

Results

2011

Thursday 19th of January 2012

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...polsa con el
...servicio Premium

Bankinter presents its financial statements following format and criteria stated by Circular of Banco de España 4/04.

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

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Results

Asset Quality

Solvency

The Business

1

Results

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Asset Quality

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Solvency

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The Business

2011 a year of heavy turbulence

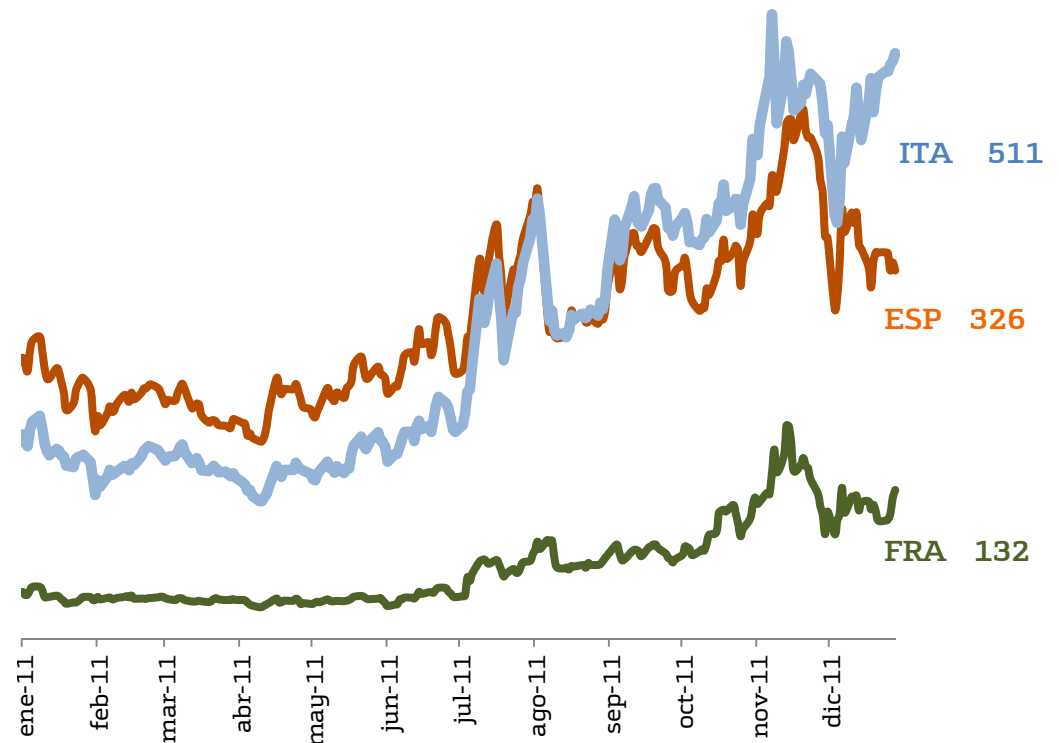
Low economic growth



Sovereign debt crisis intensified affecting core EU countries
EBA decision to penalize govies triggered a real financial vicious cycle

December summit has taken the steps in the right direction, but still **2012 will be very challenging**

10 Yr bond differential with Germany

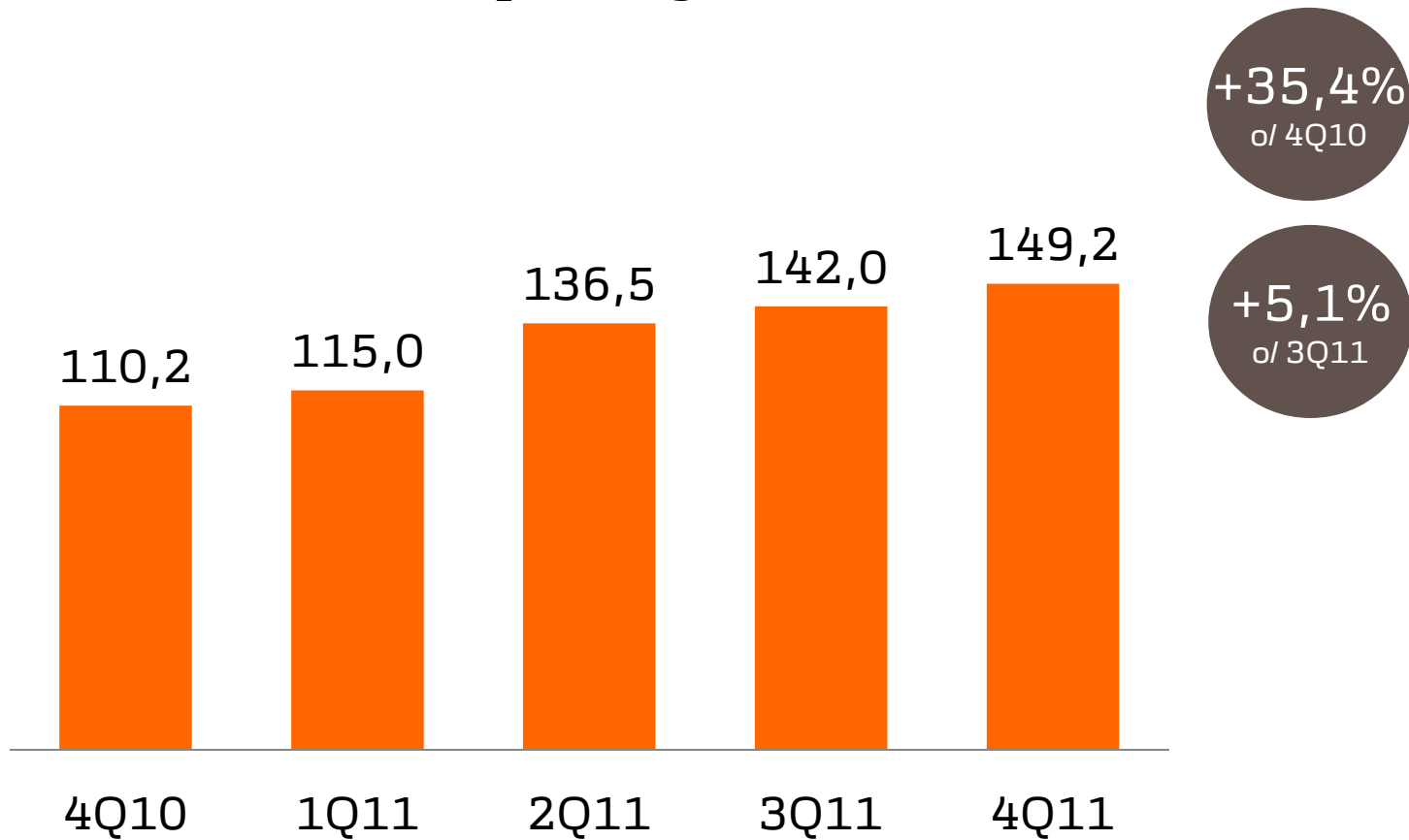


... 2011 results show resilience

P&L Thousand €	2011	2010	Dif	Dif %
Interest and related income	1.636.295	1.201.406	434.889	36,2%
Interest and related charges	-1.093.620	-651.453	-442.167	67,9%
Net Interest Income	542.675	549.953	-7.278	-1,3%
Dividend income	16.491	14.456	2.035	14,1%
Equithy method	14.675	10.958	3.717	33,9%
Net fees and commissions	198.884	195.503	3.381	1,7%
Trading income	97.840	120.471	-22.631	-18,8%
Other operating income/expense	233.916	210.982	22.934	10,9%
Gross Operating Income	1.104.480	1.102.323	2.157	0,2%
Personnel expenses	-329.965	-332.934	2.969	-0,9%
General expenses/amortization	-314.955	-322.764	7.809	-2,4%
Pre provisioning profit	459.560	446.626	12.934	2,9%
Provisions	-28.175	-815	-27.360	nr
Asset impairment charges	-158.229	-216.666	58.437	-27,0%
Net Operating Profit	273.156	229.145	44.011	19,2%
Gains/losses on disposals of assets	-33.008	-23.931	-9.077	37,9%
Profit Before Taxes	240.148	205.214	34.934	17,0%
Corporate tax	-58.922	-54.484	-4.437	8,1%
Net Income	181.227	150.730	30.497	20,2%

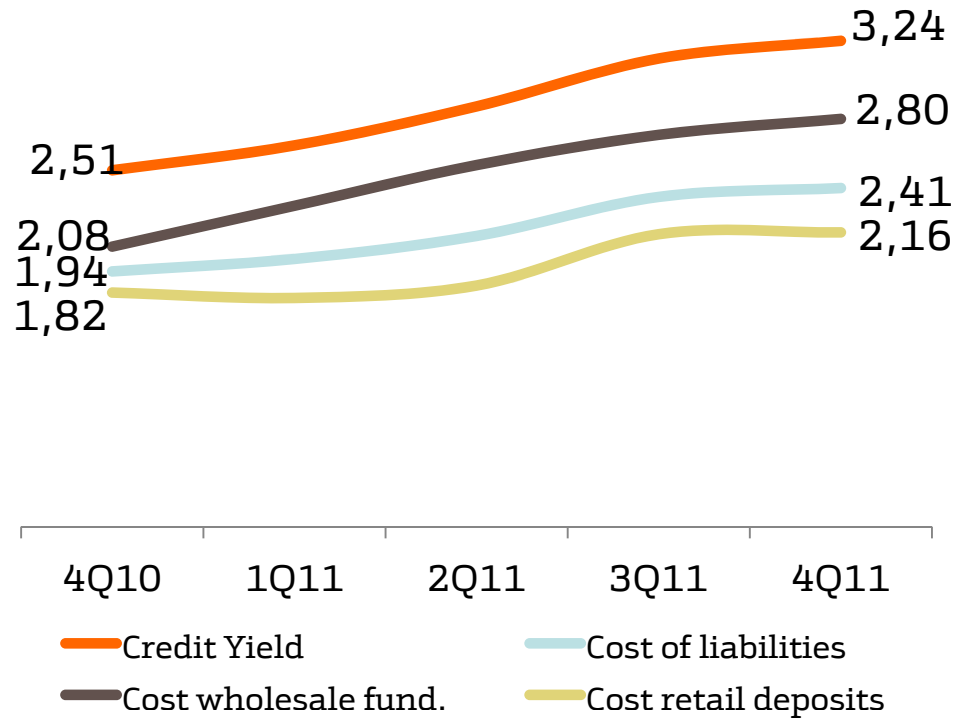
Net interest income has shown an upward trend in 2011

Net Interest income quarterly evolution (million €)

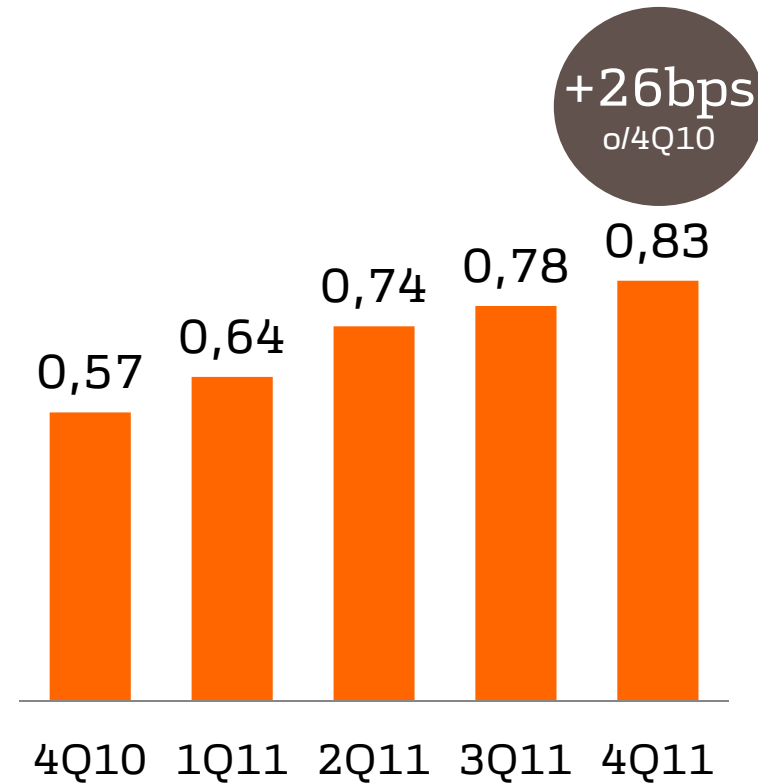


Supported by **margin** expansion

Quarterly credit yield and cost of liabilities (in %)

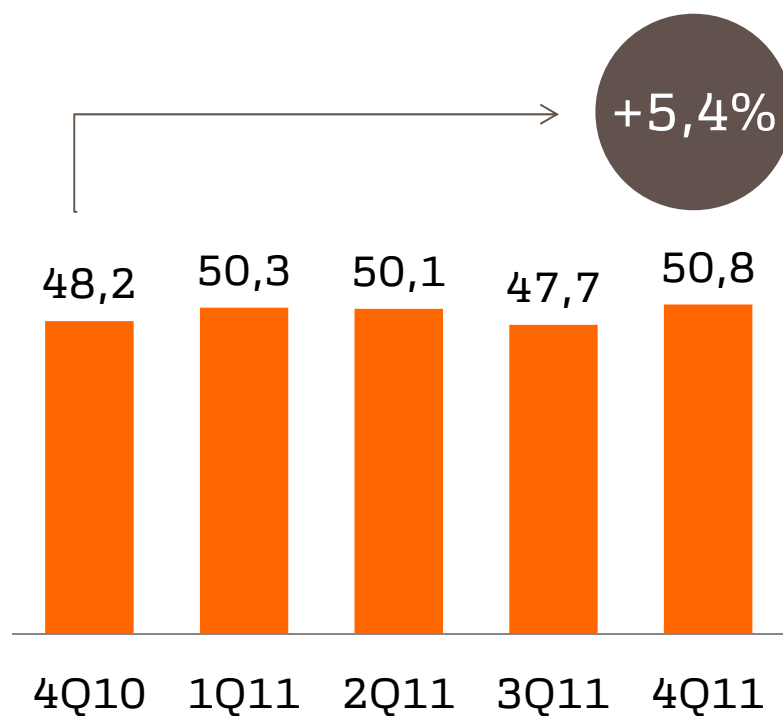


Quarterly client margins (in %)



Fee income continues to be resilient despite market conditions

Quarterly net fees (million €)



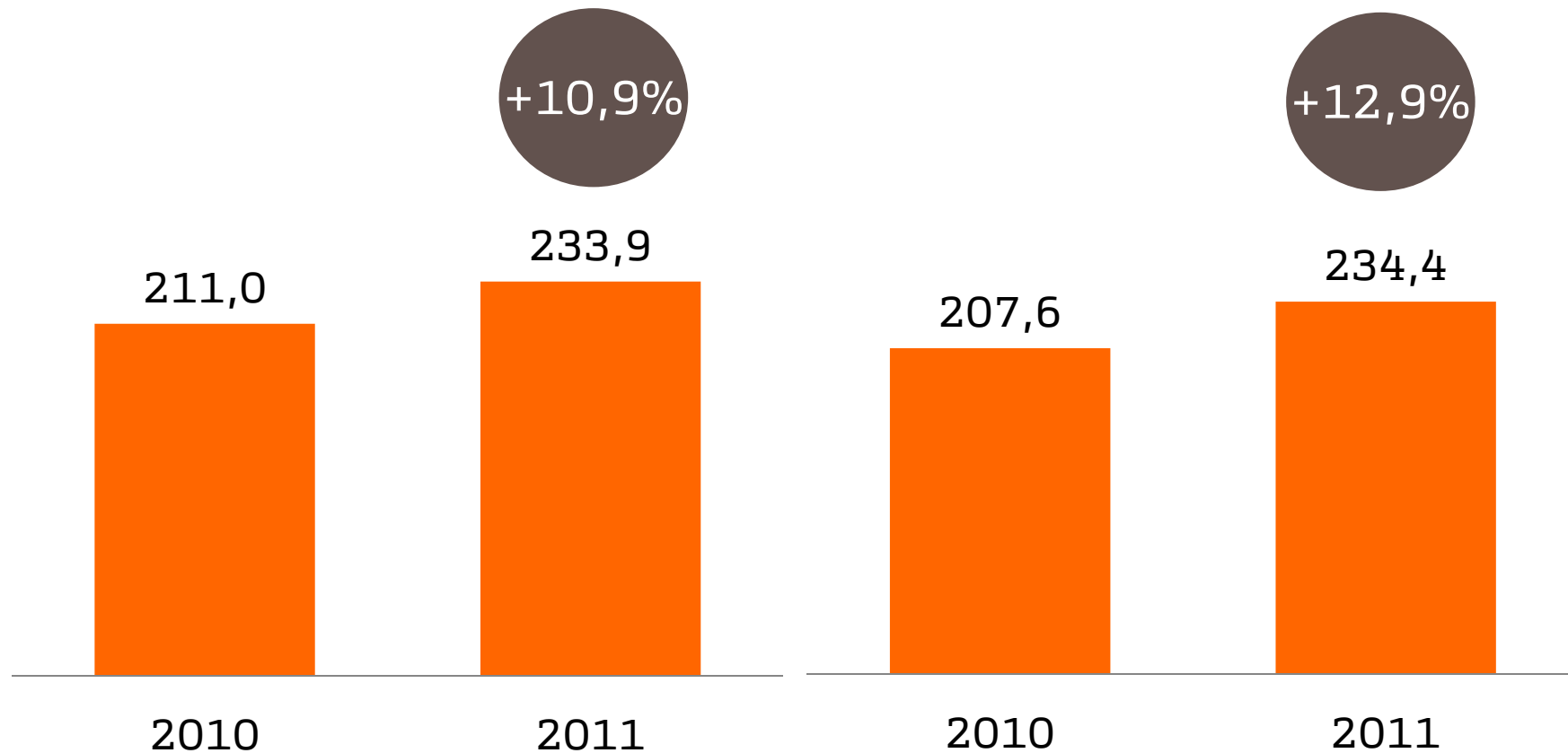
Fees breakdown (millions €)

	2011	Dif	Dif %
Payment orders	72,2	-0,6	-0,8%
Insurance	44,3	2,4	5,7%
Brokerage	41,8	2,1	5,4%
Funds	43,3	-2,5	-5,4%
Other	64,1	2,7	4,4%
Fees received	265,6	4,2	1,6%
Fees paid	66,8	0,8	1,2%
Net fees	198,9	3,4	1,7%

Excellent performance of **LDA** business is reflected in other operating results

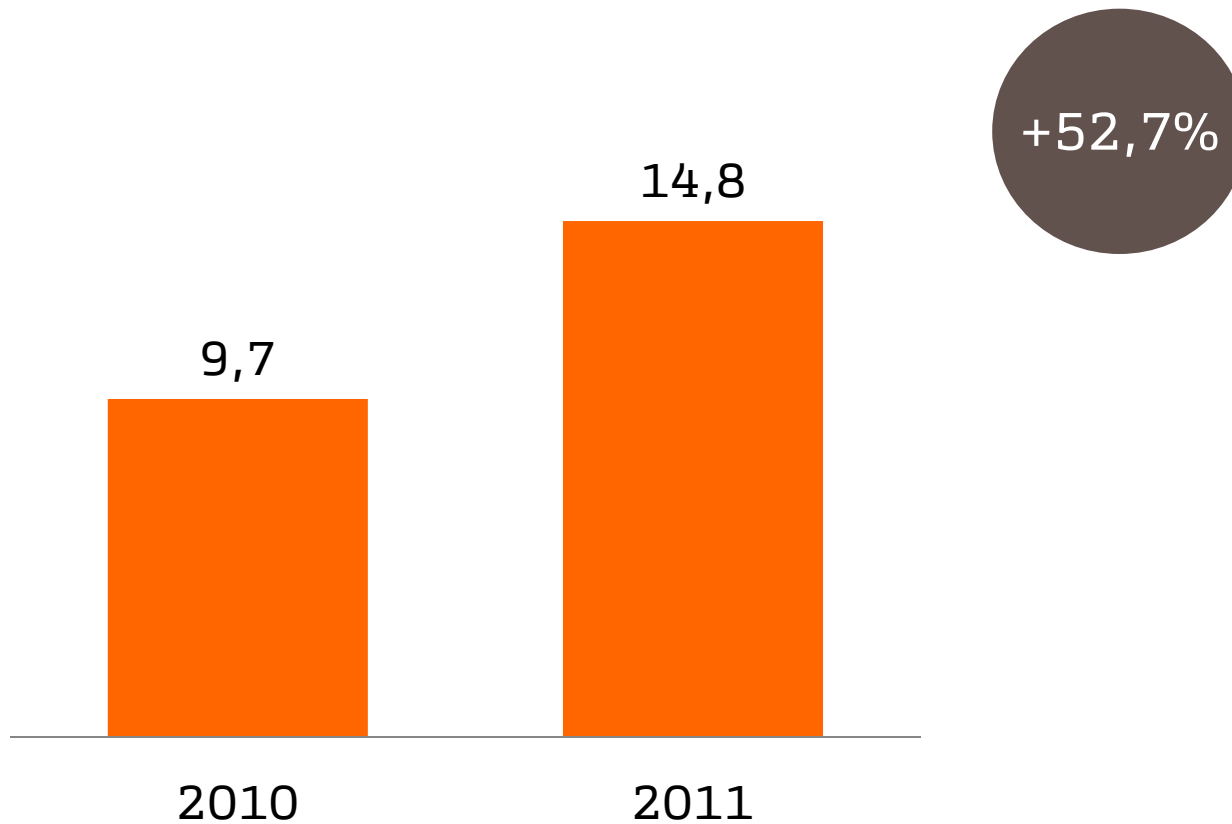
Other operating results (million €)

LDA Insurance Margin (million €)



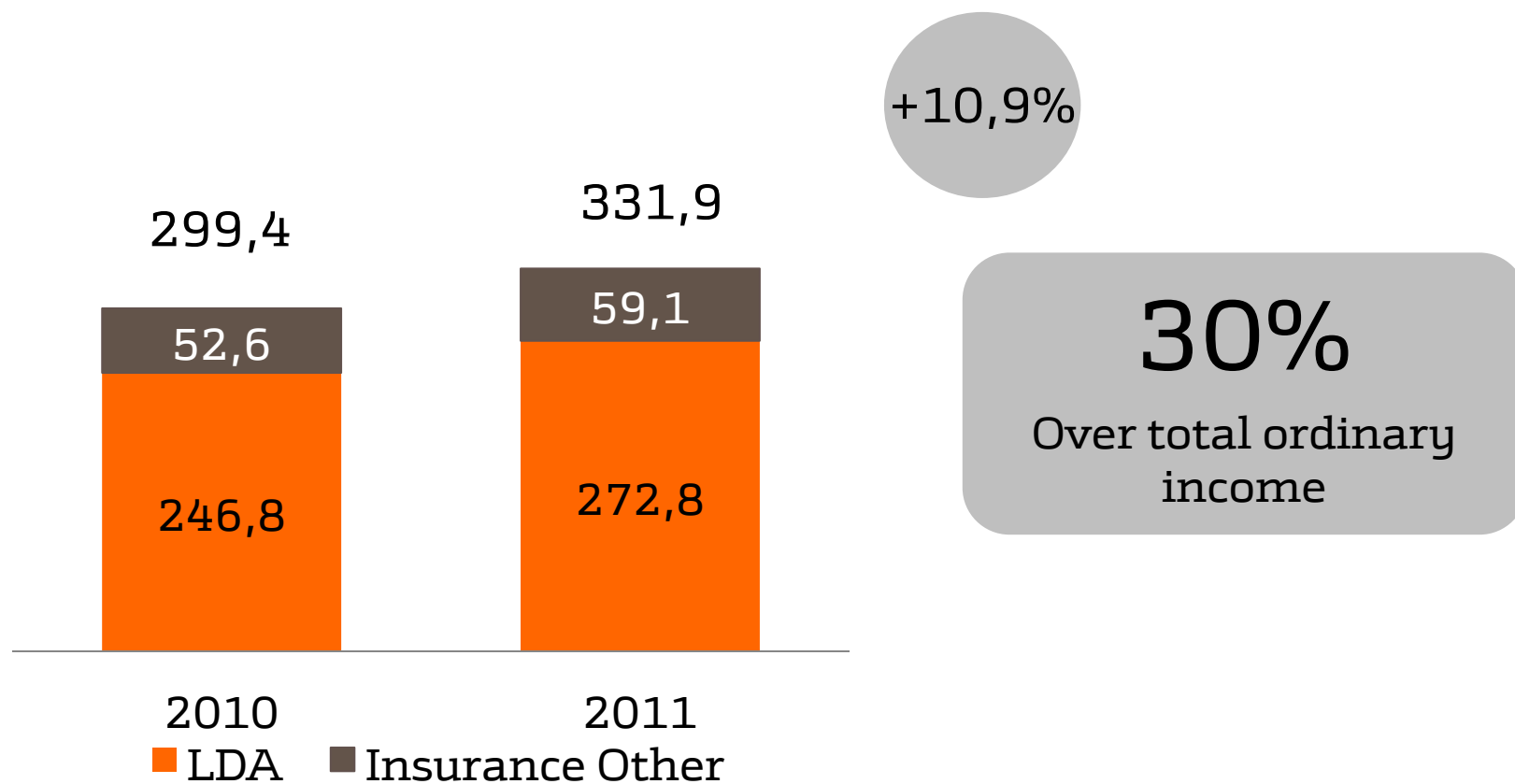
The new FGD regulation has had a negative impact in the ordinary margin

FGD costs in other operating charges (million €)



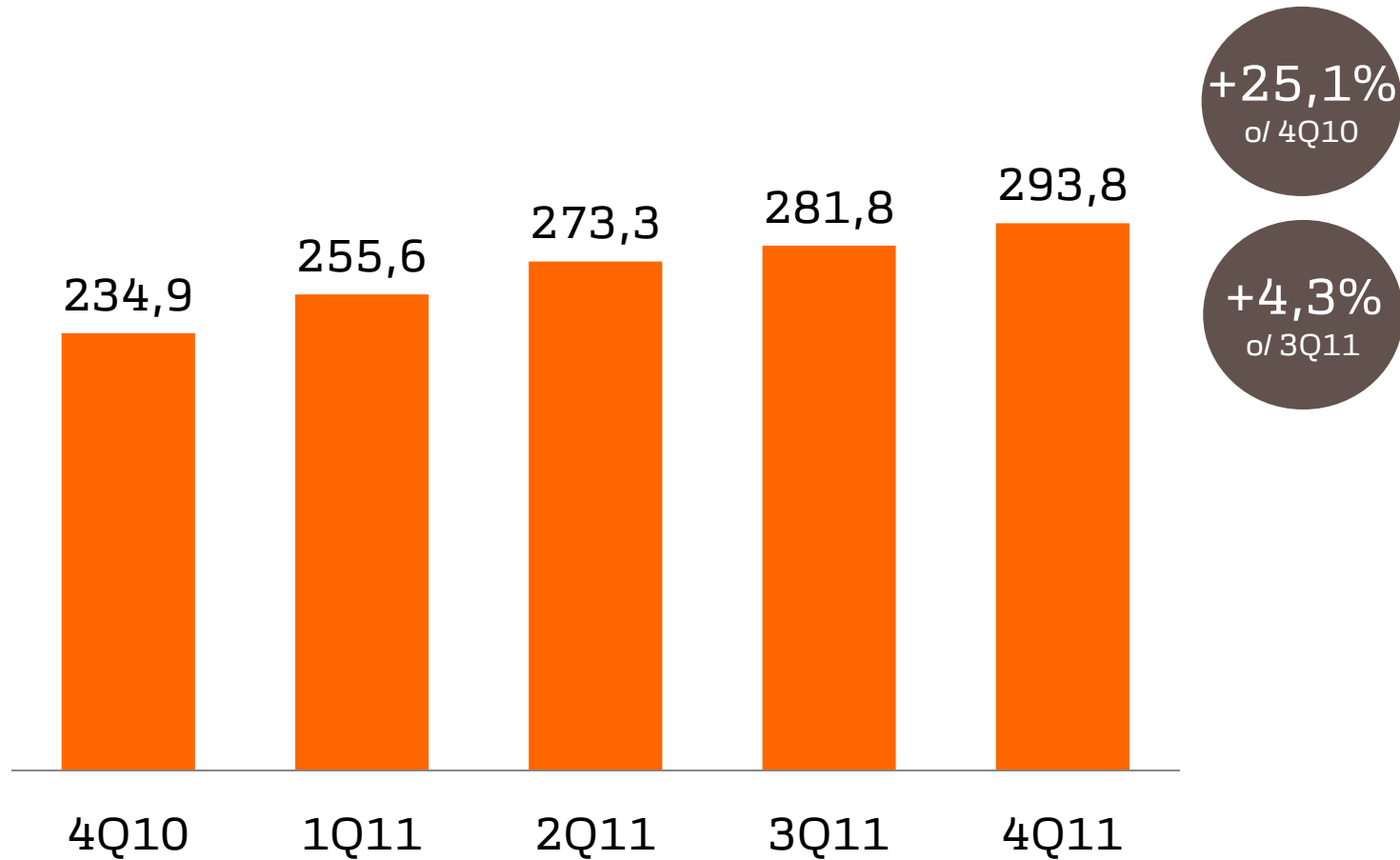
Relevant contribution of **insurance business** to results

Ordinary margin from the insurance activity (million €)



Ordinary income has followed an upward trend

Ordinary income quarterly evolution (million €)

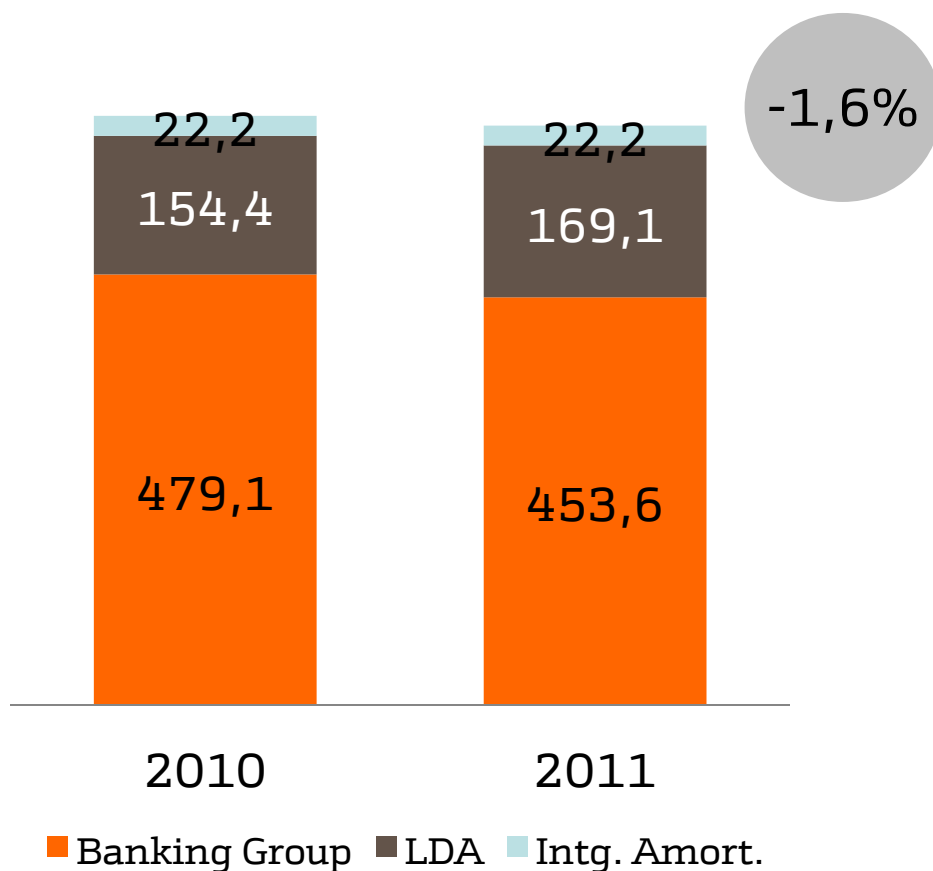


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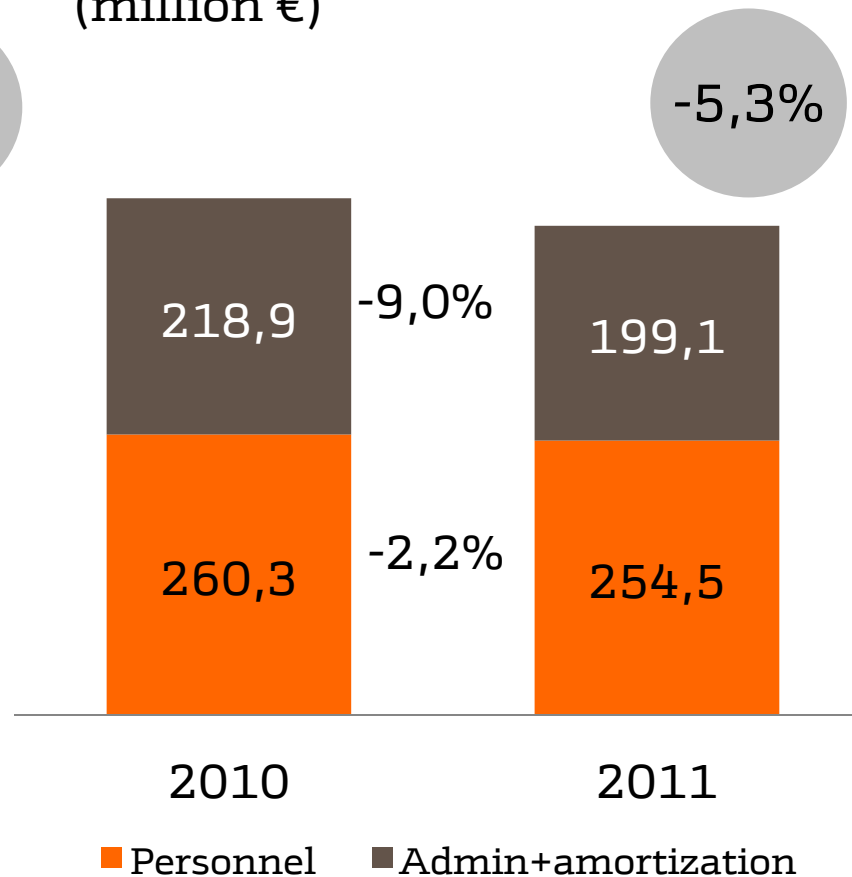


Cost control has been one of management priorities in 2011

Operational Costs (million €)

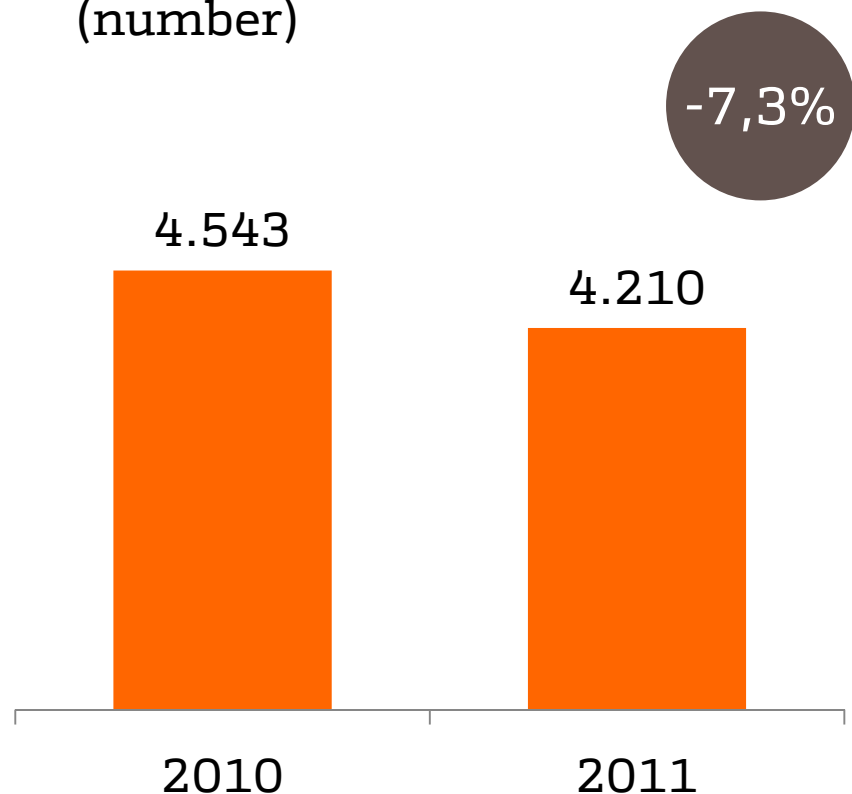


Cost composition Banking Group (million €)

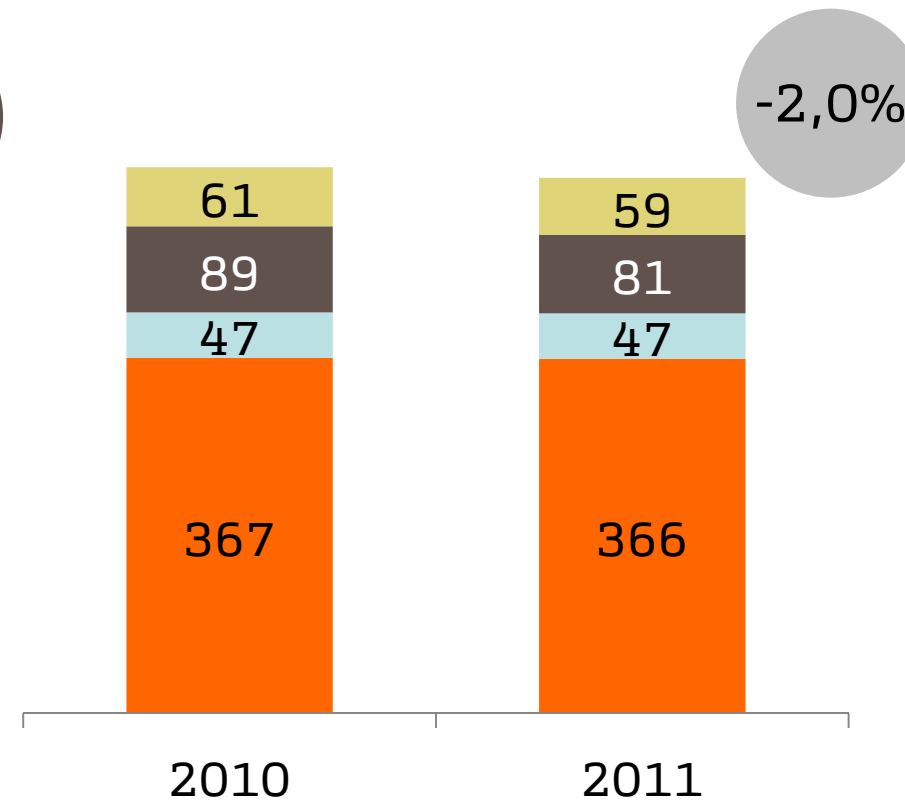


The capacity has been reduced in order to improve efficiency and productivity

Headcount banking group
(number)



Commercial centers (number)

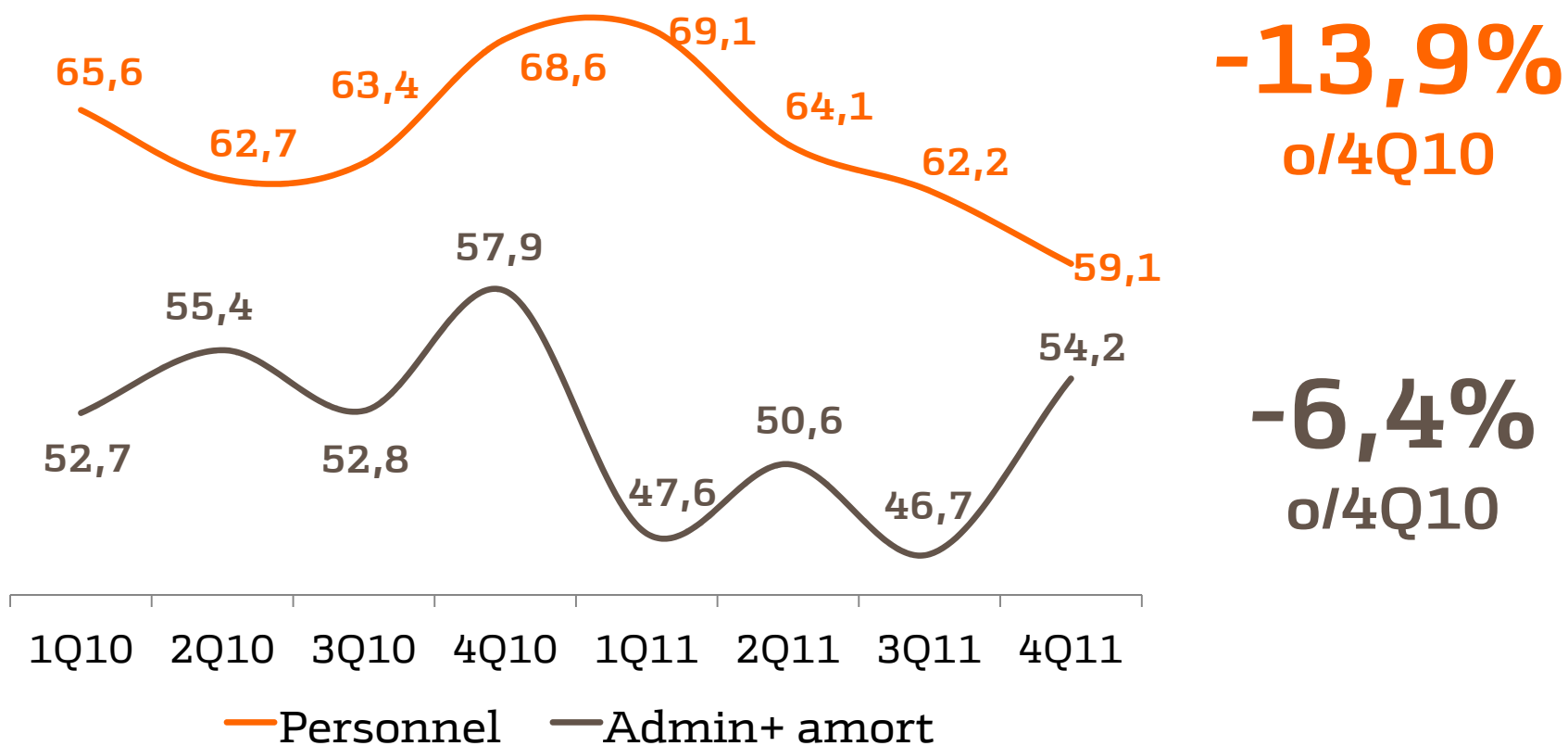


Branches
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Corporate C.
Private Banking C.

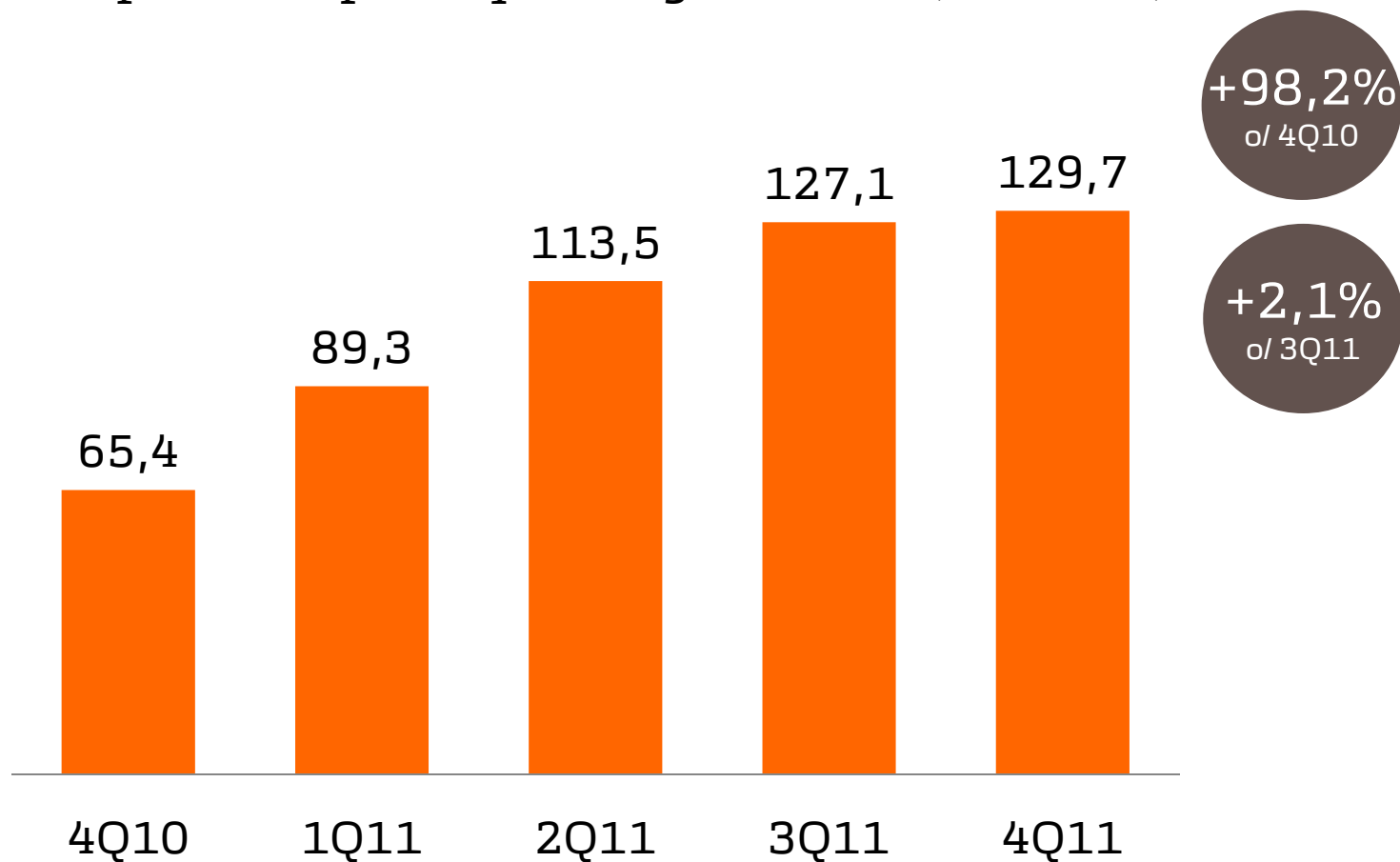
Measures implemented in the year will bring further **efficiency gains**

Evolution of quarterly banking group costs (million €)



As a result, **pre provision profit** has shown considerable improvement

Pre provision profit quarterly evolution (million €)

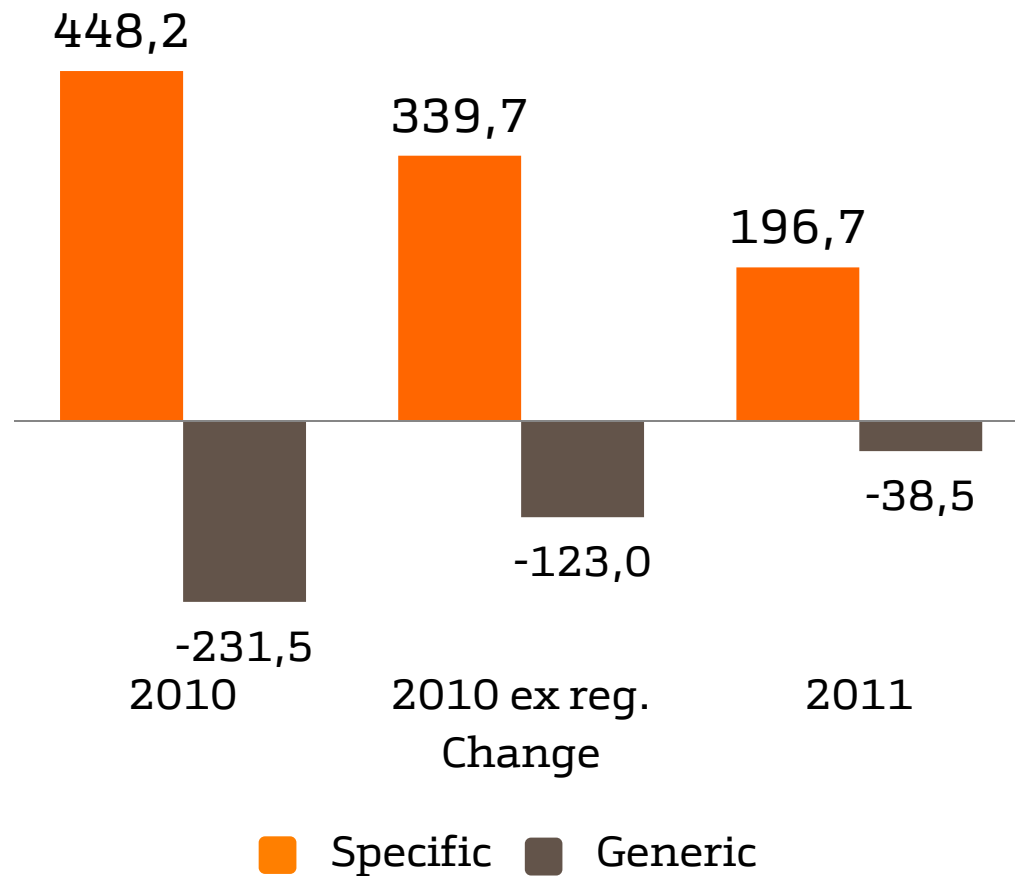


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Impairment losses show a significant reduction from 2010

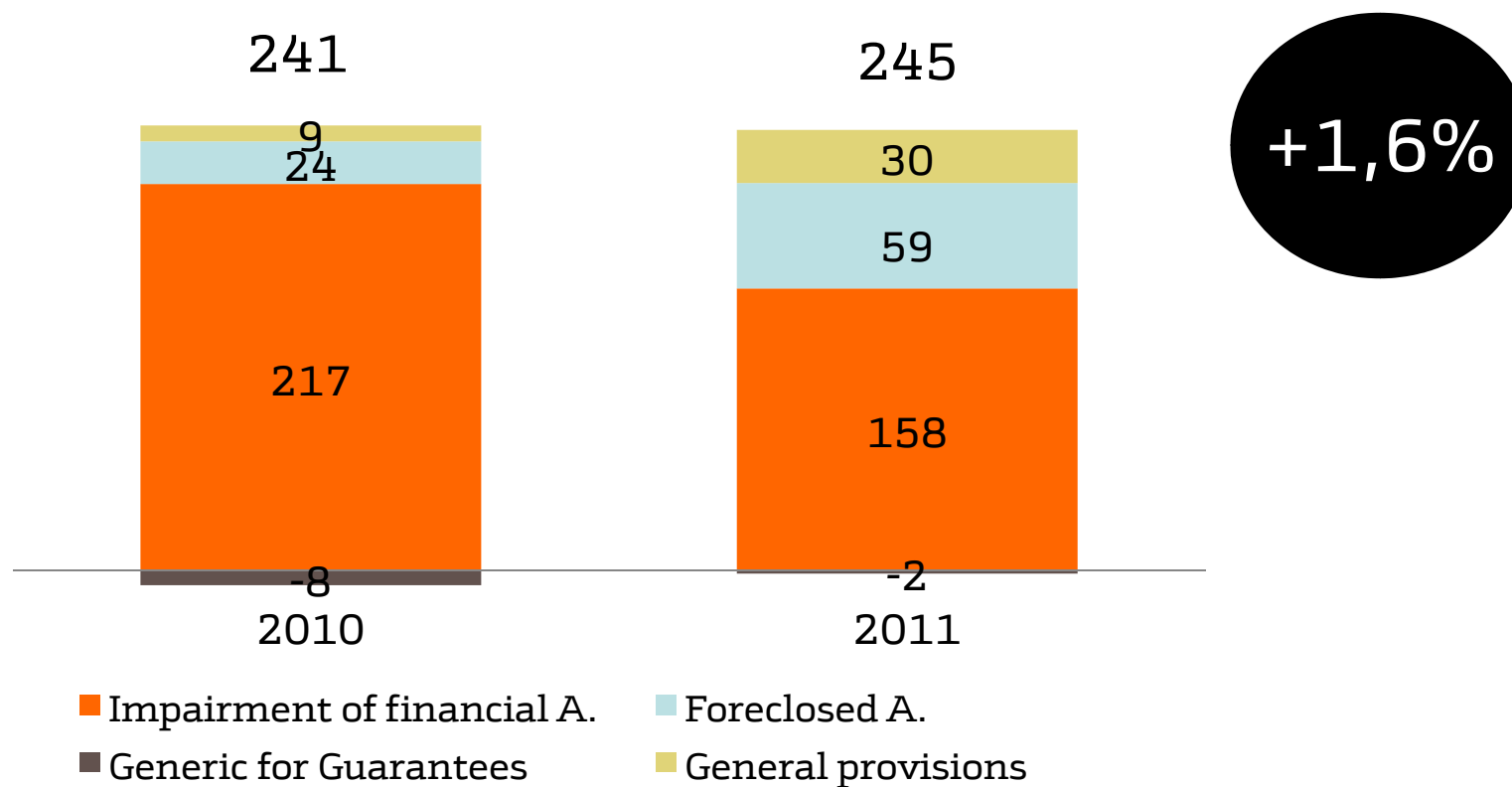
Break down by type of provision (in million€)



-56%
Specific
provision

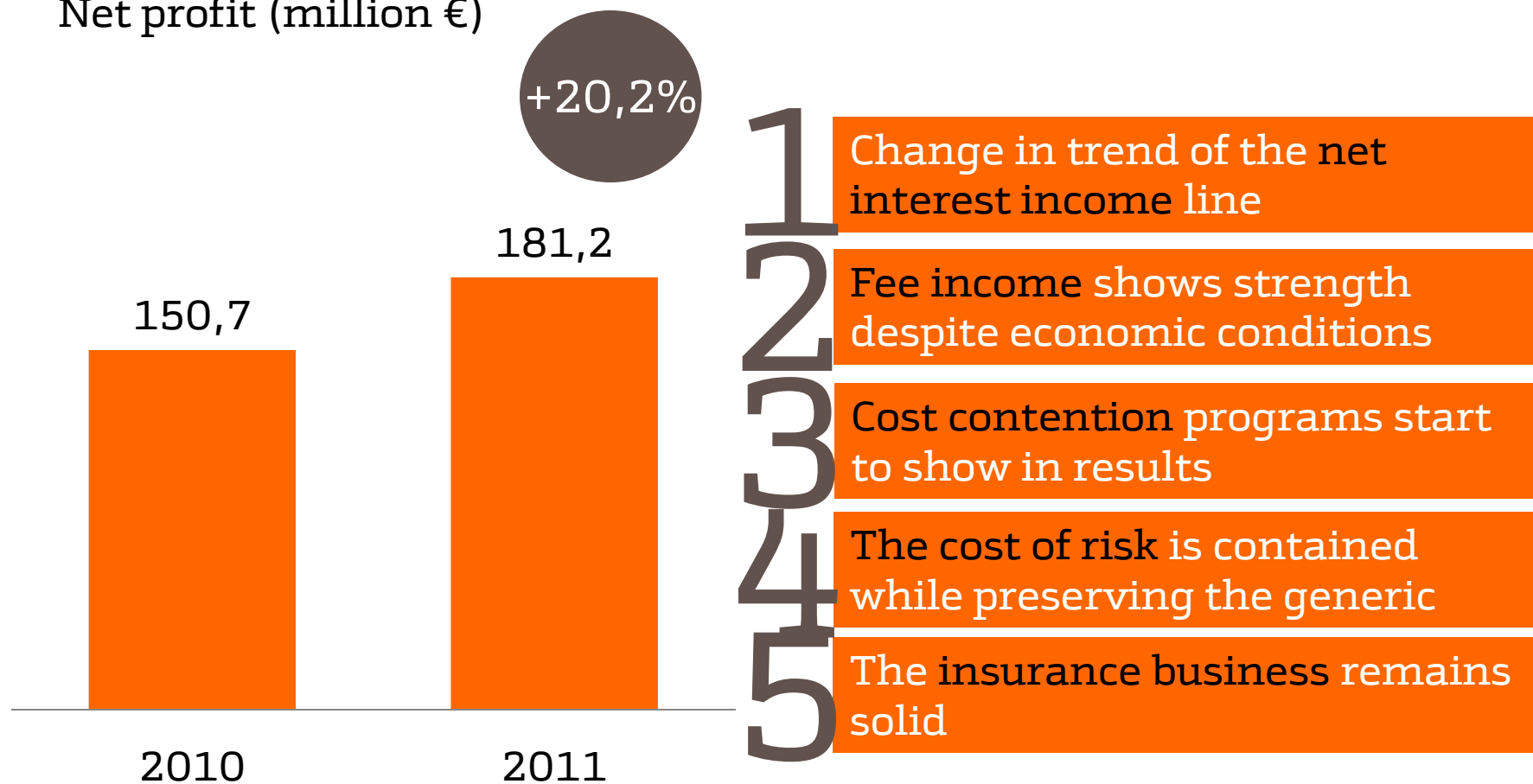
Relevant provisioning effort in 2011

Total provisions booked (million €)



Results confirm the improvement of business profitability

Net profit (million €)



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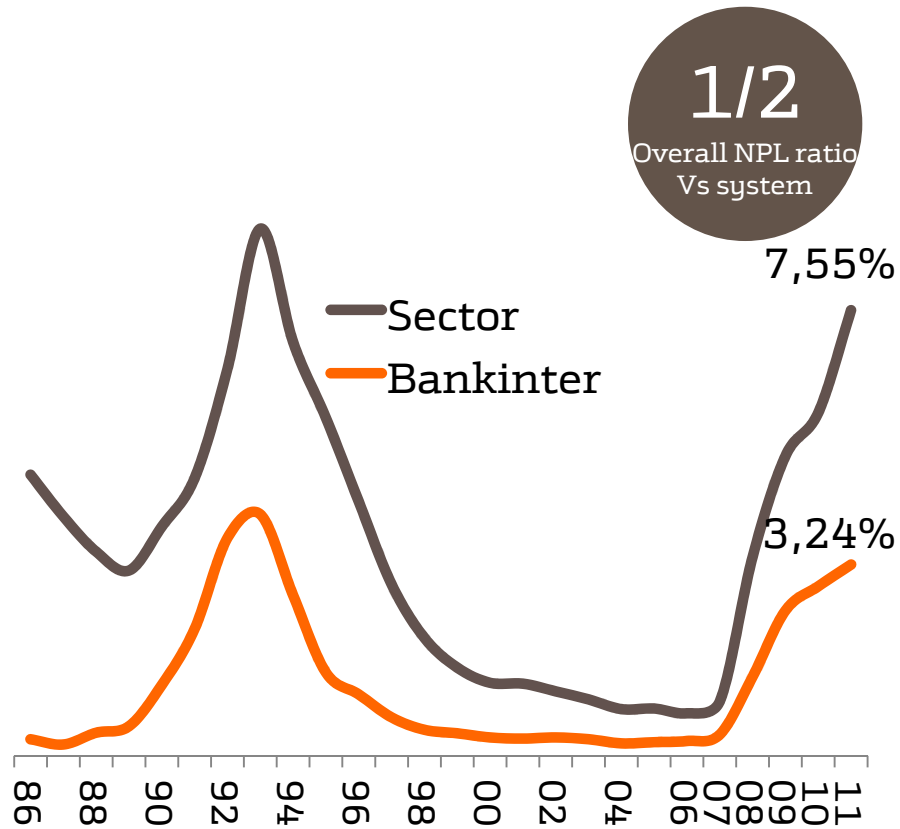
Solvency

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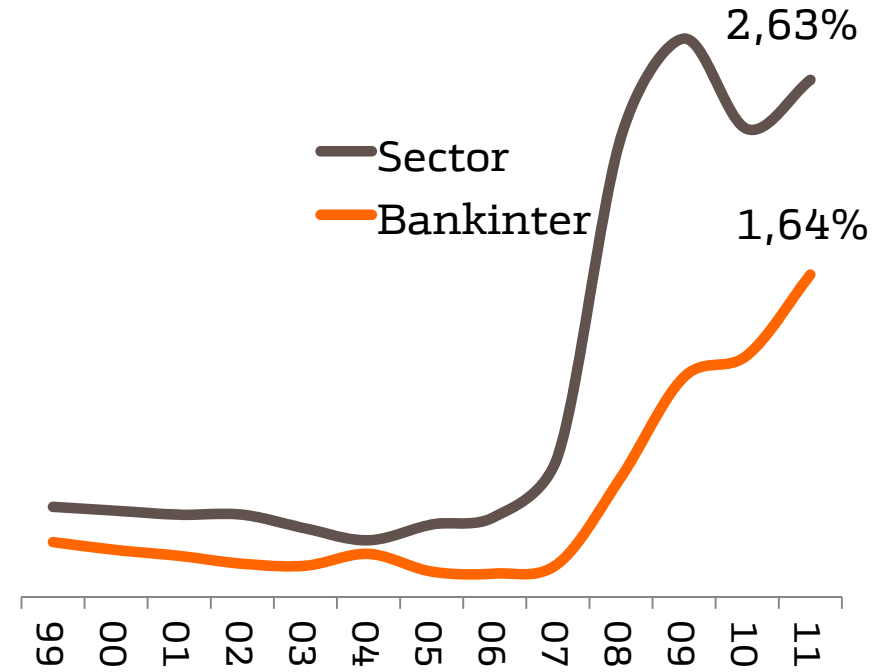
The Business

Bankinter **asset quality** has outperformed throughout the crisis

NPL ratio evolution *

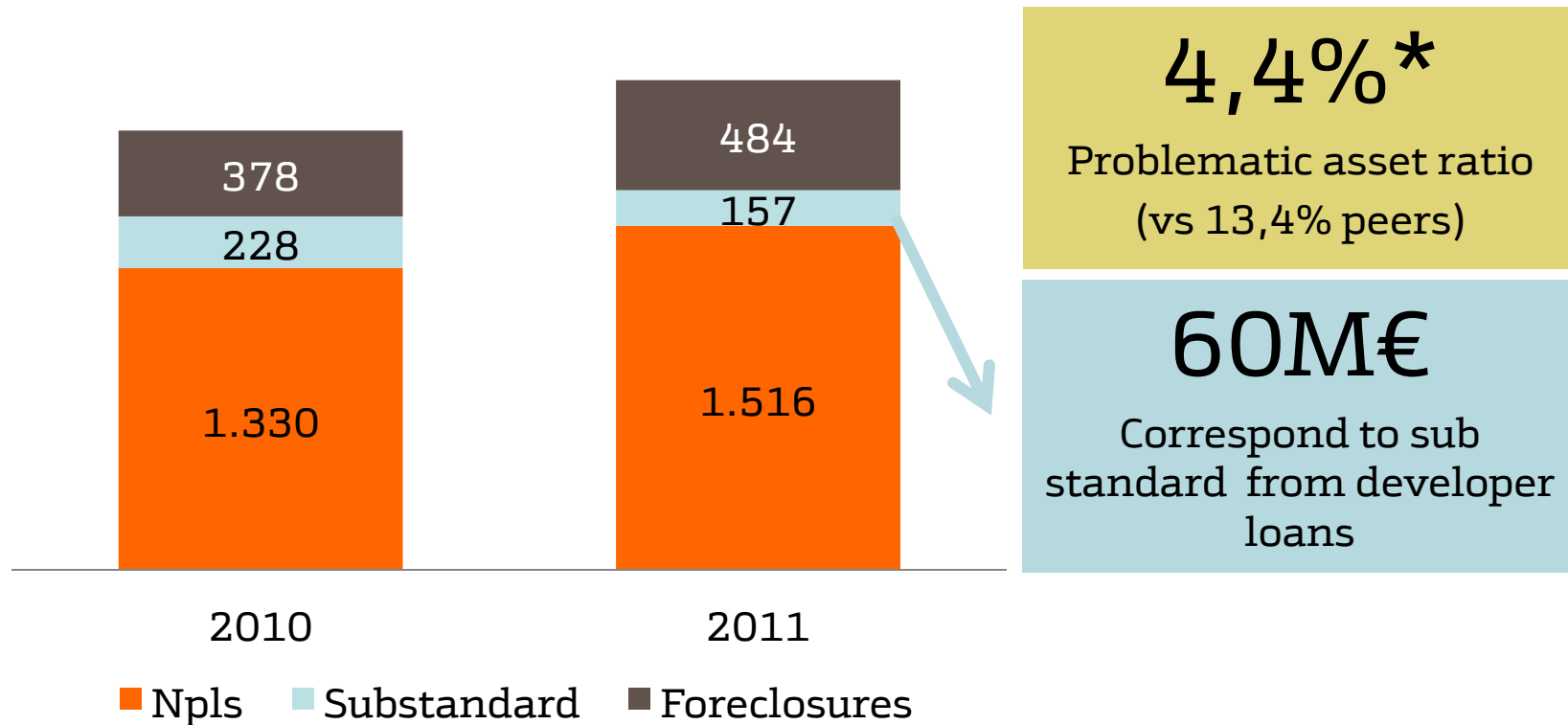


Residential mortgage NPL ratio evolution *



Problematic assets are contained and are insignificant compared to peers

"Problematic assets" evolution (million €)



* Only with substandard from real estate exposure. With total substandard exposure 4,6%

Reduced weight of land in the foreclosed asset portfolio

Distribution of foreclosed assets by asset class (million €)

	Residential	Land	Other	Total
Gross value	223,9	103,8	156,8	484,4
Provisions	57,3	77,4	41,3	175,9
Net value	166,6	26,4	115,5	308,5
Coverage	25,6%	74,6%	26,3%	36,3%

Volumes and results on sales of foreclosed assets show good behavior

In million €

	2009	2010	2011
Gross entries	291,5	136,6	188,8
Gross sales	27,6	84,6	84,4
% sales	9,5%	61,9%	44,7%
Gross discount	-14,0%	-13,4%	-19,1%
Provisions	15,4%	19,7%	23,3%
Net result	1,4%	6,4%	4,1%

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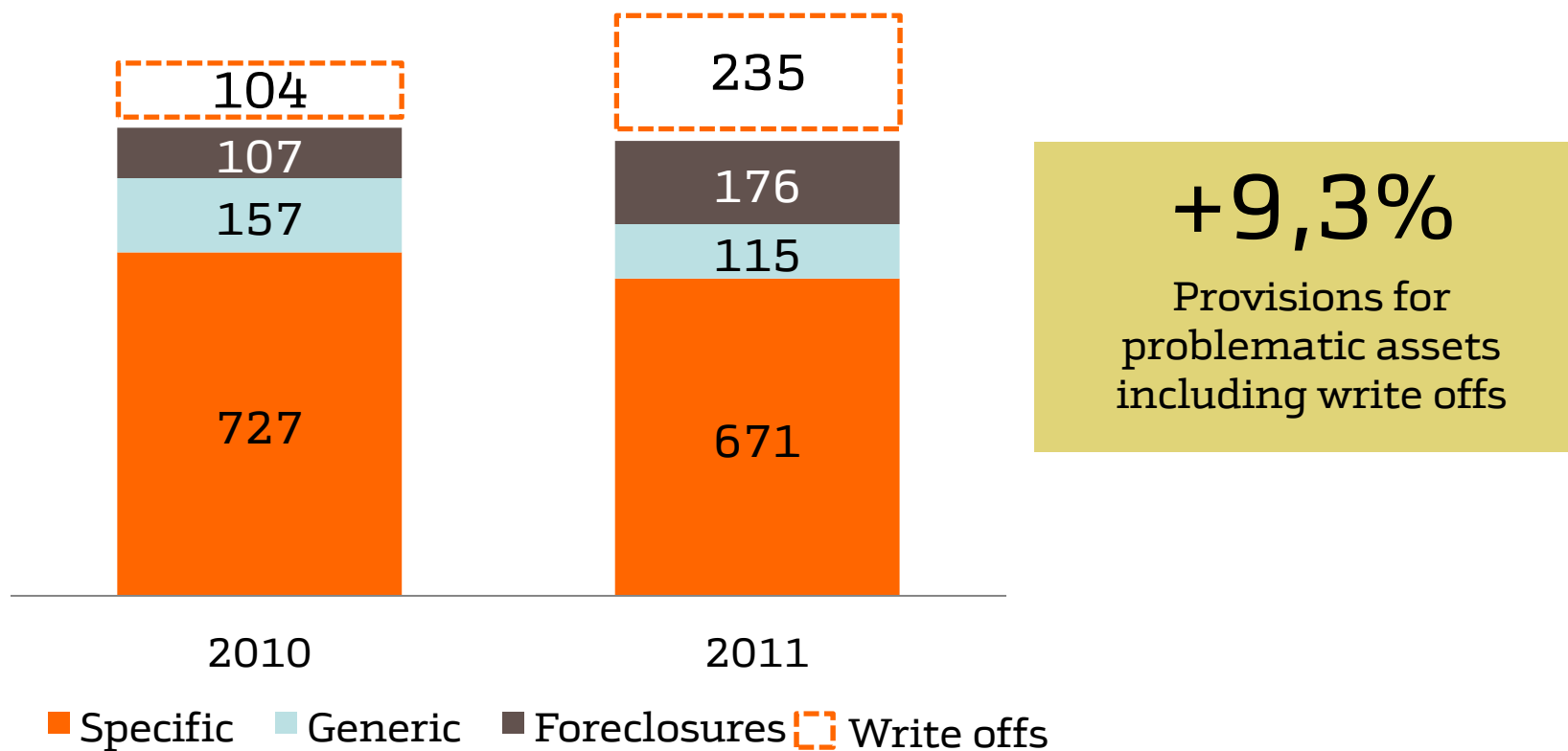
Solvency

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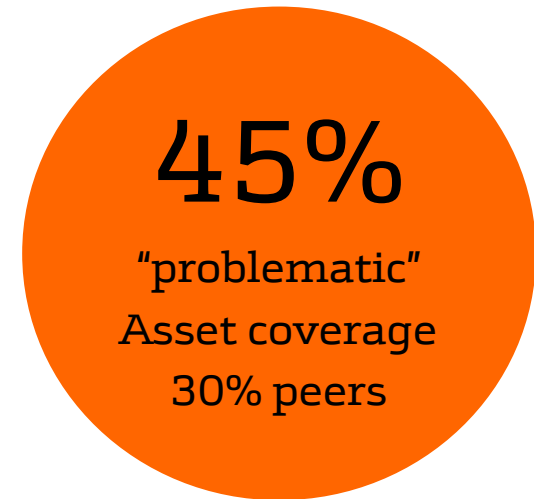
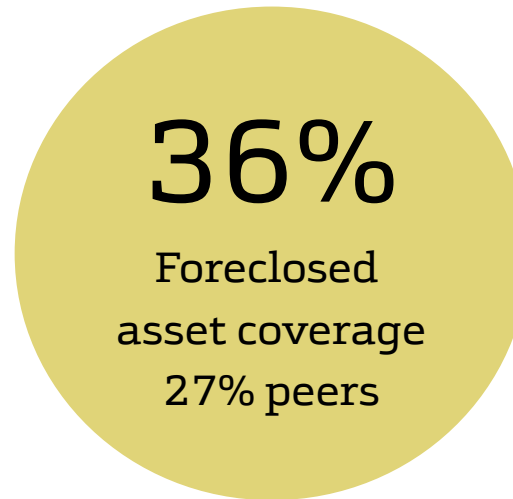
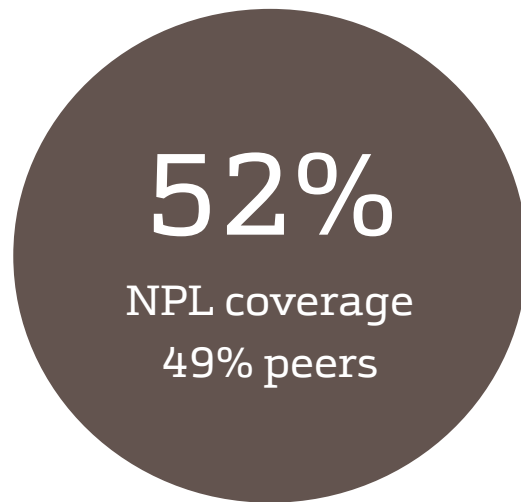
The Business

We continue to reinforce provisions

Provisions for problematic assets (million €)

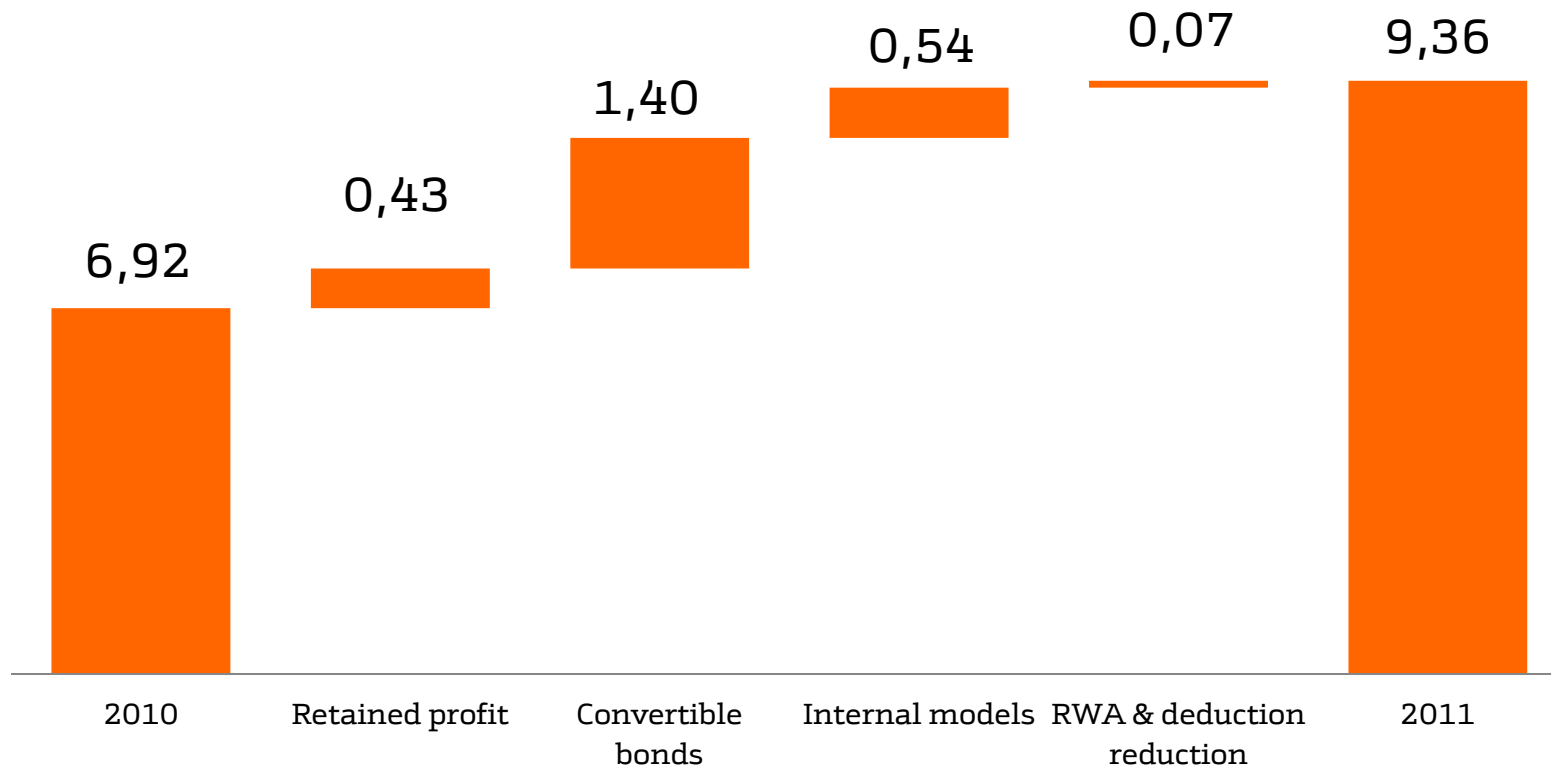


Asset coverage levels continue to be amongst the highest in the system

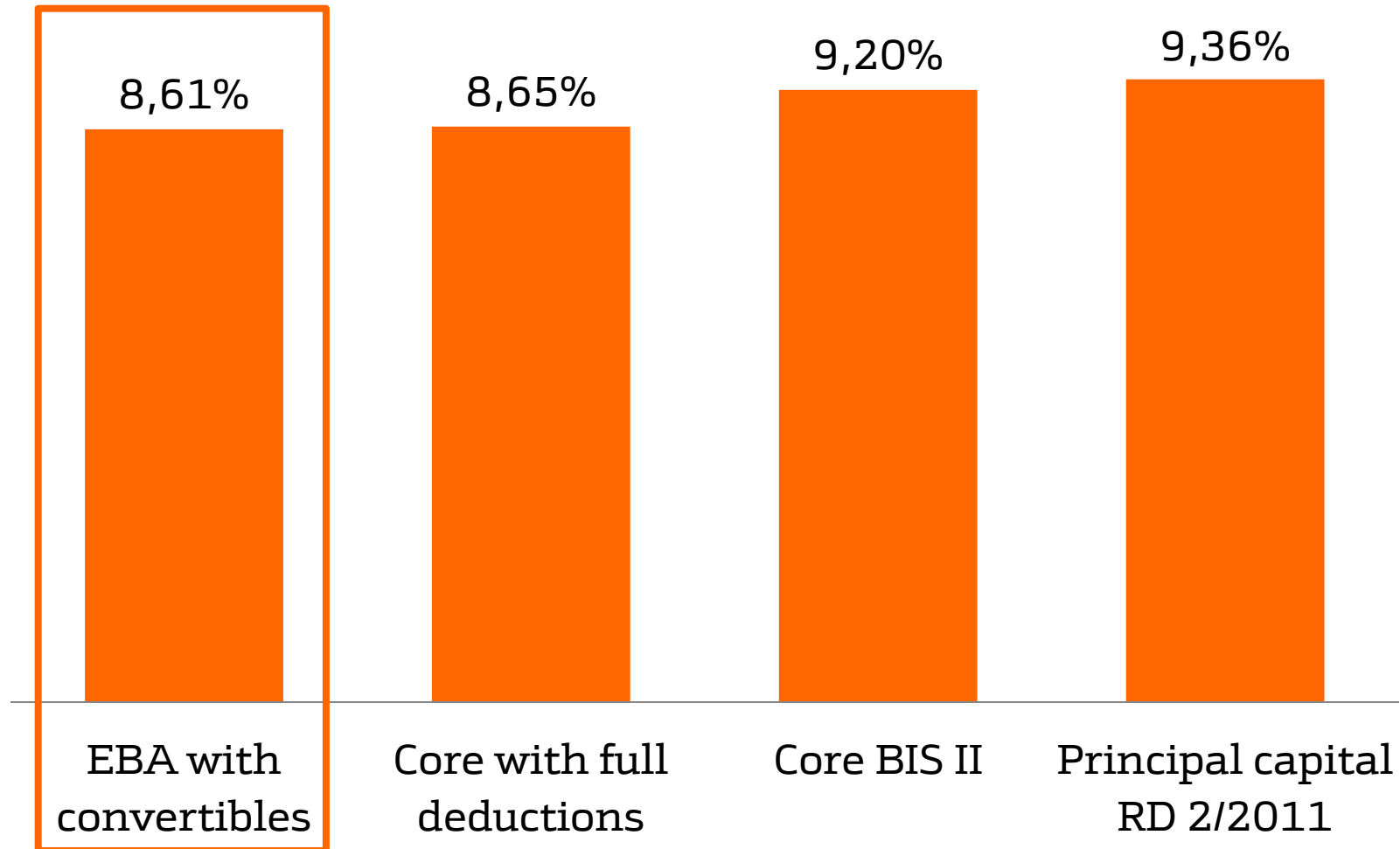


Solvency has been significantly reinforced in 2011

Principal capital RD 2/2011 (%)

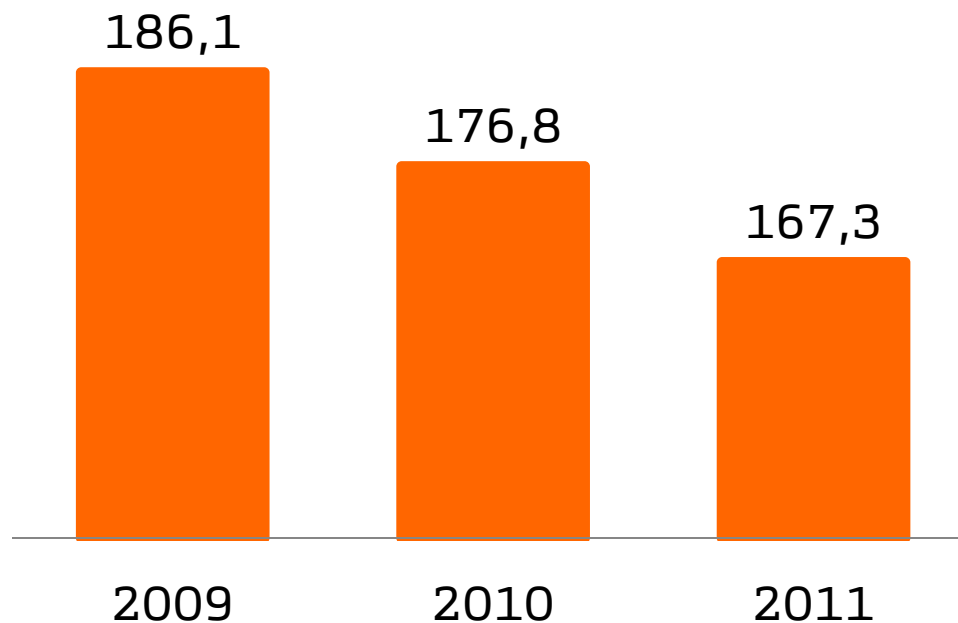


The 9% EBA capital ratio almost achieved in 2011



The **financing structure** has continued improving during the year

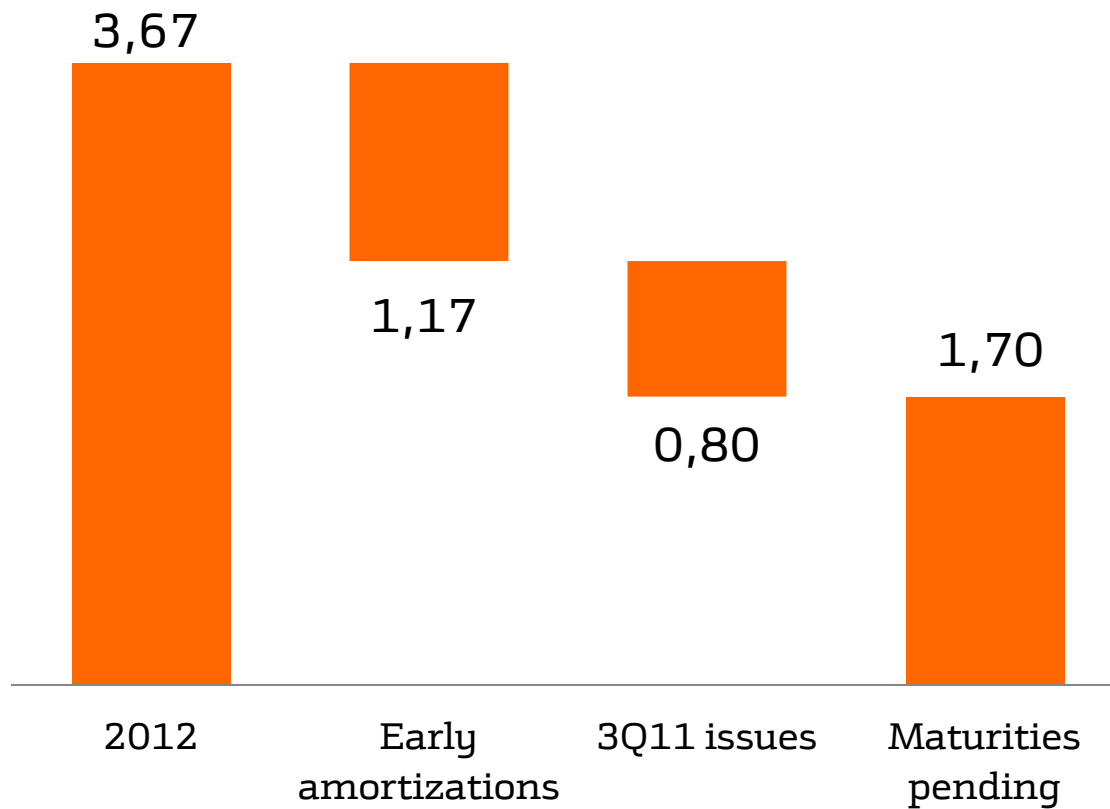
Evolution of the loan to deposit ratio (in %)



-9,5%
Loan to deposit ratio since
2010

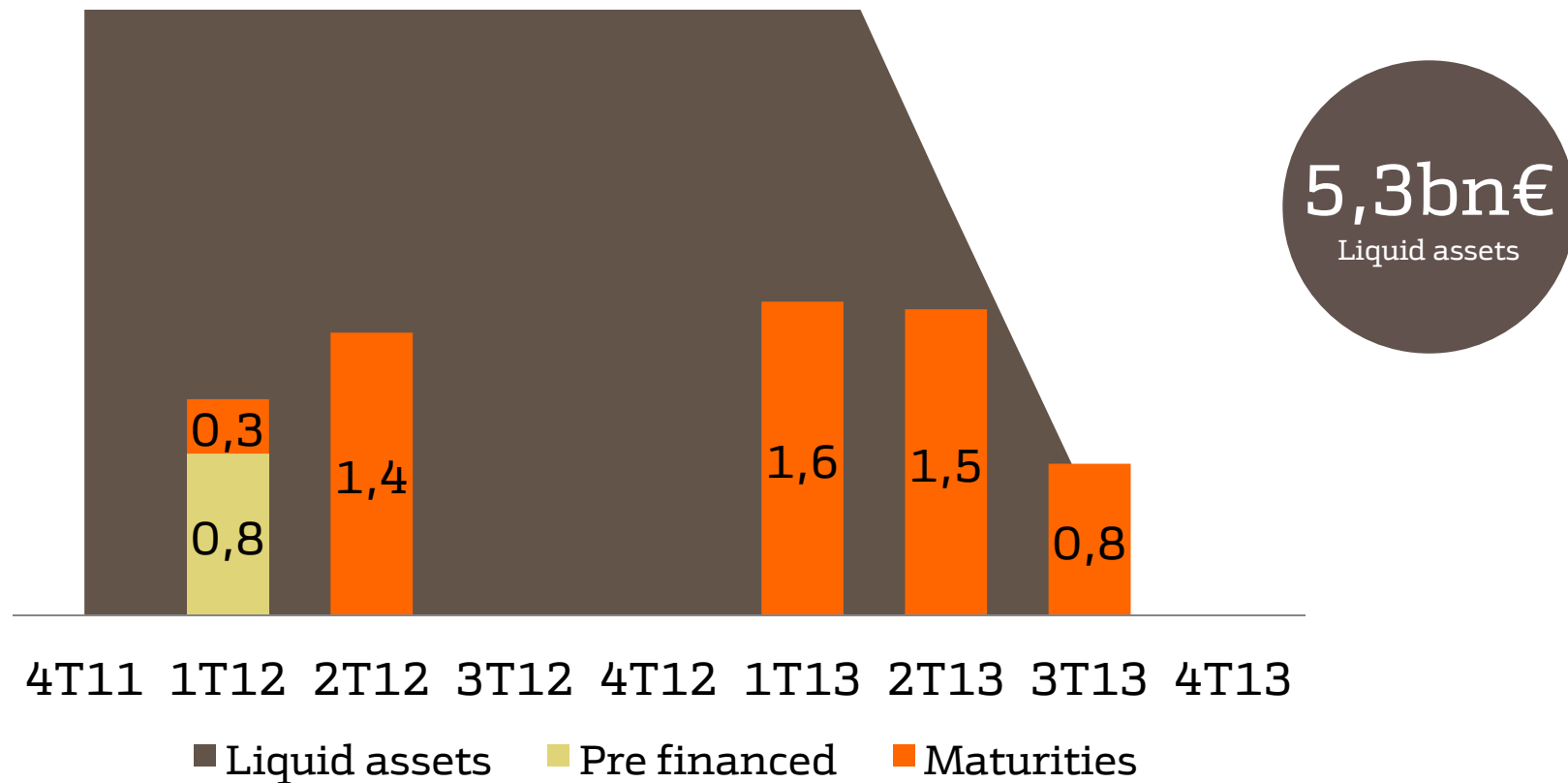
Pre financing 2012 maturities

2012 maturities in bn €



2012-2013 maturities manageable and fully covered by the ECB facility

2012-2013 Wholesale maturities (in bn€)



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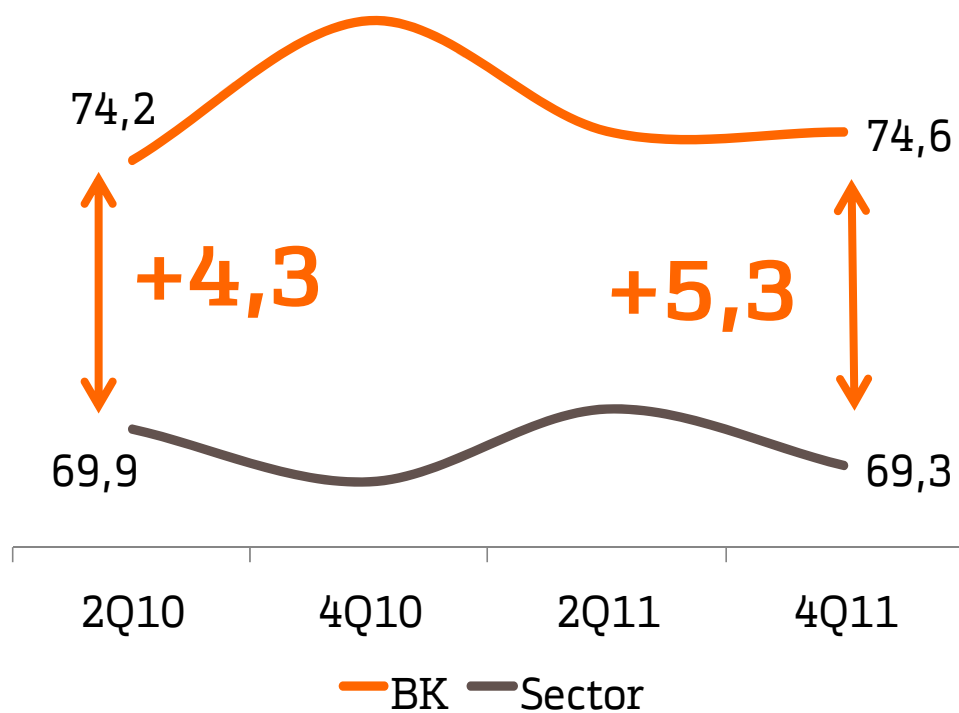
Solvency

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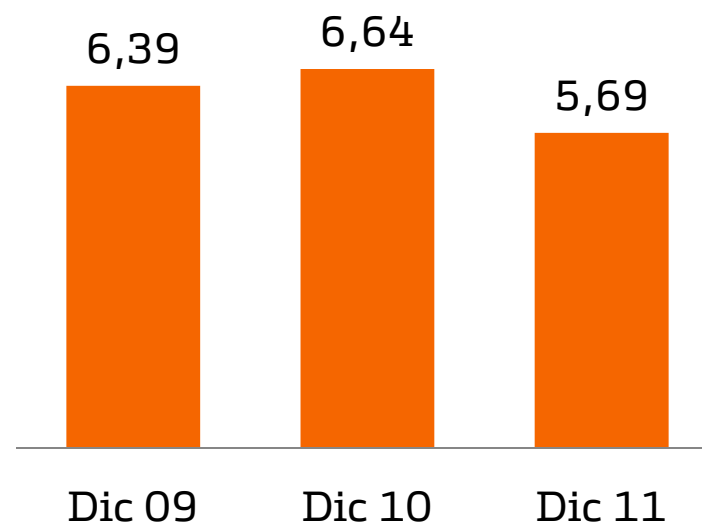
The **B**usiness

Clear strategic focus on **quality of service**

Evolution of client satisfaction (ISN)



Churn rate evolution (%)



Client acquisition in 2011 has regained strength

Number of clients acquired in 2011

25.968

Affluents

58.563

Individuals

1.790

Corporates

9.390

Sme's

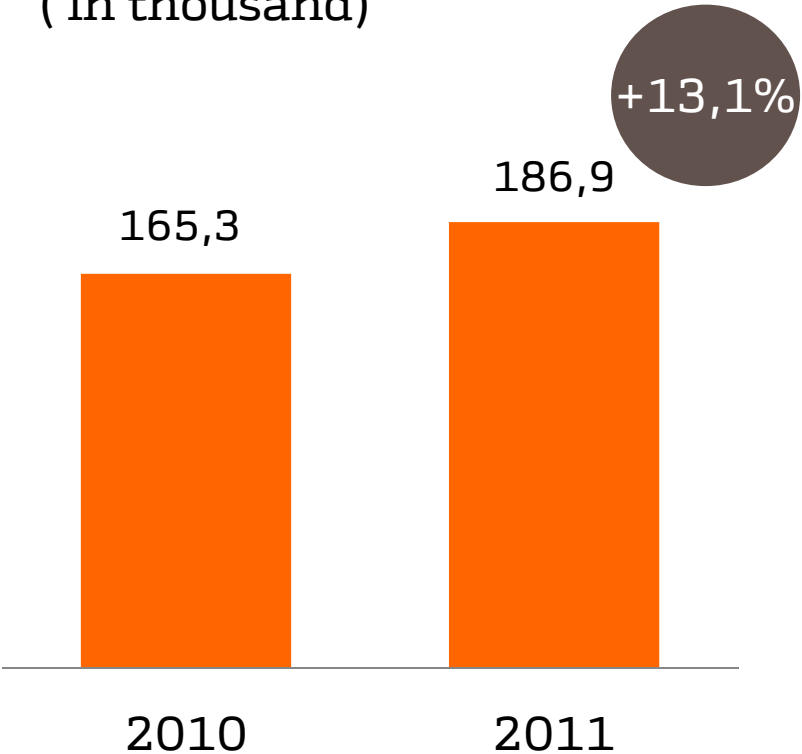
Total

95.711

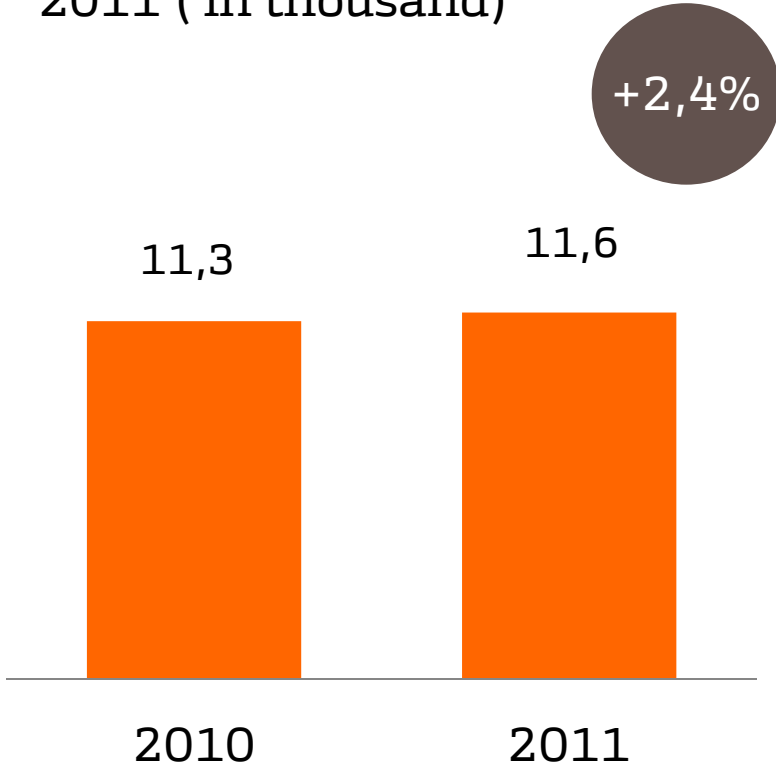
+55%

Significant growth in active clients in objective segments

Active Affluent clients in 2011
(in thousand)

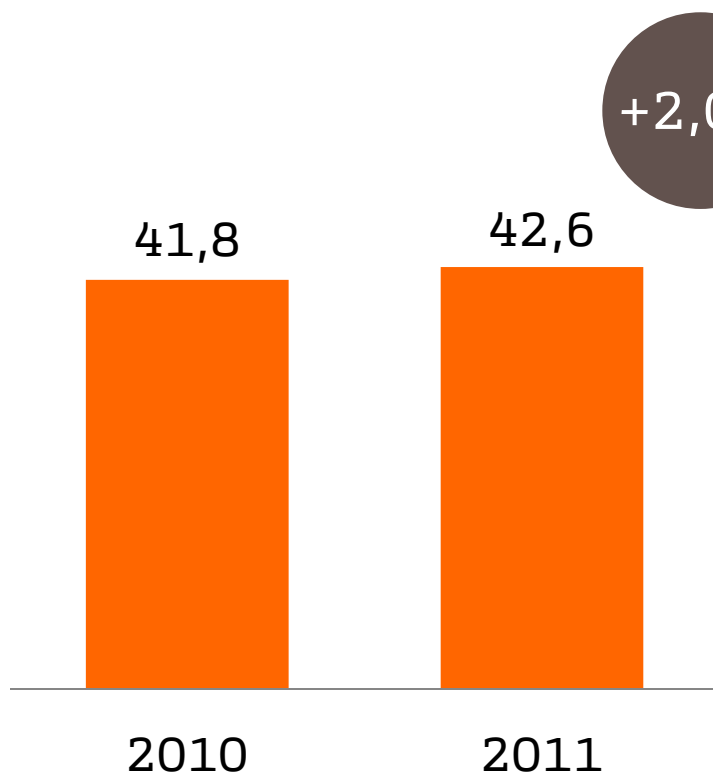


Active Corporate clients in
2011 (in thousand)

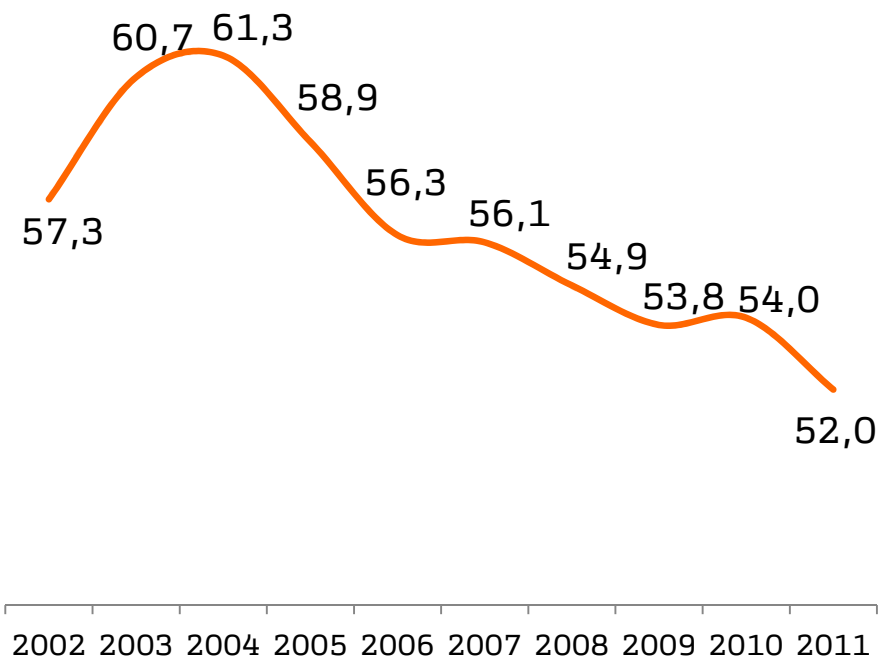


Balance sheet transformation continues supporting asset margins

Total lending (in billion €)

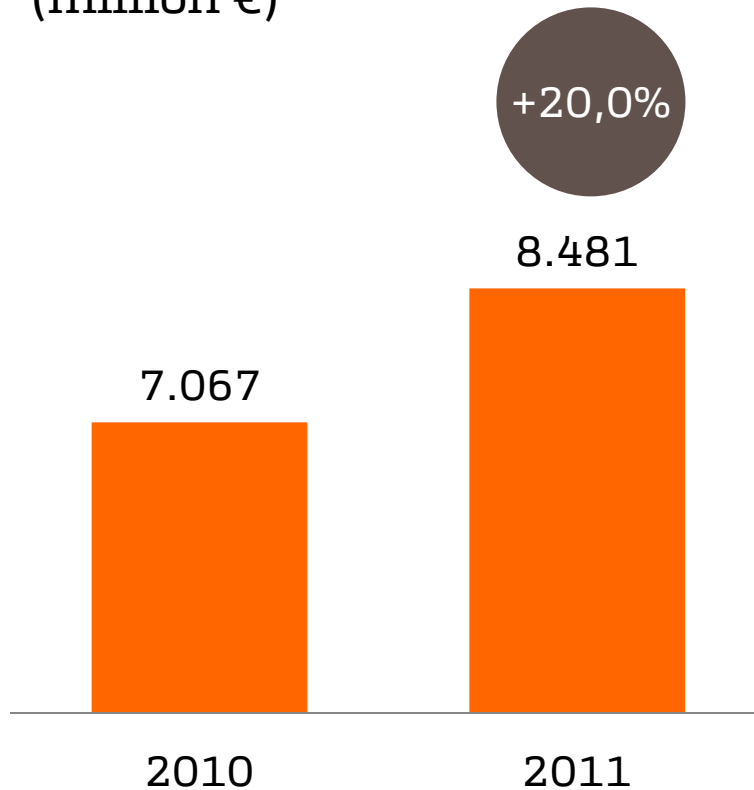


Residential mortgages over total lending evolution (in %)

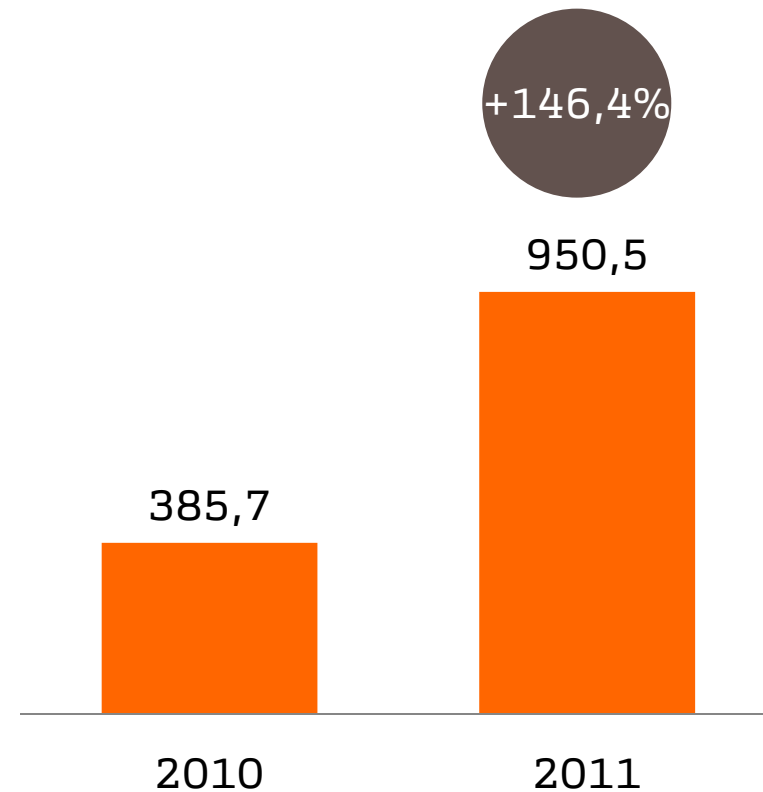


Increasing **lending** in higher margin segments and **ICO funding**

Lending to corporates
(million €)

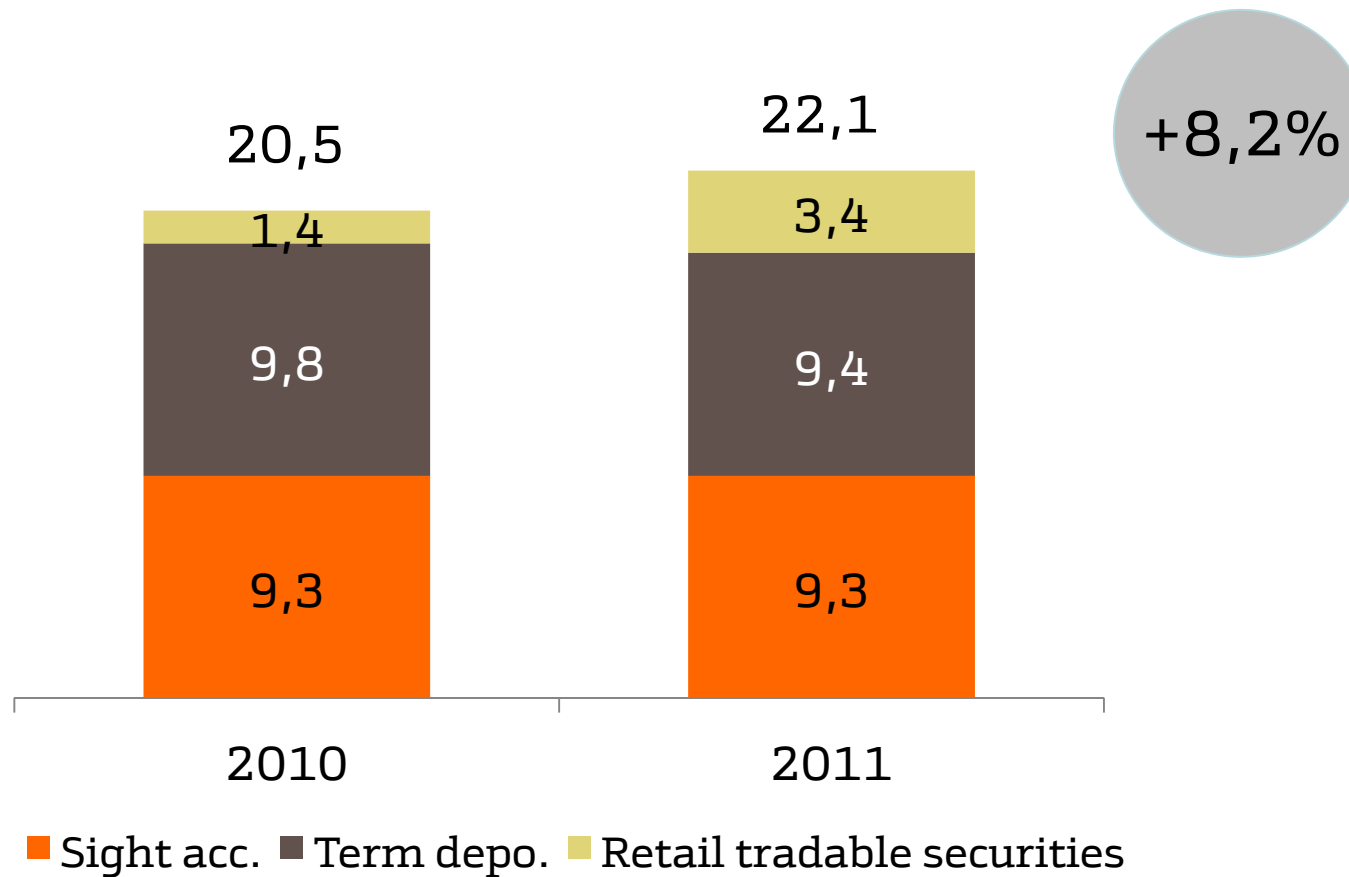


ICO funding(in million €)



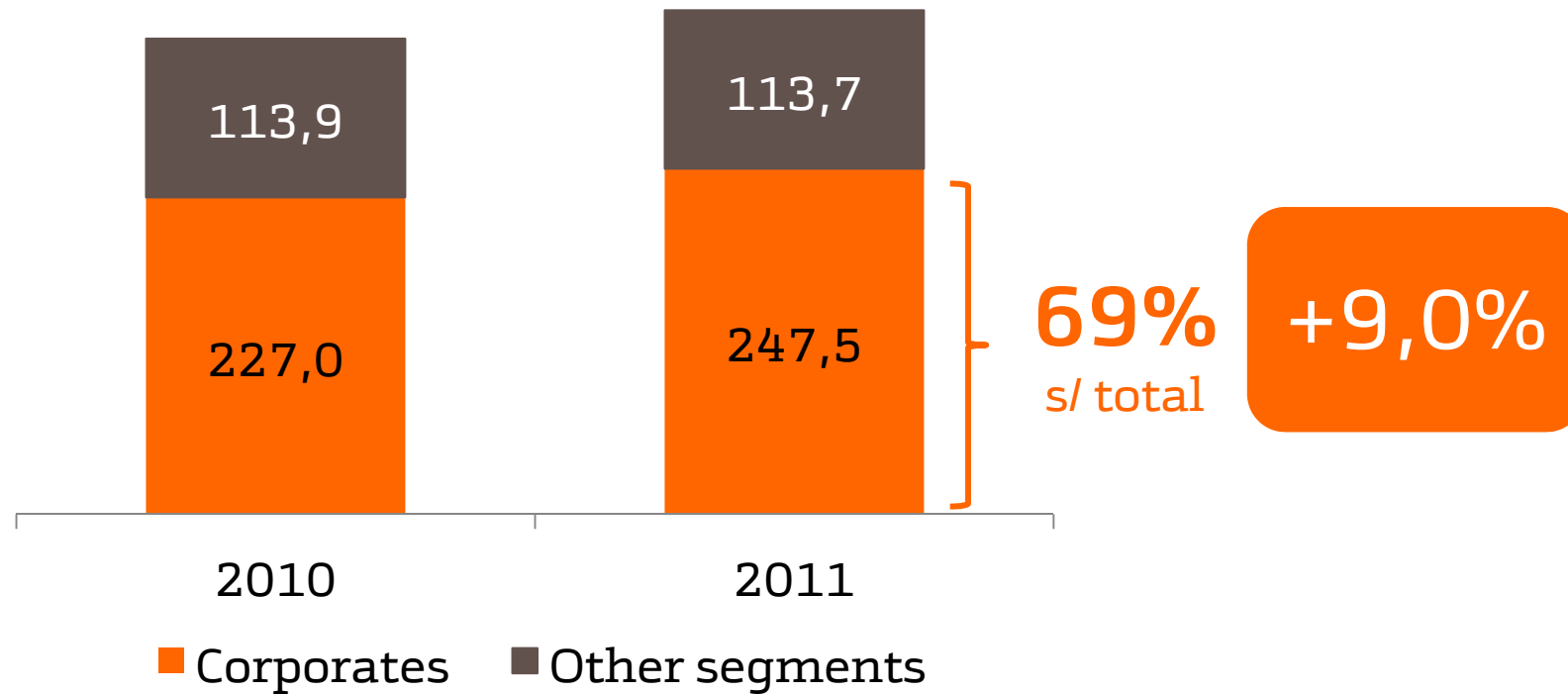
Significant retail deposit growth

Retail deposits ex repo (billion €)



Ancillary business from corporate clients is also growing

Volumes transacted (in billion €)

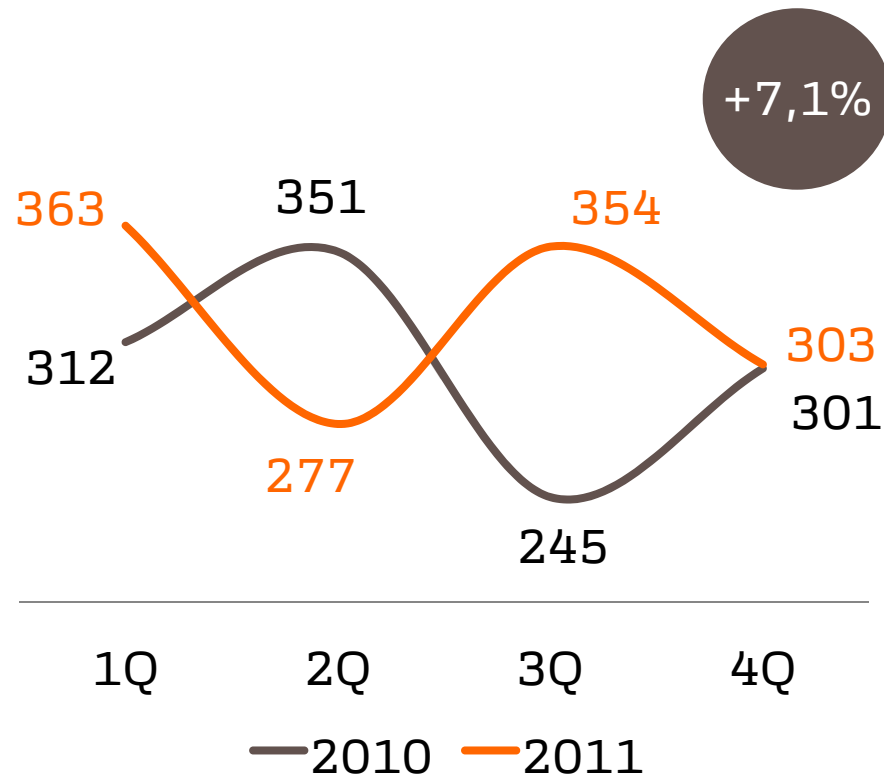


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Despite market pressures **equity brokerage** shows strength

Number of orders (in thousand)

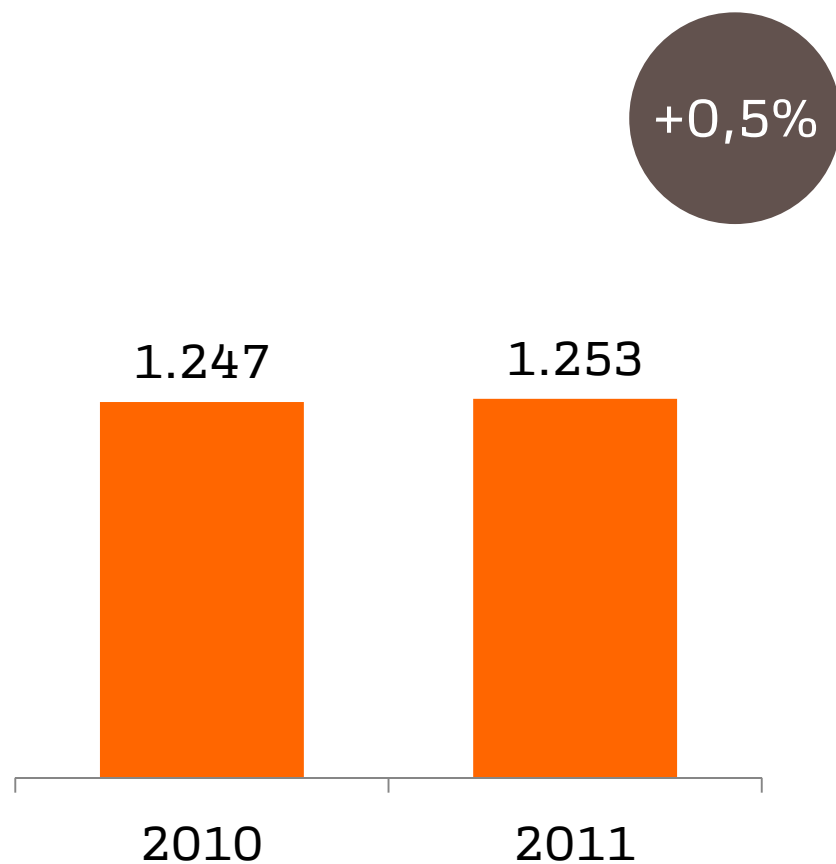


+5,4%
Fees in 2011

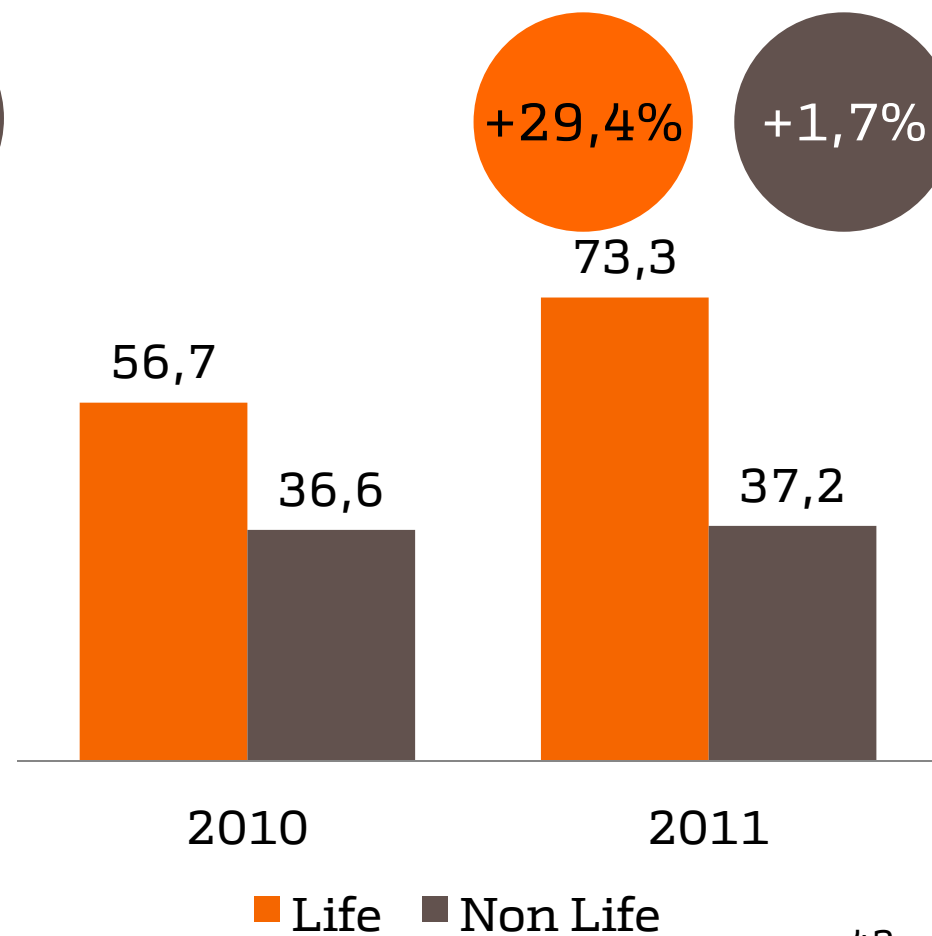
+8,2%
Equity under
custody

Distribution of insurance products remains solid

Pension funds (in million €)



Premiums evolution (in million €)

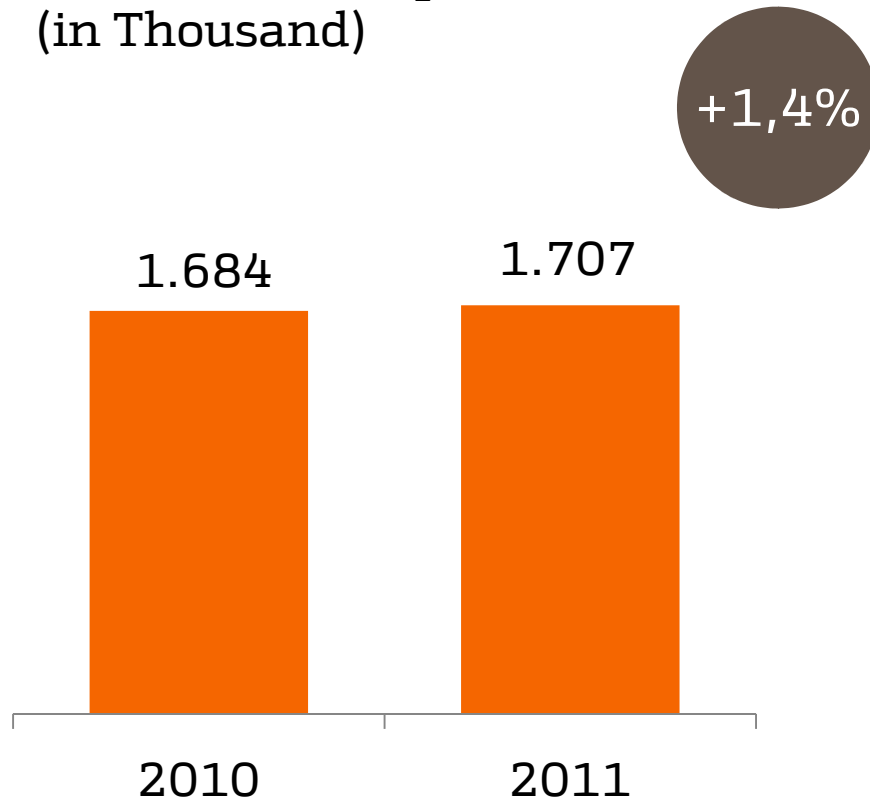


LDA, the business continues growing

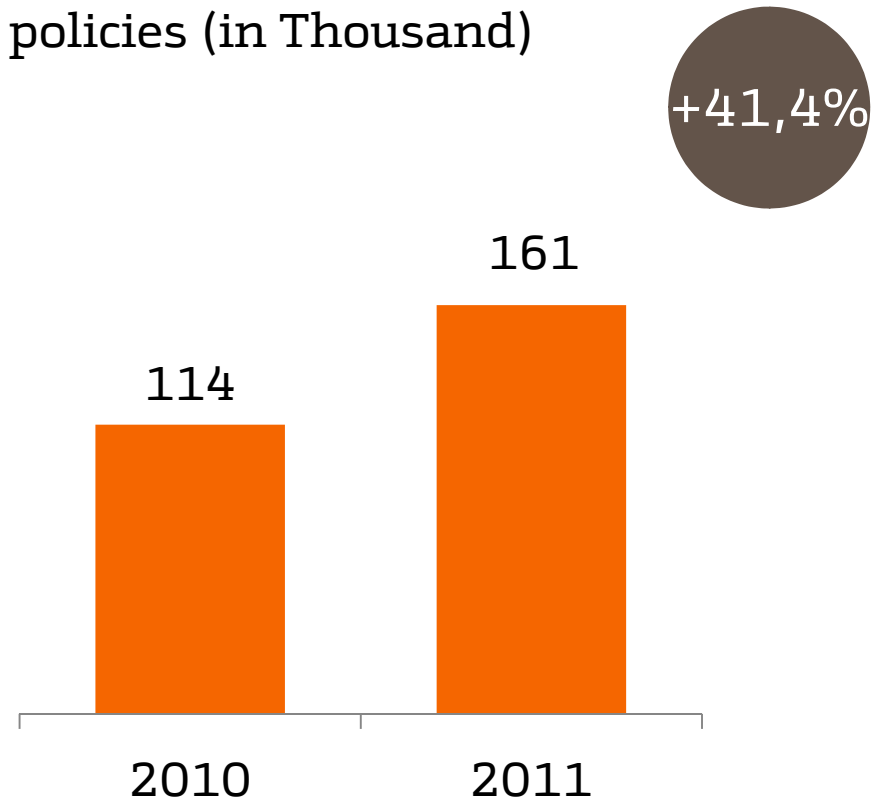


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Number of auto policies (in Thousand)



Number of home insurance policies (in Thousand)

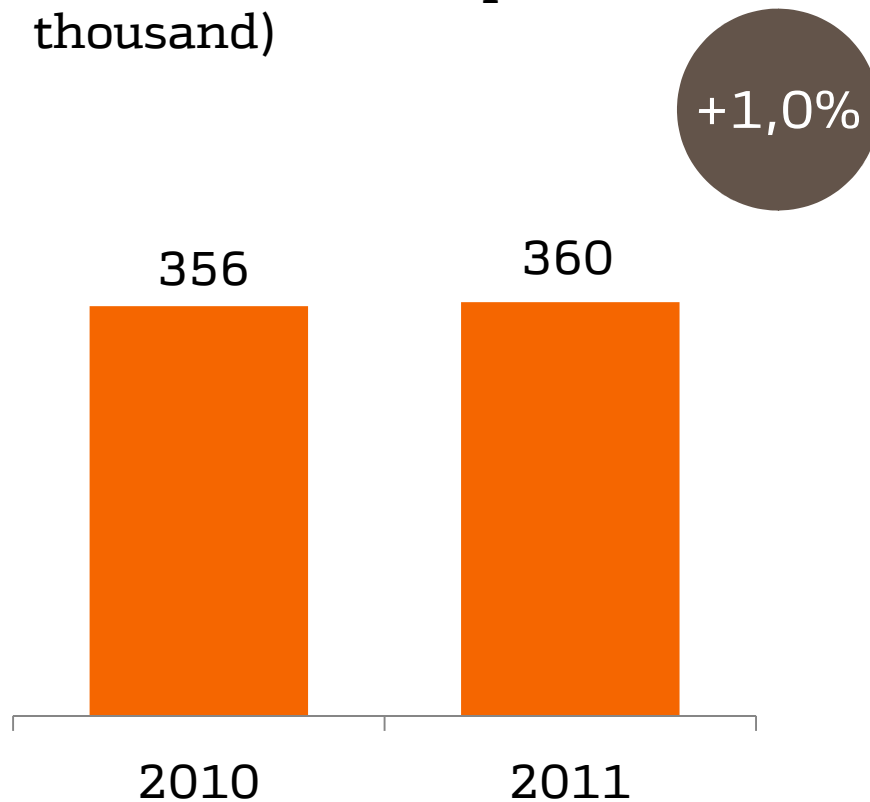


Sound **commercial activity** despite sharp car sale drops

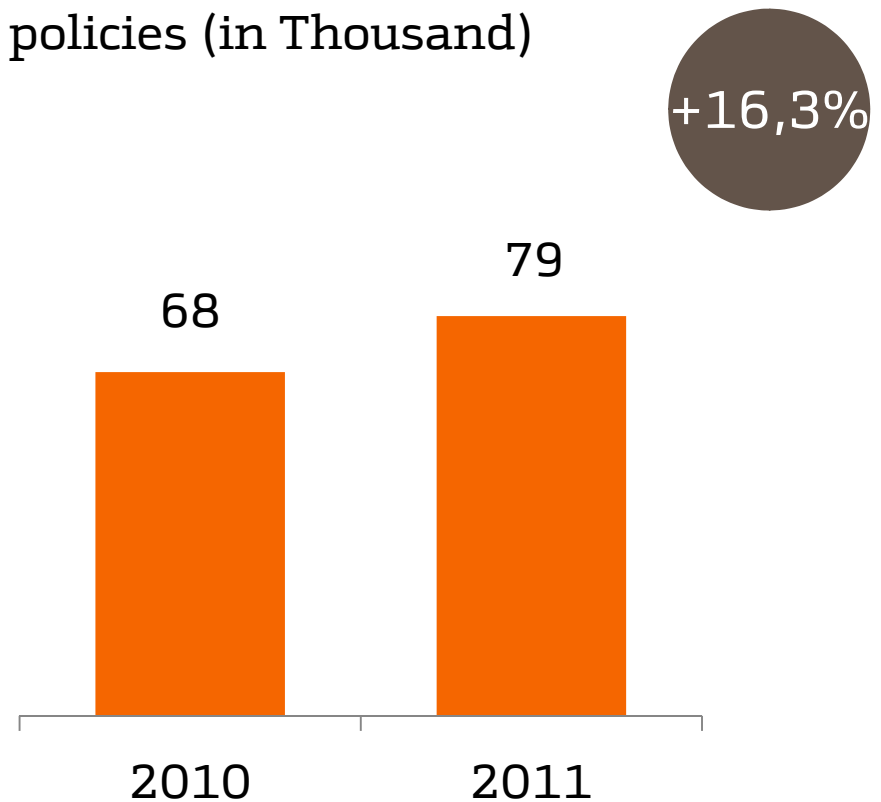


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Gross sales of auto policies (in thousand)



Gross sales of home insurance policies (in Thousand)



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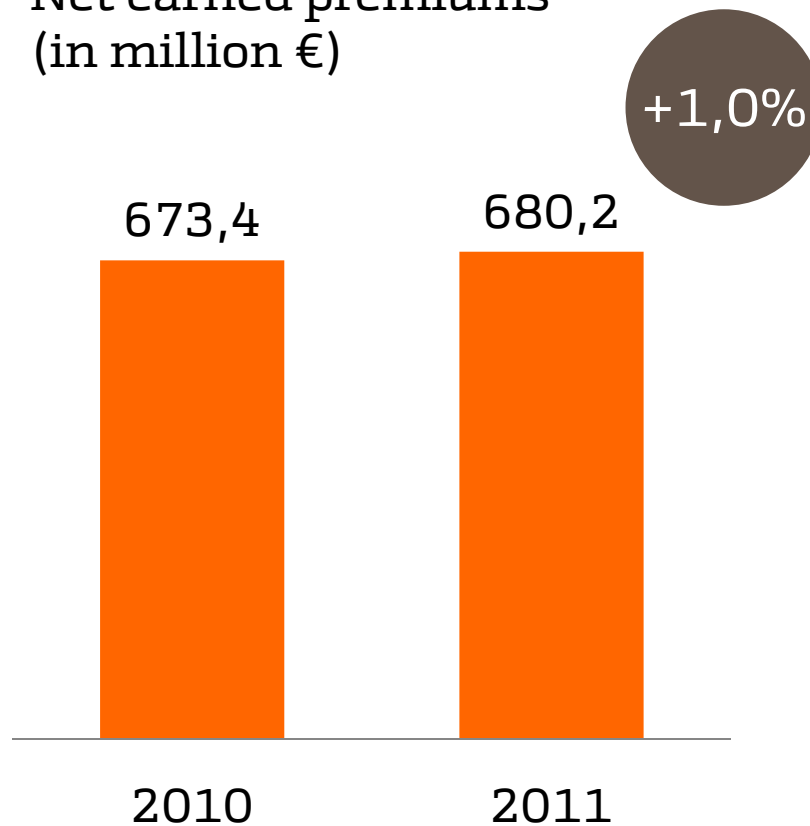
-18,3%
Carl sales in 2011

The business continues gaining efficiency

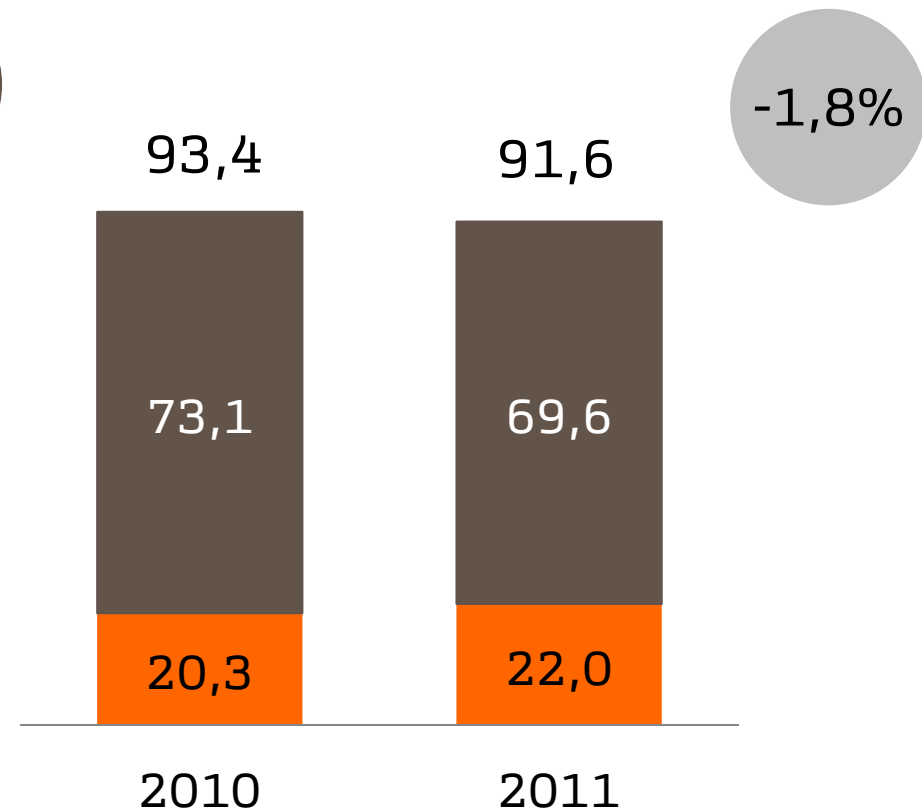


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Net earned premiums
(in million €)



Combined ratio (in %)



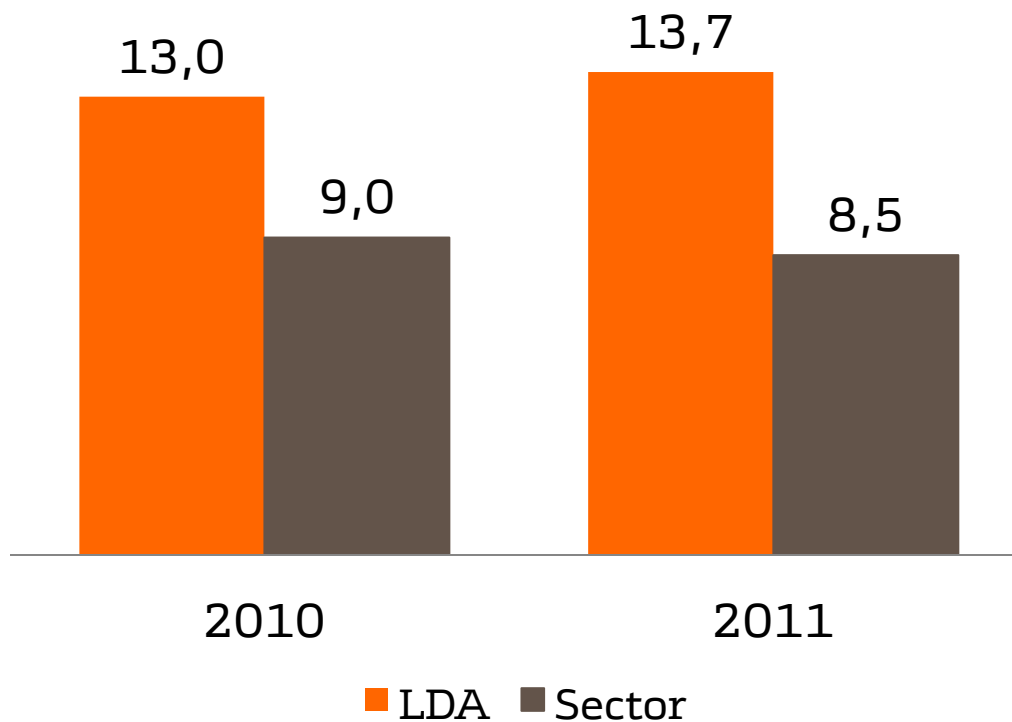
■ Expense ratio ■ Loss ratio

and **outperforming the sector** in a consistent manner



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Comparative technical results (in %)



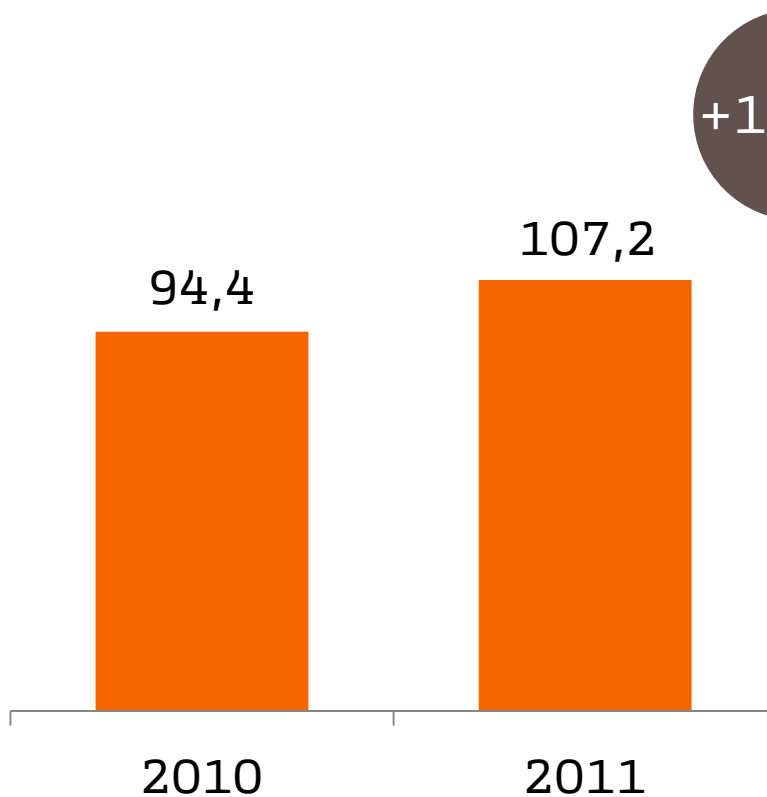
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Excellent **results** in 2011



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Profit before tax* (in million €)

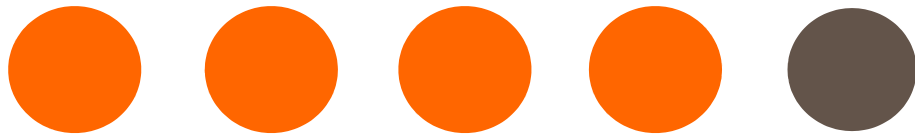


	Stand alone 2011	Var 2010	Contribution to Group Results	Var 2010
NII	42.619	10,5%	39.597	9,4%
Other income	-478	Nr	247	-62,4%
Trading income	730	-74,7%	730	-73,2%
Technical results	234.367	12,9%	232.243	12,1%
Ordinary Margin	277.239	11,3%	272.817	10,6%
Expenses	-169.600	9,7%	-169.145	9,6%
Amort consol intg			-22.193	
Pre provision profit	107.639	14,1%	81.479	16,1%
Impairment losses	-426		-426	
PBT	107.213	13,6%	81.052	15,5%

*LDA Stand alone group results

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In summary



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Improvement of **business profitability** continues

Best in class **asset quality**

Reinforced **solvency** and improved **liquidity**

Business shows strength

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