

Bankinter

Results Presentation 1H2018

26 July 2018



Regulatory framework



Bankinter presents its financial statements in accordance with the regulations that apply to the Group, set out in the Code of Commerce and other company regulations and in the International Financial Reporting Standards adopted by the European Union.

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

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Summary

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	1H18	YoY
Loan book	€54,7bn	+5%
Gross operating income	€977M	+9%
NPL ratio	3,25%	-49bps
Net Income	€261M	+8%
CET1 FL	11,55%	+24bps
ROE	13,0%	+83bps

C

Content

.....

- Results
- Risk Management
- Businesses
- Summary



bankinter.

R

Results

1H18

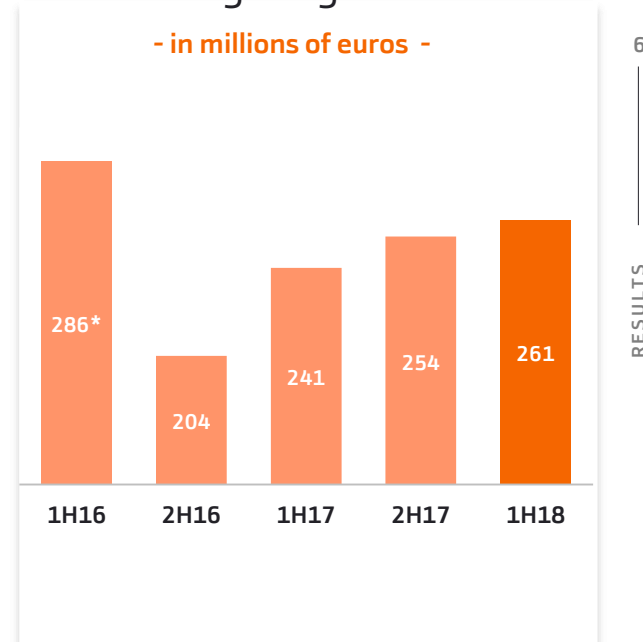
1H18 P&L account

- in millions of euros -

	Bankinter Group		
	1H18	1H17	YoY
Net interest income*	542,9	508,0	6,9%
Net fees and commissions	224,7	209,5	7,3%
Other income/expenses	180,1	148,9	20,9%
Trading income	29,7	34,2	-13,1%
Gross operating income	977,3	900,6	8,5%
Operating expenses	-503,3	-470,7	6,9%
Pre-provision profit	474,0	429,9	10,2%
LLP and other provisions*	-116,1	-98,2	18,3%
Earnings before tax	357,8	331,7	7,9%
Net profit	261,2	241,0	8,4%

Half yearly net income

- in millions of euros -



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

*Inc. extraordinary profit from Bankinter Portugal purchase

P&L account

- in millions of euros -

	Bankinter Group				
	2Q18	1Q18	2Q17	QoQ	YoY
Net interest income*	271,1	271,8	258,9	-0,3%	4,7%
Net fees and commissions	115,8	108,9	109,3	6,3%	5,9%
Other income/expenses	79,6	100,4	63,3	-20,7%	25,8%
Trading income	10,4	19,3	10,2	-45,9%	1,8%
Gross operating income	476,9	500,4	441,8	-4,7%	7,9%
Operating expenses	-251,0	-252,3	-238,0	-0,5%	5,5%
Pre-provision profit	225,9	248,1	203,8	-8,9%	10,8%
LLP and other provisions*	-64,0	-52,2	-43,7	22,7%	46,5%
Earnings before tax	161,9	195,9	160,1	-17,3%	1,1%
Net profit	118,2	143,0	116,6	-17,3%	1,3%

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

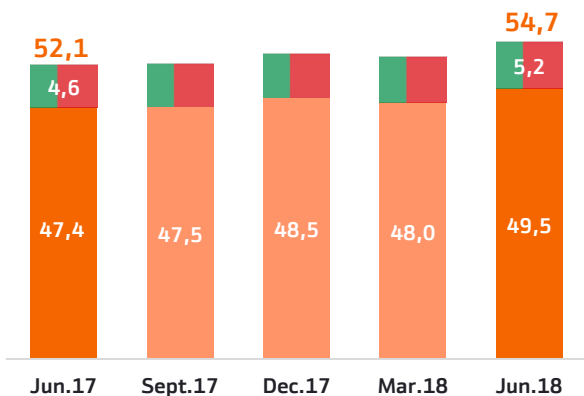
L Loans and receivables

- in billions of euros -

+2,6bn

+5,0%

Sector* -2,5%



Bankinter Spain

Bankinter Portugal

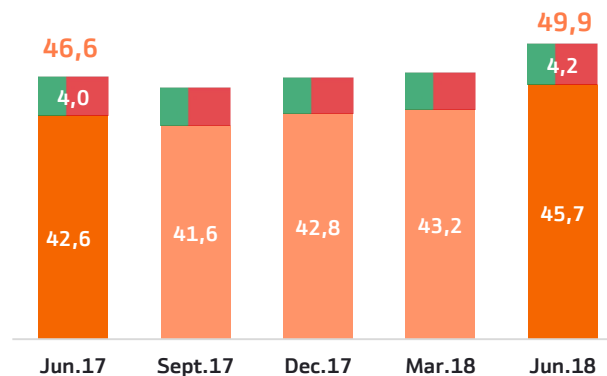
R Retail funds

- in billions of euros -

+3,3bn

+7,1%

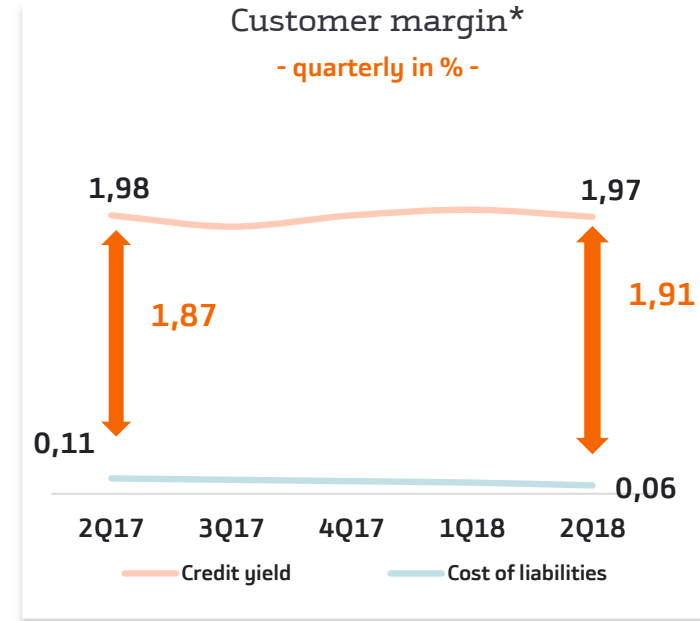
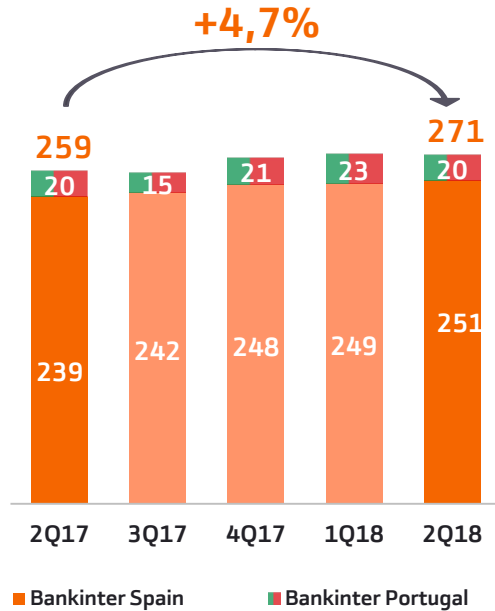
Sector* +1,9%



NII

Net Interest Income*

- Quarterly performance in millions of euros -



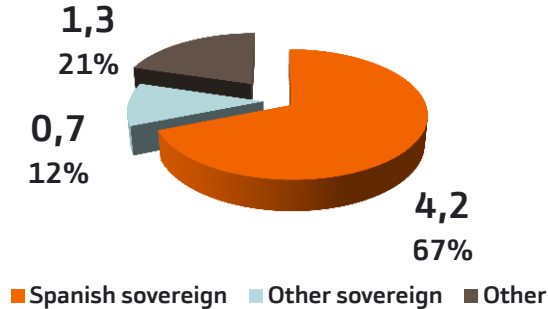
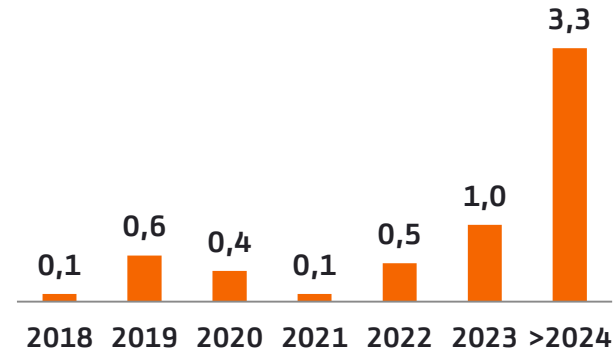
AL

ALCO portfolio

- in billions of euros -

ALCO portfolio	Amort.	Fair Value	Total
Nominal amount (€bn)	2,2	3,9	6,2
Duration (years)	4,0	2,2	2,8
Avg. maturity (years)	13,7	5,1	8,2
Yield (%)	2,4	2,8	2,7
Unrealised gains (€bn)	0,16	0,26	0,42

Maturities (bn €)



F Fees

Net fee income
225M€

YoY
+7,3%

Contribution to total income
23%

- Breakdown of received fees in millions of euros -

Asset management	€83M	+12,1%
Payments & collections	€47M	+7,7%
Brokerage & custody	€39M	-2,6%
Life Insurance & Pensions	€32M	+7,2%
FX differences	€26M	-4,8%
Risk transactions	€25M	+1,8%
Other	€23M	+15,7%

Total received: **+6,1%**

Total paid: **+1,2%**

OI

Other Income

- in millions of euros -

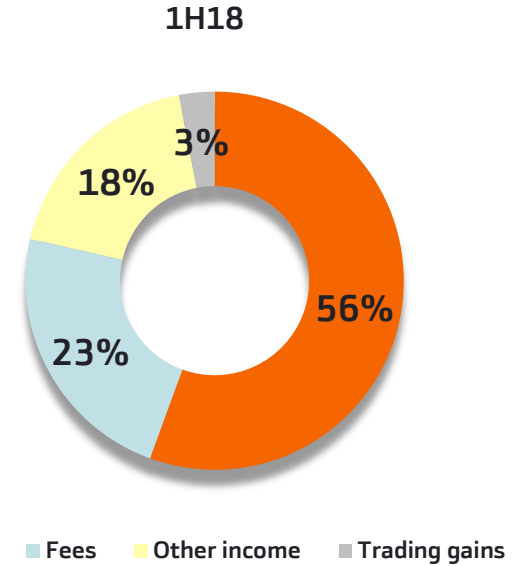
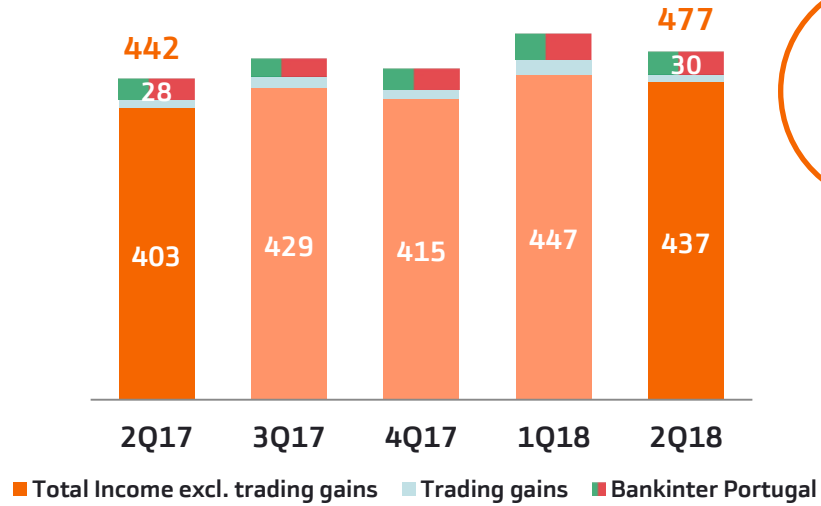
	1H18	1H17	YoY
LDA insurance margin	193,5	170,5	13,5%
Other income/ expenses	-13,4	-21,6	-38%
of which regulatory expenses	-37,4	-29,7	25,7%
Total Other Operating Income	180,1	148,9	20,9%

TI

Total Income

- in millions of euros and breakdown in % of contribution to total income -

+ 7,9%



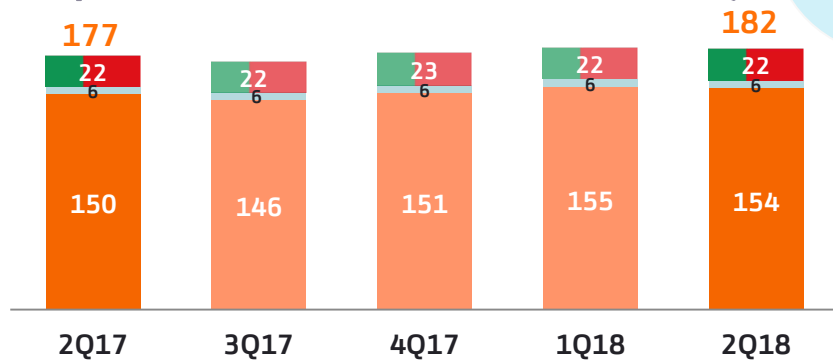
E

Operating Expenses

- in millions of euros -

Banking business

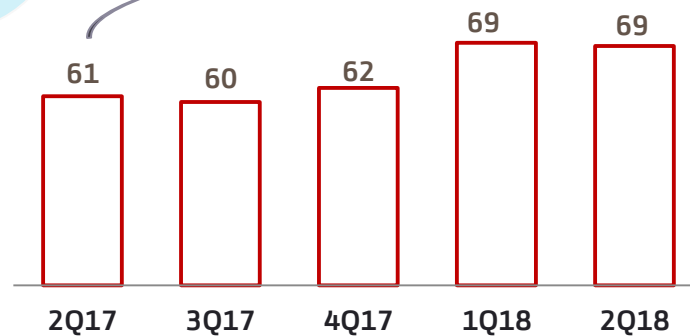
+ 3%



Total
Expenses 1H18
€503M

Linea Directa

+13%



■ Banking activity Spain ■ Intang. Amortization ■ Bankinter Portugal

CI

Cost-to-income

- Banking cost-to-income ratio in % -

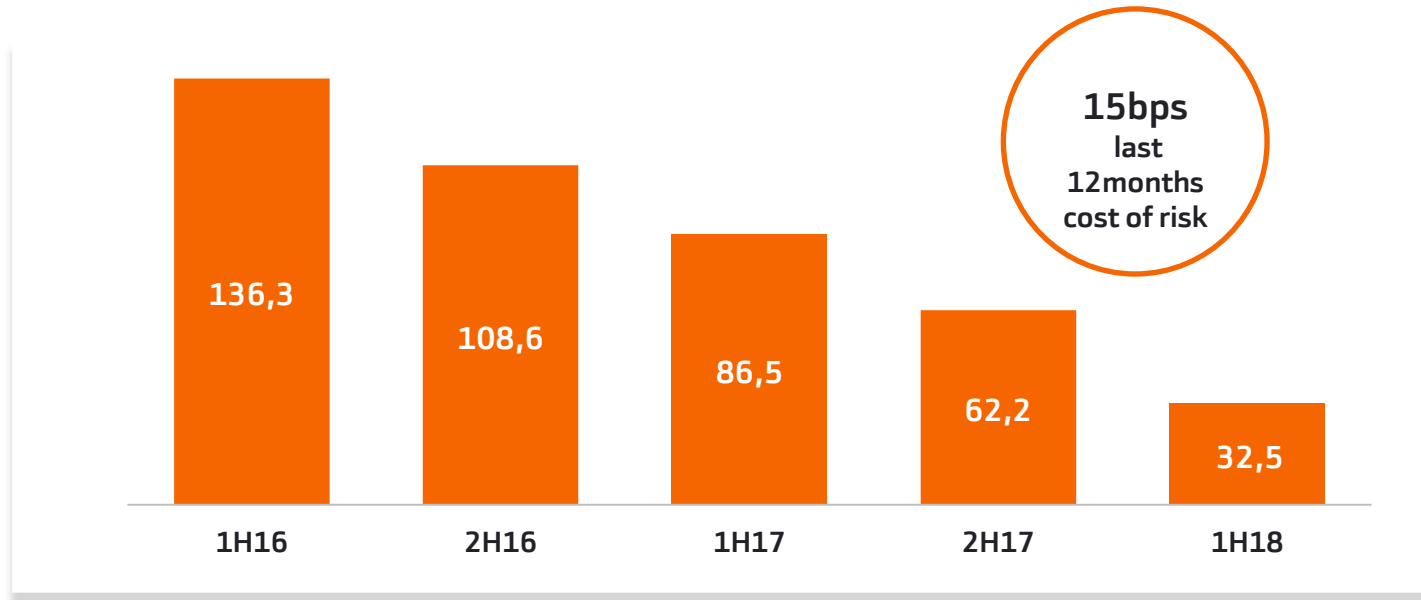
- Including depreciation and amortization -



CR

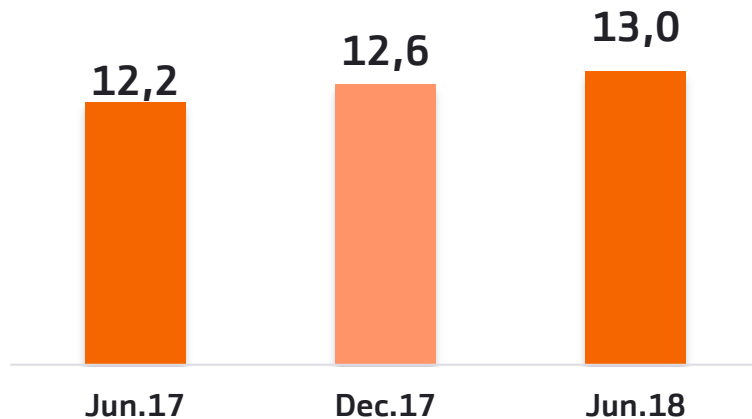
Cost of Risk

- in millions of euros -



ROE

- Annualised in % -





Risk management

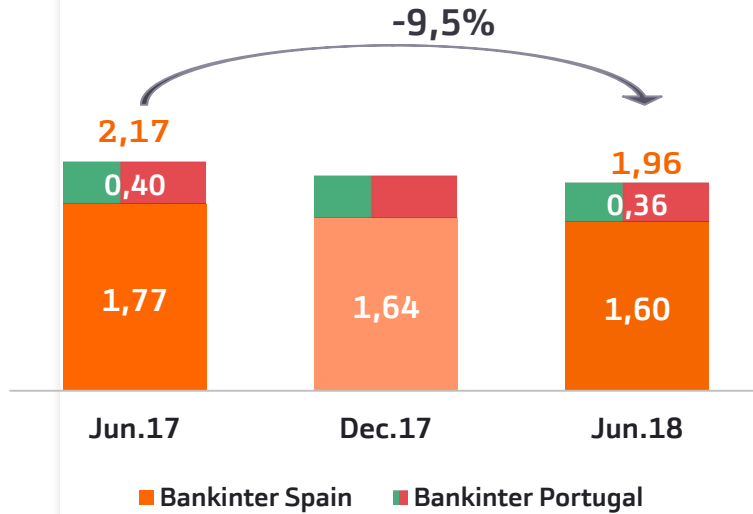
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CR

Credit risk

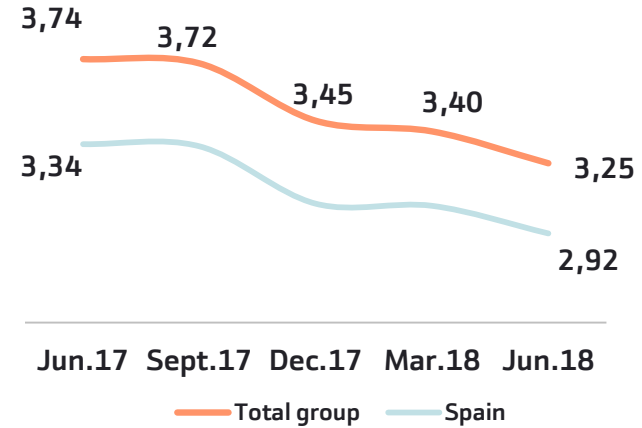
Non-performing loans

- in billions of euros -



NPL ratio

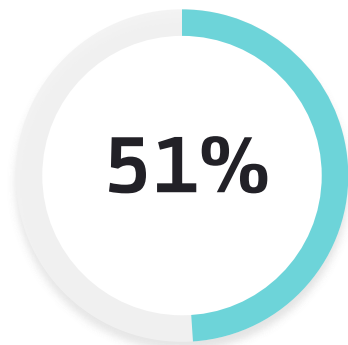
- in % -



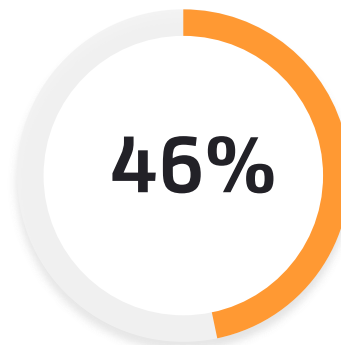
C

Provision coverage

- in %-



NPL coverage



**Foreclosed
asset coverage**

F

Foreclosed assets - in millions of euros -

June 18

Total balance: €387M

-22%

Book value of sold assets

€74,0M

Total sale price of assets

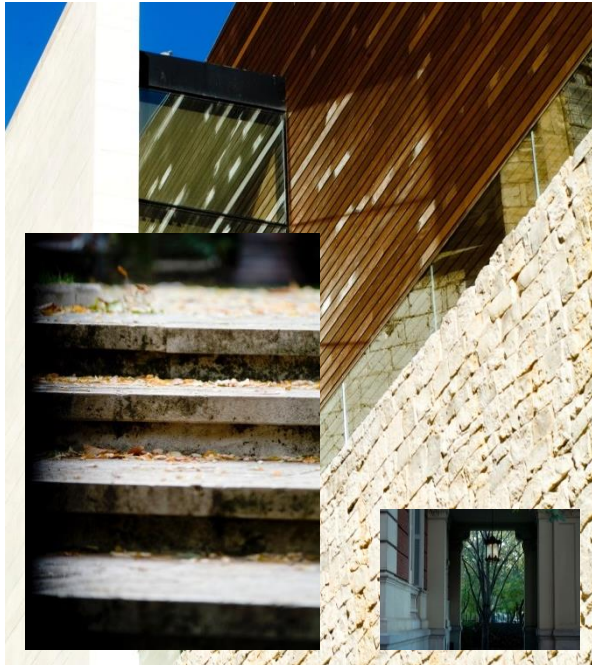
€47,6M

Average discount on sold assets

-36%

Average coverage on sold assets

44%





CET1 solvency ratio

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

CET 1 "fully loaded"

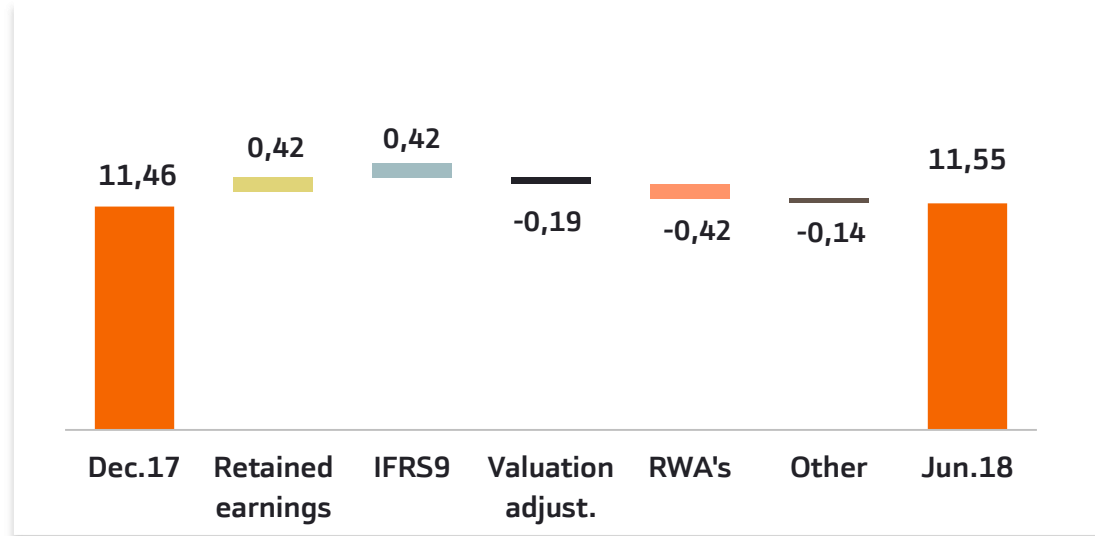
11,55%

Leverage ratio

5,1%

Total solvency ratio

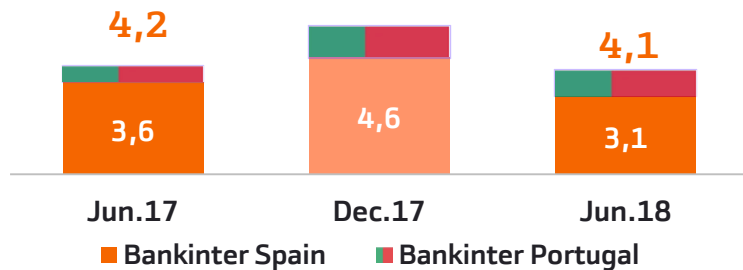
14,2%



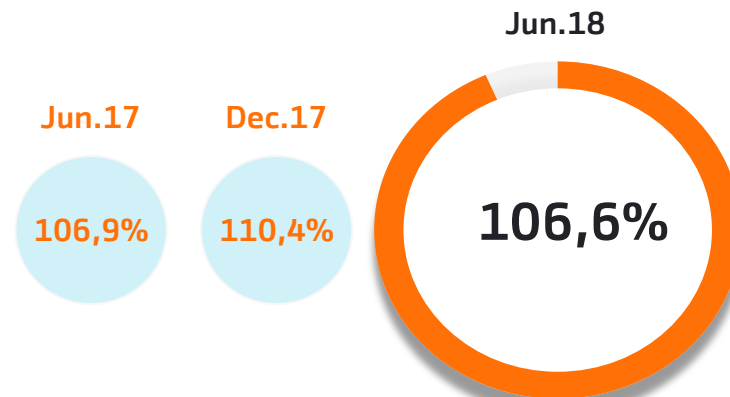
L

Liquidity

Commercial gap
- in billions of euros -



Loan-to-deposit ratio
- in % -



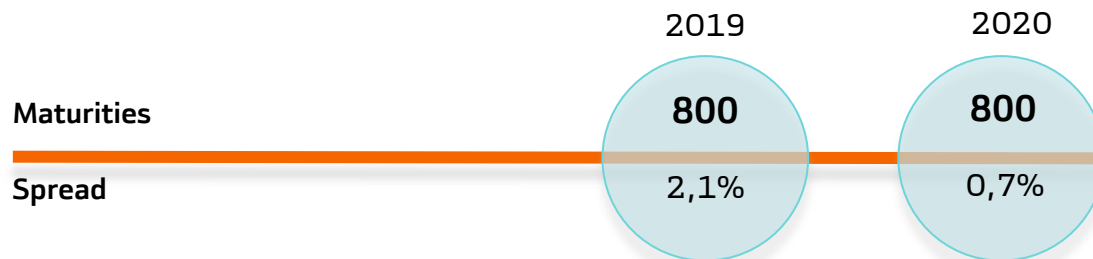
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Wholesale funding maturities

- in millions of euros -

Liquid assets

11.600



Covered bond issuance capacity

7.200



bankinter

B Businesses

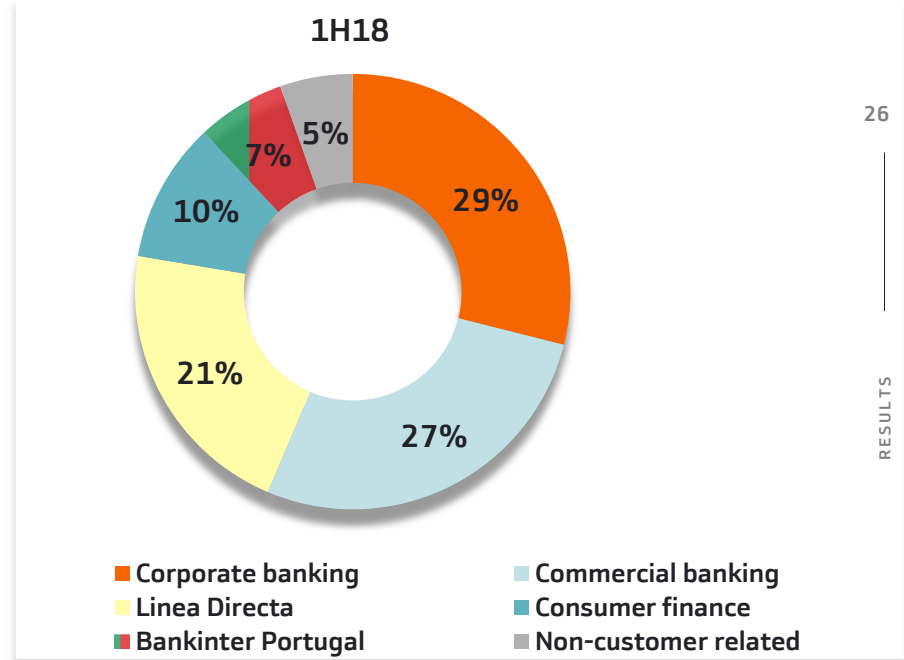
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CN

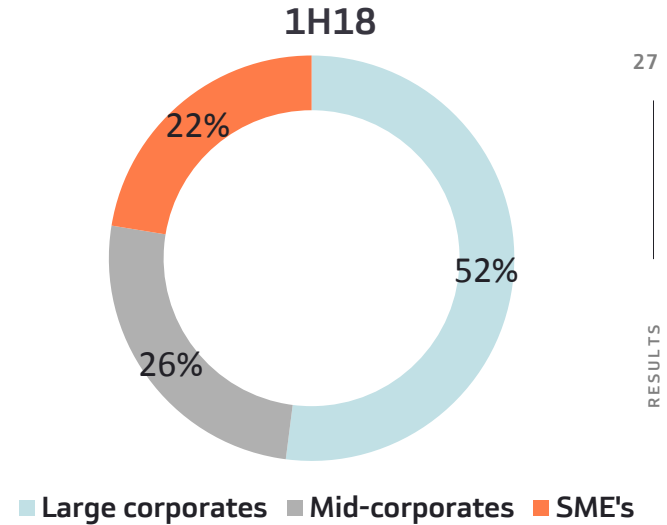
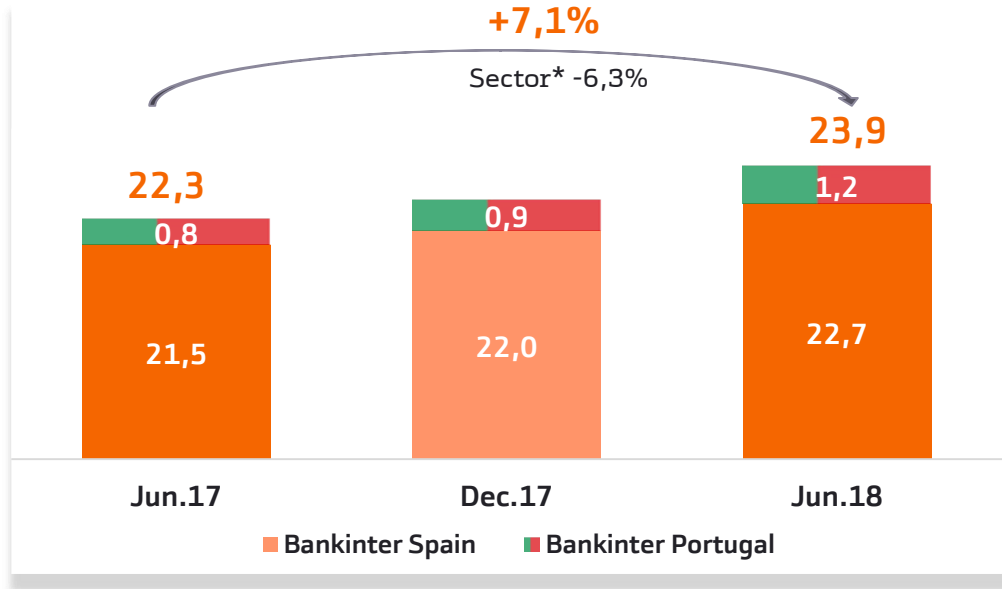
Contribution to Total Income by business - in % -



CB

Corporate/ SME banking

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

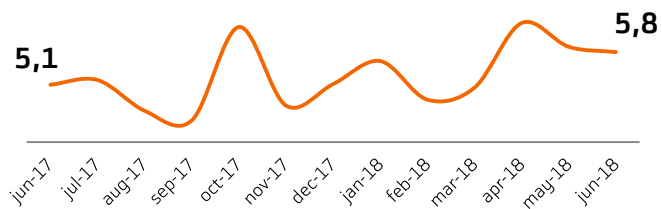


CB

Corporate/SME

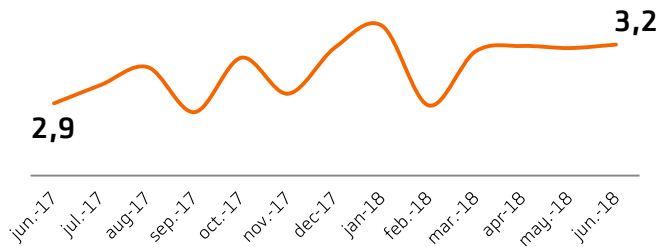
Relationship business
- in millions of euros and in % -

Fees



vs1H17
15%

NII



vs1H17
10%

International banking

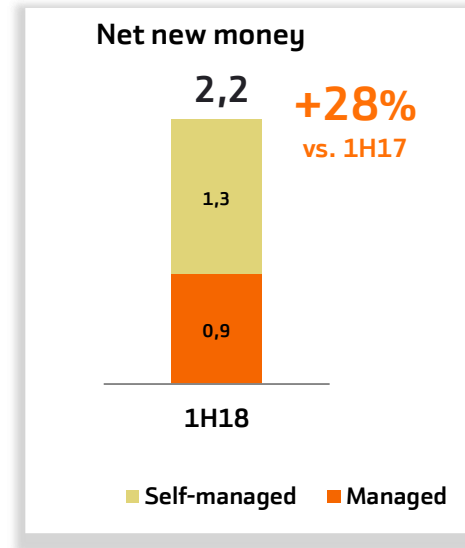
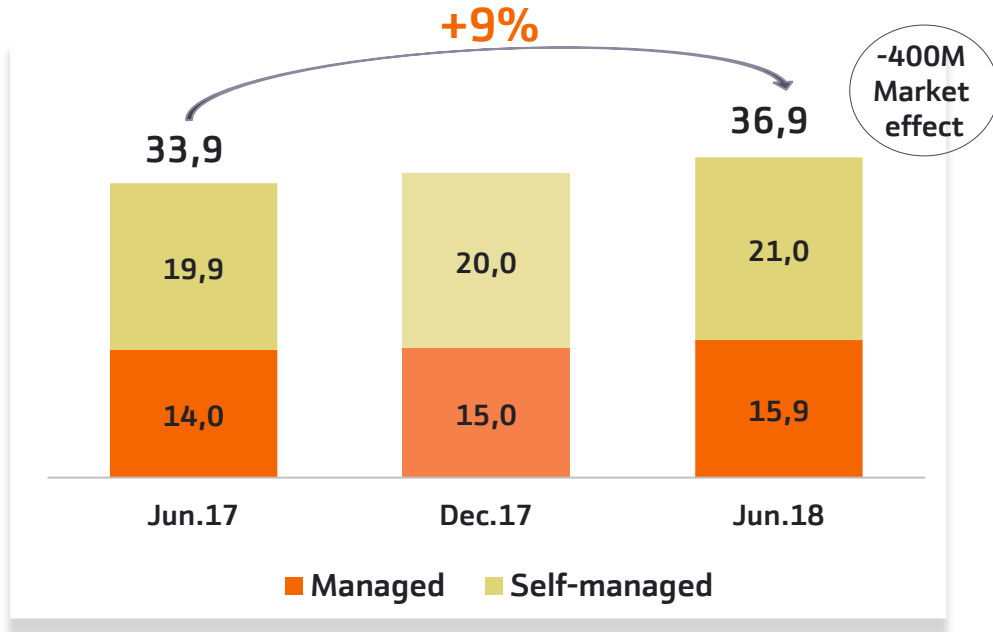
International
bkg. income
26% of
Corporate bkg.
income



PB

Private banking

Customer assets
- in billions of euros -

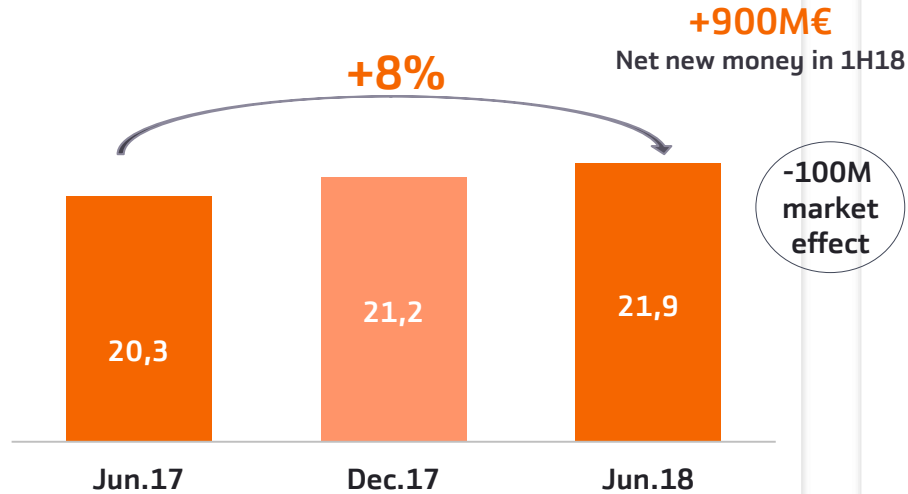


PB

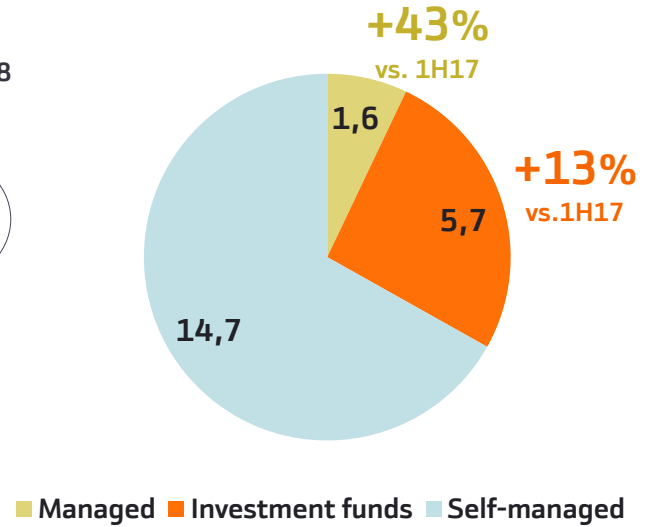
Personal banking

Customer assets

- In billions of euros -



Breakdown by asset type



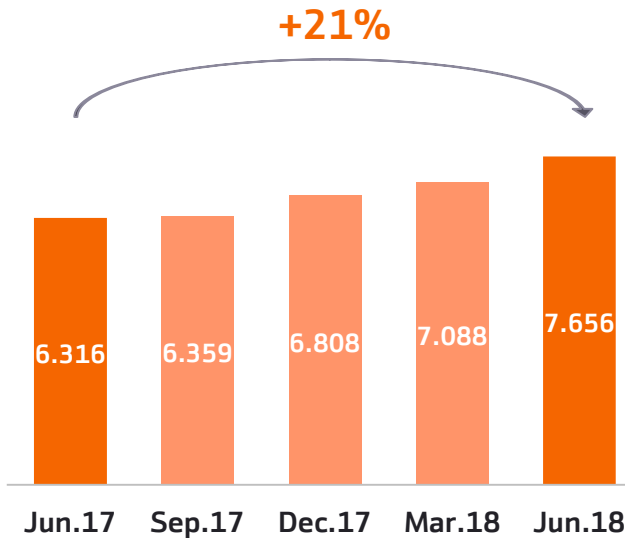
BC

Retail banking

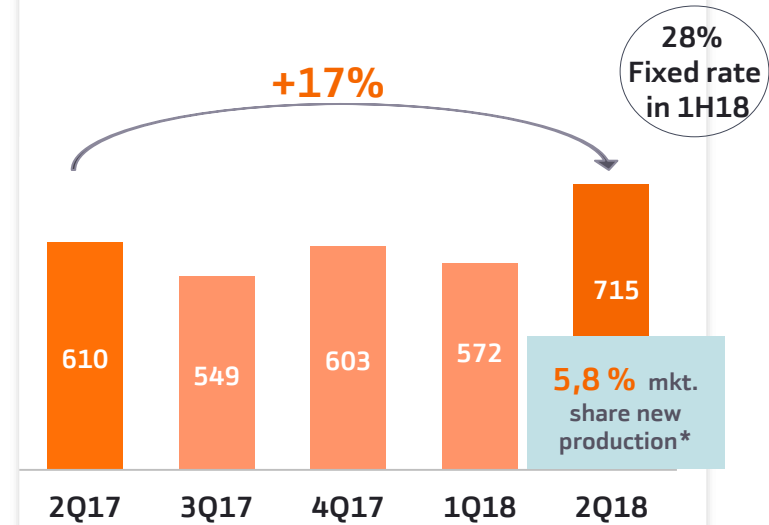
Customer deposits and loans

- In millions of euros -

Payroll account balances



Residential new mortgage quarterly production

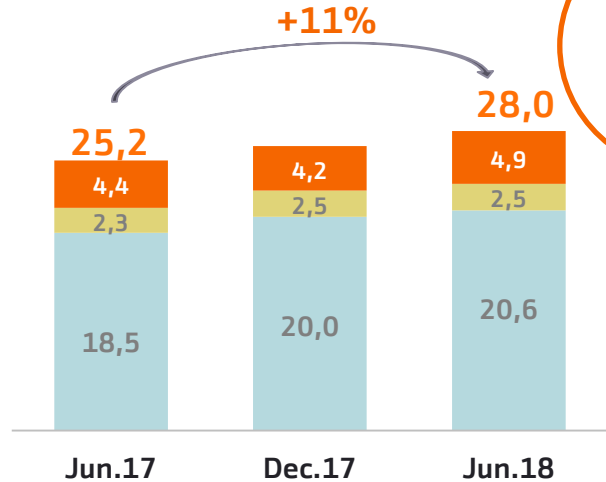


AM

Asset management

Off-balance sheet funds
- in millions of euros -

- Asset managed/ Sicavs
- Pension funds
- Investment funds



N° 4 AuM
company by
inflows YTD.
8% market
share

Breakdown by Investment fund type
- in % -

55% Third-party funds

45% Own funds

Funds managed by Bankinter

- YoY variation in % -

Money markets
and S/T fixed inc.

-20%

Guaranteed

+34%

-3%

+40%

Equities

L/T fixed
income

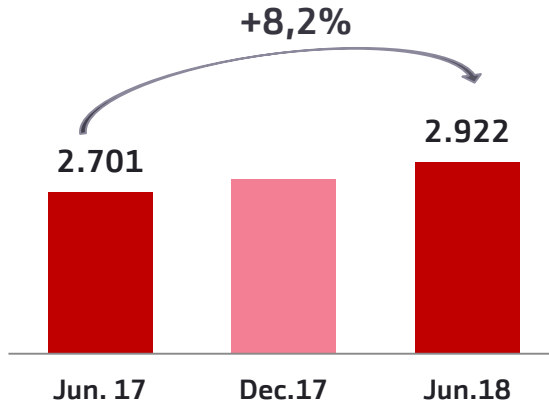
Linea Directa

Number of risks insured

- in thousands -

+7% Auto

+13% Home

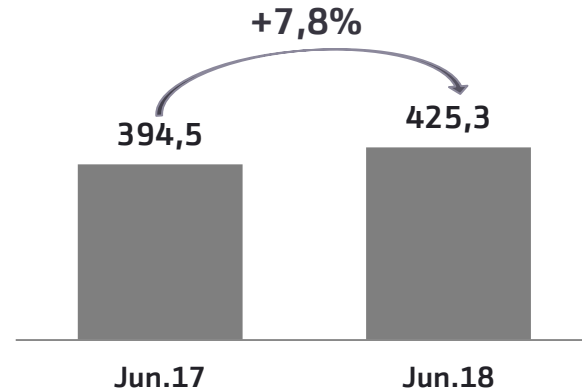


Issued premiums

- in millions of euros -

+6% Auto vs. 2,4% sector*

+13% Home vs. 3,6% sector*



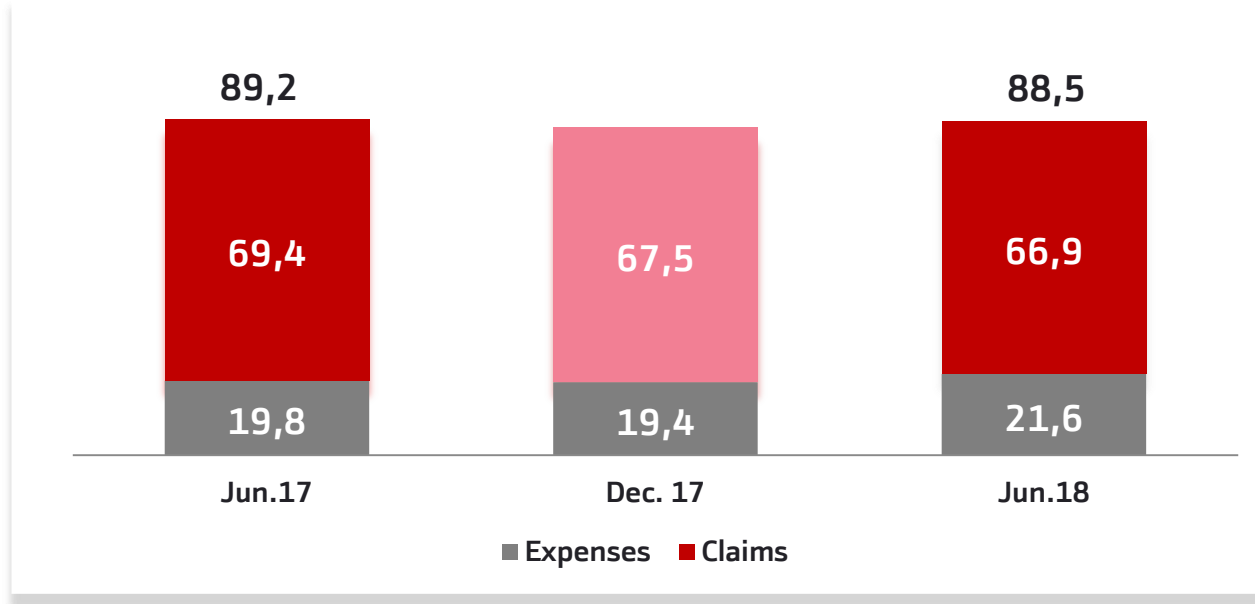
33

RESULTS

LD

Combined ratio

- in % -



34

RESULTS

P&L account 1H18

- in millions of euros -



<u>linea directa</u>	1H18	1H17	Dif. %
Net written premium	425,3	394,5	8%
Net earned premium	397,8	370,5	7%
Net claims cost	-260,0	-251,3	3%
Operating expenses and other	-85,6	-73,3	17%
Technical result	52,2	46,0	13%
Net investment income	16,5	17,2	-4%
Underwriting result	68,7	63,3	7%
Other income/expenses	2,8	2,8	1%
Earnings before tax	71,5	66,0	8%
Net profit	53,8	46,9	15%

ROE

38%

Solvency II ratio

220%

CF

Consumer Finance

1,2 million

Customers

+ 23% vs Jun.17

163 thous.

New customers YTD

+8% s/Jun.17

€1,7bn

Loan book

+42% vs Jun.17

Risk-adjusted return

9,5%

NPL ratio

7,8%

Cost of risk

3,2%

Bk Portugal

Business indicators

€5,2bn

Loans **+12%** vs 1H17

Retail banking
€4,0bn +5%

Corporate/ SME
€1,2bn +45%

€4,2bn

Retail funds **+4%** vs 1H17

Off-balance sheet
+16% vs 1H17

Results

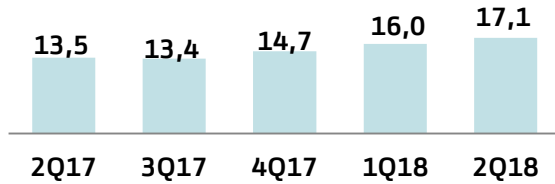
- in millions of euros -

	1H18	1H17	YoY
Net interest income	43,1	36,6	18%
Net fees and commissions	21,2	17,1	24%
Gross operating income	64,0	53,7	19%
Operating expenses	-44,6	-42,6	5%
Pre-provision profit	19,5	11,1	76%
LLP and other provisions	11,7	7,7	52%
Earnings before tax	31,2	18,8	66%

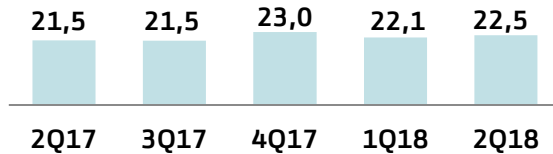
Bk Portugal

Business indicators

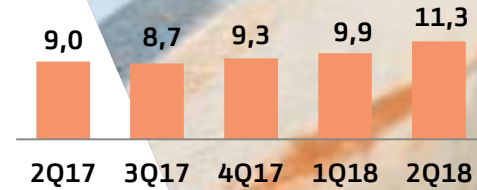
Quarterly recurrent NII
- in millions of euros -



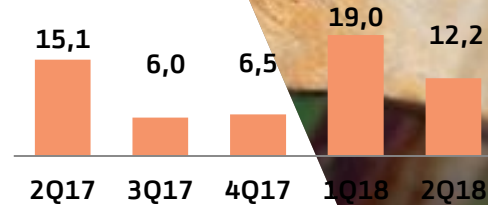
Quarterly op. expenses
- in millions of euros -



Quarterly fee income
- in millions of euros -



Quarterly PBT
- in millions of euros -





S Summary

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S Summary

€261M

Net Income

+ 8%

€977M

Total Income

+ 9%

NII

+ 7%

Fees

+ 7%

Balance Sheet

€55bn

Loan book

+ 5%

€50bn

Retail funds

+ 7%

ROE

13%

NPL ratio

3,25%

CET1 "FULLY LOADED"

11,55%

Bankinter

Results Presentation 1H2018

26 July 2018



Glossary

In addition to financial information prepared in accordance with IFRS Standards, this document includes alternative performance measures ('APMs'), based on the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 30 July 2015 (ESMA/2015/1057) ("the ESMA Guidelines"). Bankinter uses certain APMs, which have not been audited, in order to provide a better understanding of the company's financial performance. These measures should be considered additional information, and in no case do they substitute the financial information prepared in accordance with the IFRS Standards. Furthermore, the manner in which Bankinter defines and calculates these measures may differ from other similar measures calculated by other companies and, therefore, may not be comparable. The ESMA guidelines define APMs as a financial measure of past or future financial performance, of financial situation or of cash flows, except for a financial measure defined or detailed in the applicable financial reporting framework. Pursuant to the recommendations set out in the guidelines previously mentioned, the APMs that have been used are described below.

Alternative performance measure	Definition
ALCO	Asset - Liability Committee
CET1	Common Equity Tier 1
Combined ratio	Indicator that measures the net earned premium from non-life insurance policies. It is the sum of the net claims ratio and the cost ratio, divided by net earned reinsurance premiums.
Cost of risk	This metric includes the total NPL cost as of the reporting date. It includes losses from impaired assets (NPL provisions) and gains and losses on asset disposals.
Cost-to-income ratio	This is the result of dividing the sum of the staff costs, other general administrative expenses and depreciation and amortisation expenses, by the gross margin.
Foreclosed assets	Available-for-sale foreclosed assets
Foreclosure coverage	Calculated as the balance of the provisions divided by the balance of foreclosed assets.
Loan-to-deposit ratio	The loan-to-deposit ratio is the quotient of total loans divided by customer deposits.
NPL coverage	Calculated as the balance of the provisions divided by the balance of doubtful loans (with off-balance sheet exposure).
NPL ratio	Calculated as the balance of doubtful loans (with off-balance sheet exposure) divided by the balance of the total risk.
RoE (Return on equity)	This is the result of dividing attributed net profit by shareholders' equity on the date (excluding the profit/loss for the year, dividends and remunerations and valuation adjustments). In the denominator, average own funds are the moving average of own funds available during the last 12 calendar months or the corresponding period.
RWAs	Risk-weighted assets
SREP	Supervisory Review and Evaluation Process