
Results Presentation 1H2017

26 July 2017

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

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

1H17 Summary

Gross operating income: 922,3M€ +10 %

NPL ratio: 3,74% -51 bps 3,34%*

Net income: 241,0M€ -16 % +16,4%*

CET1 FL: 11,3% -10 bps

ROE: 12,2% +1,7 pp

* ex -Portugal

Agenda

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

01

Results

1H17 P&L

Half- year P&L account (€ millions)

	Bankinter Group			ex-Portugal*		
	1H17	1H16	Dif. % 17/16	1H17	1H16	Dif. % 17/16
Net Interest Income	529,7	463,6	14,3%	471,4	444,9	6,0%
Net Fee Income	209,5	180,2	16,2%	192,4	172,1	11,8%
Other Income/ Expenses	148,9	142,2	4,7%	148,9	140,8	5,8%
Trading Income	34,2	49,4	-30,9%	34,2	49,4	-30,8%
Gross Operating Income	922,3	835,5	10,4%	846,9	807,2	4,9%
Operating Expenses	-470,7	-428,8	9,8%	-428,1	-403,7	6,0%
Pre Provision Profit	451,6	406,7	11,1%	418,9	403,5	3,8%
Other Provisions	-11,8	-16,6	-29,1%	-13,0	-15,8	-17,9%
Cost of Risk	-108,1	-119,2	-9,2%	-93,0	-113,5	-18,1%
Extraordinary results		130,7	n.a.			
Profit Before Tax	331,7	401,6	-17,4%	312,9	274,3	14,1%
Net Income	241,0	286,0	-15,7%	227,4	195,3	16,4%

2Q17 P&L

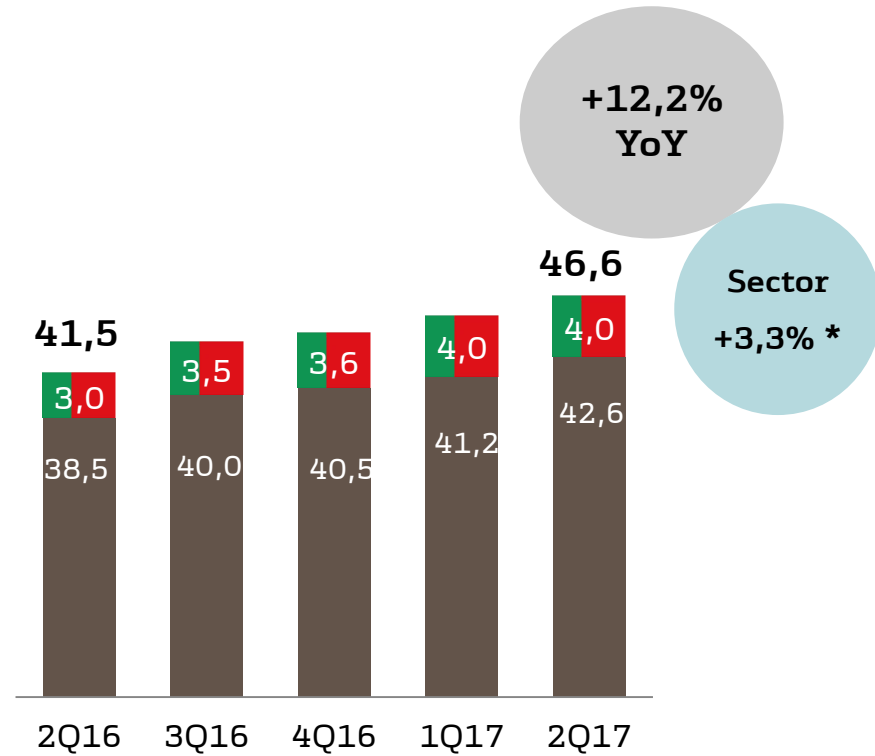
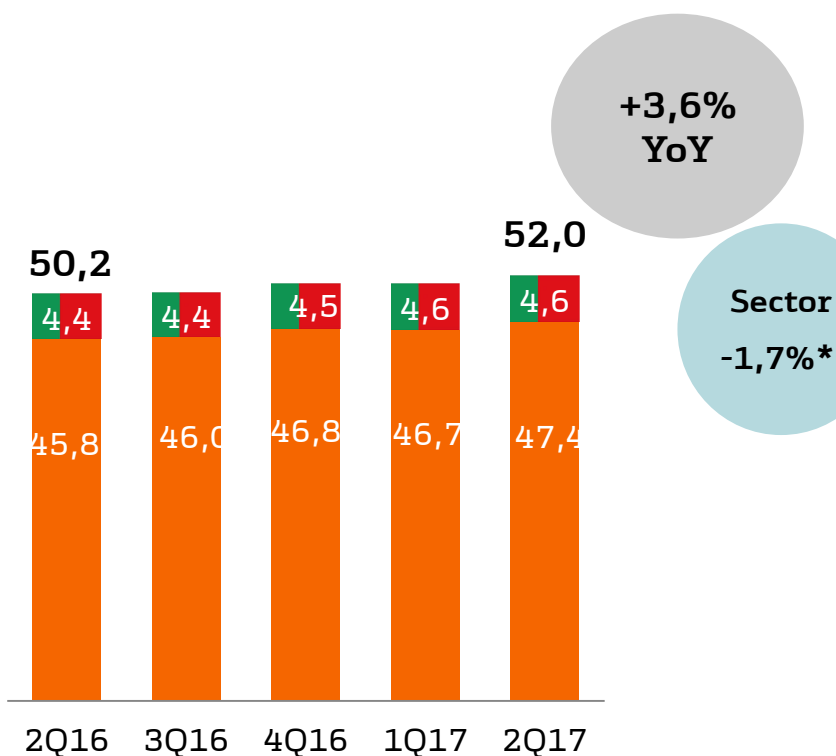
Quarterly P&L account (€ millions)

	Bankinter Group				
	2Q17	1Q17	2Q16	QoQ dif. %	YoY dif. %
Net Interest Income	272,0	257,7	243,5	5,5%	11,7%
Net Fee Income	109,3	100,2	95,1	9,2%	15,0%
Other Income/ Expenses	63,3	85,6	54,0	-26,1%	17,2%
Trading Income	10,2	23,9	32,1	-57,2%	-68,1%
Gross Operating Income	454,9	467,4	424,7	-2,7%	7,1%
Operating Expenses	-238,0	-232,7	-229,9	2,3%	3,5%
Pre Provision Profit	216,9	234,8	194,8	-7,6%	11,3%
Other Provisions	-4,0	-7,7	-8,6	-47,6%	-53,0%
Cost of Risk	-52,7	-55,4	-62,9	-4,9%	-16,2%
Extraordinary results			130,7	n.a.	n.a.
Profit Before Tax	160,1	171,6	254,0	-6,7%	-37,0%
Net Income	116,6	124,4	181,2	-6,2%	-35,6%

Loan book and retail deposits

Loan book (€bn)

Retail deposits (€bn)

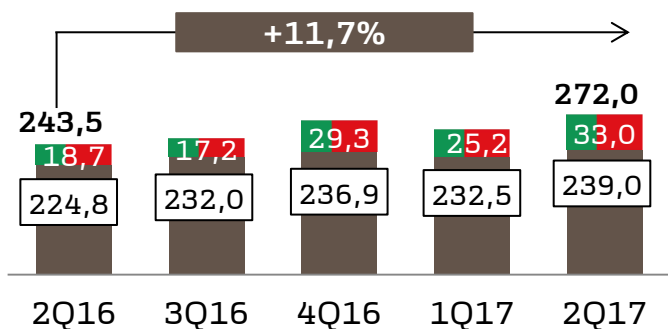


■ Bankinter Portugal

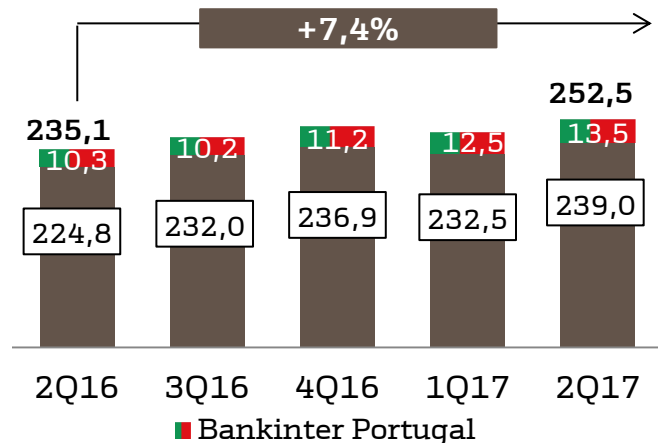
■ Bankinter Portugal

NII and Customer margin

Quarterly net interest income (€millions)

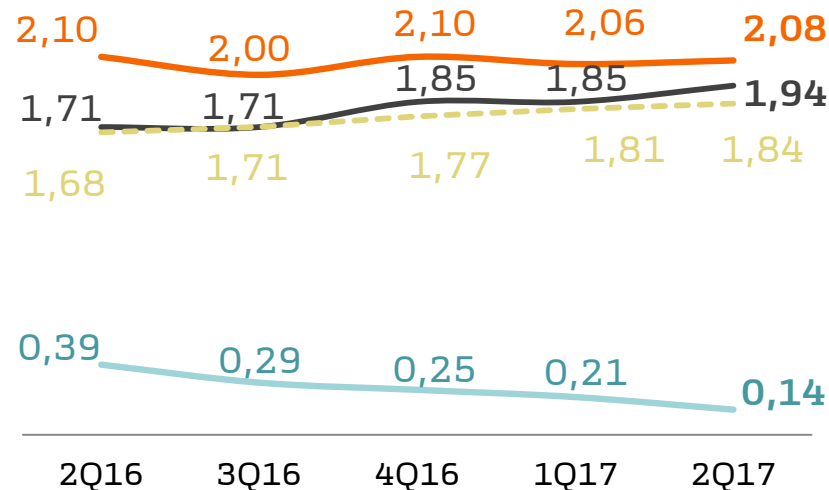


Quarterly recurrent net interest income (€millions)



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Quarterly customer margin and breakdown (in %)



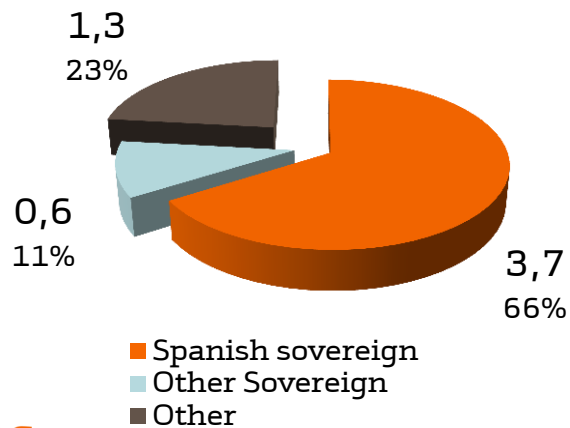
- Credit yield
- Cost of liabilities
- Client margin
- - - Client margin (ex Portugal)

NII and ALCO portfolio

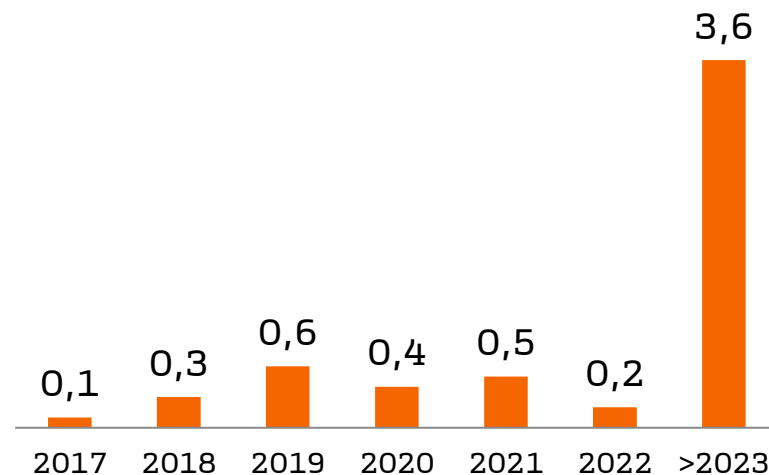
Breakdown of ALCO portfolio

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

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

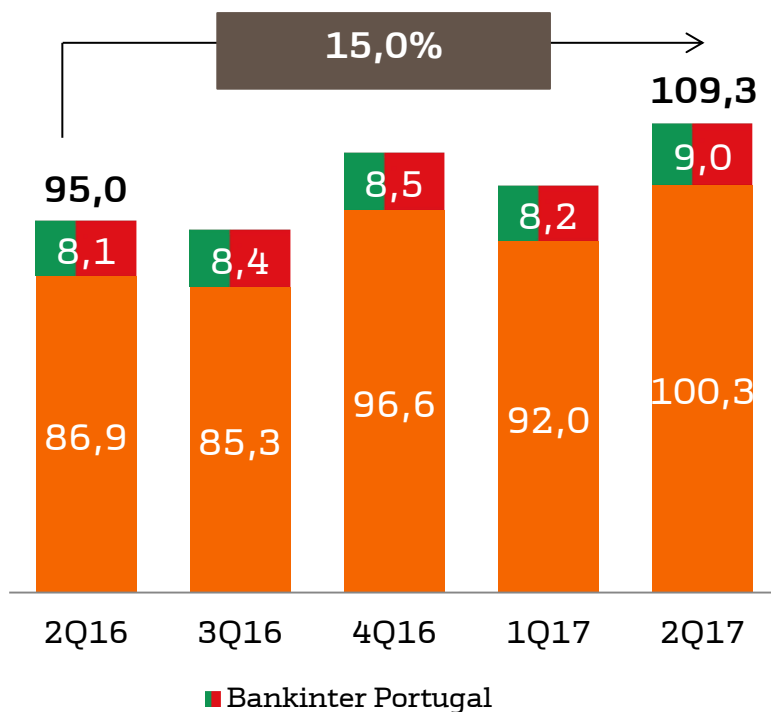


ALCO portfolio maturities (bn €)



Net fee income

Quarterly evolution of net fee income (€ millions)



Fee income breakdown (€ millions)

	Bankinter group			
	1H17	1H16	Dif. €	Dif. %
Asset management	73,9	62,6	11,4	18,2%
Payments & collections	44,0	38,1	5,9	15,4%
Brokerage	40,5	32,5	8,0	24,7%
Insurance	30,1	23,7	6,4	26,9%
FX differences	27,1	23,9	3,2	13,4%
Fees on contingent risks	25,0	23,3	1,7	7,4%
Other fees	20,1	20,3	-0,3	-1,4%
Total fees received	260,7	224,4	36,3	16,2%
Total fees paid	51,2	44,2	7,0	15,9%
Net fees	209,5	180,2	29,3	16,2%

Other Income

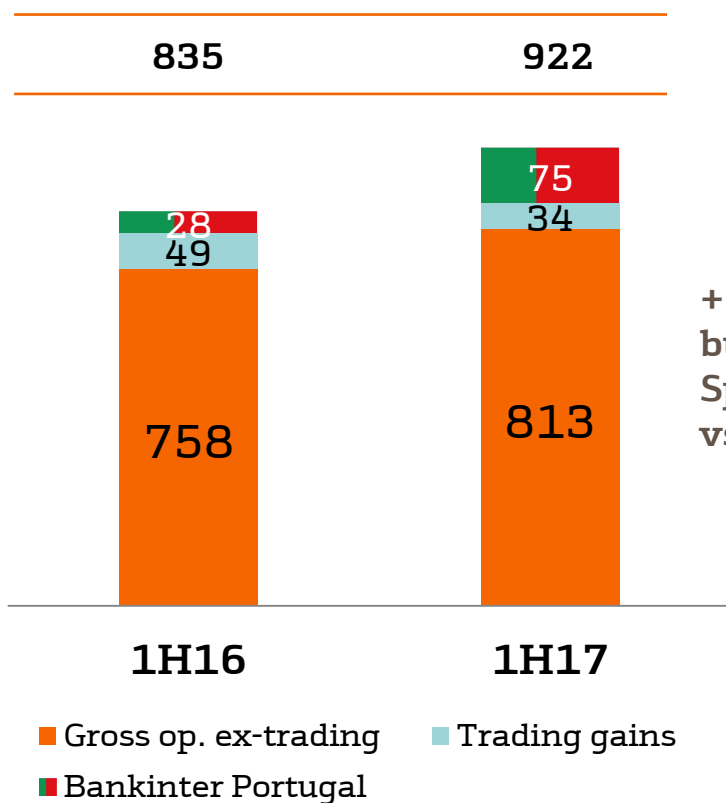
Other income breakdown (€ millions):

	Bankinter group		
	1H17	1H16	% Dif.
LDA Insurance tech. margin	170,5	153,4	11,1%
Other Income/expenses	-21,6	-11,2	92,8%
o.w. regulatory charges	-29,7	-24,7	20,2%
Other income	148,9	142,2	4,7%

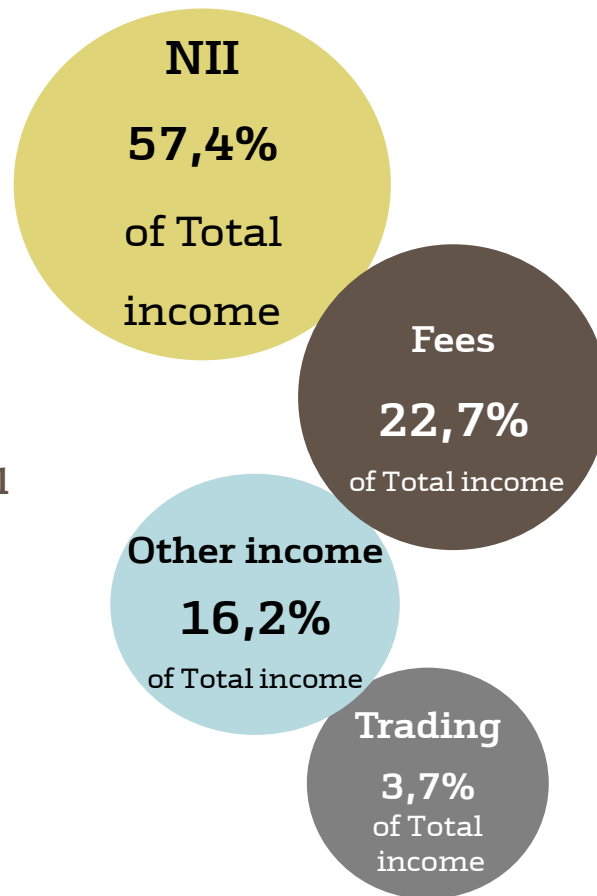
LDA
20,3%
of Total
Income

Gross operating income

Gross operating income (€millions)

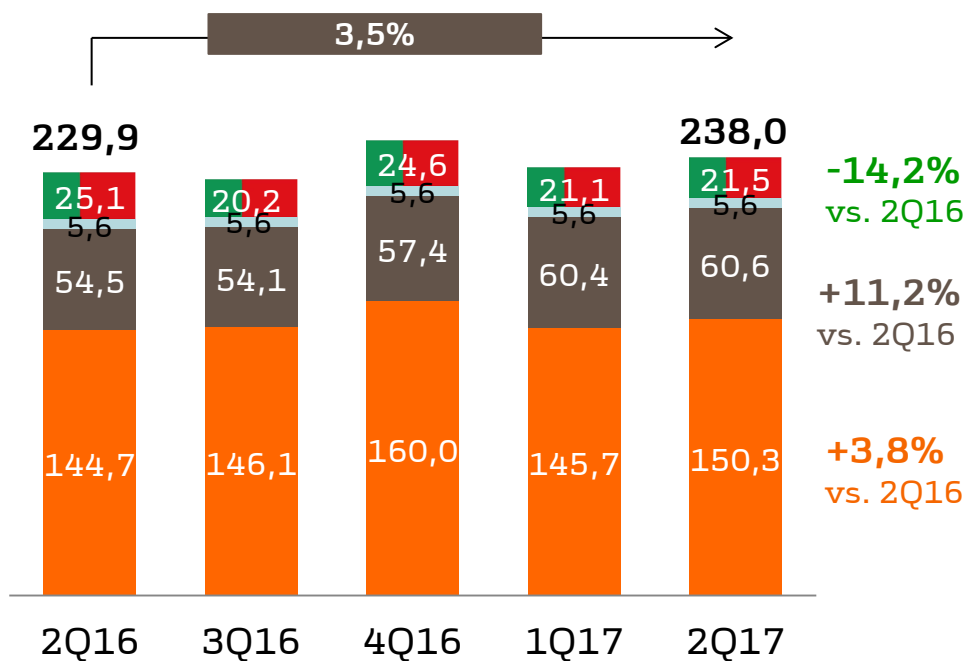


+10% customer business Spain & Portugal vs. Jun.16

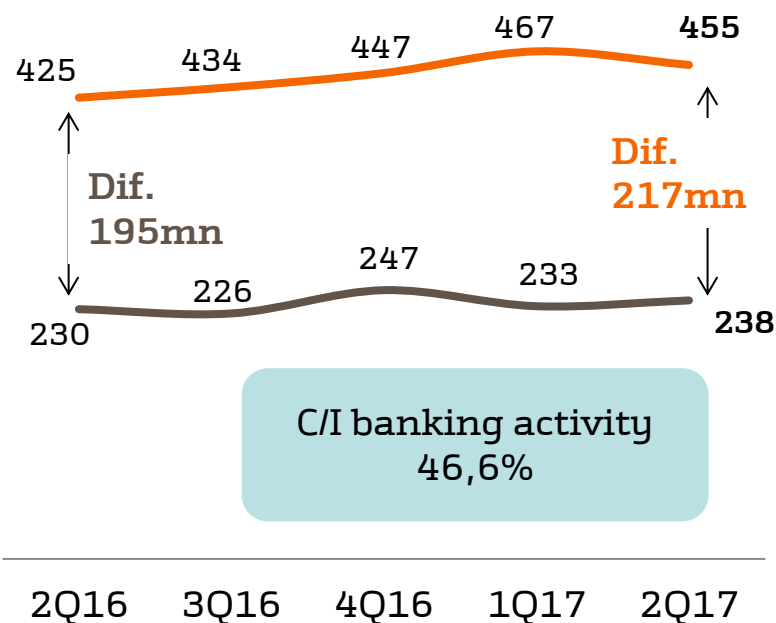


Costs and operating expenses

Total operating expenses breakdown (€ millions)

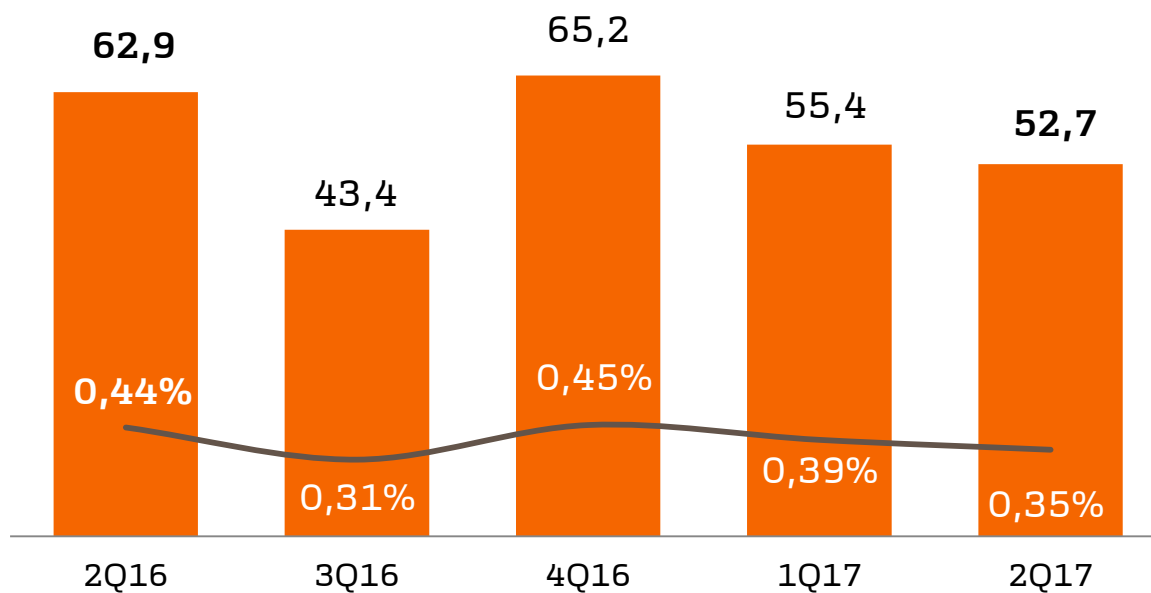


Quarterly total income vs. expenses (€ millions)



Cost of Risk

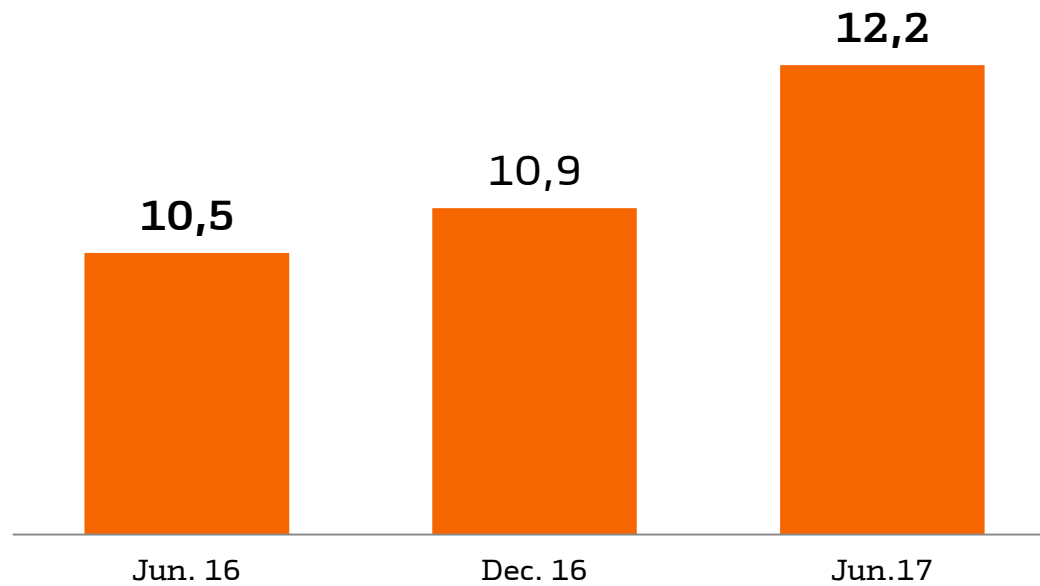
Quarterly cost of risk*
(€millions and % of total risk exposure)



-16%
vs. Jun.16

Profitability

ROE (in %)

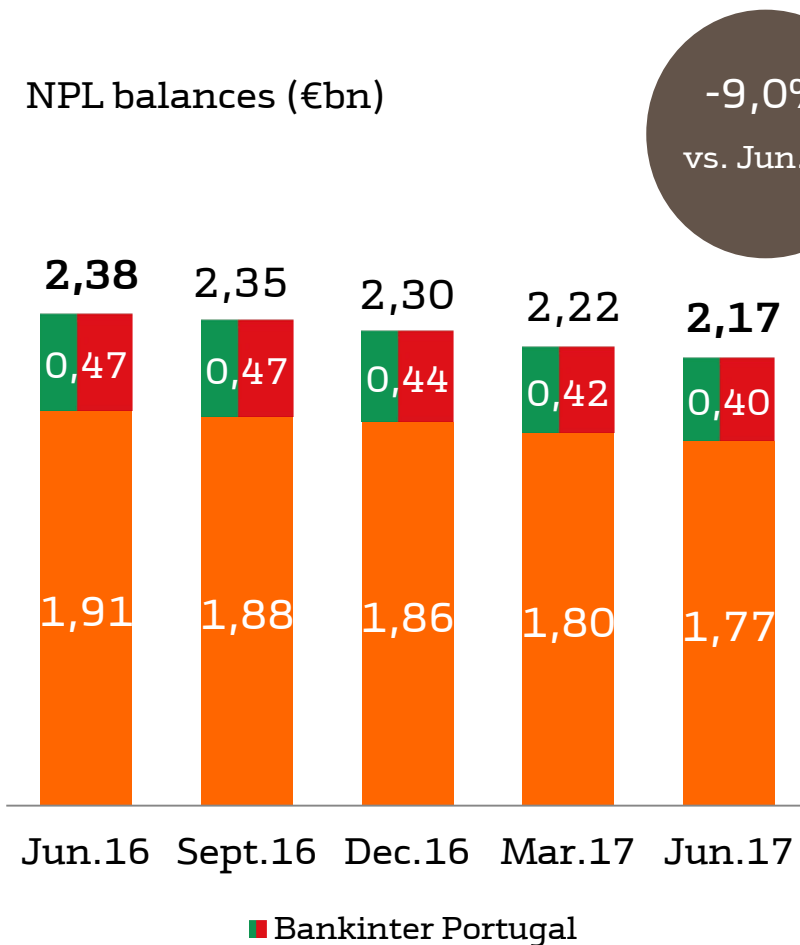


02

Risk management

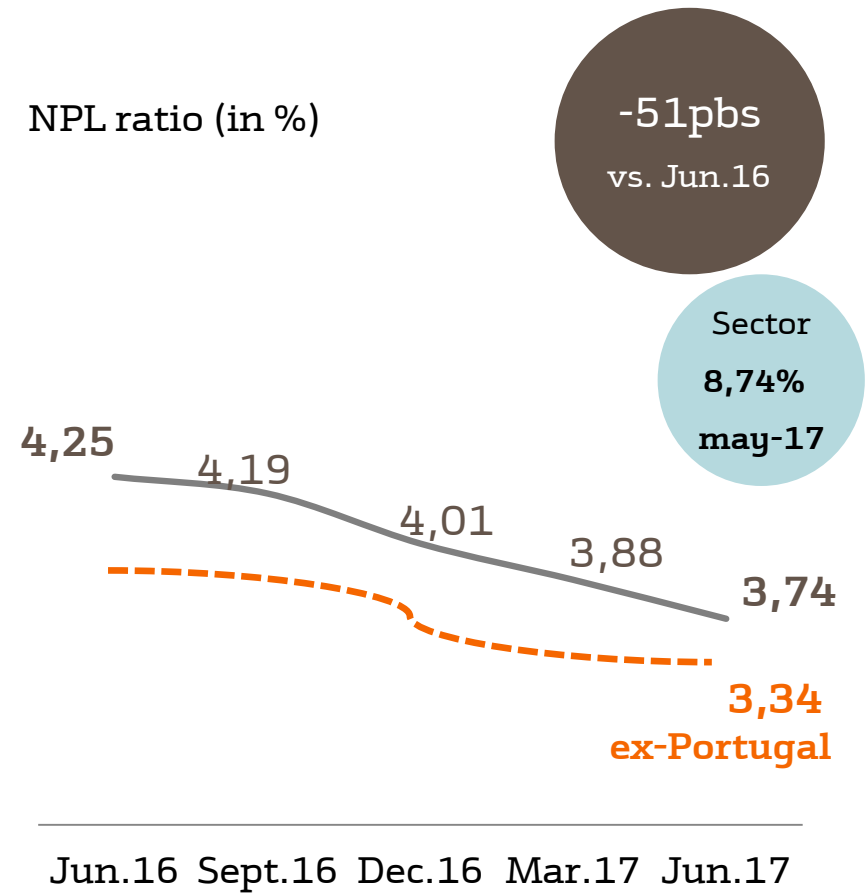
Credit quality

NPL balances (€bn)



-9,0%
vs. Jun.16

NPL ratio (in %)



-51pbs
vs. Jun.16

Provision coverage

48%

NPL's coverage

44%

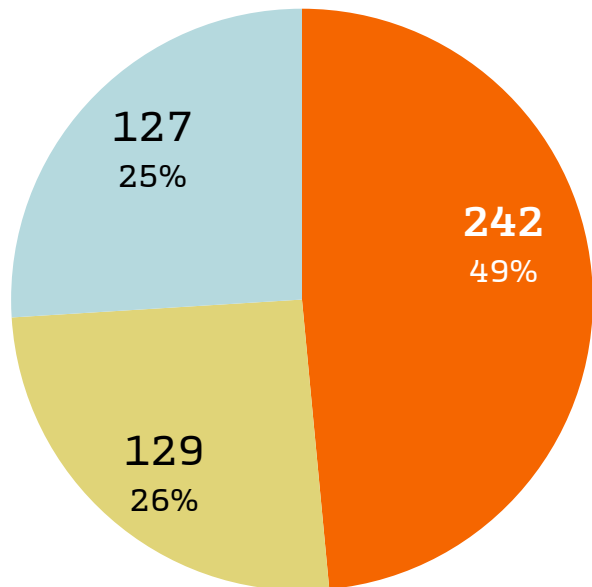
Foreclosed assets
coverage

47%

NPA's coverage

Foreclosed assets portfolio

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



■ Residential ■ Land ■ Commercial

€498 mill. portfolio

-10% vs. Jun.16

Foreclosed asset sales (€millions) 1H17

Assets sold book value	98,6
Assets sold sale price	64,8
Assets sold average discount on book value	-34%
Assets sold average provision coverage	42%

Solvency

CET1 FL ratio breakdown (in %)

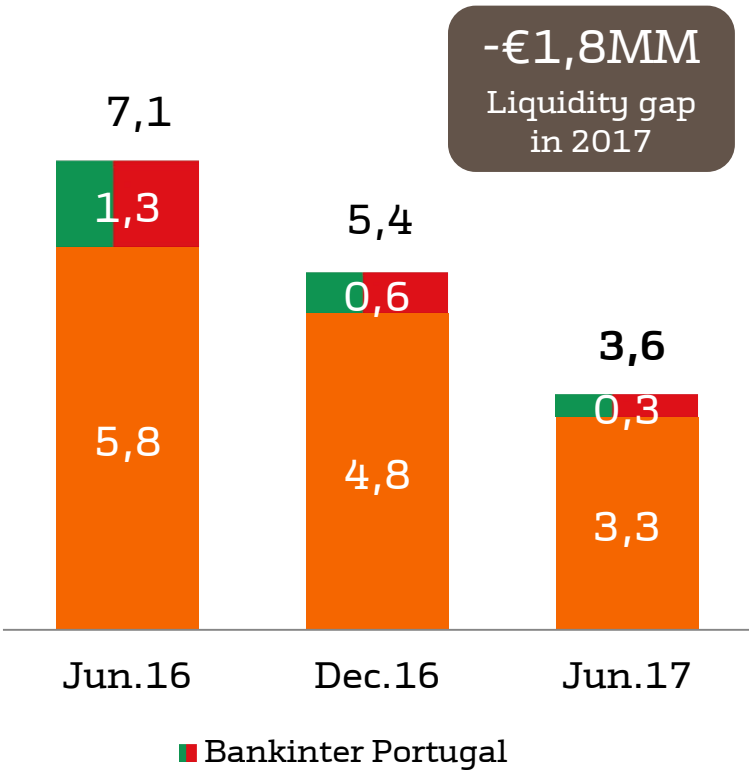


11,62%
CET1 phased-in

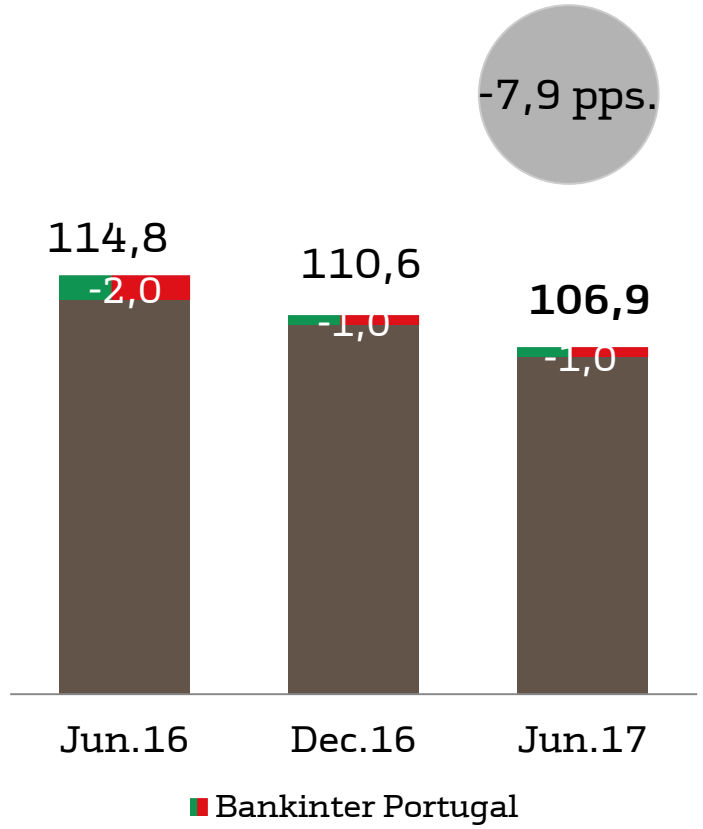
5,2%
Leverage ratio FL

Liquidity management

Liquidity gap (€bn)

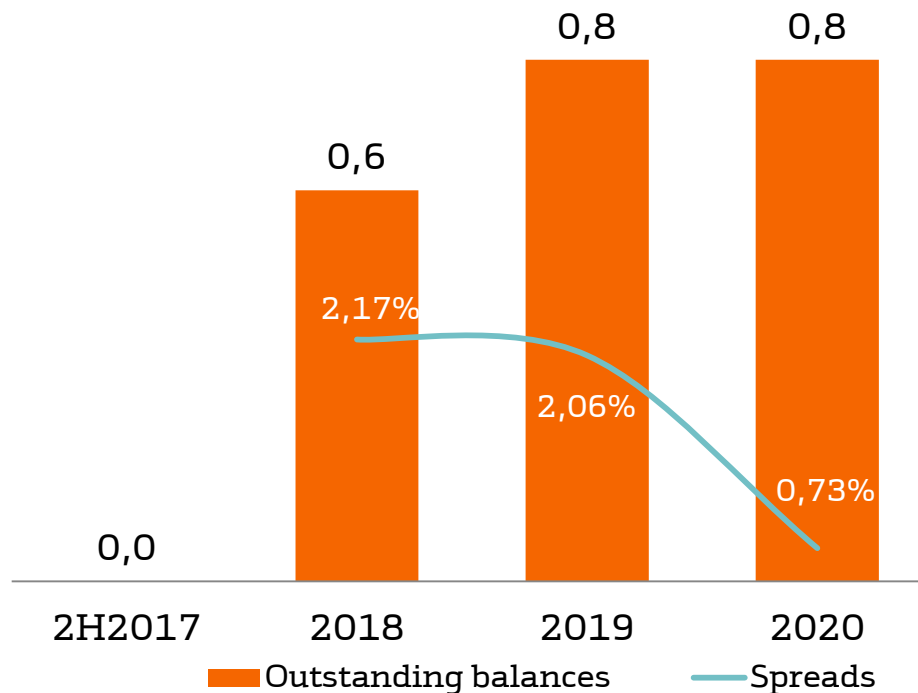


Loan to deposit ratio (in %)



Wholesale funding

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



DBRS rating upgrade
to A (low)

- Solid financial performance
- Strengthened market position

€12,2bn

Liquid assets

€7,4bn

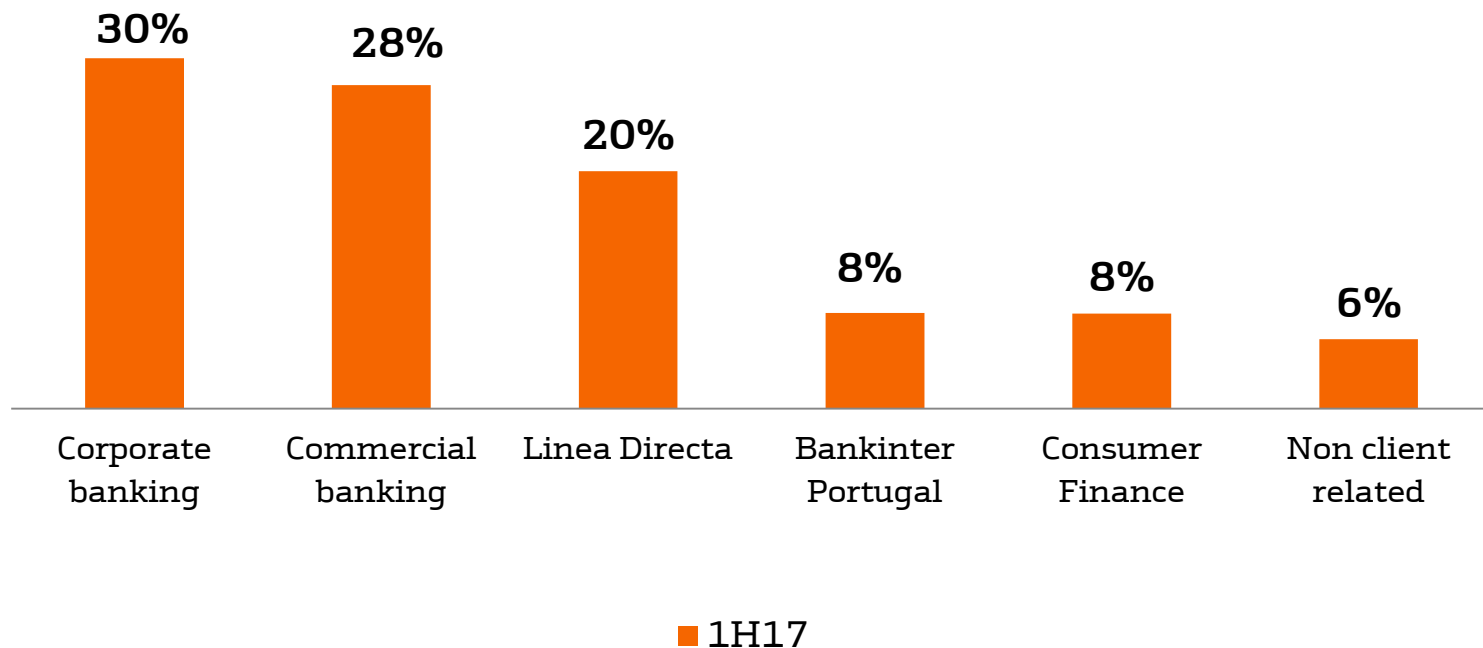
Covered bond issuance capacity

03

Businesses

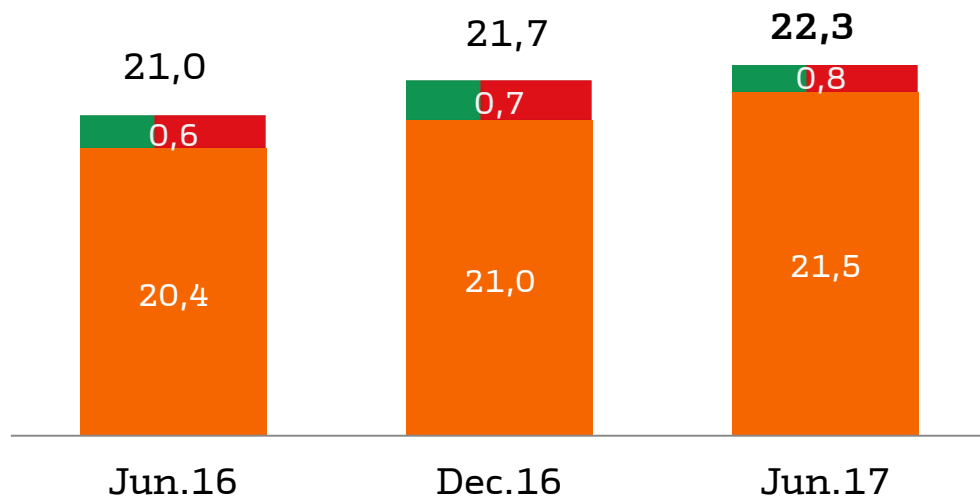
Contribution to total income

Contribution to total income by business segment (in %)



Corporate/ SME banking: Lending

Enterprises loan book (€bn)



■ Bankinter Portugal

+6,1% vs. Jun.16
vs. sector **-2,3%***

6,1%
Market share on
new production

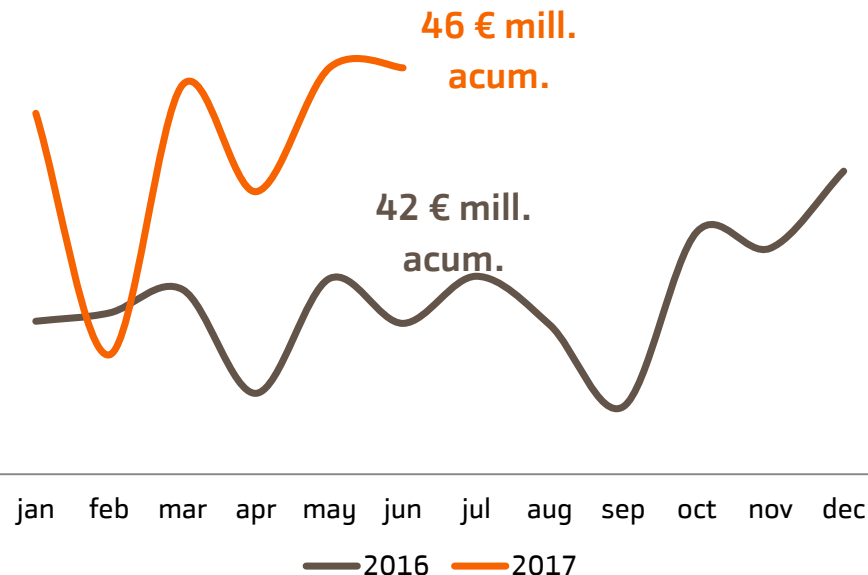
*BdE may-17

Corporate/ SME banking: Relationship business

Transactional business:

Fees + NII income
€46 Mill. €
(+9% vs 1H16)

Monthly evolution of transactional business
(€ million)



Customer
acquisition
+10%
vs. 1H16

69 mill.
Total income from
International
business
+20% vs Jun.16

+51%
Tax & Social security
payments
vs +9% sector

+9%
Trade discount
vs 1% sector

+8%
Money transfers
vs -1% sector

Private banking

Customers assets in Private Banking (€bn)

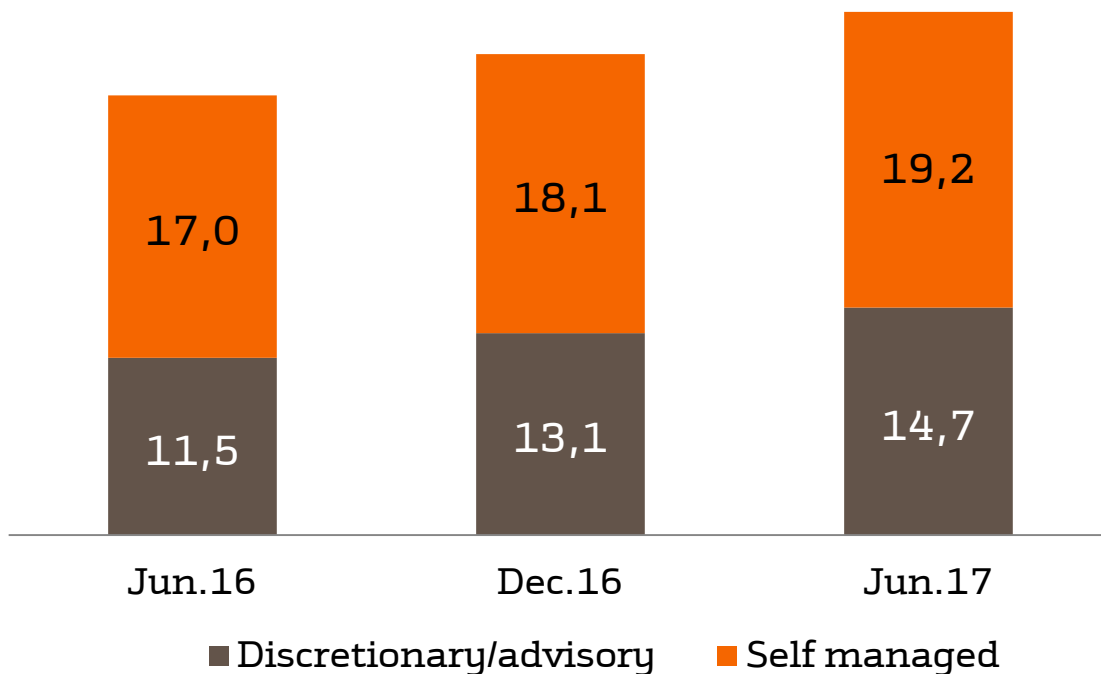
28,5

31,2

33,9

+19%

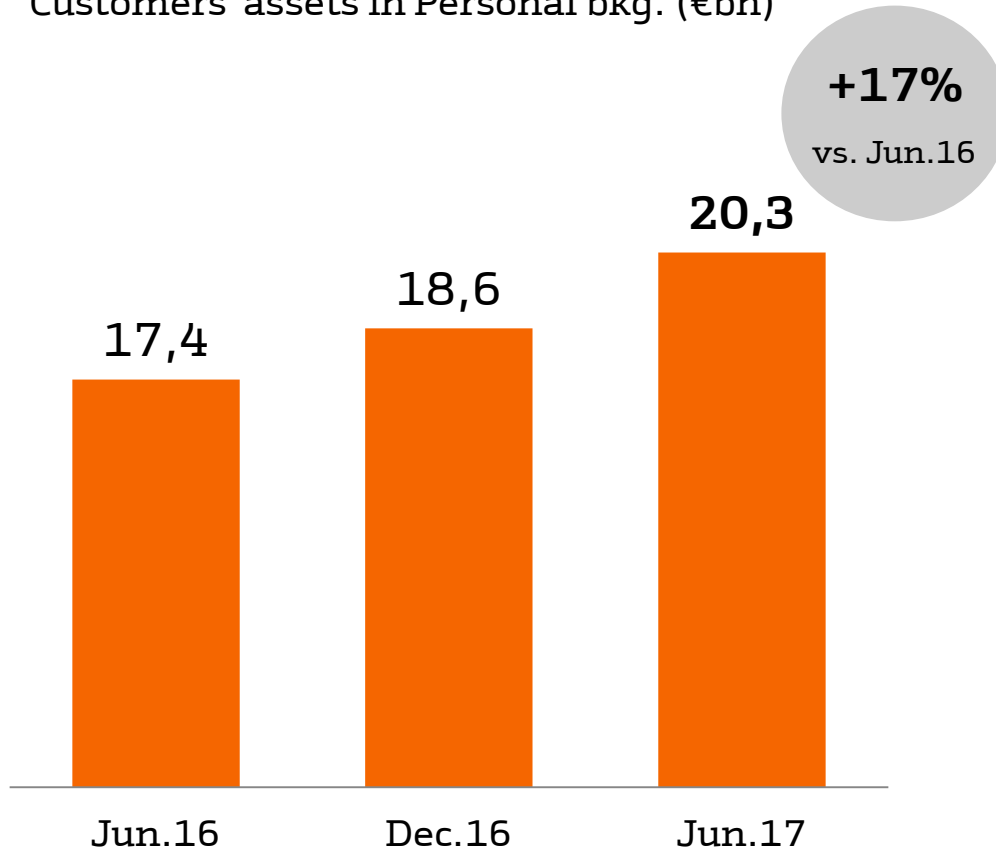
vs. Jun.16



**Net New Money YTD:
€1,7bn**
of which 46% on advisory
(vs. 11% in 1H16)

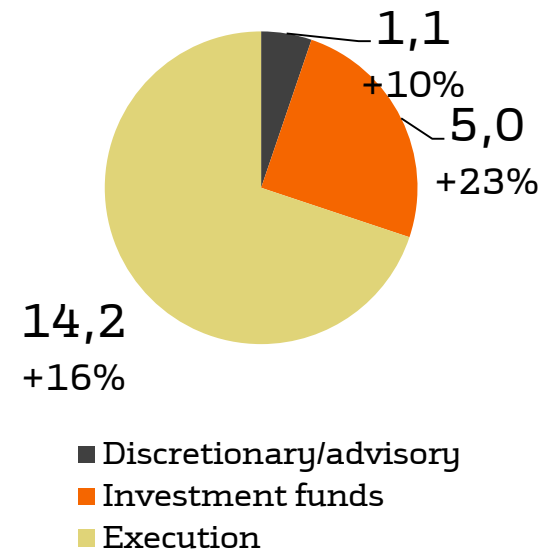
Personal banking

Customers assets in Personal bkg. (€bn)



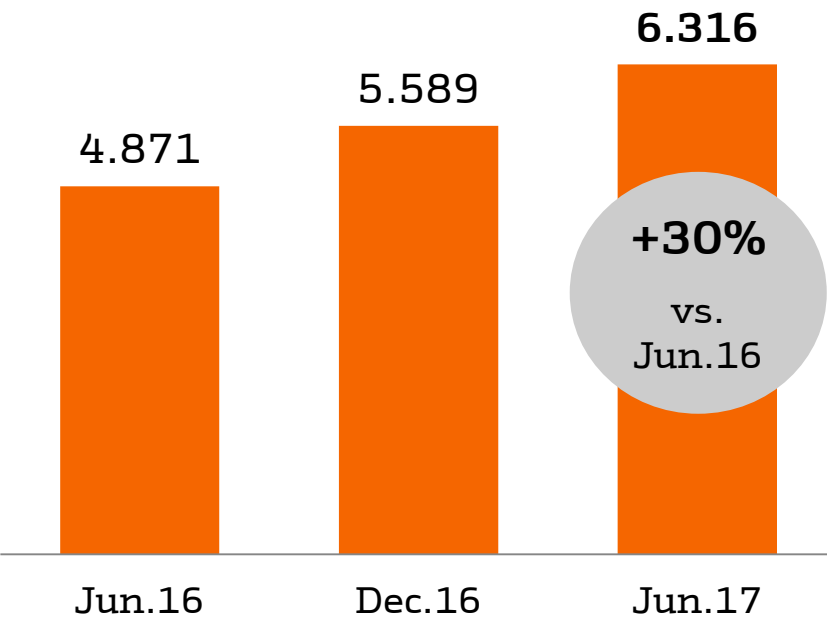
Net new money YTD:
€1,3bn

Breakdown by asset type (€bn)

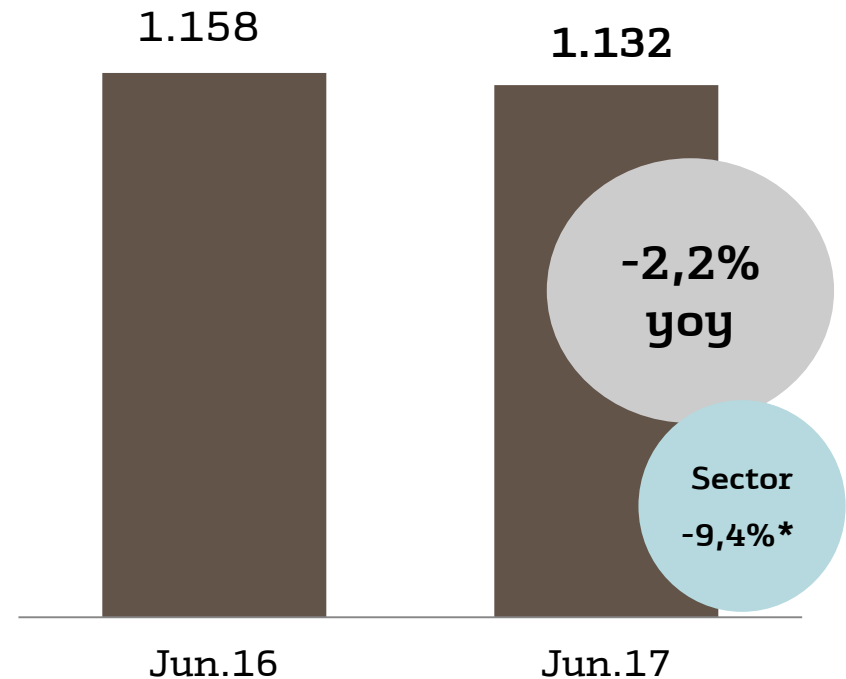


Commercial banking

Total payroll account balances (€ millions)

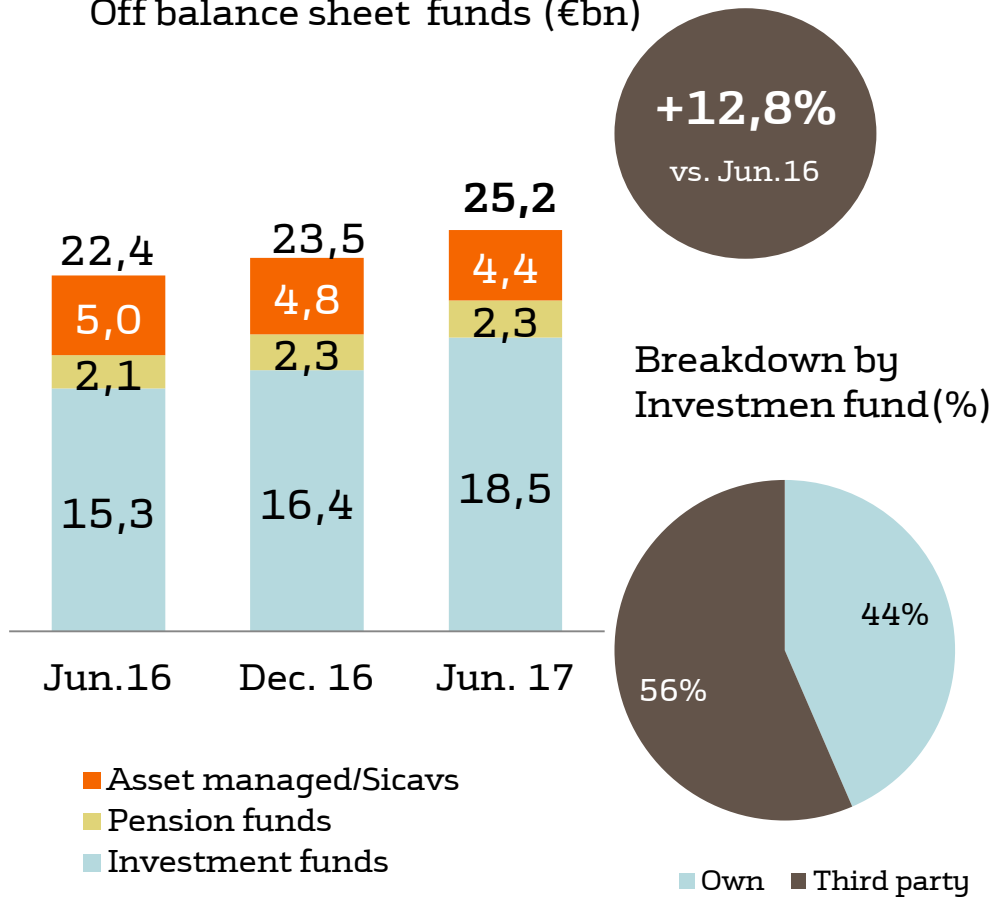


New mortgage production YTD (€ millions)

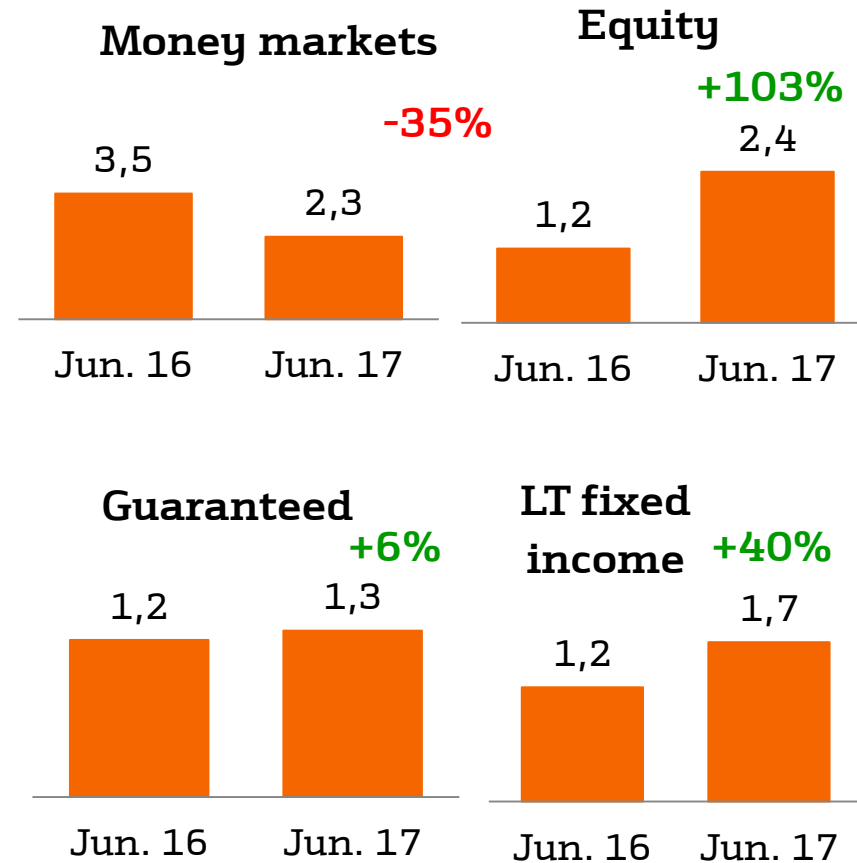


Assets under Management

Off balance sheet funds (€bn)

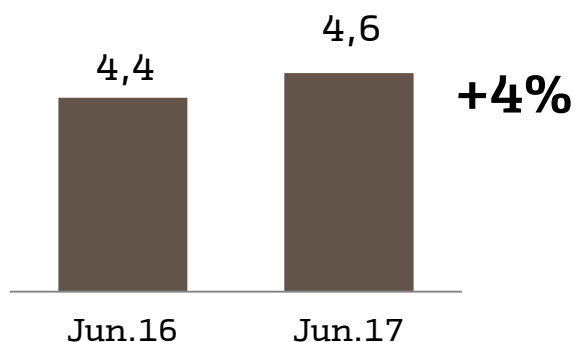


Bankinter managed investment funds by type (bn€)

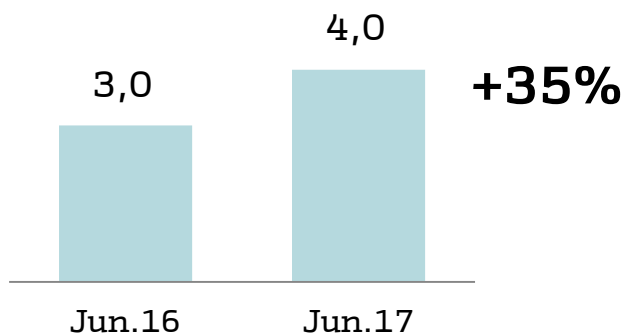


Bankinter Portugal

Loan book (€bn)



Retail funds (€bn)



Commercial banking: €3,8bn

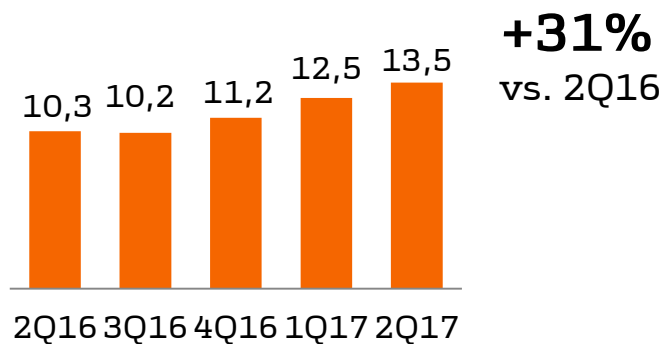
Corporate banking: €0,8bn

Recurrent results (€millions)

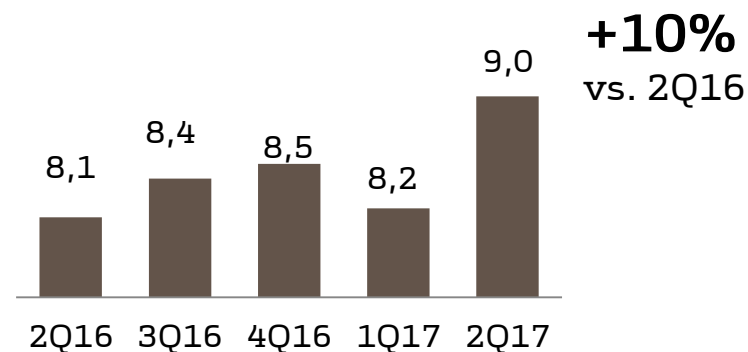
	Bankinter Portugal 1H 2017
Net Interest Income	58,3
o.w. portfolio recoveries	32,3
Net Fee Income	17,1
Other	-0,1
Gross Op. Income	75,3
Operating Expenses	-42,6
Pre Provision Profit	32,8
Other Provisions	1,2
Cost of Risk	-15,2
Profit Before Tax	18,8

Bankinter Portugal

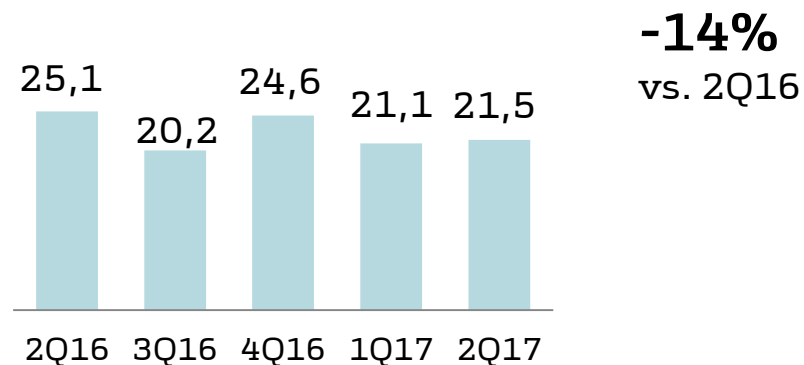
NII recurrent (€millions)



Net fee income (€millions)



Total expenses (€millions)



Consumer Finance

1 million

Customers
+ 25% vs. Jun.16

150 thousand

New clients
+31% vs. Jun.16

€1,2bn

Loan book
+43% vs. Jun.16

10,8%

Risk adjusted
return

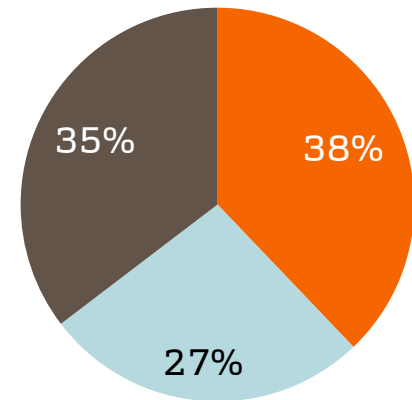
7,1%

NPL ratio
vs. 7,2% Jun.16

2,0%

Cost of risk
vs. 2,2% Jun. 16

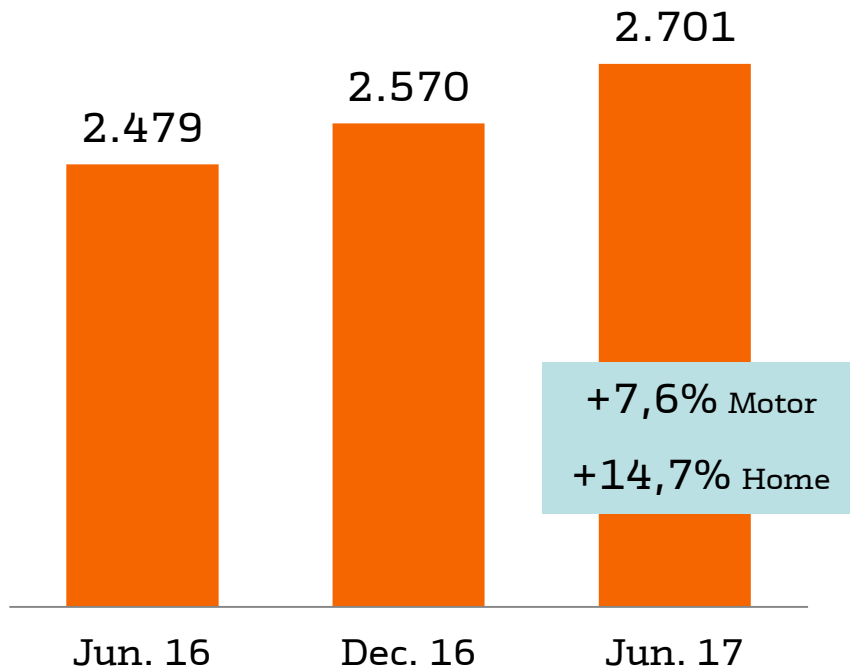
Breakdown by client type (%)



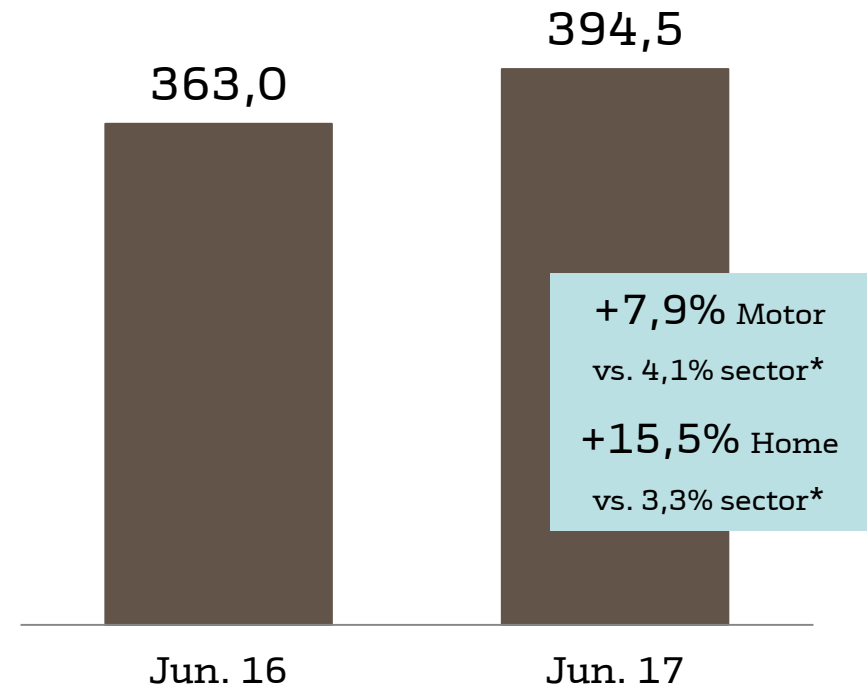
- Bankinter clients
- Consumer clients
- Partnerships

Linea Directa

Total Policies (in thousands)



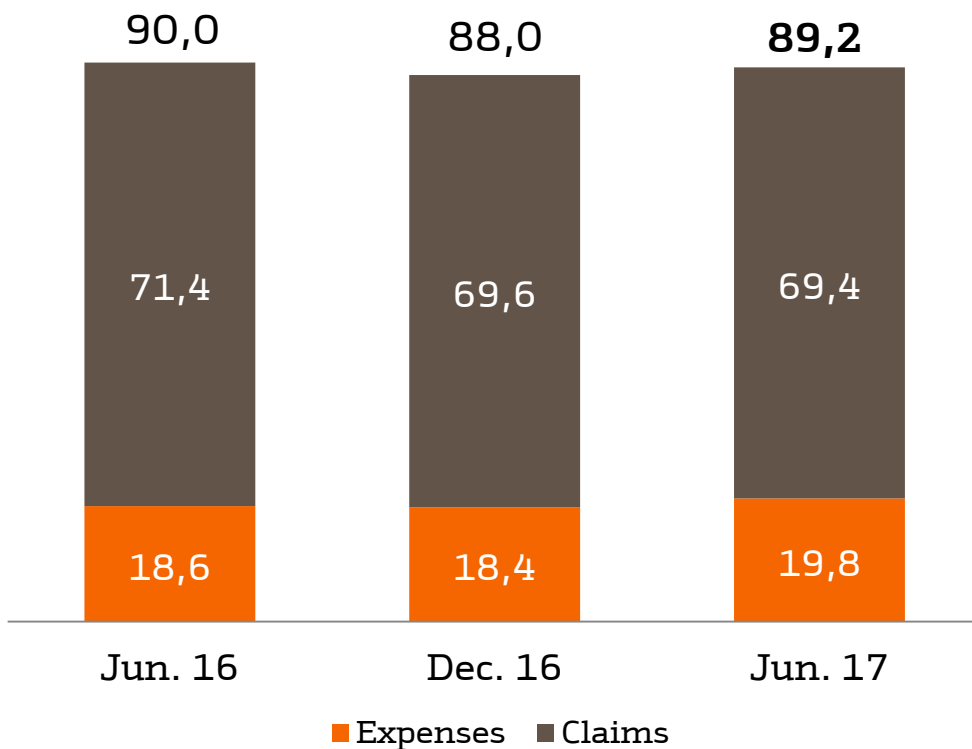
Premiums (€millions)



*as of may-17

Linea Directa

Combined ratio (in %)



Linea Directa

LDA Group standalone P&L account (€ million)

	1H17	1H16	Dif. %
Net written premium	394,5	363,0	9%
Net earned premium	370,5	341,8	8%
Net claims cost	-251,3	-239,6	5%
Operating expenses & other	-73,3	-63,3	16%
Underwriting result	46,0	38,9	18%
Net investment income	17,2	18,4	-6%
Insurance technical result	63,3	57,3	10%
Non insurance result	2,8	3,2	-12%
Profit Before Tax	66,0	60,5	9%
Net Income	46,9	45,6	3%

33,9%

ROE

136%

Technical provision
coverage

231%

Solvency II ratio

04

Recap



Recap 1H17

- Net profit: 241 M€: **-15,7%** vs/1H16 (+16,4% ex-Portugal)
- Gross op. income : 922,3M€: **+10,4%** vs/1S16
 - Net interest income: **57,4%** of total income (+14% vs/1H16)
 - Net fee income: **22,7%** of total income (+16% vs/1H16)
 - Other income: **16,2%** of total income
 - Trading: **3,7%** of total income
- Business lines income growth vs 1H16:
 - Corporate/ SME banking: **+6%**
 - Commercial banking: **+17%**
 - Linea Directa Aseguradora: **+9%**
 - Consumer Finance: **+33%**
 - Bankinter Portugal: **+9%** (vs/2Q16 without extraordinary recoveries)
- Balance sheet:
 - Credit & Loans: 52.050M€ : **+3,6%** vs/1H16
 - Retail deposits: 46.570M€: **+12,2%** vs/1H16
- ROE: **12,2%**
- NPL Ratio: **3,7%**
- CET1 "Fully Loaded": **11,3%** (-0,10% to -0,15% estimated net impact from IFRS9)

Results Presentation 1H2017

26 July 2017

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