

Si piensa que todos
los bancos son iguales
queremos conocerle.

Results

2Q11

Friday 22nd of July 2011

bankinter.

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.

1
2
3
4

Results

Asset Quality

Solvency

The business

1 Results

+30%

PBT
o/ 2Q10

+16bps

Client
Margins

-65%

Specific
Provision
Charge

Results 1H2011

P&L Thousand €	Jun-11	Jun-10	Dif	Dif %
Interest and related income	734.333	569.637	164.695	28,9%
Interest and related charges	-482.806	-257.948	-224.858	87,2%
Net Interest Income	251.527	311.689	-60.162	-19,3%
Dividend income	13.700	11.704	1.996	17,1%
Equithy method	6.501	4.758	1.743	36,6%
Net fees and commissions	100.417	99.960	457	0,5%
Trading income	41.863	75.576	-33.713	-44,6%
Other operating income/expense	114.914	97.411	17.503	18,0%
Gross Operating Income	528.922	601.099	-72.177	-12,0%
Personnel expenses	-170.441	-164.043	-6.398	3,9%
General expenses/amortization	-155.659	-159.843	4.185	-2,6%
Pre provisioning profit	202.822	277.212	-74.391	-26,8%
Provisions	-22.462	2.305	-24.767	nr
Asset impairment charges	-64.859	-130.241	65.382	-50,2%
Net Operating Profit	115.500	149.276	-33.776	-22,6%
Gains/losses on disposals of assets	15.273	-6.015	21.289	nr
Profit Before Taxes	130.774	143.261	-12.487	-8,7%
Corporate tax	-30.482	-38.050	7.568	-19,9%
Net Income	100.291	105.211	-4.919	-4,7%

Results 1H2011

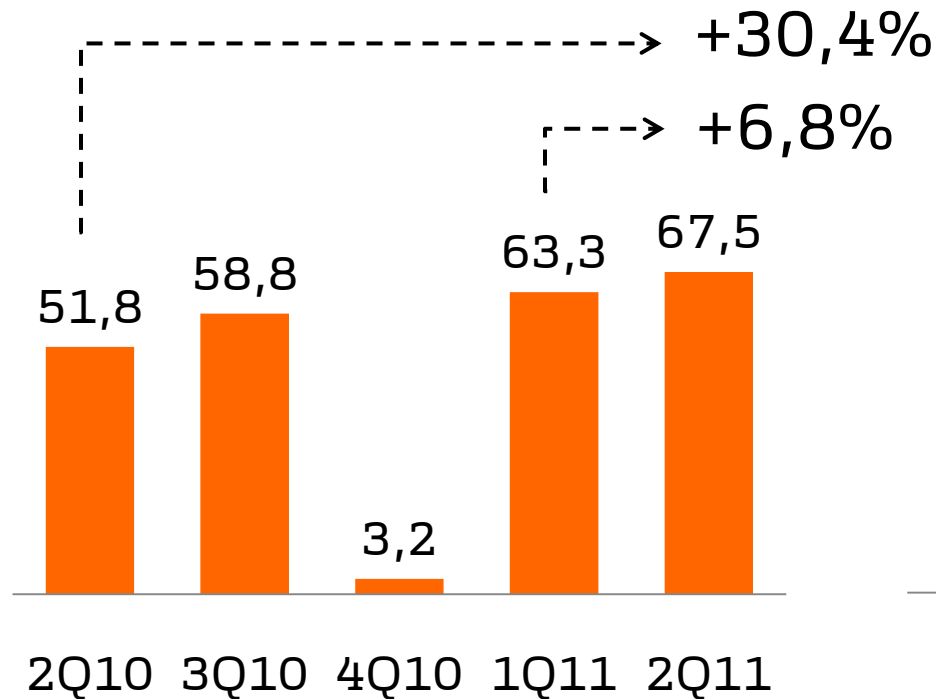
P&L Thousand €	Jun-11	Jun-10	Dif	Dif %
Interest and related income	734.333	569.637	164.695	28,9%
Interest and related charges	-482.806	-257.948	-224.858	87,2%
Net Interest Income	251.527	311.689	-60.162	-19,3%
Dividend income	13.700	11.704	1.996	17,1%
Equity method	6.501			
Net fees and commissions	100.417			
Trading income	41.863			
Other operating income/expense	114.914			
Gross Operating Income	528.922			
Personnel expenses	-170.441			
General expenses/amortization	-155.659			
Pre provisioning profit	202.822			
Provisions	-22.462			
Asset impairment charges	-64.859	-130.241	65.382	-50,2%
Net Operating Profit	115.500	149.276	-33.776	-22,6%
Gains/losses on disposals of assets	15.273	-6.015	21.289	nr
Profit Before Taxes	130.774	143.261	-12.487	-8,7%
Corporate tax	-30.482	-38.050	7.568	-19,9%
Net Income	100.291	105.211	-4.919	-4,7%

24M€

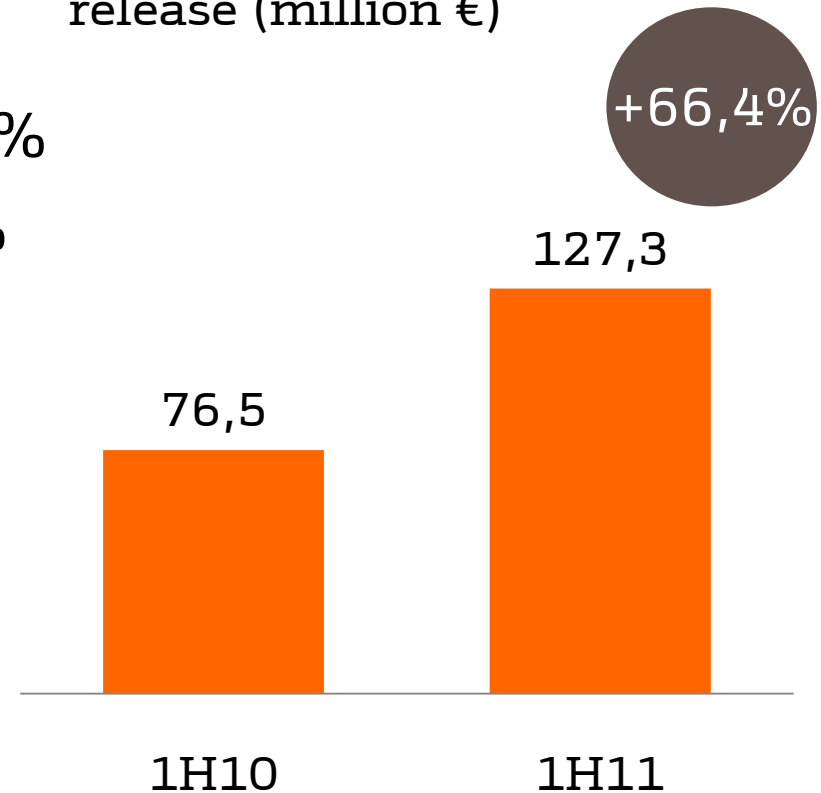
- Release of profit locked from the sale of Bkvida.
- Equal provision for contingencies.
- No impact in PBT.

Improved quality of results

Profit before taxes quarterly evolution (million €)

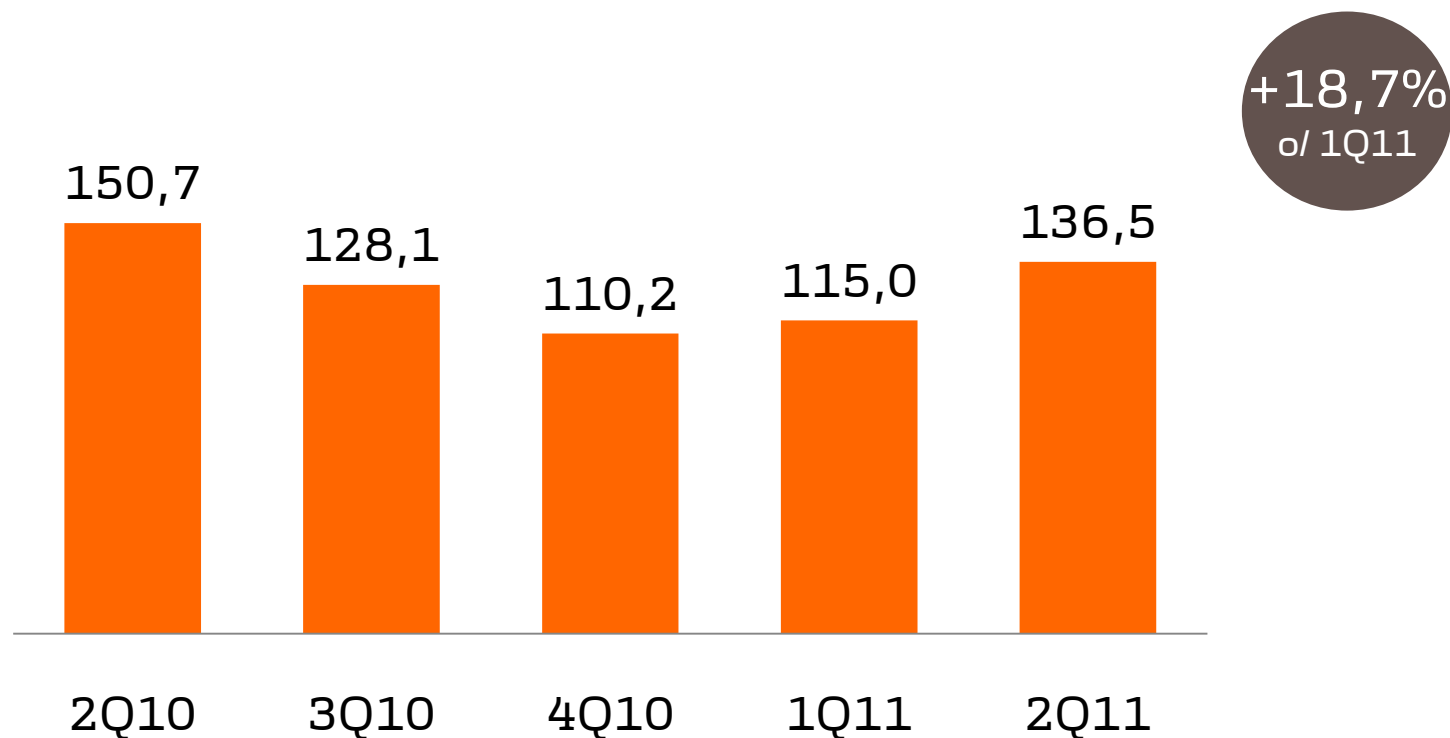


Profit before taxes ex generic release (million €)



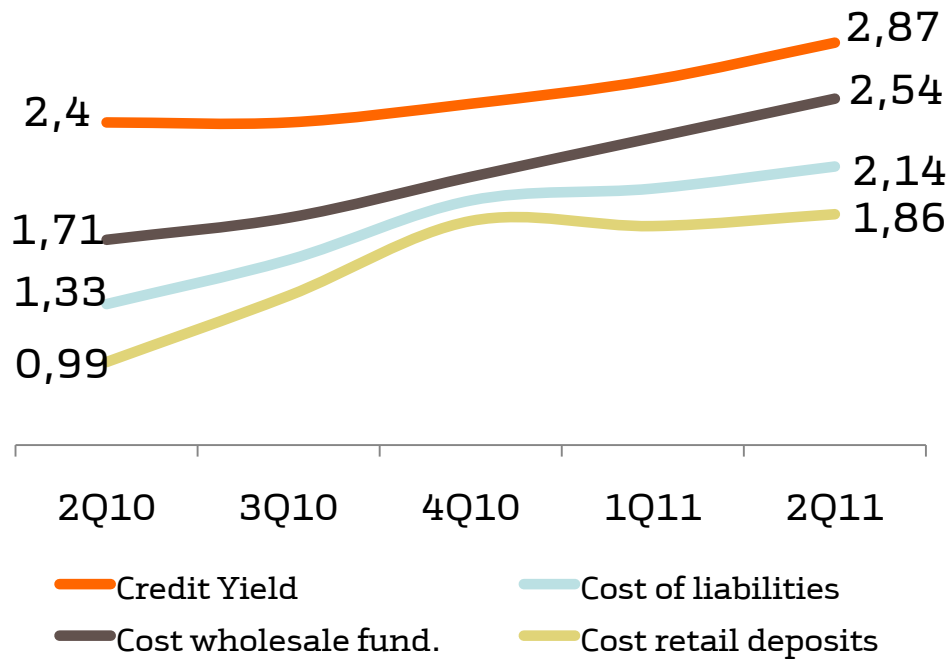
Net interest income continues improving

Net Interest income quarterly evolution (million €)

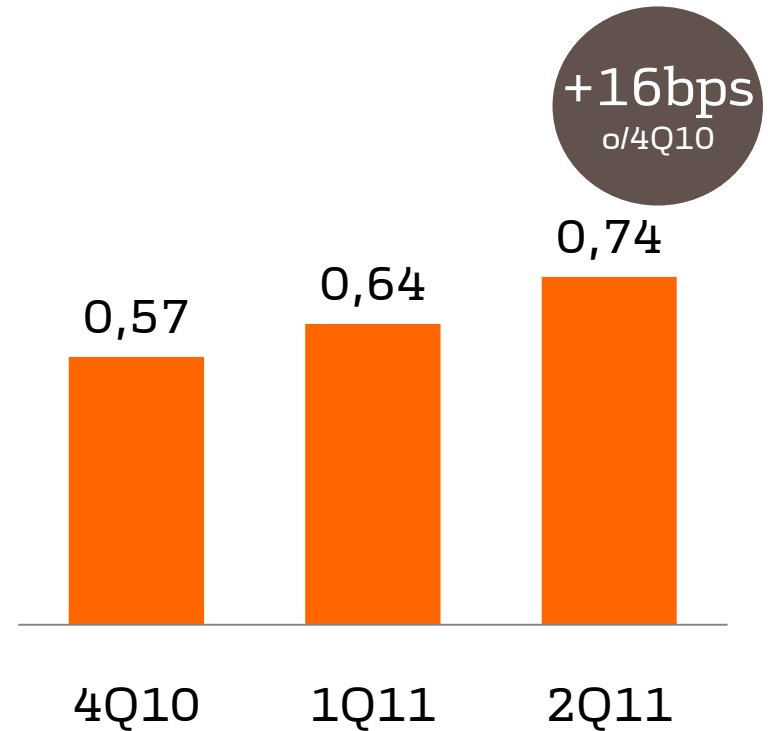


Supported by **margin** expansion

Quarterly credit yield and cost of liabilities (in %)

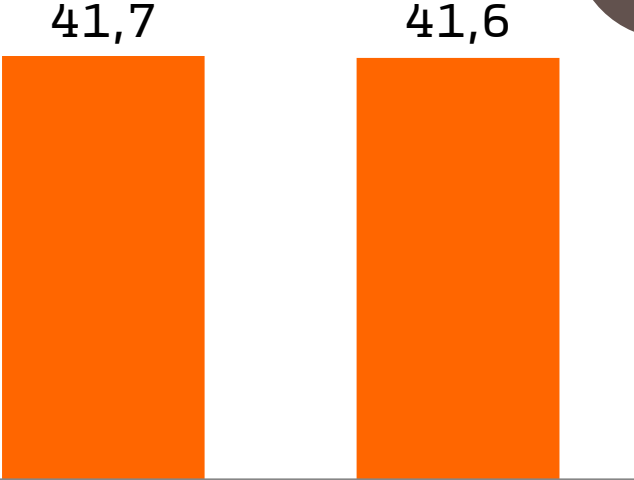


Quarter client margins (in %)



Balance sheet transformation

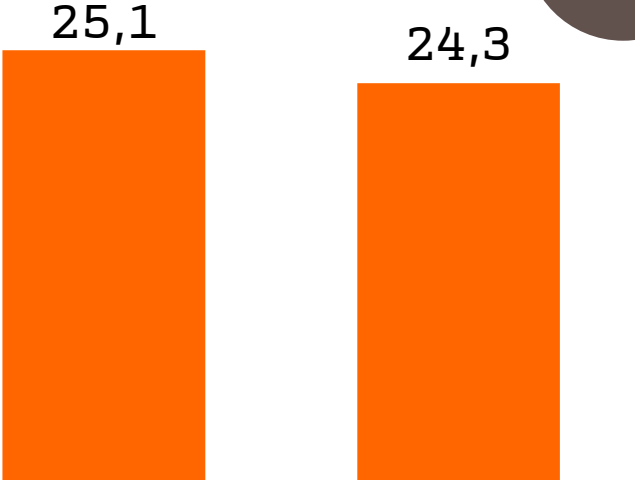
Total lending (in billion €)



2Q10

2Q11

Residential Mortgages (in billion €)

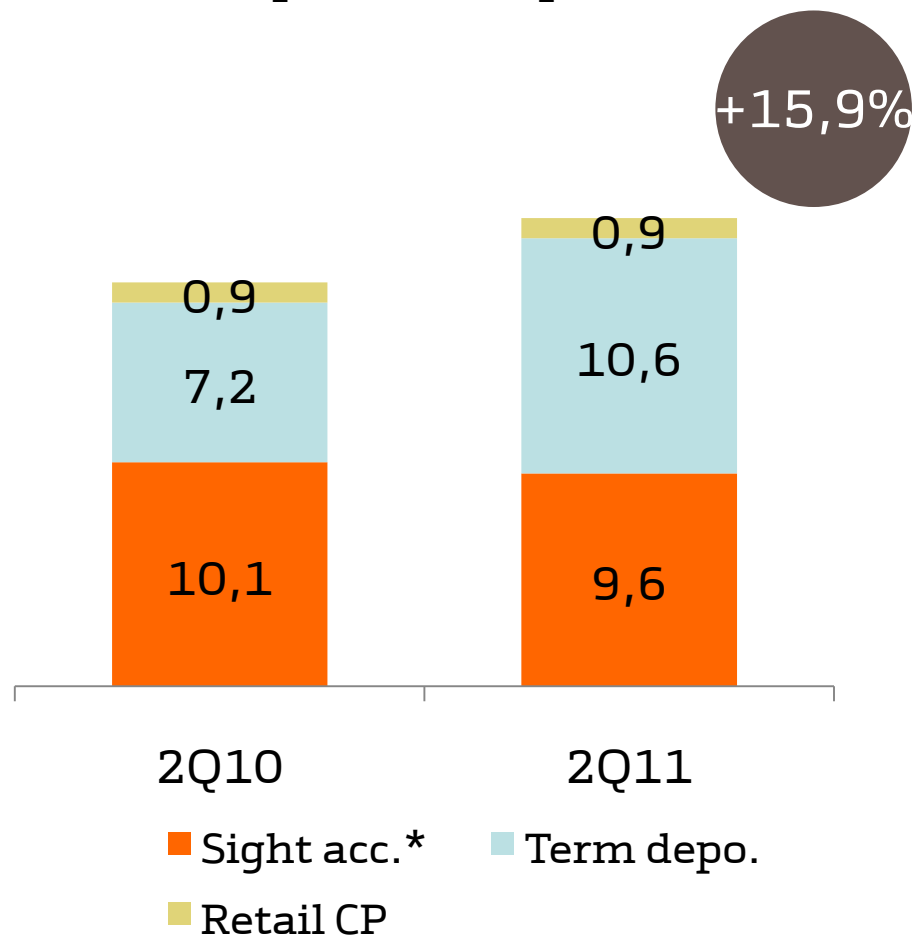


2Q10

2Q11

Significant **retail deposit growth** with limited impact in costs

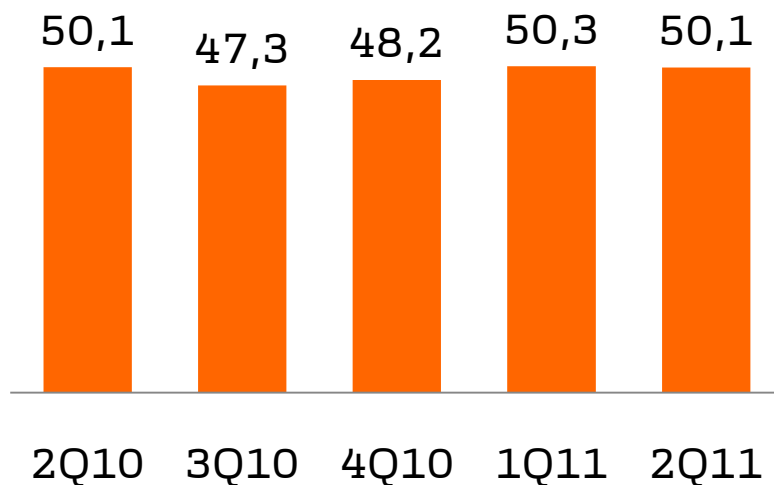
Retail deposits ex repo (billion €)



+2,9bn€ yoy
+0,8bn€ in 2011
Only 6pbs cost increase term deposits in 2011

Fee income continues to be resilient despite market volatility

Quarterly net fees (million €)



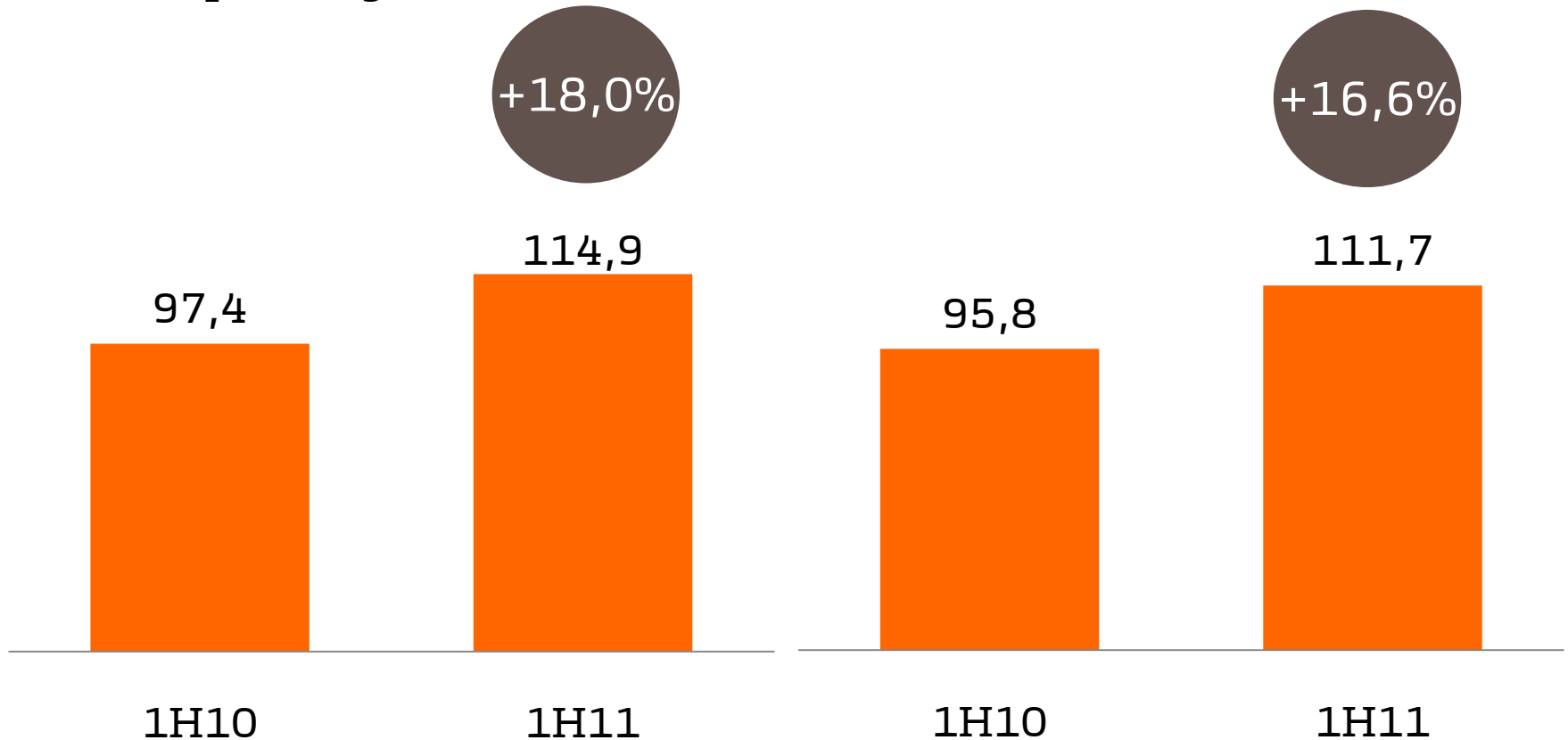
Fees breakdown (millions €)

	1H11	Dif 1H10	Dif %
Payment orders	34,8	-1,6	-4,3
Insurance	21,2	0,1	0,7
Brokerage	20,4	-1,1	-5,1
Funds	21,9	-1,1	-4,8
Other	35,2	4,5	14,7
Fees received	133,4	0,9	0,7
Fees paid	33,0	0,5	1,5
Net fees	100,4	0,5	0,5

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

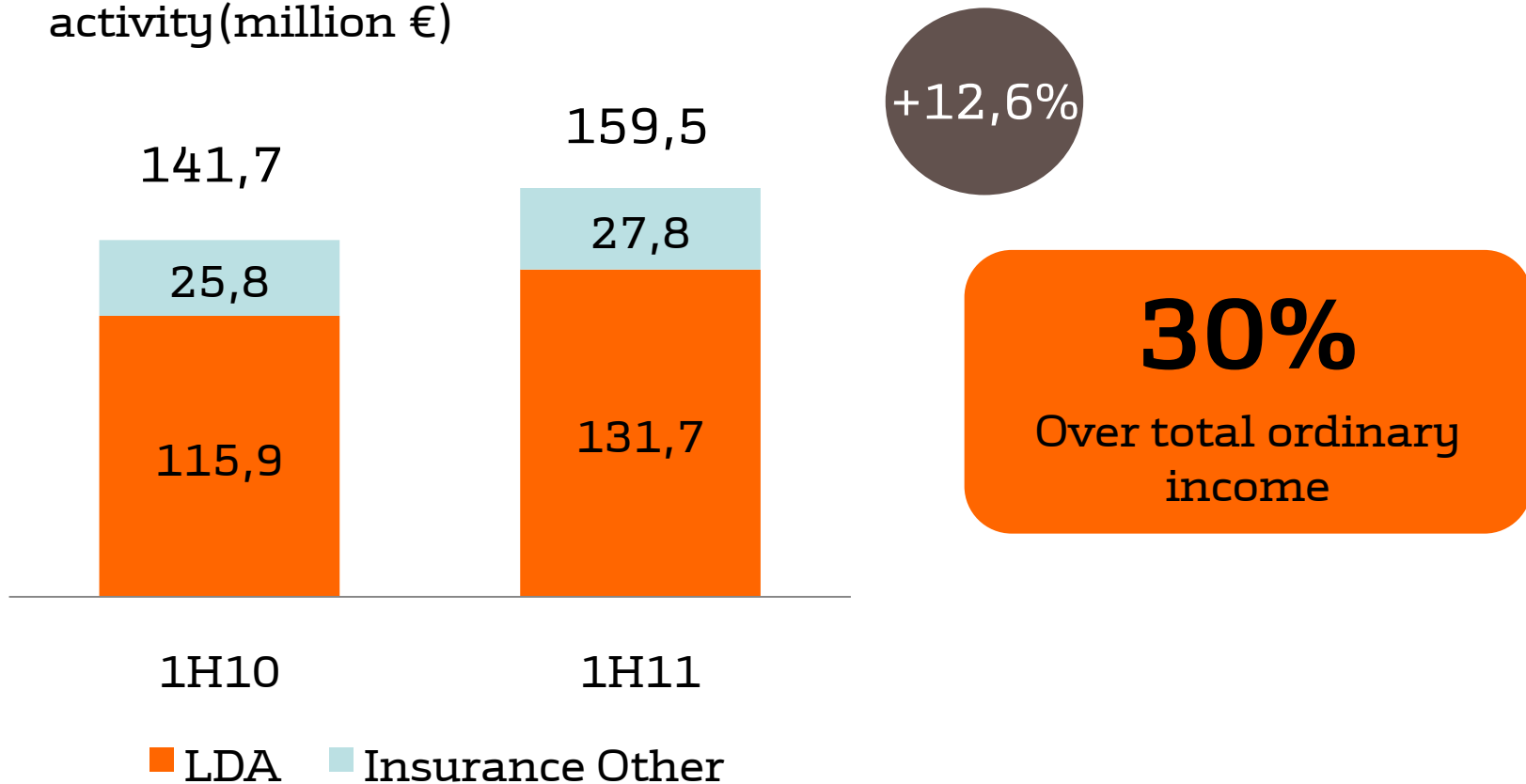
Other operating results (million €)

LDA Insurance Margin (million €)



Income from insurance business continues growing

Ordinary margin from the insurance activity (million €)

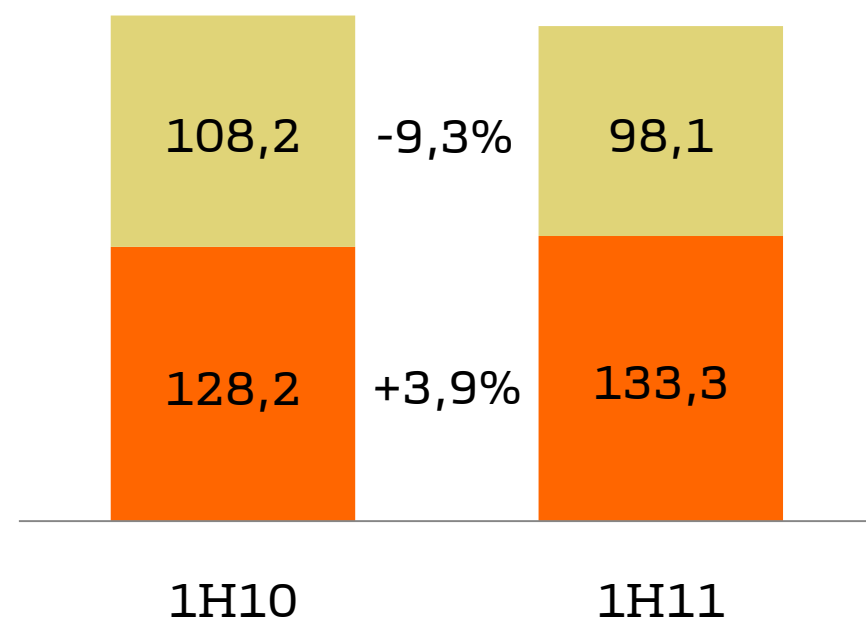
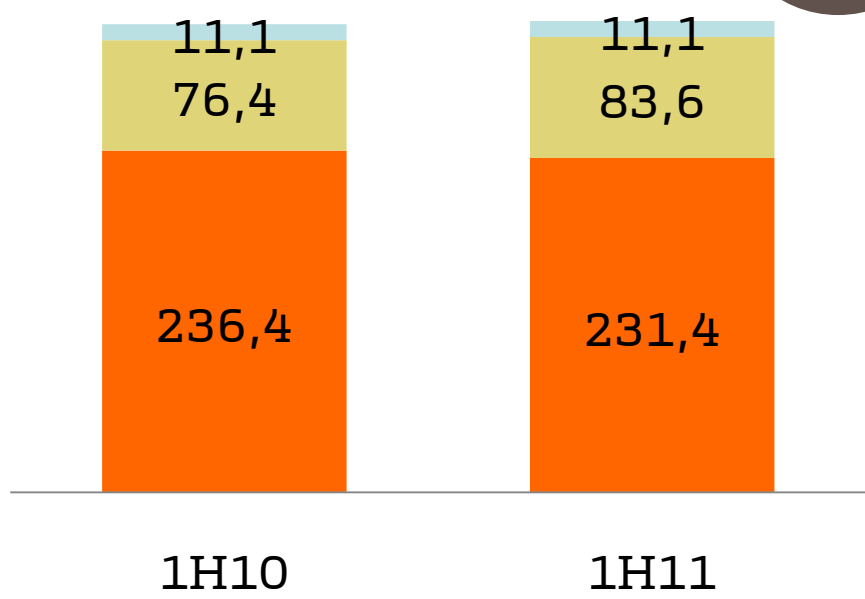


Cost control and efficiency gains: main management focus

Operational Costs (million €)

Cost composition Banking Group (million €)

-2,1%
Banking Group

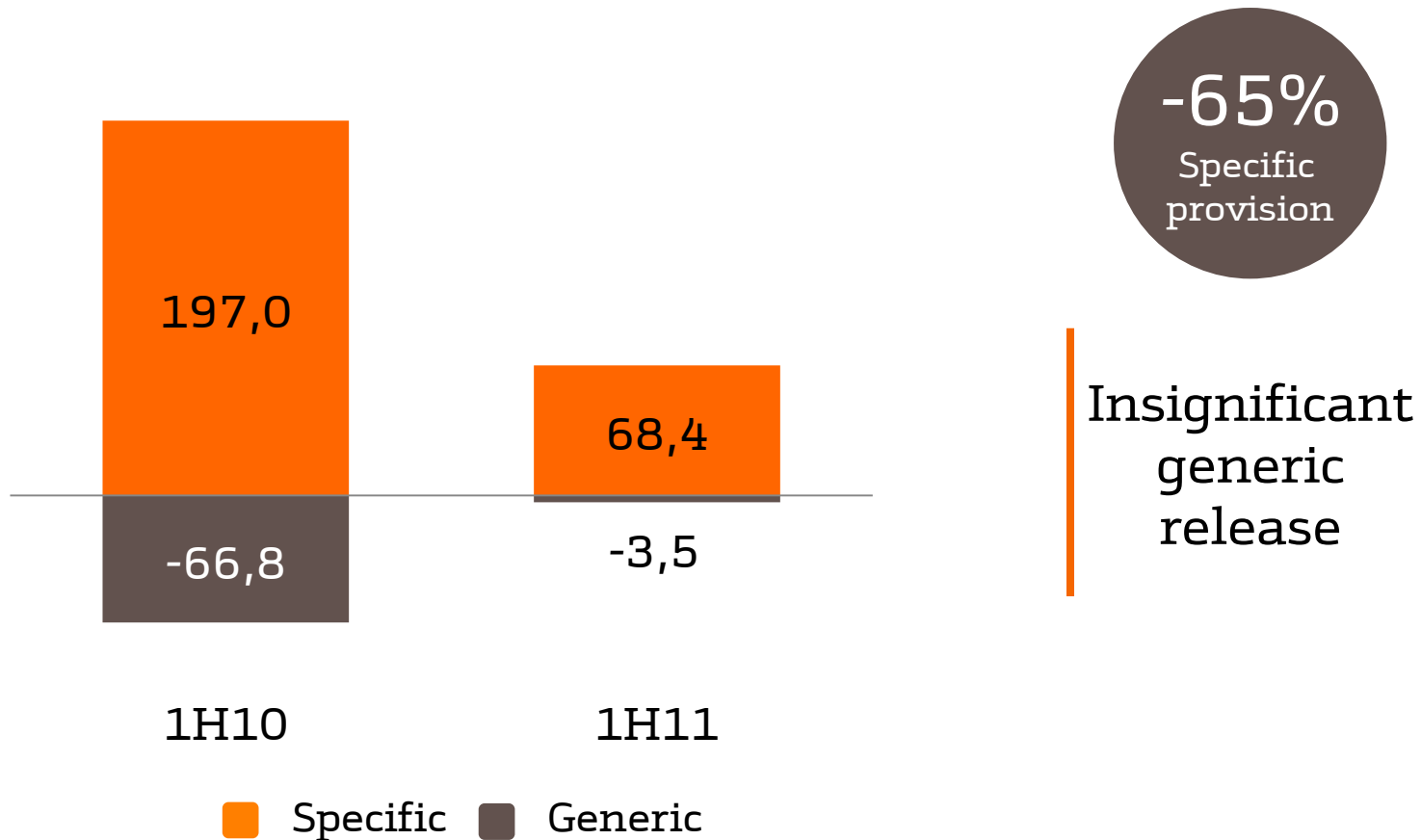


■ Banking Group ■ LDA ■ Intg. Amort.

■ Personnel ■ Admin+amortitization

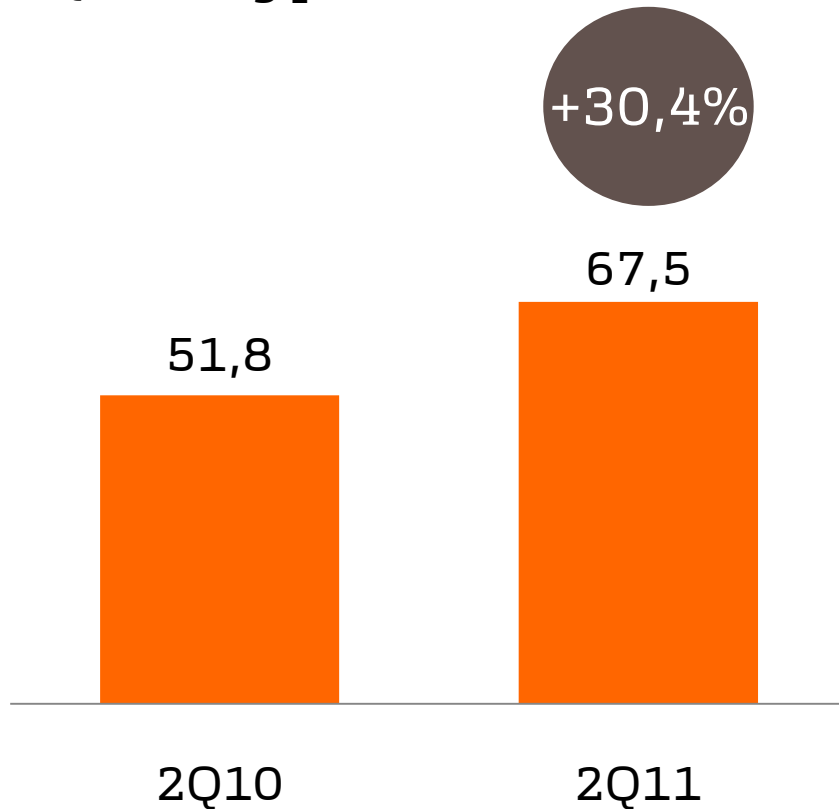
Impairment losses show a considerable reduction from 2010

Break down by type of provision (in million€)



Results confirm the improvement of business profitability

Quarterly profit before tax (million €)



- ✓ Net interest income continues improving
- ✓ Resilience of fee income despite the environment
- ✓ Cost control
- ✓ Cost of risk contained and normalizing
- ✓ Soundness of the insurance business

2 | Asset Quality

3,04%

NPL
ratio

-44,6%

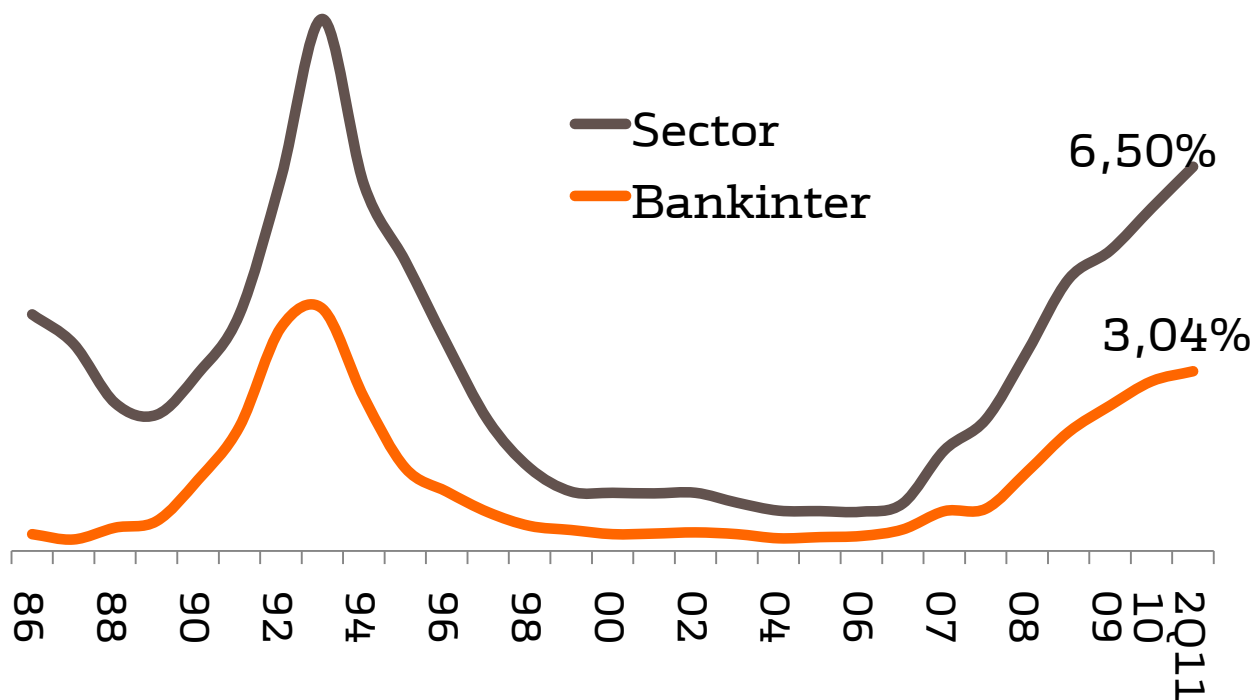
NPL net
Entries
o/ 2H10

1/3

Problematic
assets vs
peers

Outperforming the system in **NPLs** in a sustained manner

NPL ratio evolution *

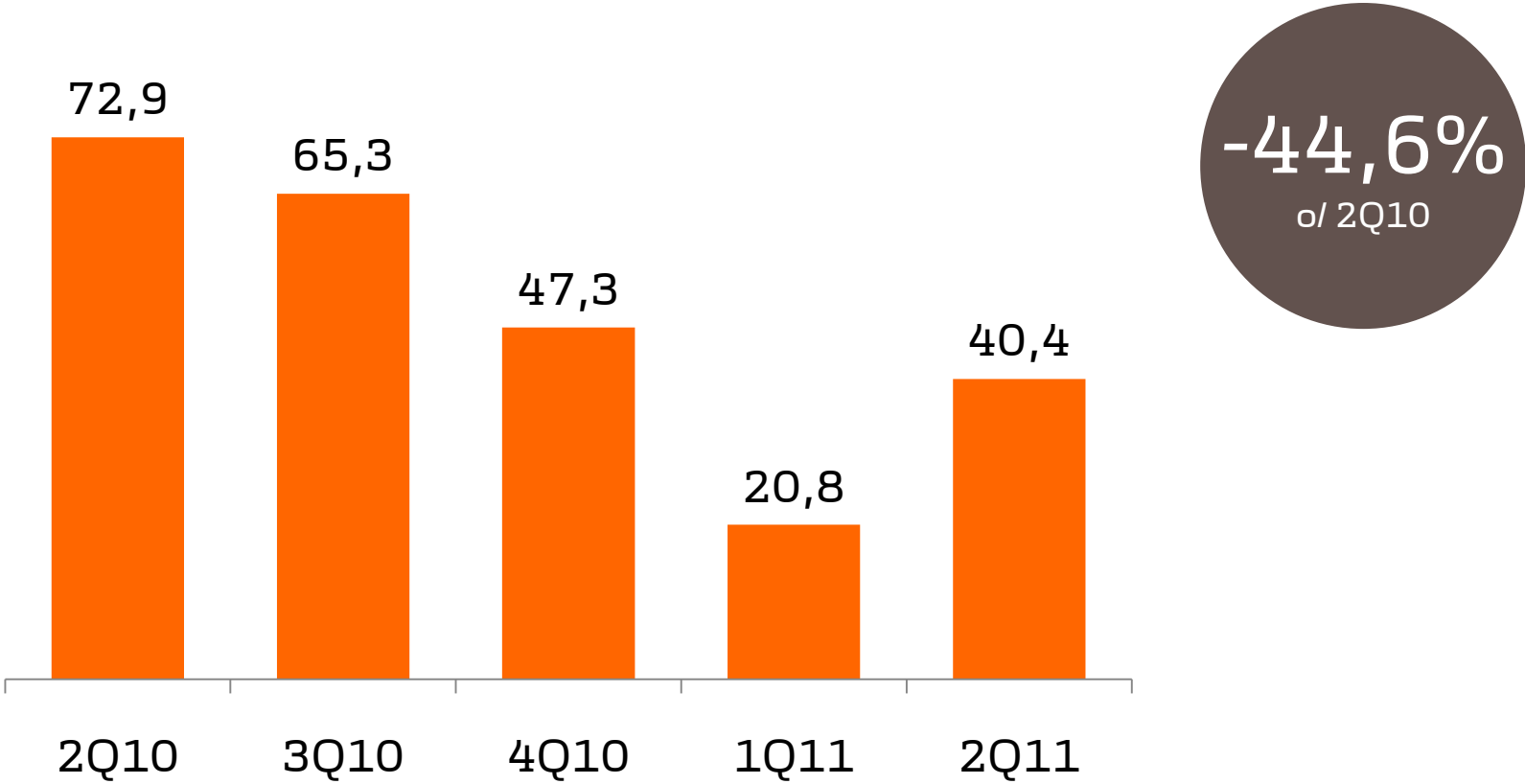


1/2
Overall NPL ratio
Vs system

* Sector data : BdE April 2011

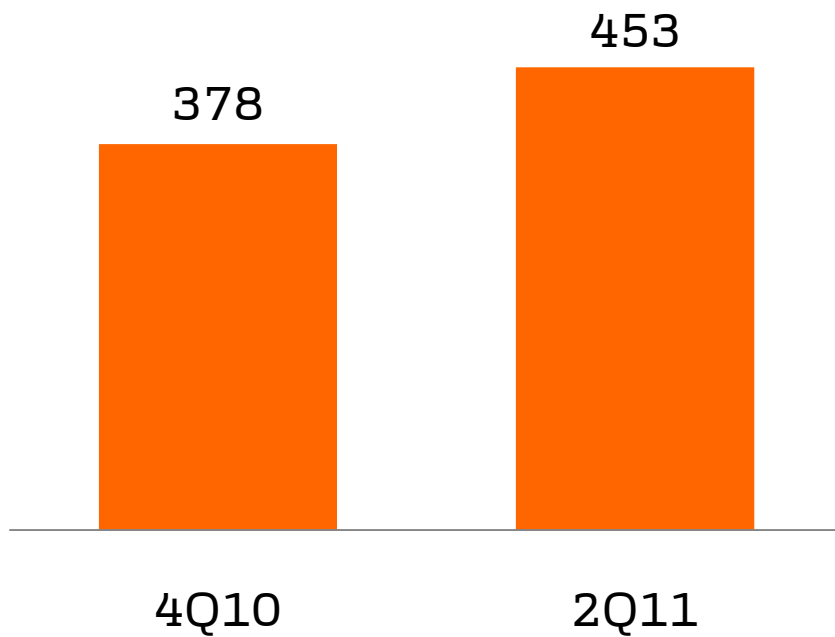
NPL entries contained

Quarterly net NPL entries (million €)

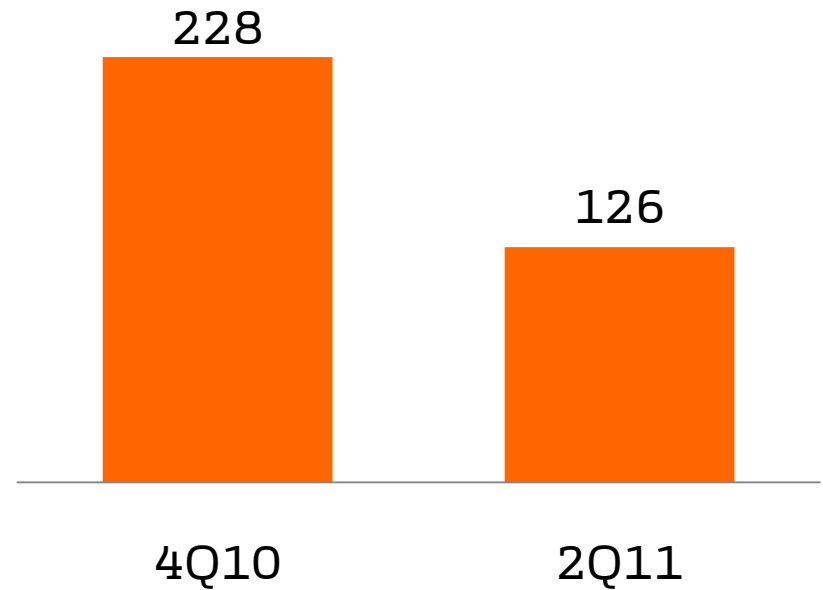


Other **problematic assets** also show good performance

Foreclosed assets gross (million €)

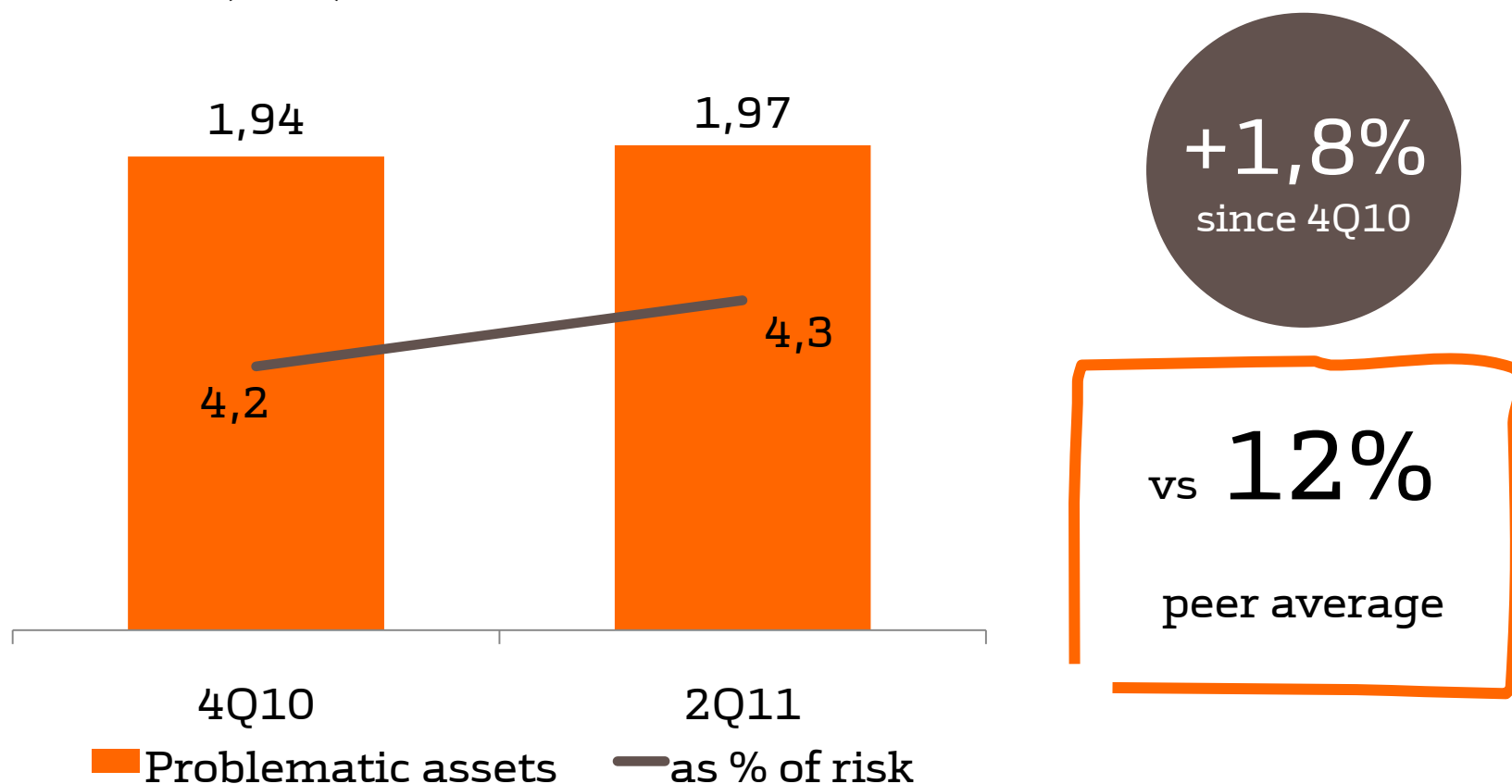


Sub standard risk (million €)

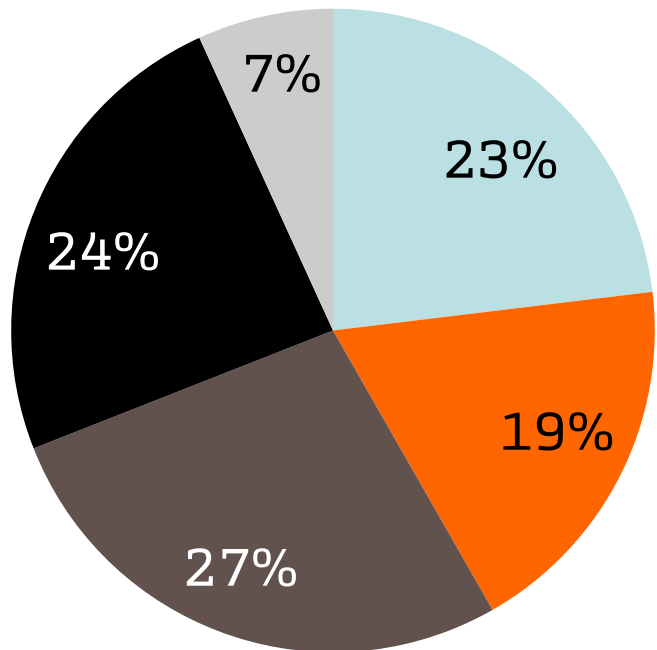


As a result, **problematic assets** show contention since 2010 year end

"problematic assets" (in billion €) and problematic asset ratio (in %)

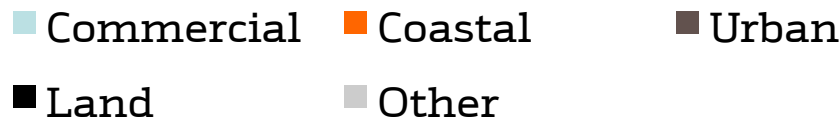


The foreclosed asset portfolio is small and shows diversification



453M€

Gross foreclosed assets



3 | Solvency

49%

Problematic
asset coverage

8,7%

Core capital
RD/ 2/2011

2011

Wholesale
maturities
fully
refinanced

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

61%

NPL coverage
Vs 50% peers

27%

Foreclosed
asset coverage
Vs 26% peers

49%

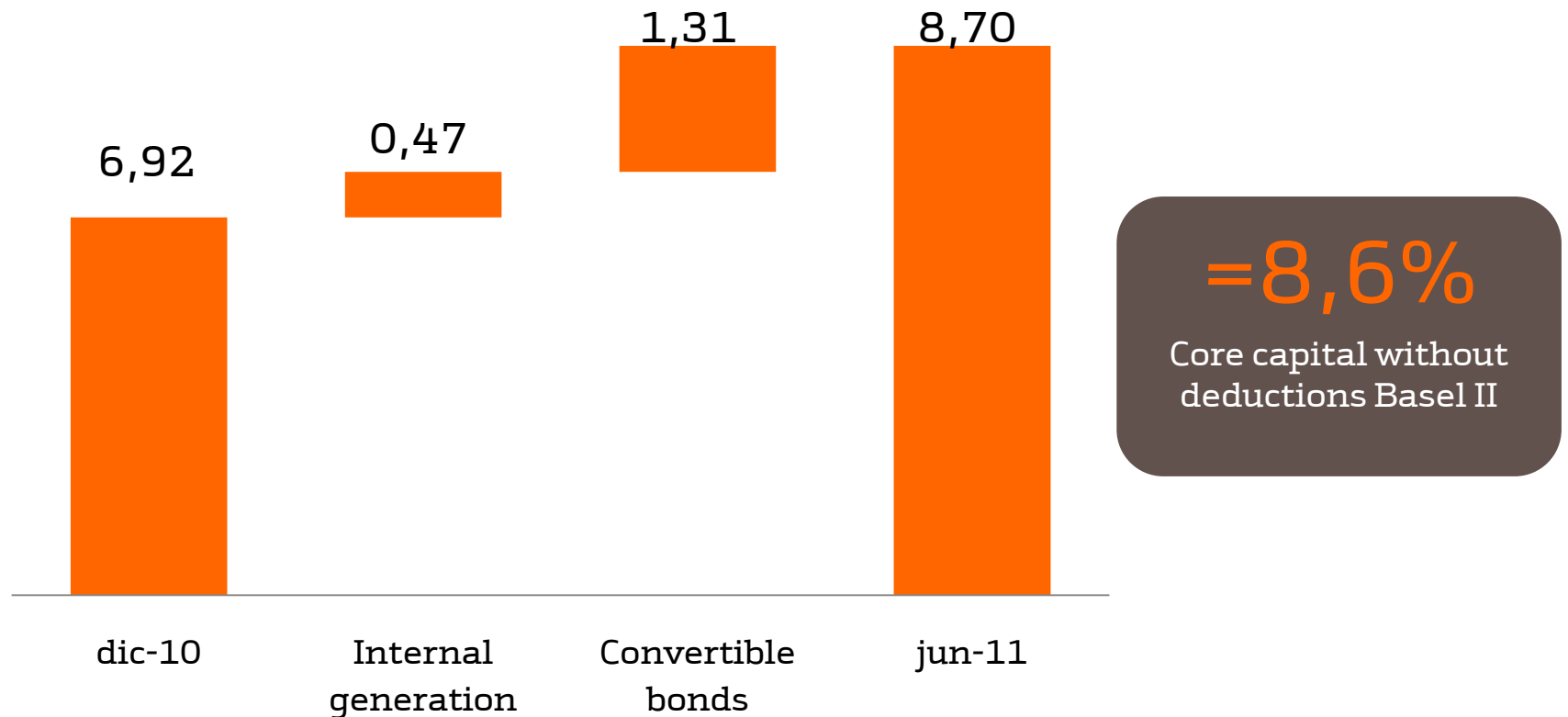
"problematic"
Asset coverage
Vs 29% peers

36%

Cover for
land assets

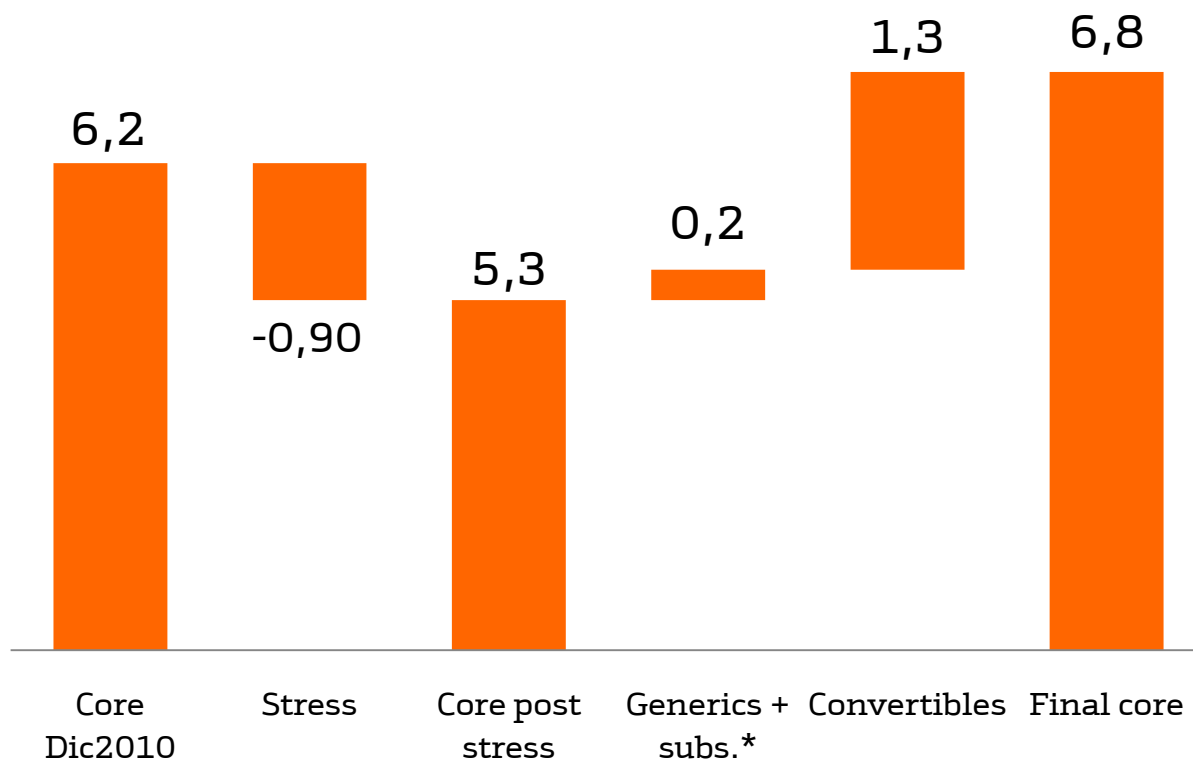
Solvency has been reinforced in 1H11

Principal capital RD 2/2011 (%)



Stress tests confirm the solvency of Bankinter

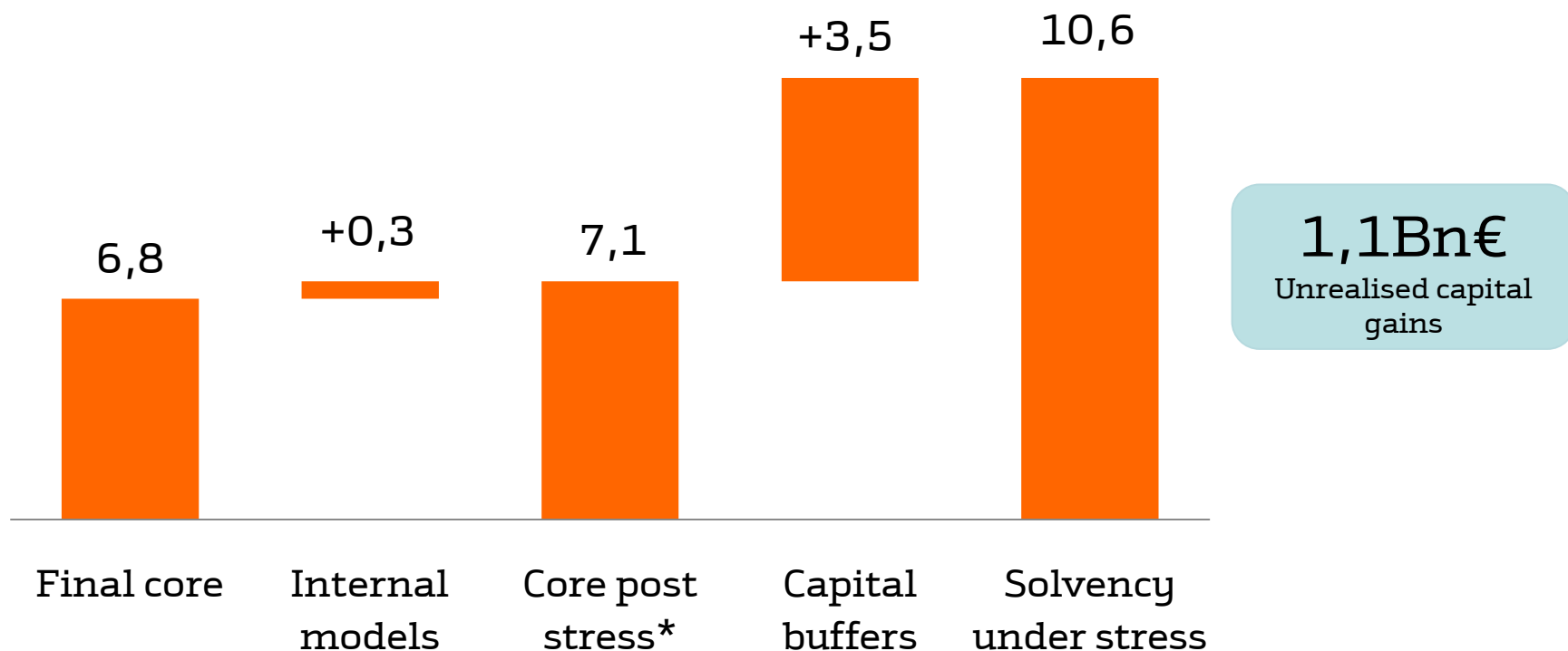
EBA Stress test results (%)



14,5%
core capital
sensitivity

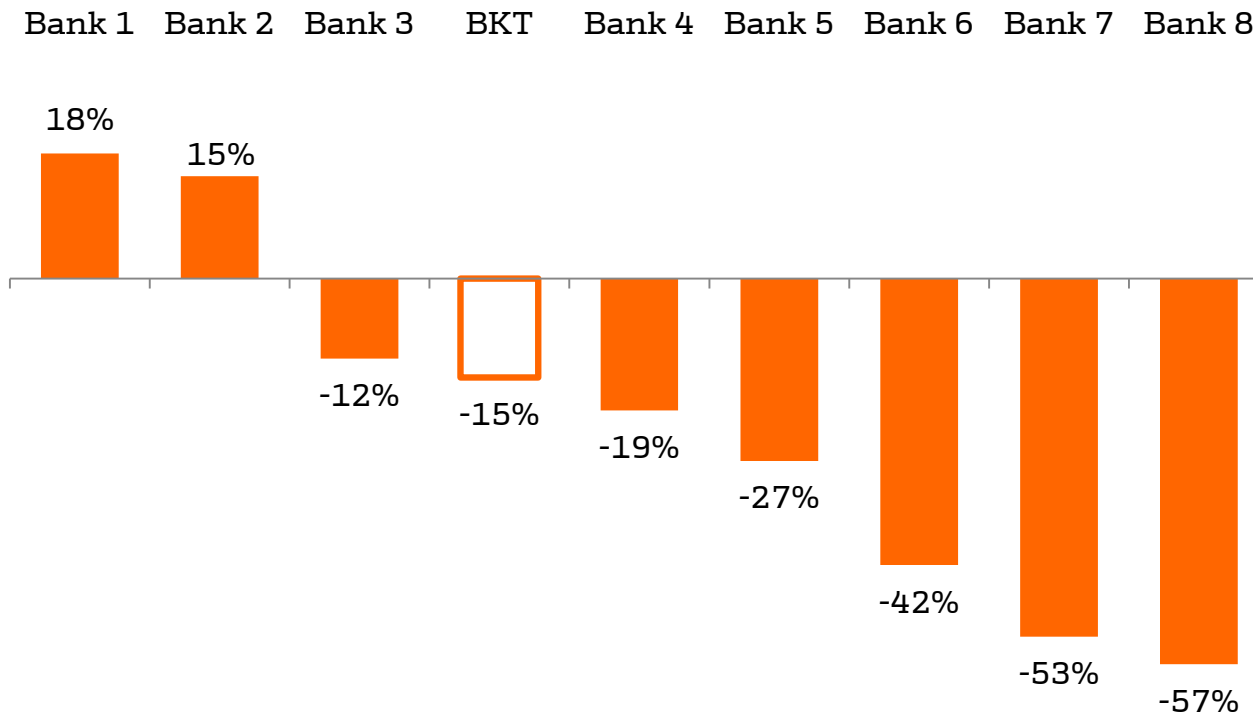
Results have been penalized by our outlier position and the exclusion of other capital buffers

Stress test results using internal models and including unrealized capital gains(%)



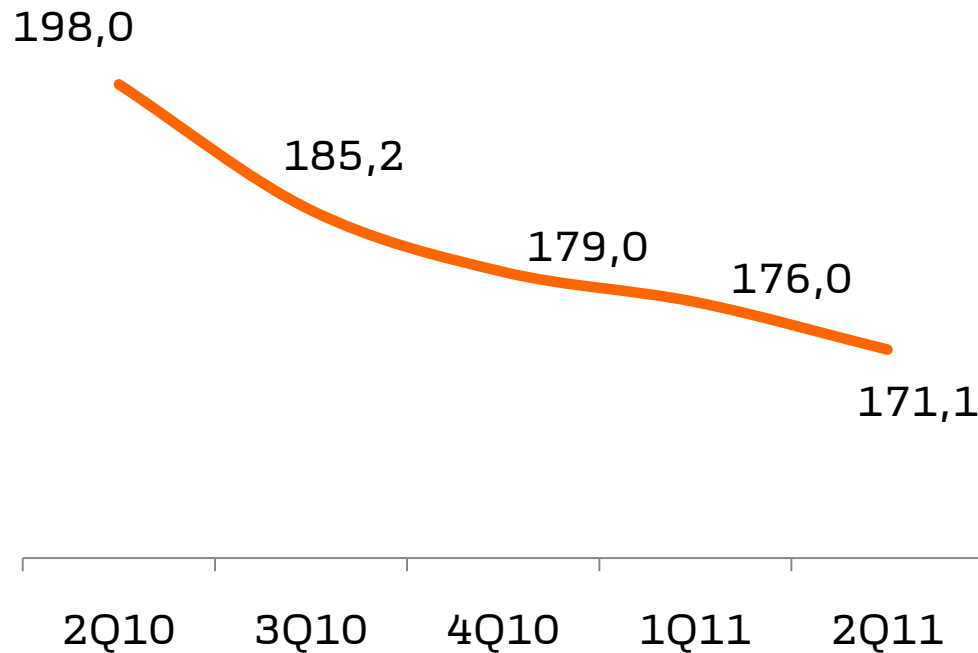
Nevertheless, **lower unexpected losses** are reflected in stress test results

-Spanish Banks Core Capital impact after the adverse scenario -



The **financing structure** continues improving

Evolution of the loan to deposit ratio (in %)



3.000M€

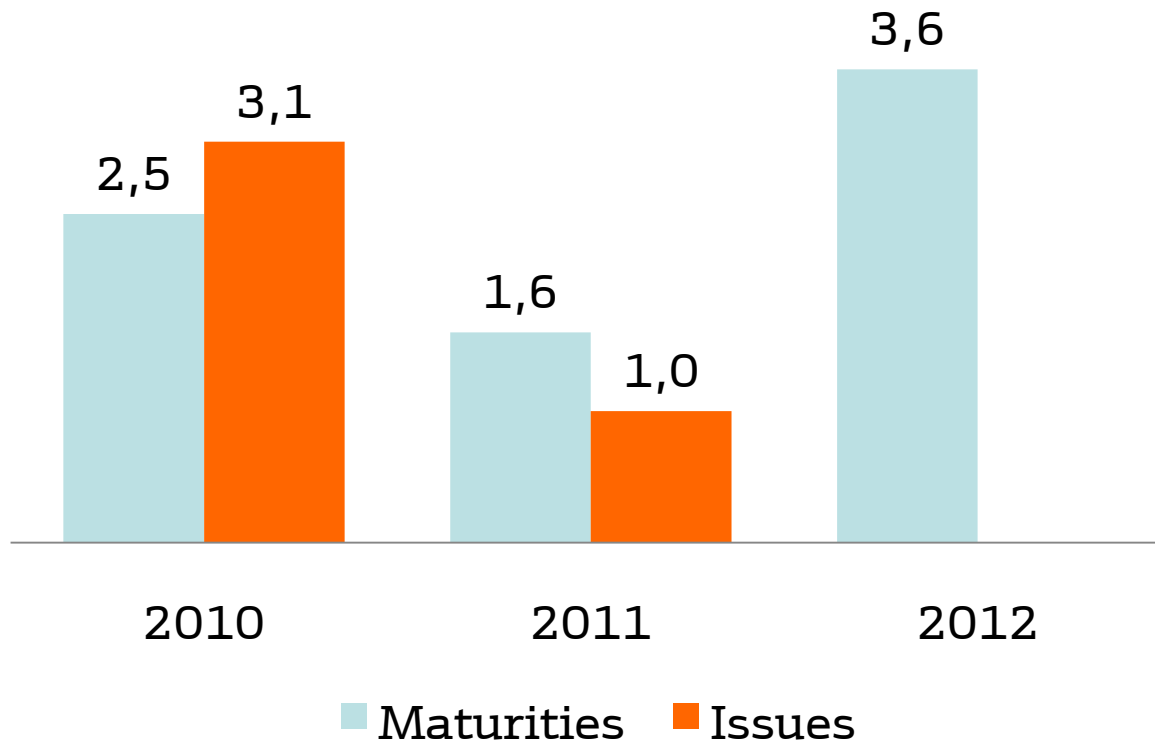
Gap reduction since 2Q10
1bn€ in 2011

-27%

Loan to deposit ratio since 2Q10
8% in 2011

2011 maturities **fully financed**

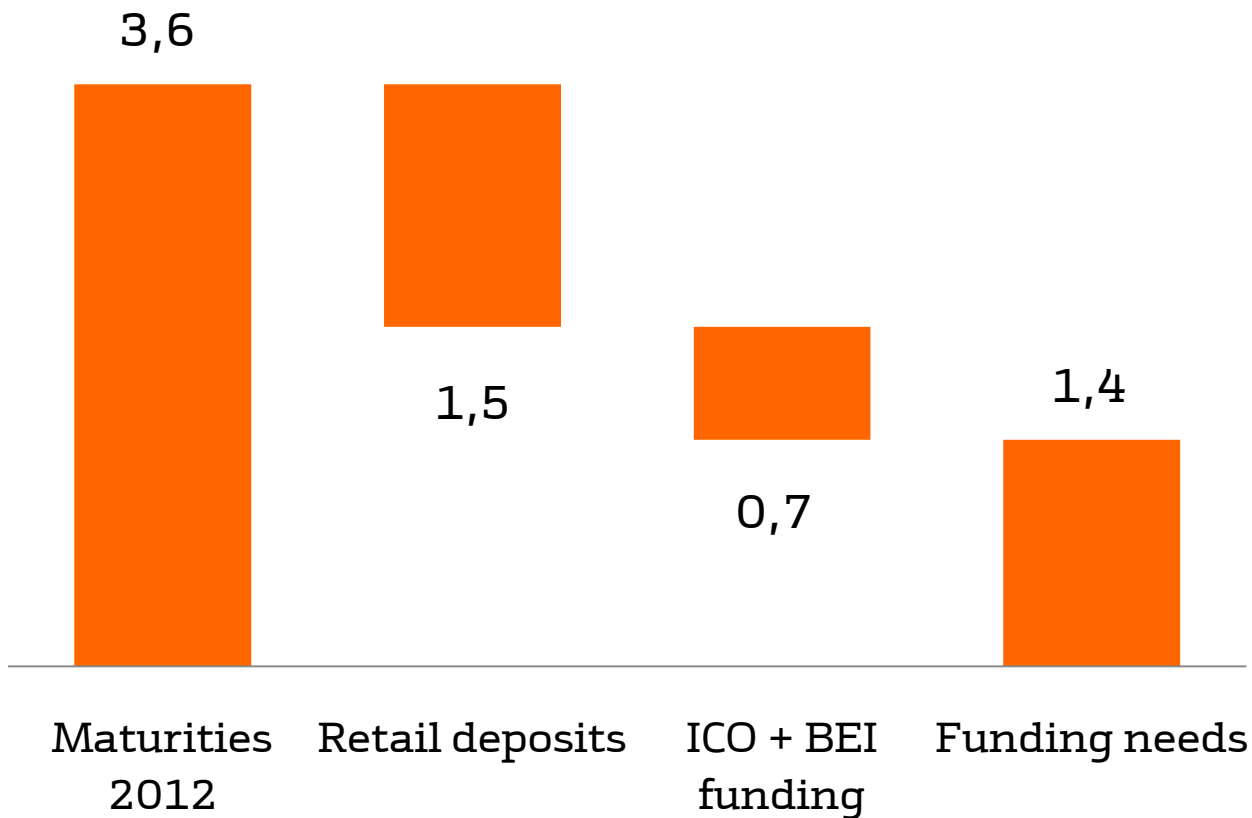
Annual wholesale maturities vs issues (in bn€)



2011
maturities
financed

2012 **funding** strategy

Annual movements in funding (in bn€)



7,6bn€
Liquid assets

4 | The business

+15,8%

Client
acquisition

+9,3%

Transactional
business with
corporates

+23%

LDA
PBT

Developing **the future** in the distribution of financial products

Banca Móvil

Le presentamos el nuevo Banco en el móvil.

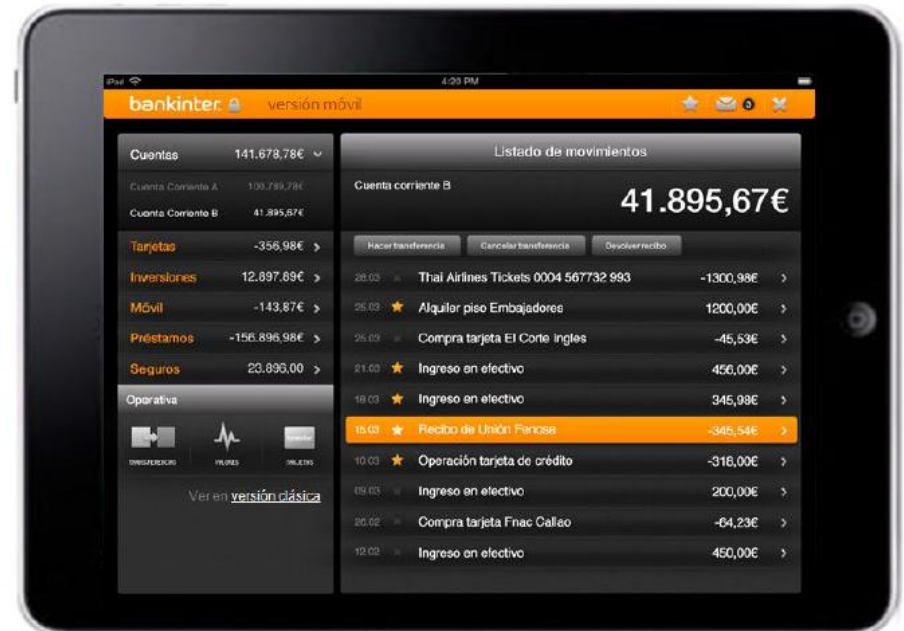
El servicio de Bankinter que hará que su móvil le parezca completamente nuevo.

Pruébelo ahora entrando desde su móvil en <https://movil.bankinter.es> o capture este código con su teléfono.



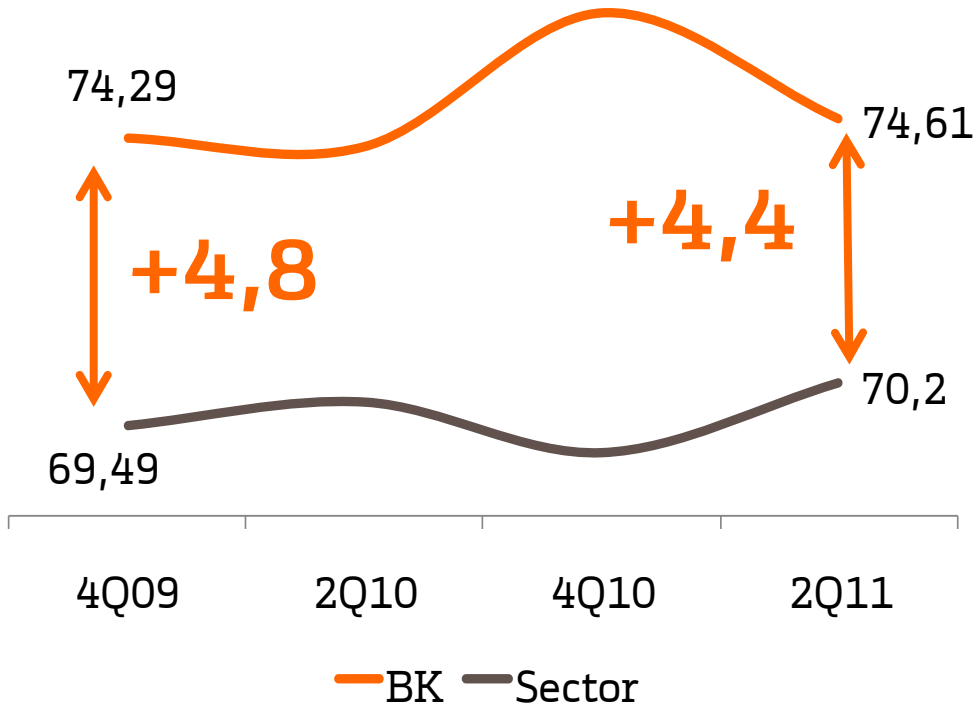
102K
Clients
+66%

4%
Total
transactions

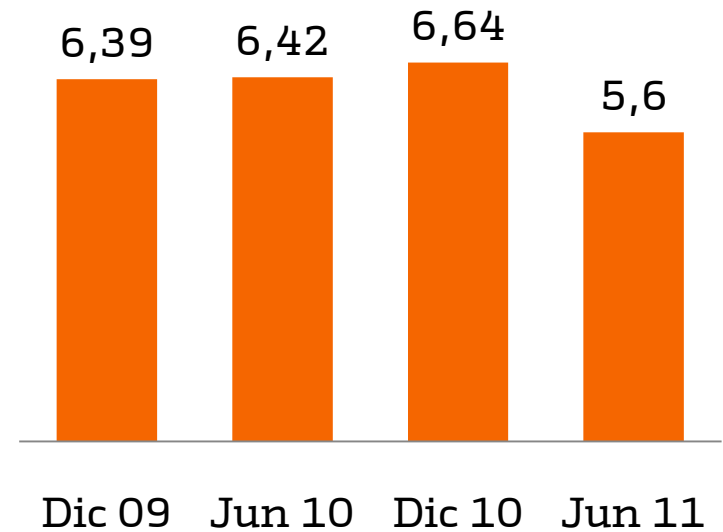


Clear strategic focus on **quality of service**

Evolution of quality ISN indicator

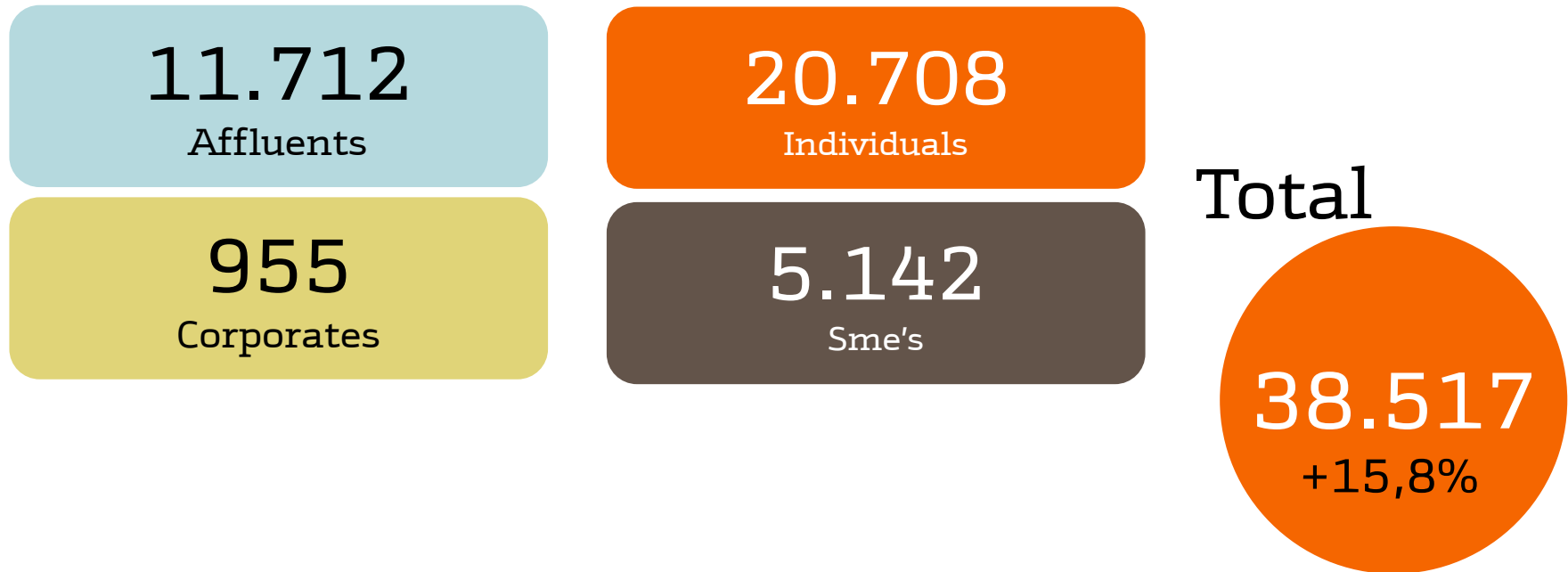


Churn rate evolution (%)



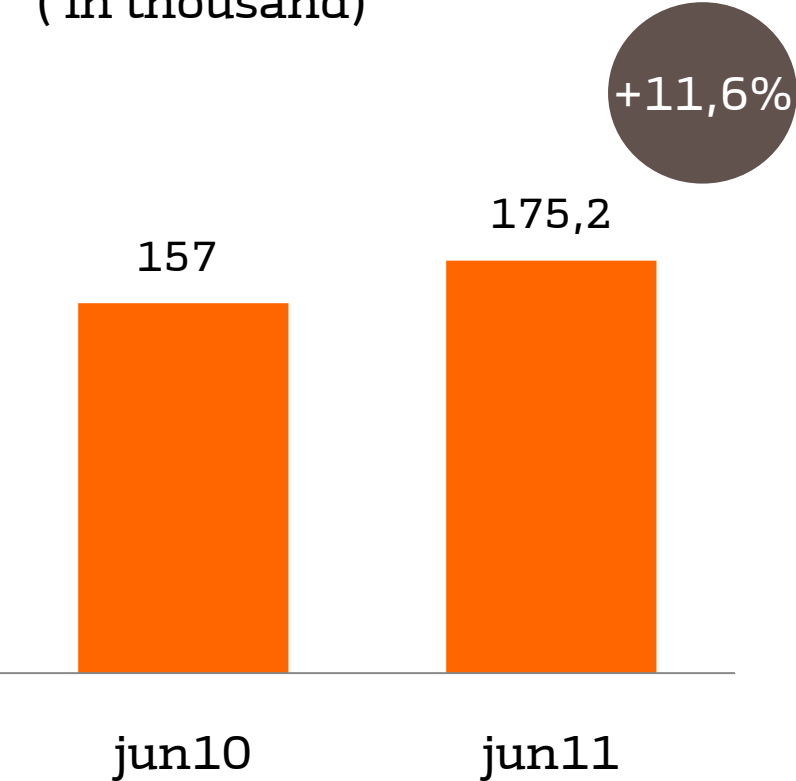
Client acquisition remains strong

Number of clients acquired 1H11

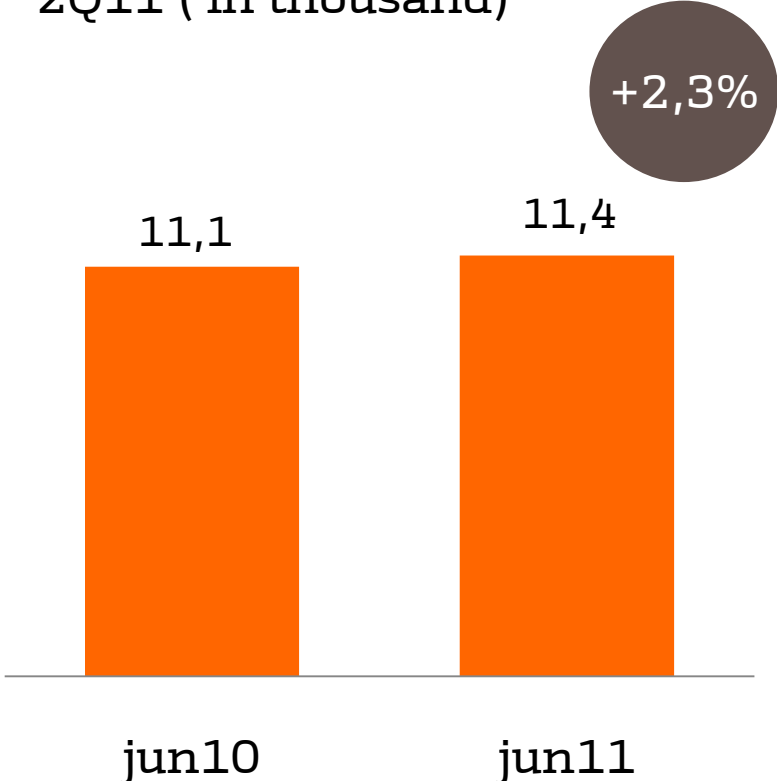


Significant growth in **active clients** in objective segments

Active Affluent clients in 2Q11
(in thousand)

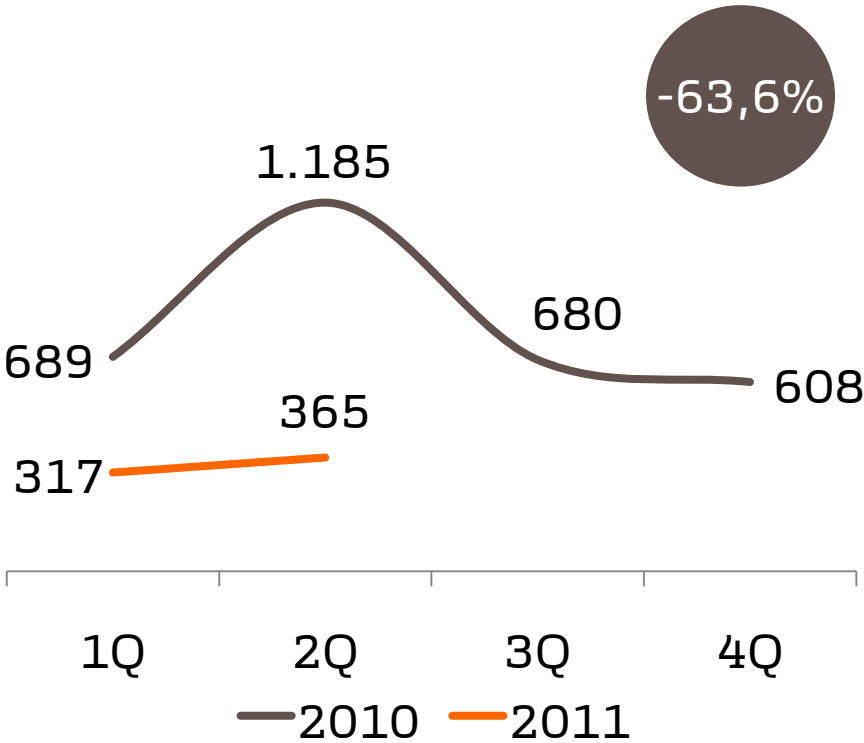


Active Corporate clients in 2Q11 (in thousand)

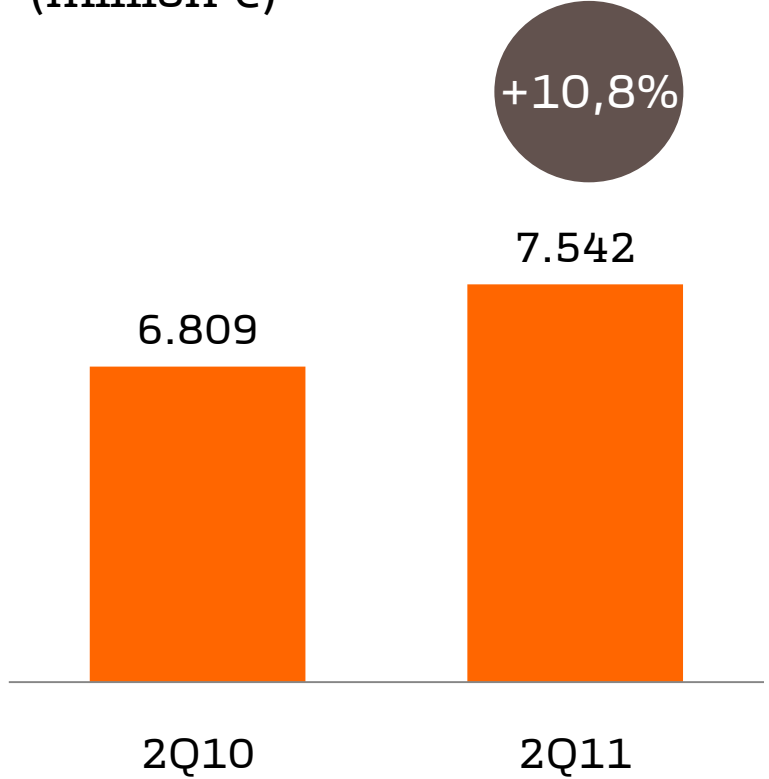


Rebalancing the **loan mix**

New mortgage production (in million €)

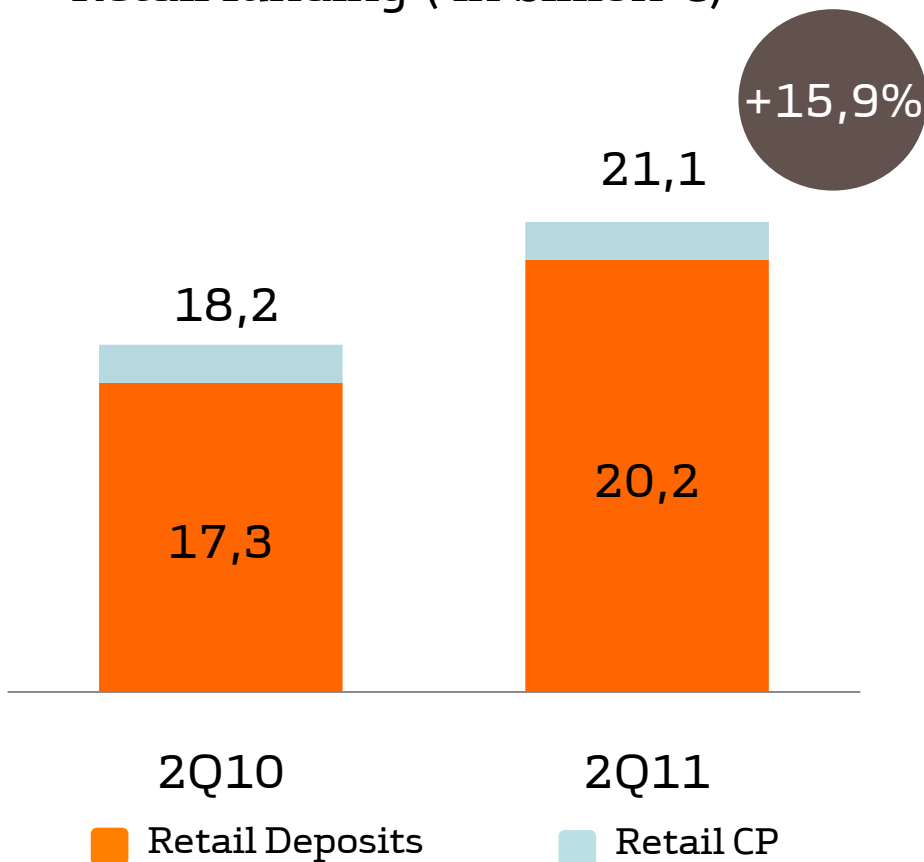


Lending to corporates (million €)

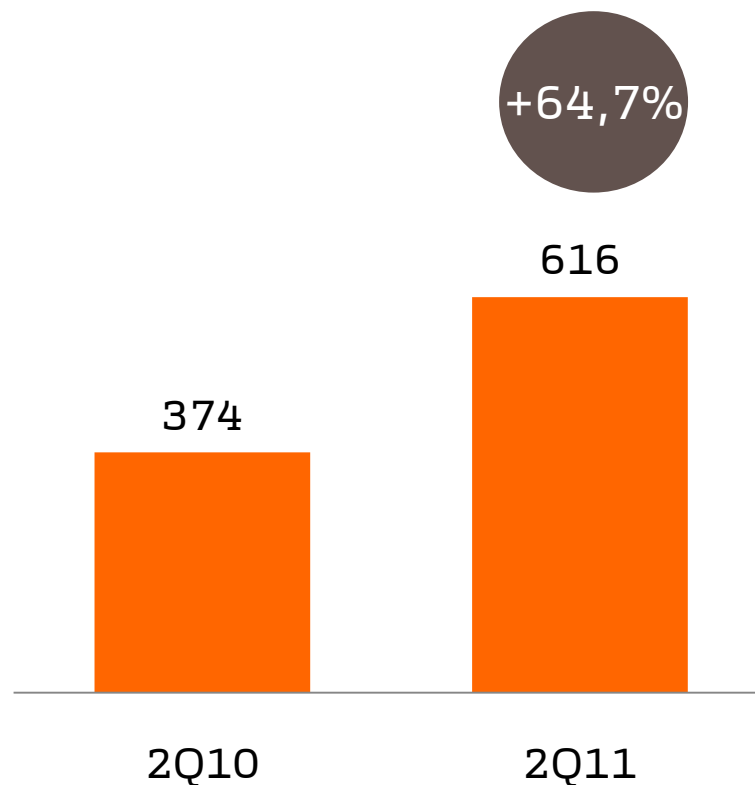


Increasing the weight of retail deposits and ICO funding

Retail funding (in billion €)

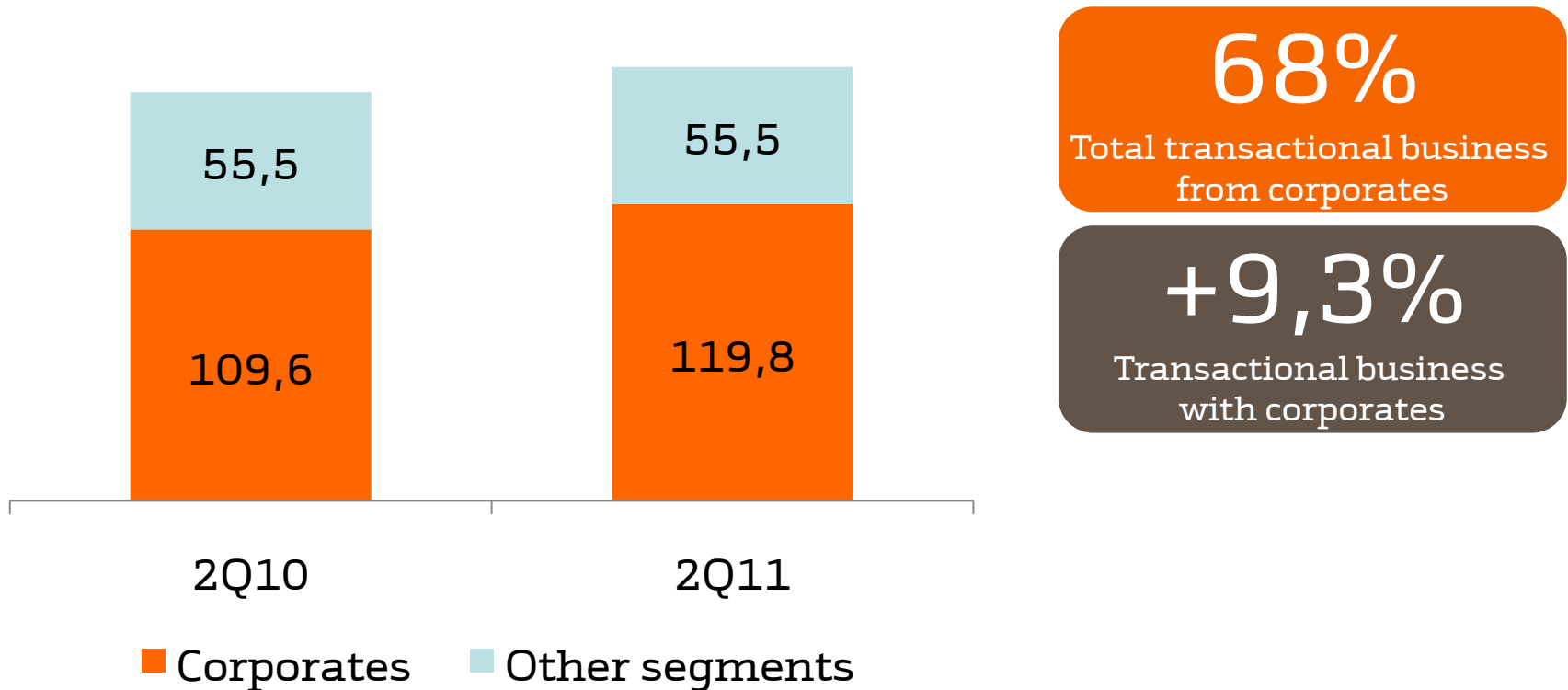


ICO funding (in million €)



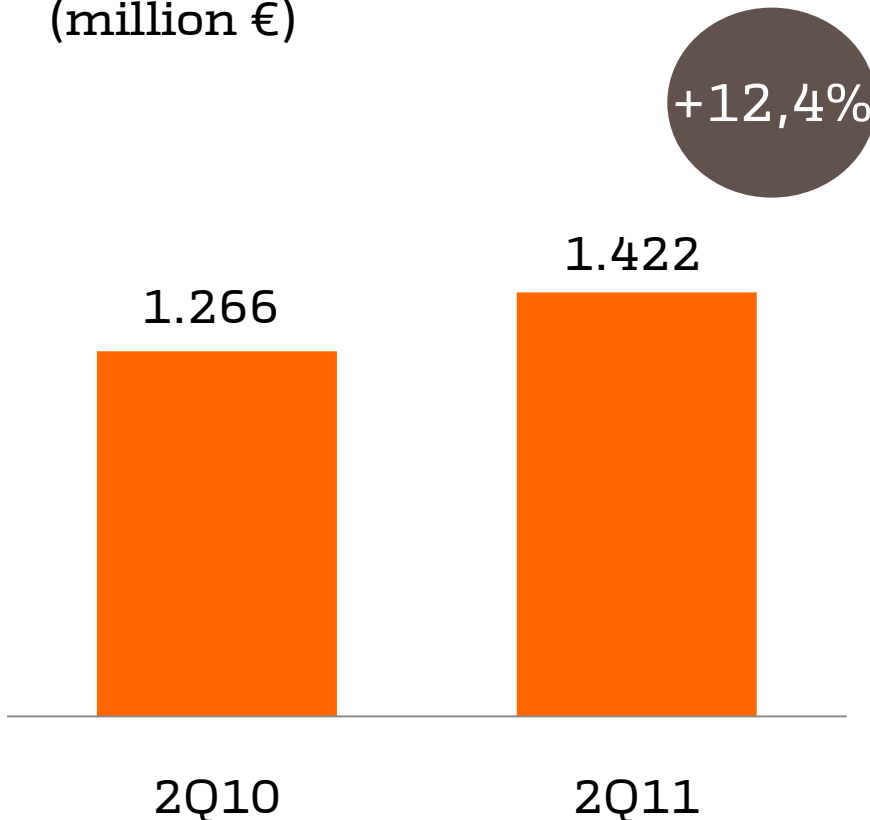
Ancillary business from corporate clients is also growing

Volumes transacted (in billion €)



We continue **outperforming the sector** in the upper end of the affluent segment

SICAVS assets under management
(million €)



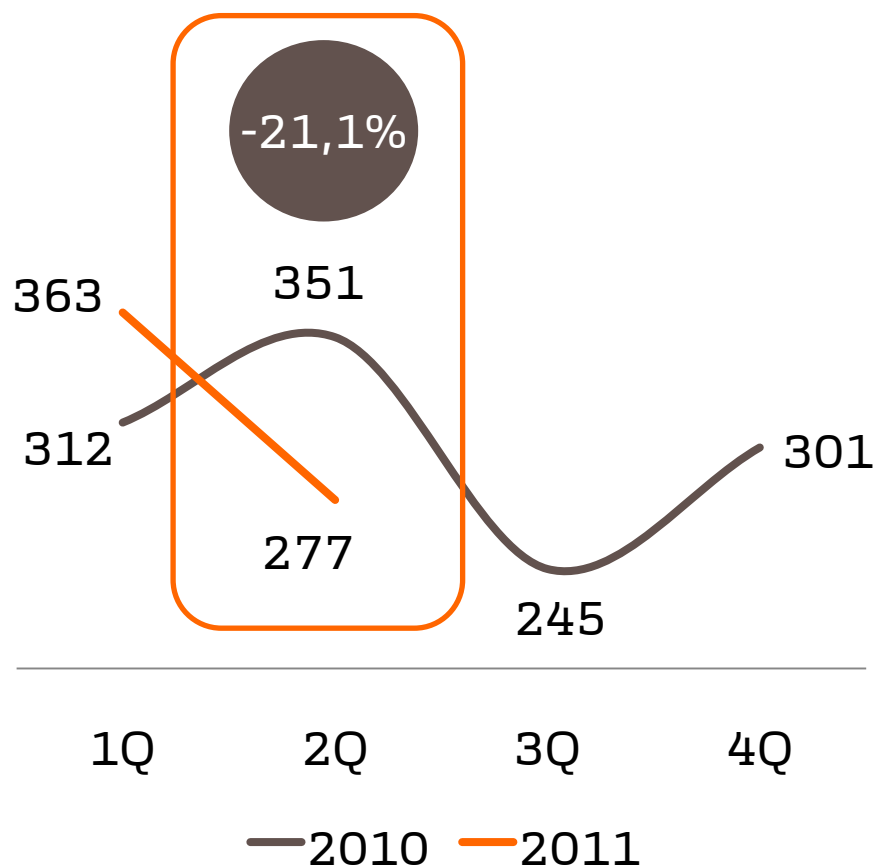
Ranked 3^o
In number of SICAVs

5,3%
Market share
(assets under management)

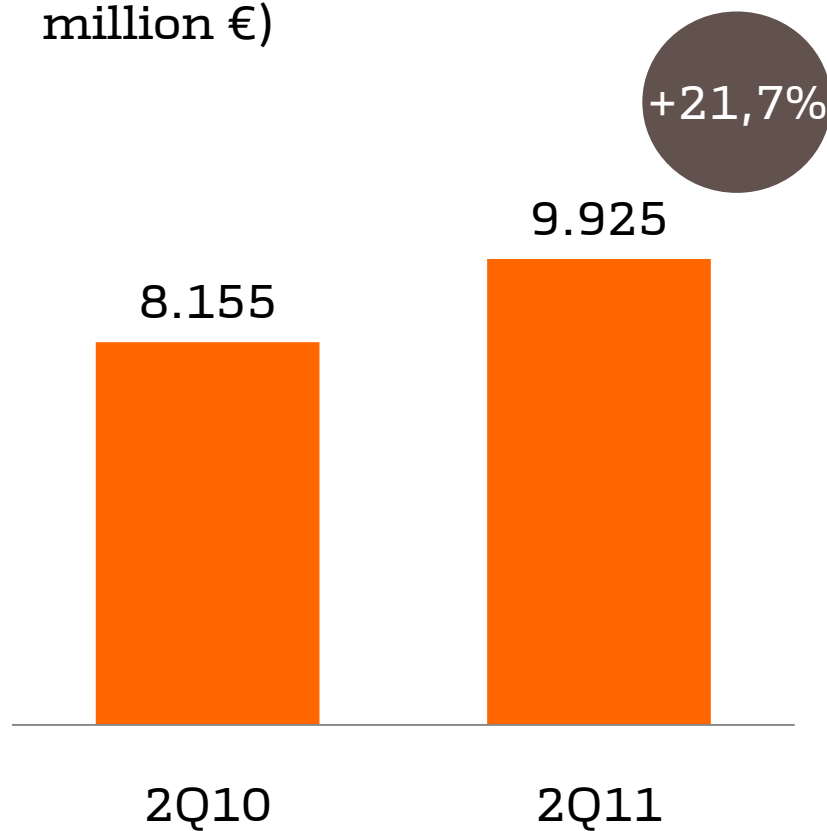
8,0%
Market share
(number of sicavs)

Equity brokerage has been affected by the recent volatility in the markets but the business continues growing

Number of orders (in thousand)



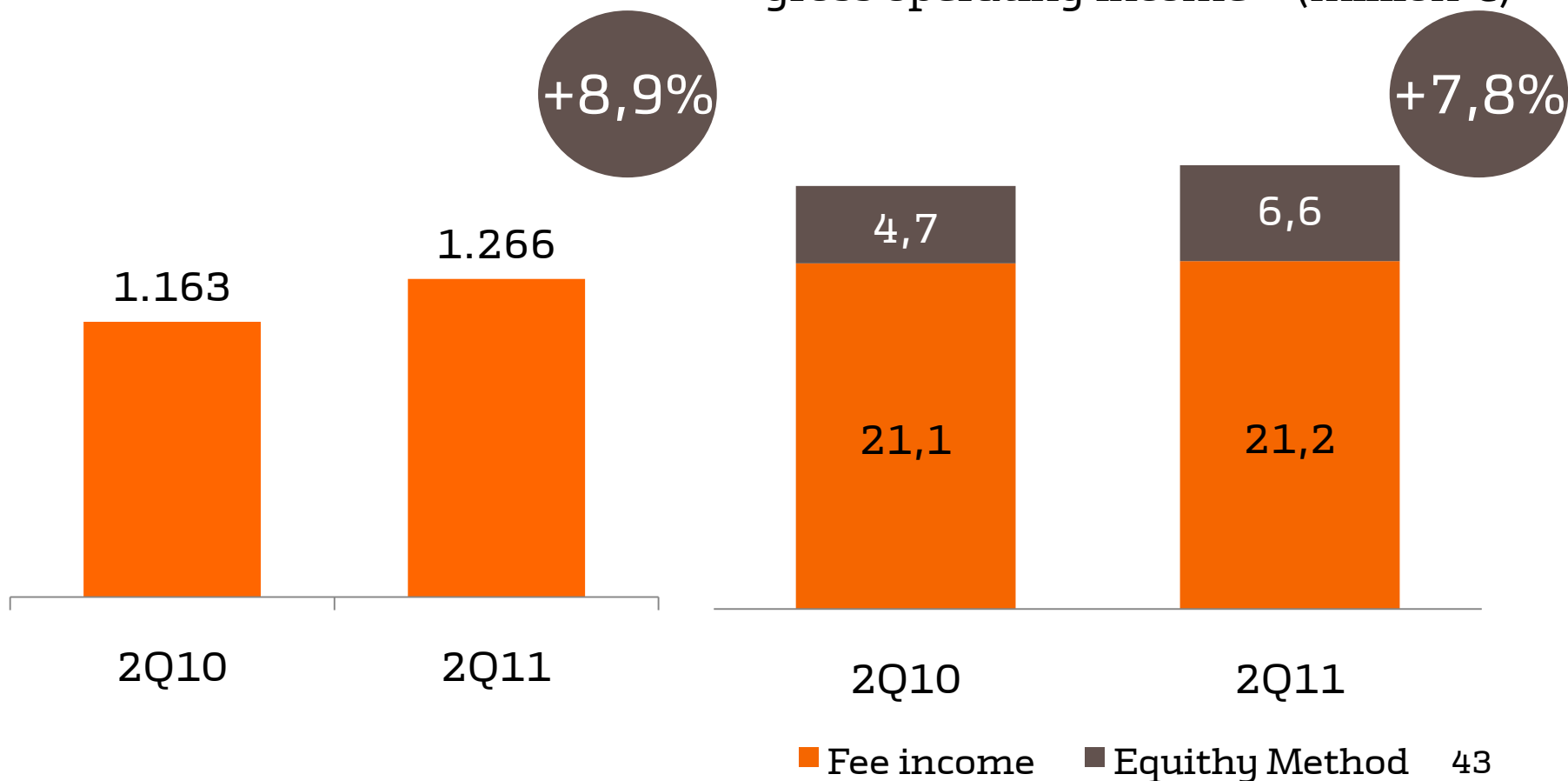
Equity under custody (in million €)



Distribution of **life insurance** products keeps on supporting business results

Pension funds (in million €)

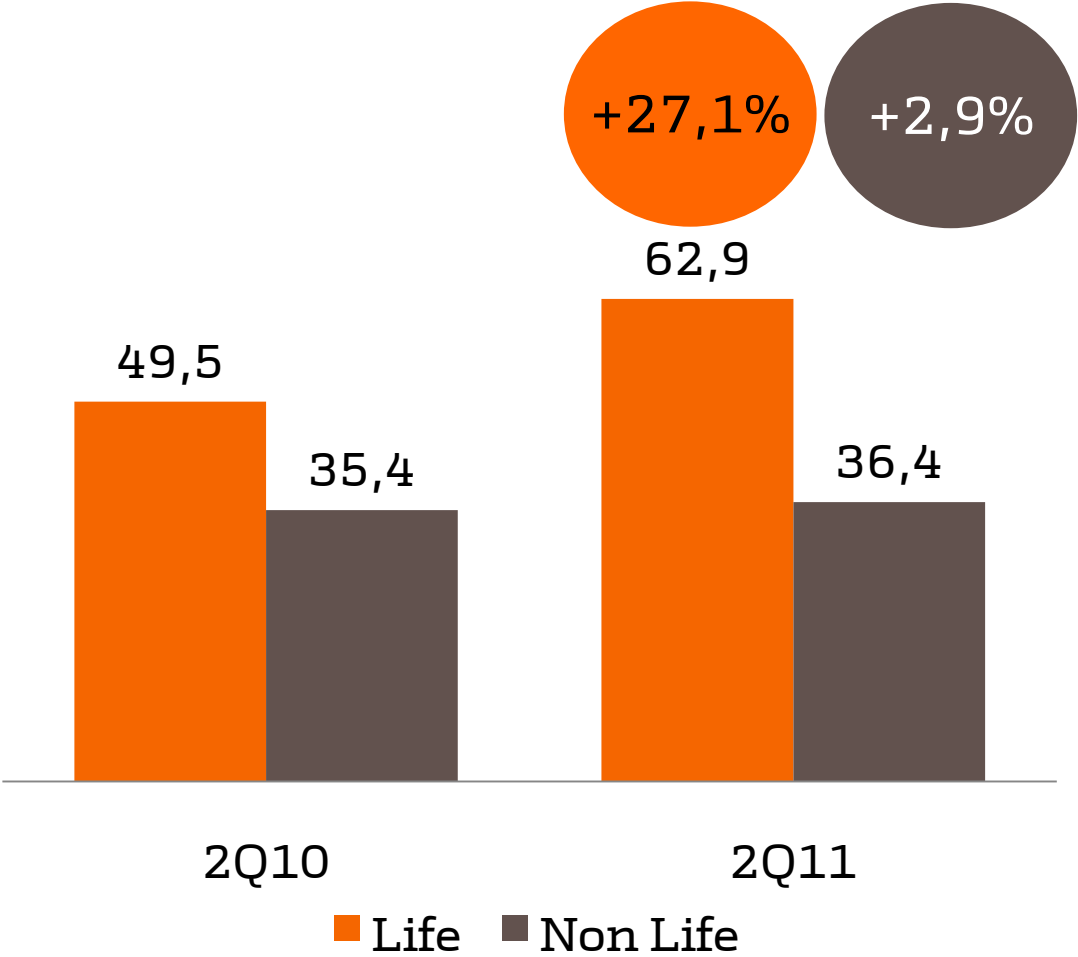
Insurance business contribution to gross operating income * (million €)



*Excludes LDA

and shows sustainable growth

Premiums evolution (in million €)



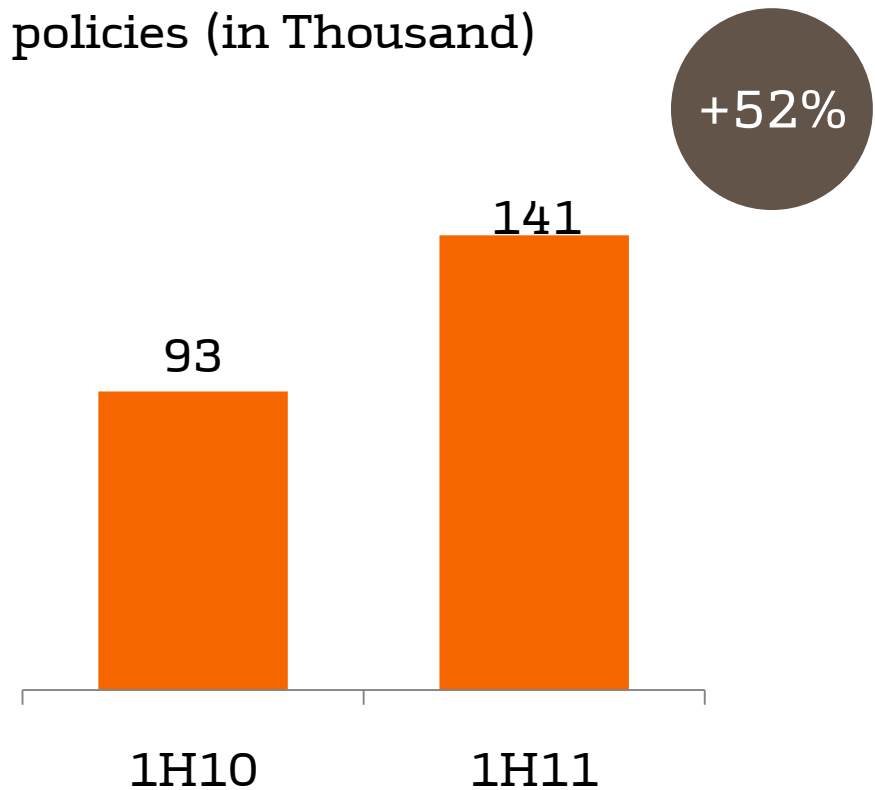
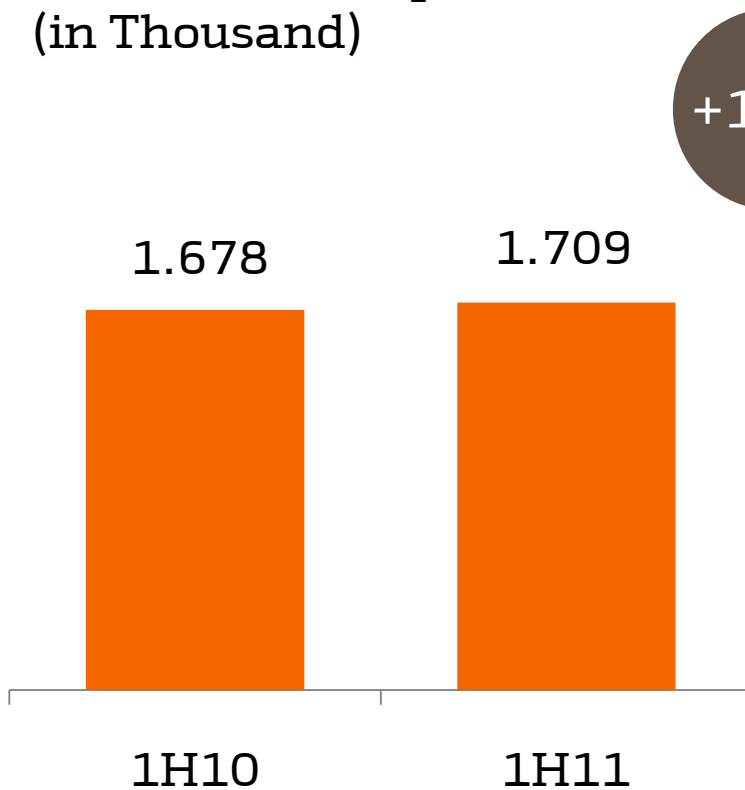
LDA continues growing despite market atony



linea directa

Number of auto policies
(in Thousand)

Number of home insurance
policies (in Thousand)



-26,8%

New car registrations 1H11

A highly **efficient** business model



93%

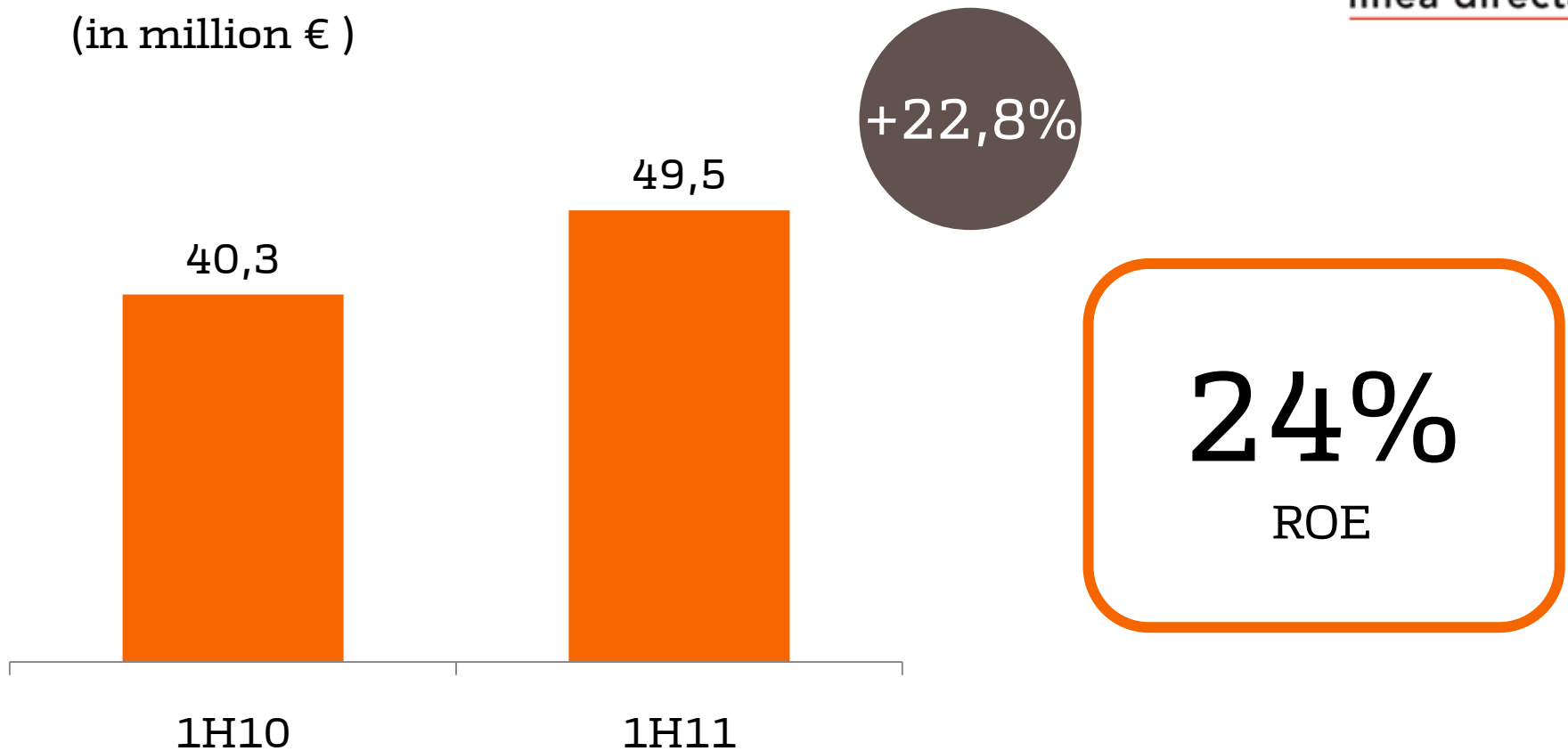
Combined ratio
Vs 100,4% the system*

Leading to excellent **results** for the first half 2011



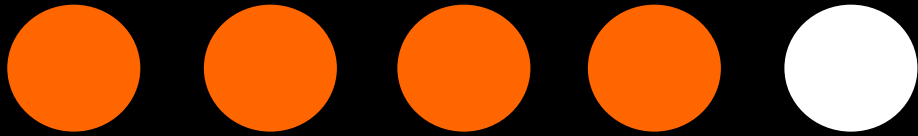
linea directa

Profit before tax*
(in million €)



*LDA Stand alone group results

In summary



1
2
3
4

Improvement of **business profitability** continues

Best in class **asset quality**

Reinforced **solvency** and **low sensitivity to stress**

Business shows strength



Banco Inter
Usted es rentable para su banco.
¿Pero su banco es rentable para usted?
Puede que la respuesta sea negativa.

espere su turno

Caja

Espacio Multimedia

Atención Telefónica
Banco Telefónica
Telex
Particulares

bankinter.

Opene desde aquí el Servicio Banco de Ahorros
Su asesor personal le guiará desde aquí con el Servicio de Telefonía

