Capital of additional value adjustments of assets valued on the balance sheet at fair value, as determined in Art. 34 of the CRR and deductions not reflected in the accounts.
8	Intangible assets (net of related tax liability) (negative amount)	(187,453)	Intangible assets (net of related tax liabilities) according to Articles 36(1)(b) and 37 CRR (negative amount)
10	Deferred tax assets that depend on future profitability excluding those deriving from temporary differences (net of the corresponding tax liabilities when the conditions established in Article 38, Section 3 CRR are met) (negative amount)	(20,460)	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(15,157)	Note 22 to the Group's notes to the financial statements
12	Negative amounts resulting from the calculation of expected loss amounts	(255,037)	
13	Any increase in equity that results from securitised assets (negative amount)	—	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	—	
15	Defined-benefit pension fund assets (negative amount)	—	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(11,778)	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the shareholders' equity of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
EU -20a	Exposure amount of the following items which qualify for a RW of 1 250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amounts)		
EU-20c	of which: securitisation positions (negative amounts)		
EU-20d	of which: incomplete operations (negative amounts)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
22	Amount exceeding the 17.65% threshold (negative amount)		

23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
25	of which: deferred tax assets arising from temporary difference		
EU -25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to common equity tier 1 items, unless the bank adjusts the amount of common equity tier 1 items accordingly, to the extent that those tax charges reduce the amount by which those items can be used to cover risks or losses. (negative amount)		
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		
27a	Other regulatory adjustments	(639)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(495,903)	
29	**Common equity tier 1**	5,272,237	
	Additional tier 1 capital instruments		
30	Capital instruments and the related share premium accounts	655,396	Additional Tier 1 capital instruments, considered as on-balance sheet subordinated liabilities that meet the eligibility conditions set out in the CRR.
31	of which: classified as capital under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of items referred to in Article 484 (4) CRR and the related share premium accounts subject to phasing out from additional tier 1 capital		
EU -33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of items referred to in Article 494 (1) CRR and the related share premium accounts subject to phasing out from additional tier 1 capital		
34	Qualifying tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties		
35	**of which: instruments issued by subsidiaries subject to phase-out**		
36	**Additional tier 1 capital before regulatory adjustments**	655,396	
	Additional Tier 1 Capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the shareholders' equity of the institution (negative amount)		
39	Direct, indirect, and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect, and synthetic holdings of the additional CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
42	Qualifying tier 2 capital deductions that exceed the tier 2 instruments of the institution (negative amount)		
42a	**Other regulatory adjustments to AT1 capital**		
43	**Total regulatory adjustments to AT1 capital**		
44	**Additional Tier 1 Capital**	655,396	
45	**Tier 1 capital (tier 1 capital = common equity tier 1 + additional tier 1 capital)**	5,927,633	
	Tier 2: instruments		
46	Capital instruments and the related share premium accounts	982,324	Tier 2 capital instruments, included under the statement of financial position heading of subordinated liabilities (2) that meet the conditions for eligibility set out in the CRR.
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		

EU -47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	
EU-47b	Amount of items referred to in Article 494b(2) CRR subject to phasing out from Tier 2 capital	
48	Qualifying shareholders' equity instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	
49	of which: instruments issued by subsidiaries subject to phase-out	
50	**Credit risk adjustments**	
51	**Tier 2 capital before the regulatory adjustments**	982,324
	Tier 2: regulatory adjustments	
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the shareholders' equity of the institution (negative amount)	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	
EU -56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	
56b	**Other regulatory adjustments to tier 2 capital**	
57	**Total tier 2 capital regulatory adjustments**	
58	**Tier 2 capital**	982,324
59	**Total capital (total capital= tier 1 capital + tier 2 capital)**	6,909,957
60	**Total amount of risk-weighted exposure**	42,475,608
	Capital ratios and requirements including buffers	
61	Common equity tier 1	12.41%
62	Tier 1 capital	13.96%
63	Total capital	16.27%
64	Institution CET1 overall capital requirements	7.87%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	0.08%
67	of which: systemic risk buffer requirement	0.01%
EU -67a	of which: buffer requirement for Global Systemically Important Institutions (G-SIIs) or Other Systemically Important Institutions (O-SIIs)	0.00%
EU-67b	**of which: additional shareholders' equity requirements to address risks other than the risk of excessive leverage (%)**	0.78%
68	**Common Equity Tier 1 capital (as a percentage of the risk exposure amount) available after meeting minimum capital requirements**	6.88%
	Amounts below the threshold for deduction (before risk-weighting)	
72	Direct and indirect holdings of shareholders' equity and eligible liabilities of financial sector entities where the institution does not hold a significant investment in such entities (amount below the 10% threshold and net of eligible short positions)	
73	Direct and indirect holding of common equity tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% threshold and net of eligible short positions)	281,678
75	**Deferred tax assets arising from temporary differences (amount below the 10% threshold, net of related tax liabilities, provided that the conditions set out in Article 38(3) CRR are fulfilled)**	147,521
	Applicable caps on the inclusion of provisions in tier 2	

76	Credit risk adjustments included in the tier 2 capital with respect to exposures subject to the standardised approach (before the application of the cap)	
77	Cap on inclusion of credit risk adjustments in Tier 2 under the standardised approach	
78	Credit risk adjustments included in T2 in respect of exposure subject to internal rating-based approach (before application of the cap)	
79	Cap for inclusion of credit risk adjustments in Tier 2 under the internal ratings-based approach	110,195
	Capital instruments subject to phase-out provisions (only applicable between 1 January 2014 and 1 January 2022)	
80	Current cap on CET1 instruments subject to phase-out arrangements	
81	Excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase-out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phaseout arrangements	
85	Excluded from tier 2 due to cap (excess over cap after redemptions and maturities)	

Figures in thousands of euros

Annex III. LI3: Outline of differences in consolidation groups (bank by bank)

a	b	c	d	e	f	g	h
		Prudential consolidation method					
Bankinter Group 2024	Accounting consolidation method	Full consolidation	Proportionate consolidation	Equity method	Not consolidated, not deducted	Deducted	Description of the entity
Bankinter Gestión de Activos, S.A., S.G.I.I.C.	Full consolidation	X					Asset Management
Hispamarket, S.A.	Full consolidation	X					Holding and purchasing securities
Intermobiliaria, S.A.	Full consolidation	X					Real estate management
BK Consultoría, Asesoramiento y Atención Telefónica, S.A.	Full consolidation	X					Telephone assistance
BK Sociedad de Financiación, S.A.U.	Full consolidation	X					Issuance of debt securities
Bankinter Consumer Finance, E.F.C., S.A.	Full consolidation	X					Financial credit institution
Arroyo Business Consulting Development, S.L.	Full consolidation	X					No activity
Bankinter Global Services, S.A.	Full consolidation	X					Consulting
Bankinter Luxembourg, S.A	Full consolidation	X					Private Banking
Evo Banco, S.A.U.	Full consolidation	X					Credit institution
Avantcard, D.A.C.	Full consolidation	X					Cards and consumer finance
Bankinter Hogar y Auto, S.A. de Seguros y Reaseguros	Full consolidation	X					Limited-liability company
Bankinter International Notes, S.À R.L.	Full consolidation	X					Issuance of Structured Securities
Bankinter Investment, S.A.U.	Full consolidation	X					Investment banking
Bankinter Investment S.G.E.I.C., S.A.U.	Full consolidation	X					Management entity for alternative investments
Bankinter Seguros Generales, S.A. de Seguros y Reaseguros	Equity method			X			Insurance company
Bankinter Seguros de Vida, S.A. de Seguros y Reaseguros	Equity method			X			Insurance company
Olimpo Real Estate Socimi, S.A.	Equity method			X			Real estate investment trust
Atom Hoteles, Socimi, S.A.	Equity method			X			Real estate investment trust
Olimpo Real Estate Portugal, SIGI, S.A.	Equity method			X			Real estate investment trust
Montepino Logística, Socimi, S.A.	Equity method			X			Acquisition of logistics assets
Victoria Hotels & Resorts, S.L.	Equity method			X			Acquisition of hotel assets
Atrium Bire SIGI, S.A.	Equity method			X			Real estate investment trust
Palatino Residencial, S.A.	Equity method			X			Real estate investment trust
Universo, IME, S.A.	Equity method		X				Electronic money entity
Naviera Sorolla, S.L.	Full consolidation	X					Special purpose vehicle
Naviera Goya, S.L.	Full consolidation	X					Special purpose vehicle
Bankinter 11 Fondo de Titulización Hipotecaria	Full consolidation	X					Special purpose vehicle
Bankinter 13 Fondo de Titulización de Activos	Full consolidation	X					Special purpose vehicle