

FY2019 RESULTS
PRESENTATION

Bankinter

23 January 2020

bankinter.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good

Regulatory framework

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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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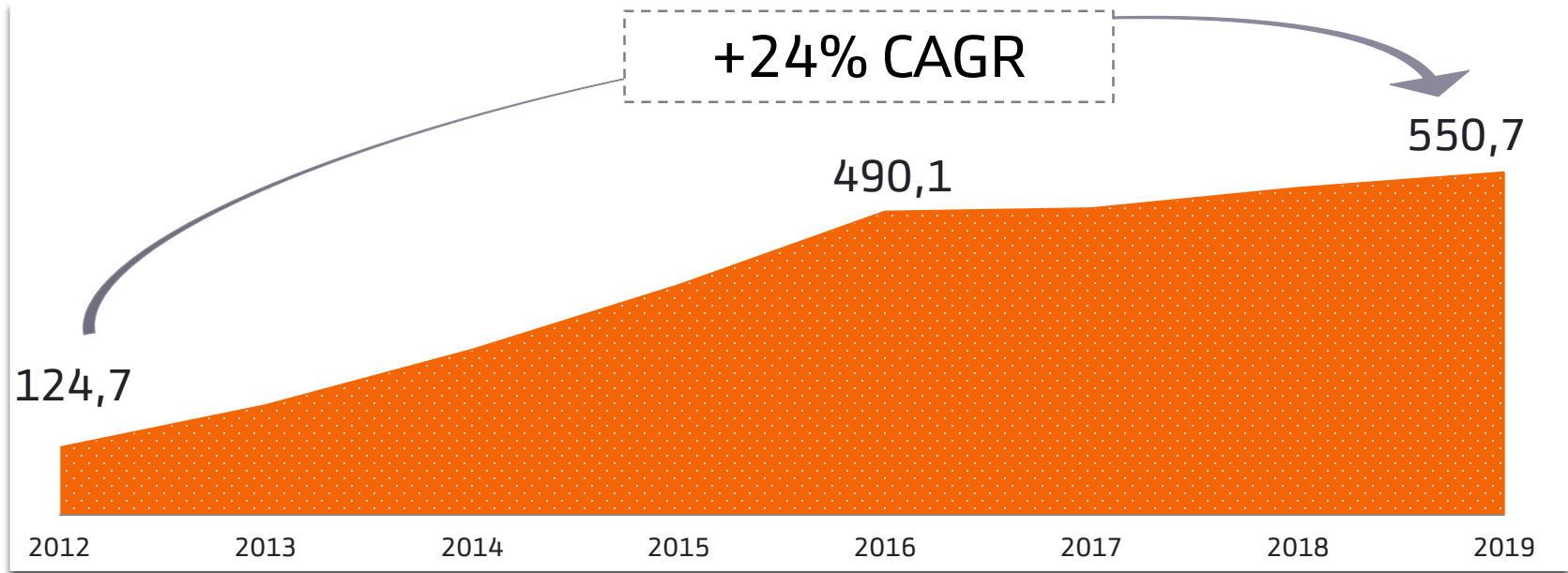
	2019	YoY dif.
Loan book	€60,4MM	+8,9%
Gross operating income	€2.055M	+5,9%
NPL ratio	2,51%	-39pbs
Net profit	€551M	+4,6%
CET1 Fully Loaded	11,6%	-14pbs
RoE	13,0%	-21pbs

NI

Net Income

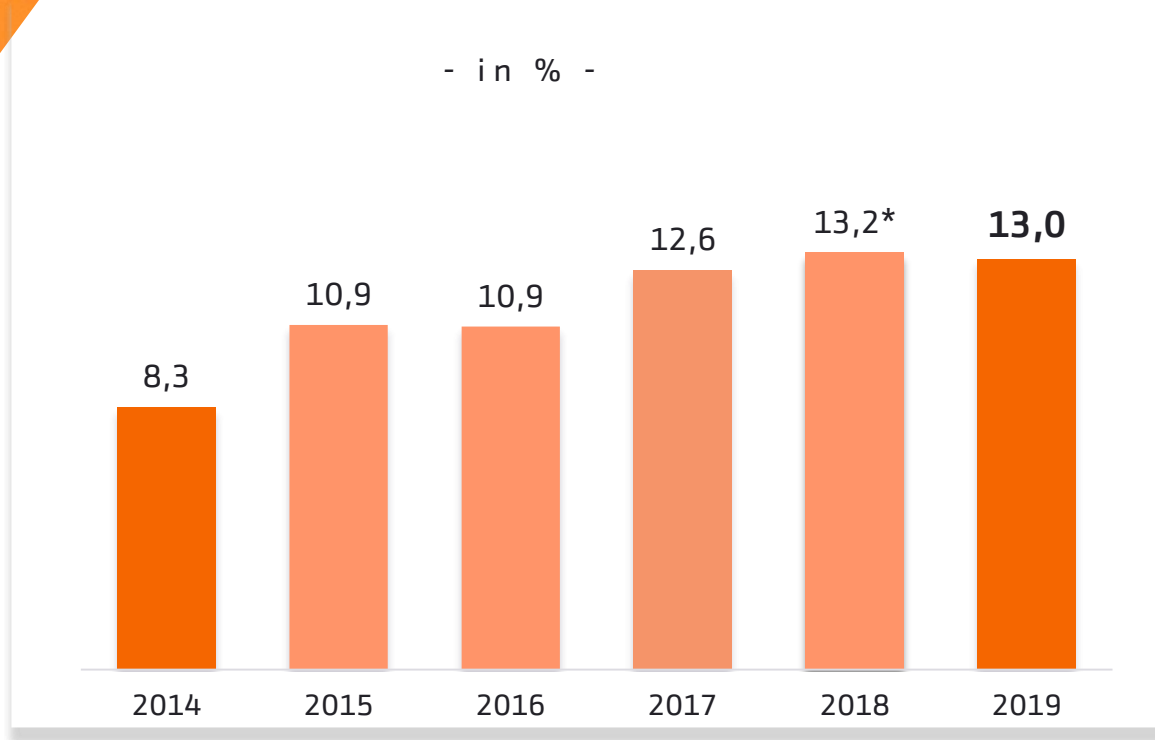
- in millions of euros -

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ROE

- in % -



C

Content



- Results
- Risk management
- Businessess
- Summary



R

Results

2019

P&L account FY2019

- in millions of euros -

	Bankinter group				Bankinter group ex-EVO	
	FY2019	FY2018	Dif. € 19/18	Dif. % 19/18	FY2019	Dif. % 19/18
Net interest income	1.191	1.094	96,4	8,8%	1.150	5,1%
Net fees and commissions	479	450	29,8	6,6%	472	5,0%
Other income/expenses	317	344	-27,4	-8,0%	319	-7,4%
Trading income	68	53	15,1	28,5%	66	25,8%
Gross operating income	2.055	1.941	113,8	5,9%	2.007	3,4%
Operating expenses	-1.077	-1.004	-72,8	7,2%	-996	-0,8%
Pre-provision profit	977	936	41,0	4,4%	1.011	7,9%
Other provisions	-144	-144	-0,3	0,2%	-126	-12,0%
Cost of risk	-154	-72	-82	115,0%	-146	104%
Extraordinary results	62	0	62	n.a.		
Earnings before tax	741	721	20,3	2,8%	738	2,4%
Net profit	551	526	24,3	4,6%		

P&L account 4Q2019

- in millions of euros -

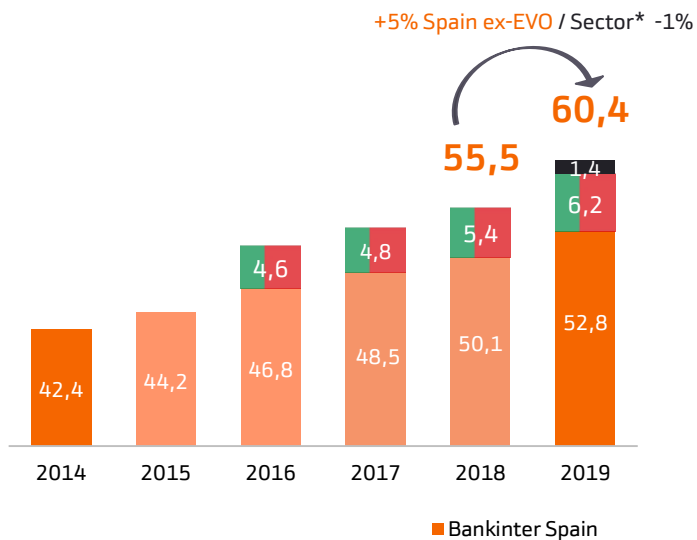
	Bankinter group				
	4Q19	3Q19	4Q18*	Dif. % 4Q19/3Q19	Dif. % 4Q19/4Q18
Net interest income	315	308	278	2,3%	13,3%
Net fees and commissions	133	115	117	15,2%	13,2%
Other income/expenses	50	101	60	-50,5%	-16,9%
Trading income	12	16	13	-24,6%	-2,4%
Gross operating income	510	540	468	-5,6%	9,0%
Operating expenses	-284	-278	-252	2,1%	12,8%
Pre-provision profit	226	262	216	-13,8%	4,5%
Other provisions	-34	-35	-32	-2,3%	4,8%
Cost of risk	-43	-46	-15	-6,9%	182,2%
Extraordinary results	5	0	0	0,0%	0,0%
Earnings before tax	154	181	168	-15,1%	-8,7%
Net profit	106	135	123	-21,5%	-13,4%

* 2018 figures adjusted for comparative purposes due to IFRS16 implementation

L Loans and receivables

- In billions of euros -

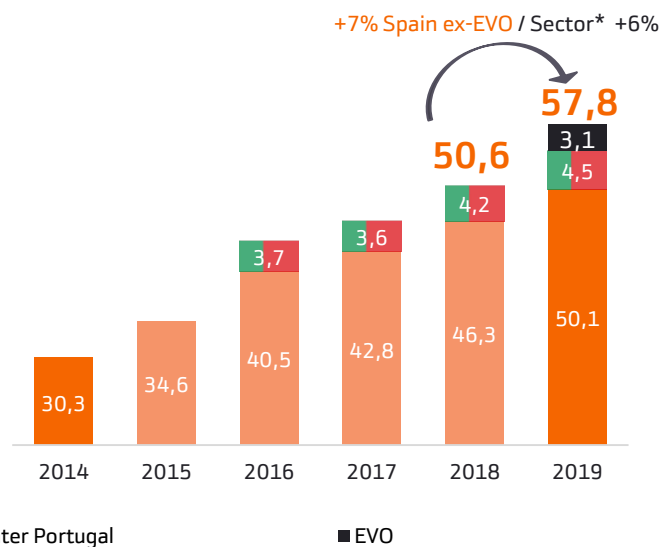
+4,9bn +8,9%



R Retail funds

- In billions of euros -

+7,2bn +14,3%



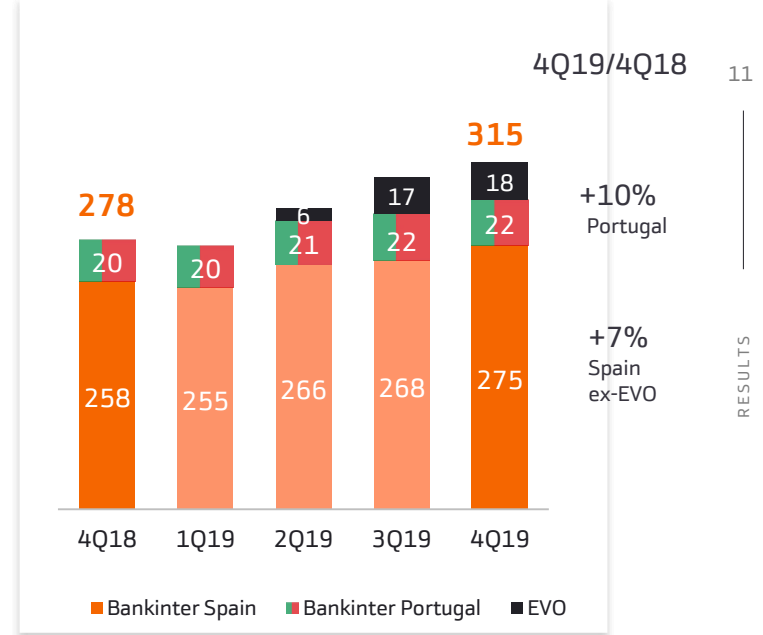
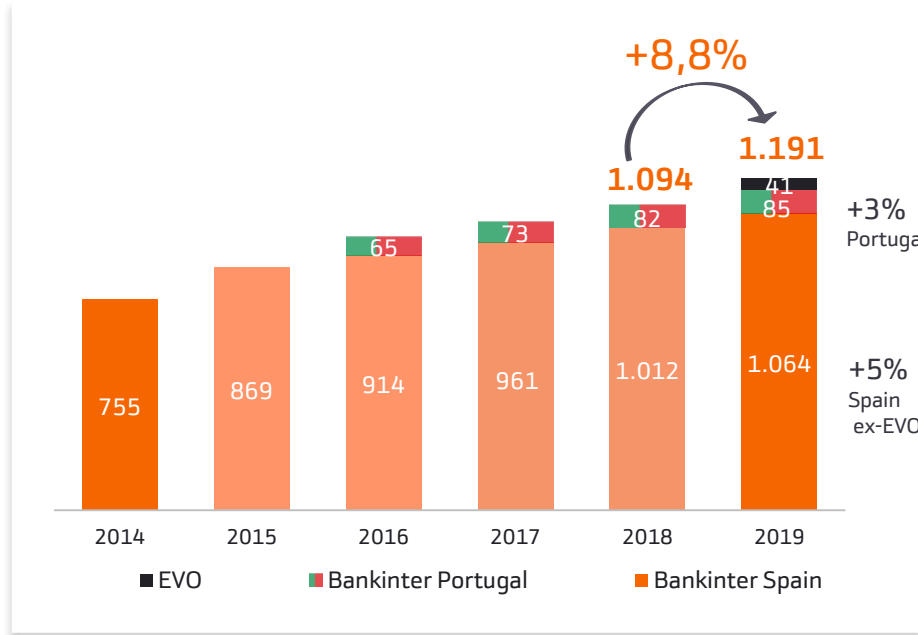
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RESULTS

NII

Net Interest Income

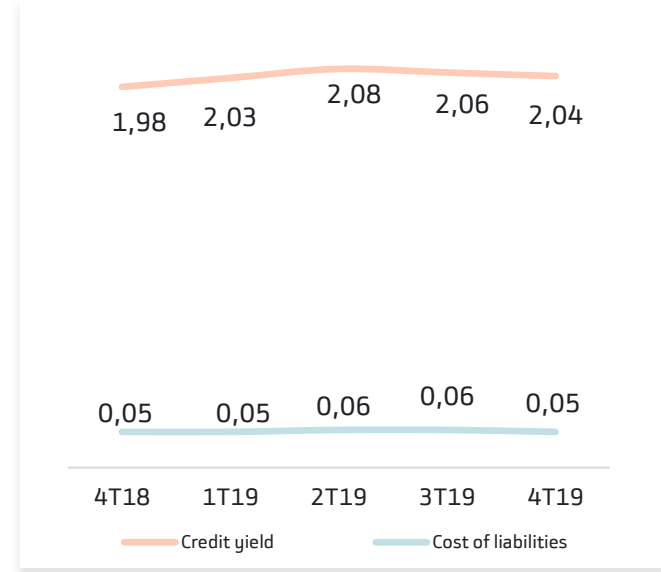
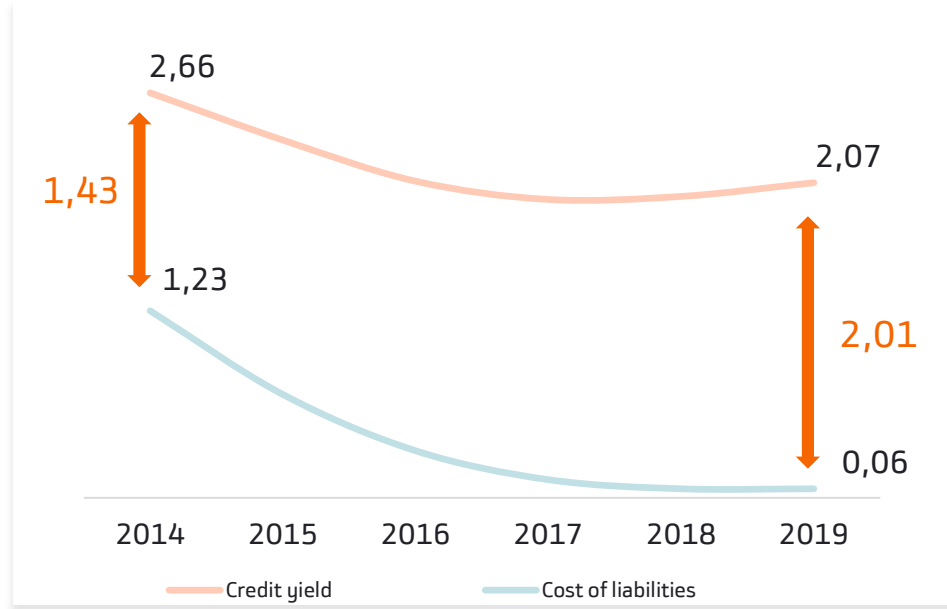
- In millions of euros -



NII

Customer margin

- in % -



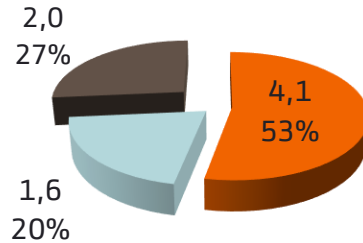
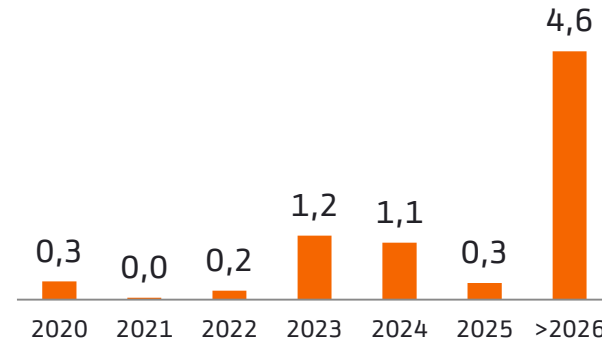
AL

ALCO portfolio

- in billions of euros -

ALCO portfolio	Amort.	Fair Value	Total
Nominal amount (€bn)	3,9	3,8	7,7
Duration (years)	5,8	3,4	4,6
Avg. maturity (years)	12,8	4,8	8,8
Yield (%)	1,5	2,1	1,8
Unrealised gains (€bn)	0,40	0,21	0,61

Maturities (bn €)



Spanish sovereign Other sovereign Other



Fee Income

Net Fee Income

479M€

YoY dif.

+6,6%

Contribution to total income

23%

- Breakdown of received fees in millions of euros -

Asset management	153M€	-4%
Payments & collections	118M€	+19%
Brokerage & custody	81M€	+4%
Life insurance & pensions	69M€	+6%
FX differences	64M€	+1%
Risk transactions	59M€	+12%
Other	26M€	+7%
Struct. finance	24M€	+74%

Total received: +6,7%

Total paid: +7,0%

OI

Other Income

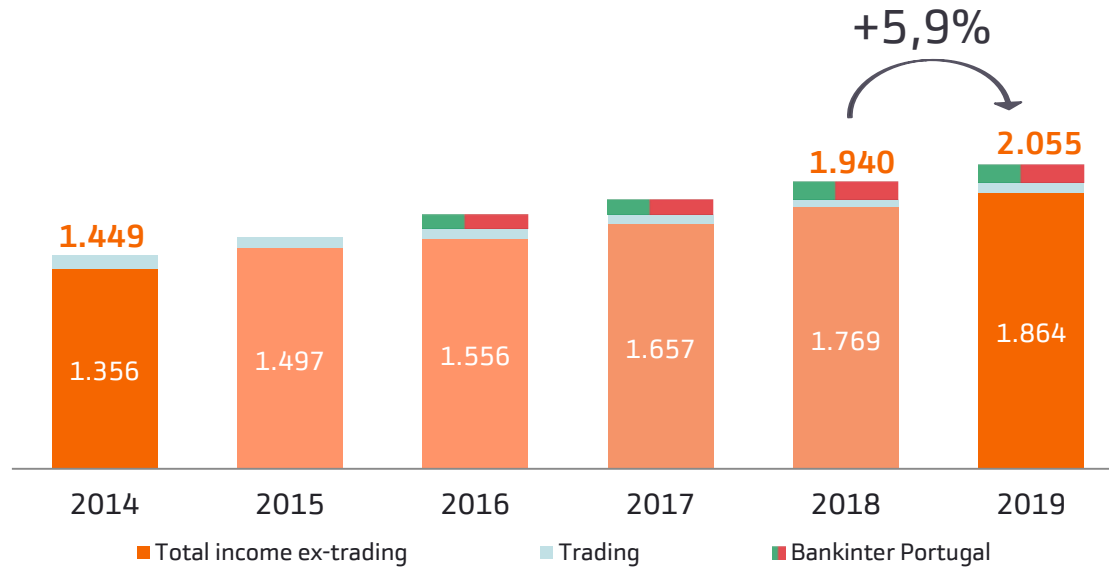
- in millions of euros -

	2019	2018	% Dif.
LDA insurance margin	382,0	399,6	-4,4%
Other income/expenses	-65,3	-55,5	17,6%
of which regulatory expenses	-95,2	-79,8	19,3%
Total other operating income	316,7	344,1	-8,0%

TI

Total Income

- in millions of euros -

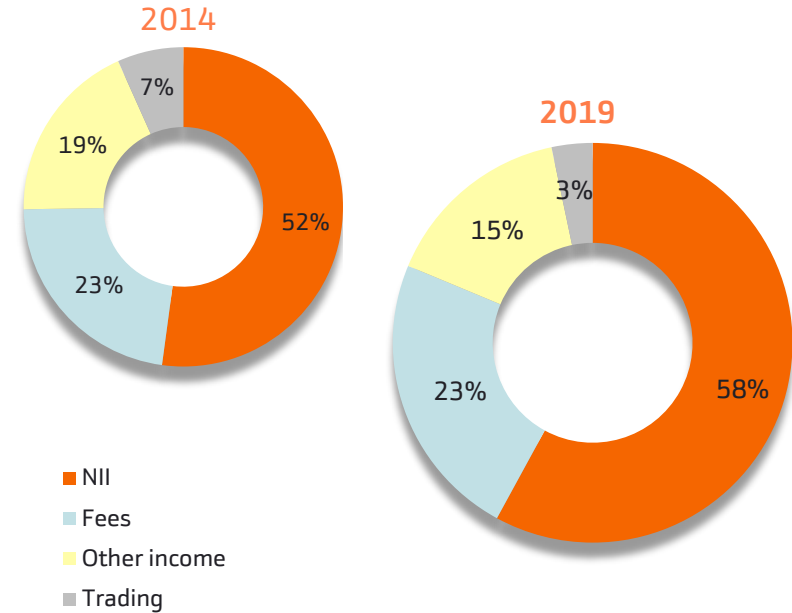




TI

Contribution to Total Income

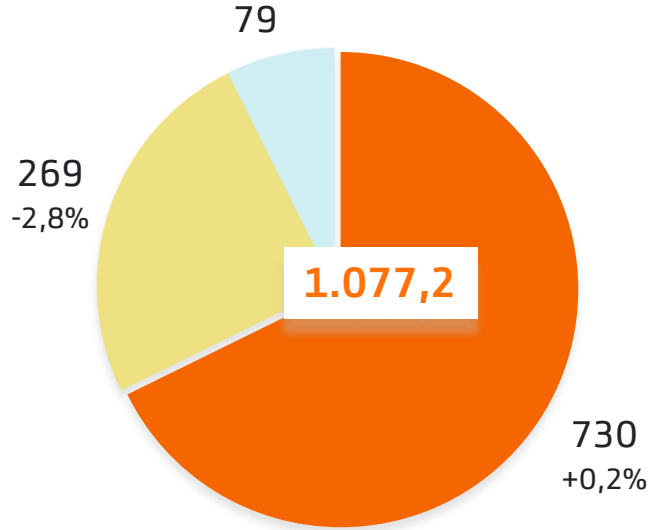
- in % -



E

Operating expenses

- in million euros and differences in % -



■ Iberian banking activity ■ LDA ■ EVO and non-recurrent expenses

-0,8% Total LfL Expenses YoY

+2,1% Personnel exp.

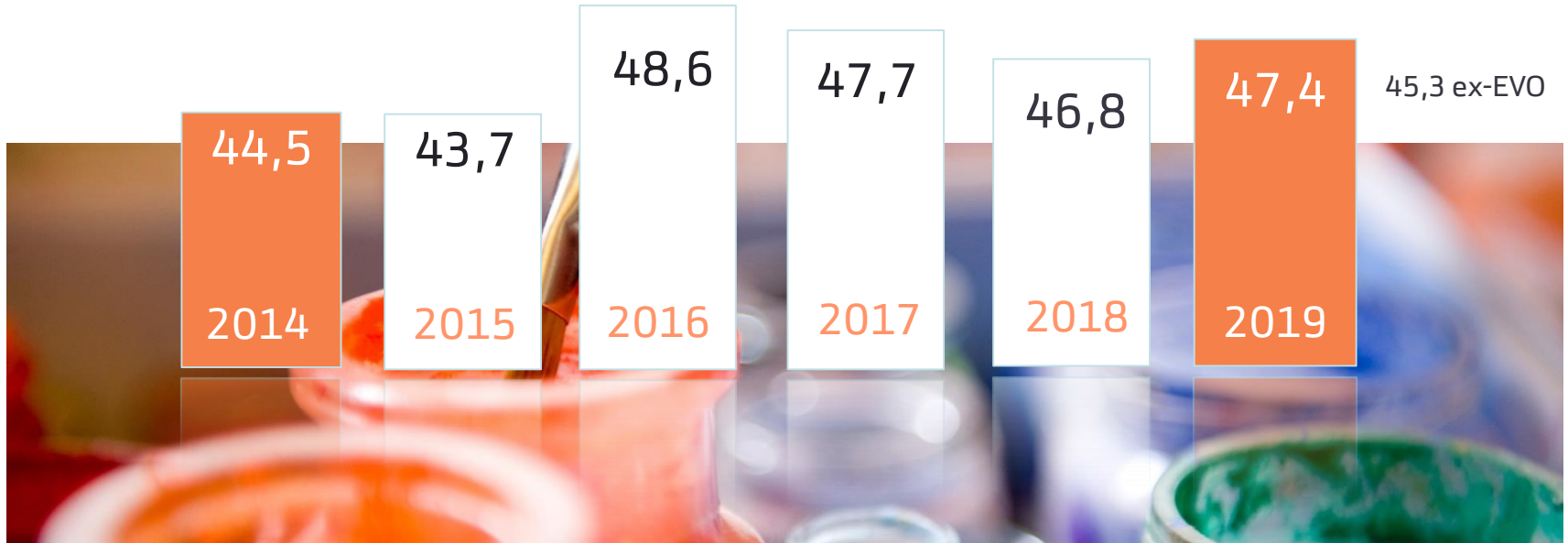
-4,2% General exp. & Amort.

C/I

Cost-to-income

- Banking cost to income in %-

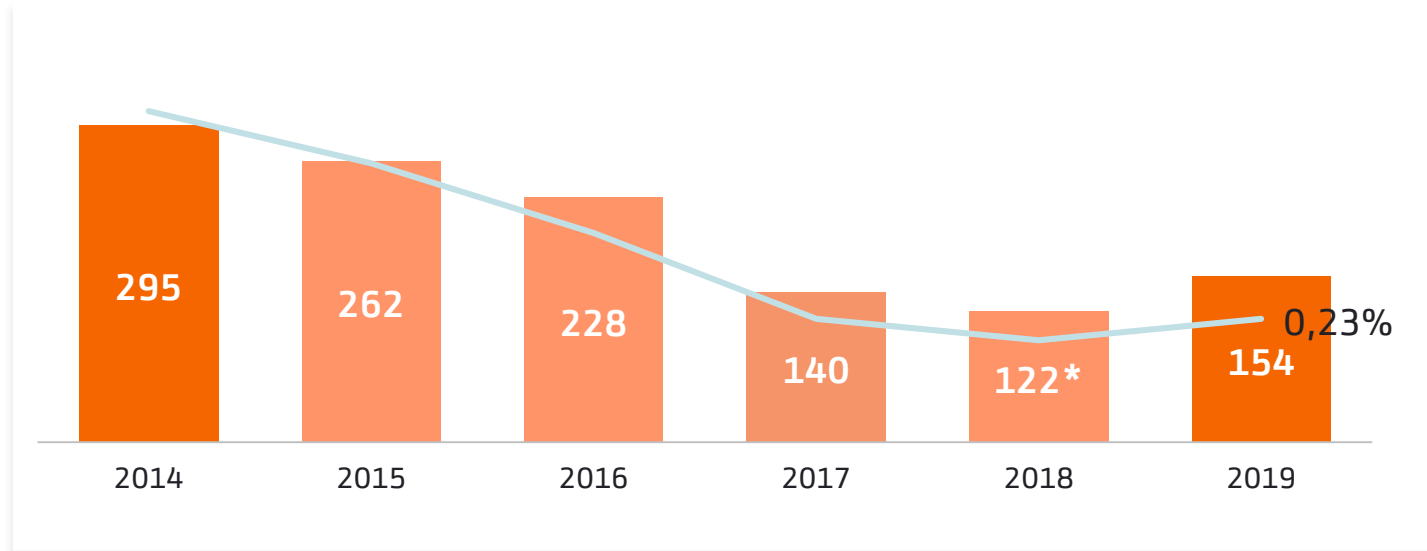
- Including depreciation and amortizations -



CR

Cost of Risk

- In millions of euros and % of total credit risk -



20

RESULTS



Risk, Solvency & Liquidity management

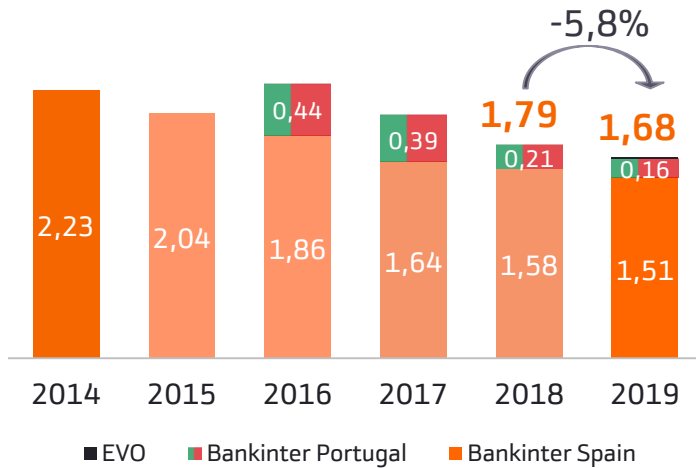
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CR

Credit Risk

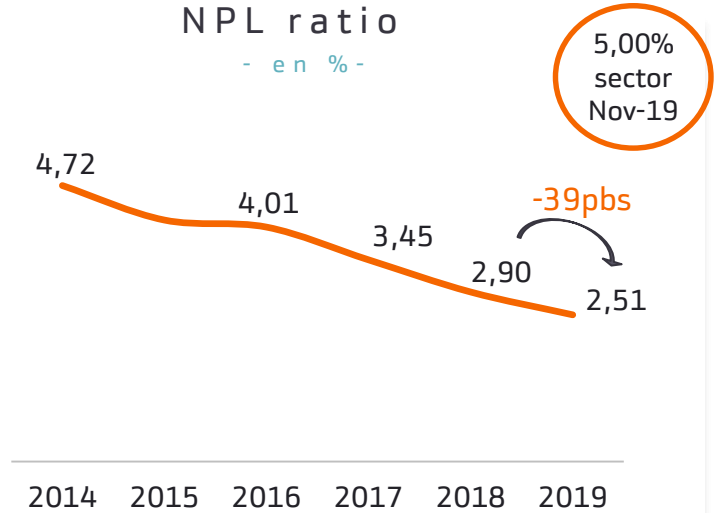
Non-performing loans

- In billions of euros -



NPL ratio

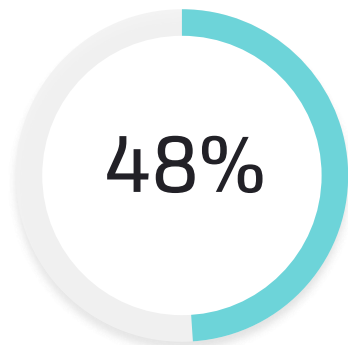
- en %-



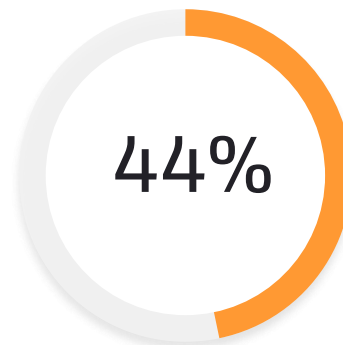
C

Provision Coverage

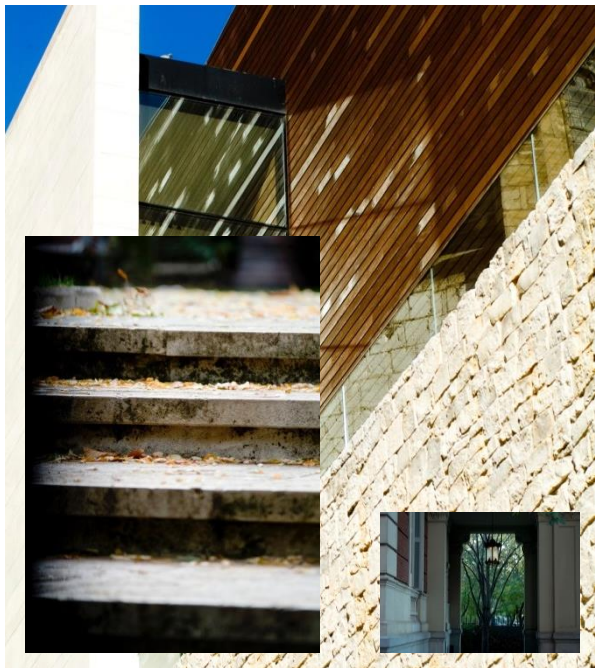
- in %-



NPL coverage



Foreclosed asset coverage



F

Foreclosed assets

- In millions of euros -

December -19

Total balance: €291M

-17%

Book value of sold assets

119M€

Total price of sold assets

78M€

Average discount on sold assets

-34%

Average coverage on sold assets

37%

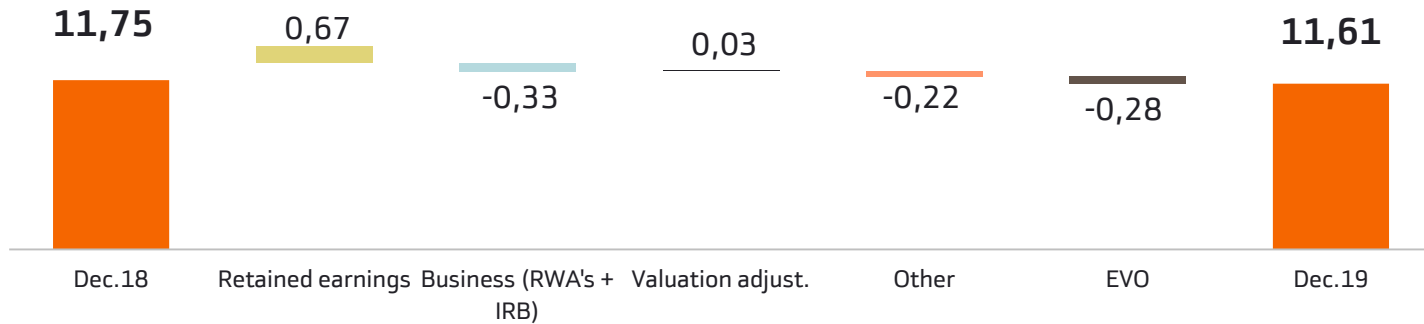
S Solvency

CET 1 "fully loaded"
11,61%

Leverage ratio
4,8%

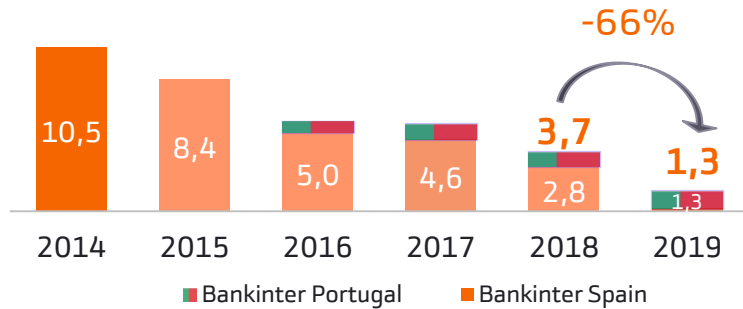
Solvency ratio
13,9%

CET1 "fully loaded" bridge in %

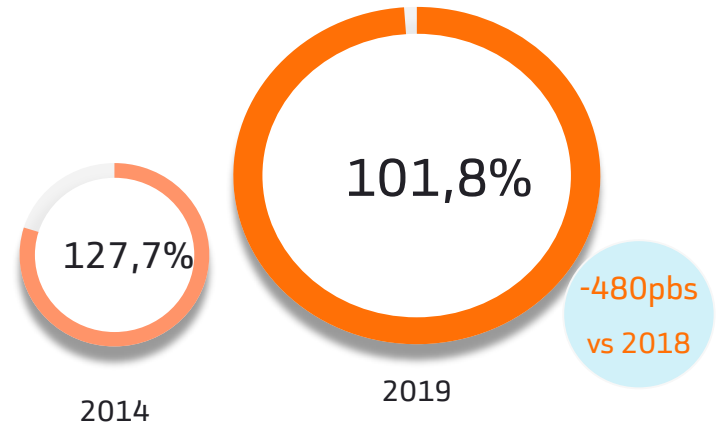


Liquidity

Commercial gap
- in billions of euros -



Loan-to-deposit ratio
- in % -



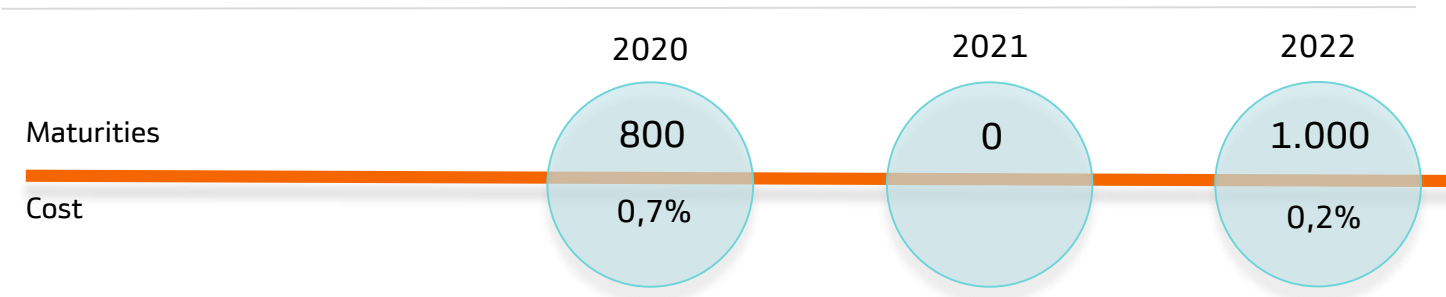
F

Wholesale funding maturities

- In millions of euros -

Liquid assets

13.400



Covered bond issuance capacity

6.000



B Businesses

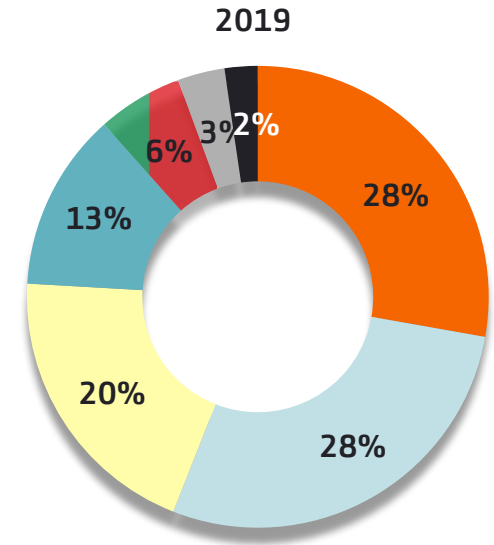
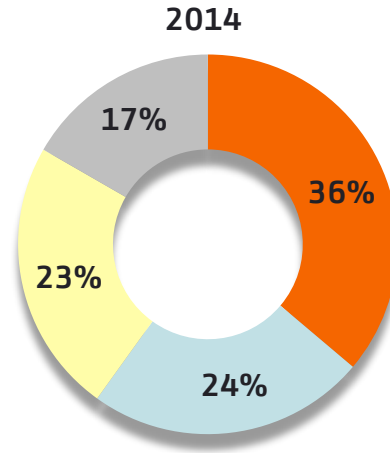
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CB

Contribution to total income by business

- in %-



- Corporate/SME banking
- Linea Directa
- Bankinter Portugal
- EVO

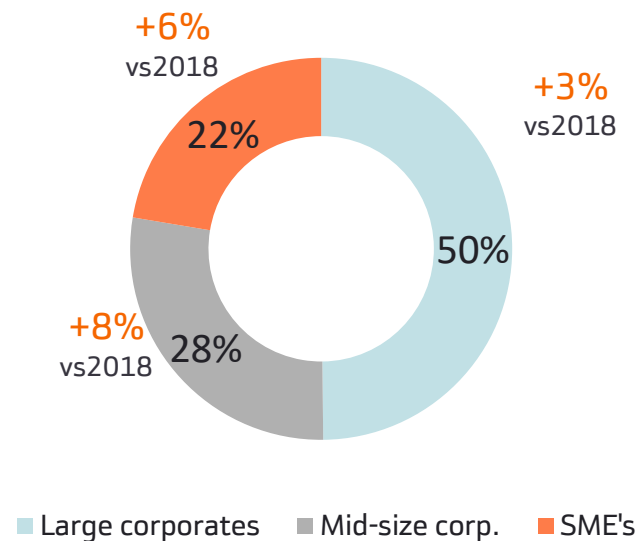
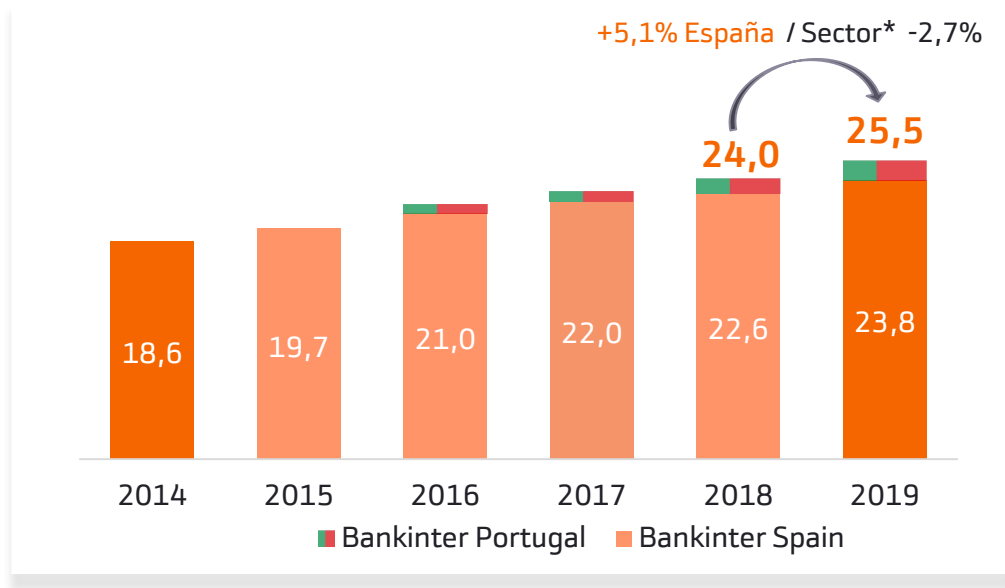
- Commercial/retail banking
- Consumer Finance
- Non-customer

CB

Corporate/SME banking

Loans and receivables

- In billions and % by segment -



30

RESULTS

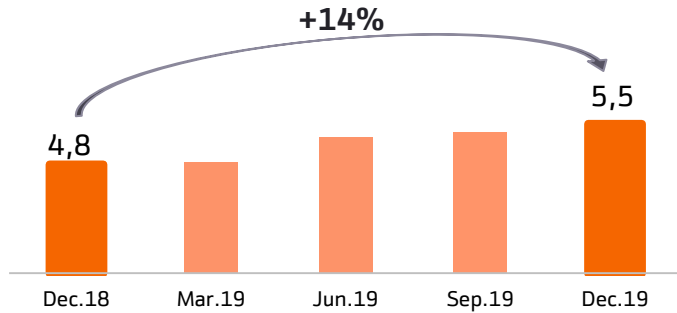
CB

Corporate/SME banking

Income levers

International trade & export finance

- Loan book in billions of euros -



Total Income
+7%
Stands at 29%
of Corp. Banking
Incomes

Fee income accounts for 53%
of Total Income

Transactional business

- In % -

Loan book
+14%
vs Dic.18

Fees
+14%
vs Dic.18

Investment banking

- In % -

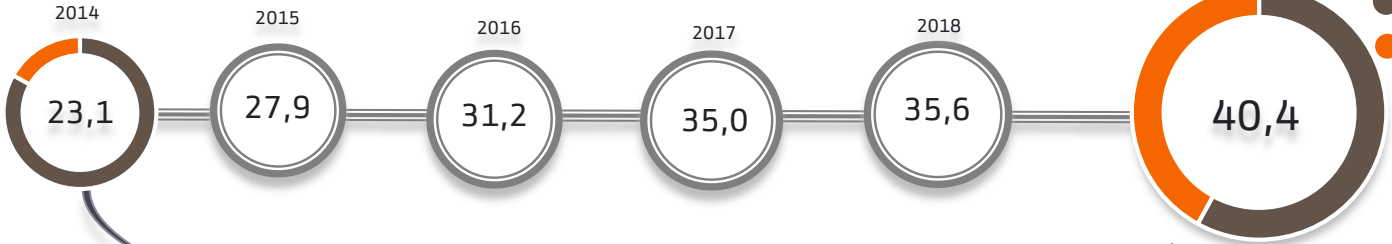
Fees
+52%
vs Dic.18

Total income
+22%
vs Dic.18

PB Private banking

Customer assets
- In billions of euros -

- Self-managed 83%
- Managed 17%



+€2,1bn
market effect

- Self-managed 58%
- Managed 42%

+ 7% CAGR

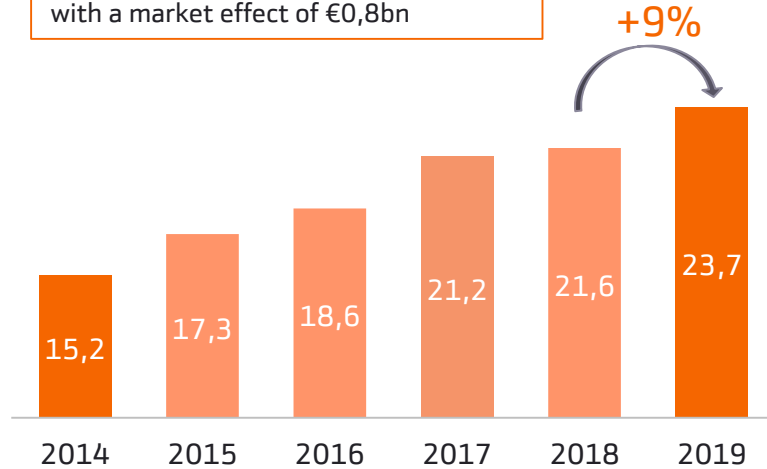
x3,8 managed assets vs. 2014

PB

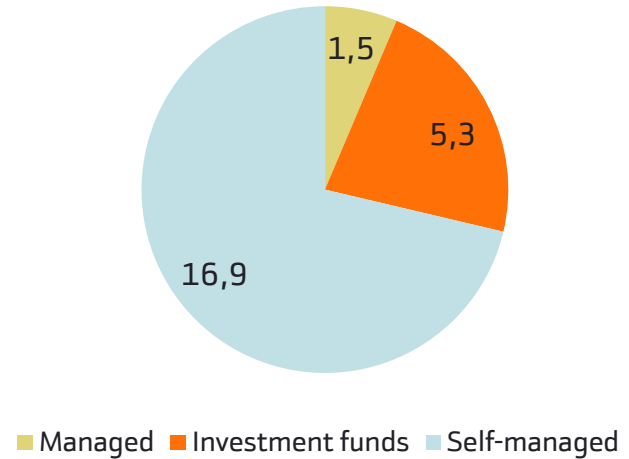
Personal banking

Customer assets
- in billions of euros -

€1,4bn Net new money
with a market effect of €0,8bn



By asset type
-In billions of euros-

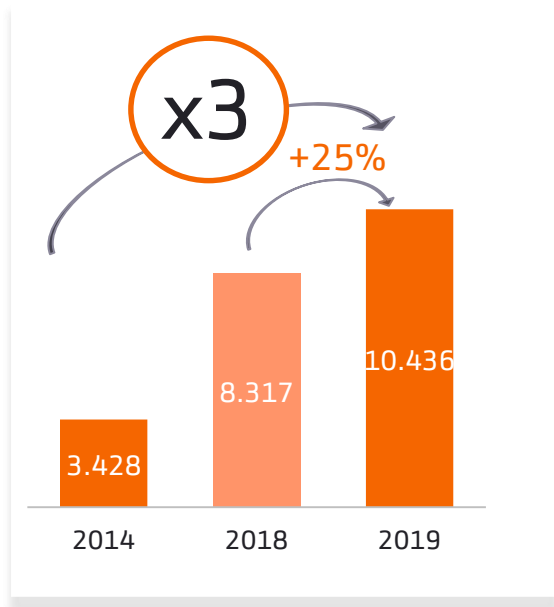


RB

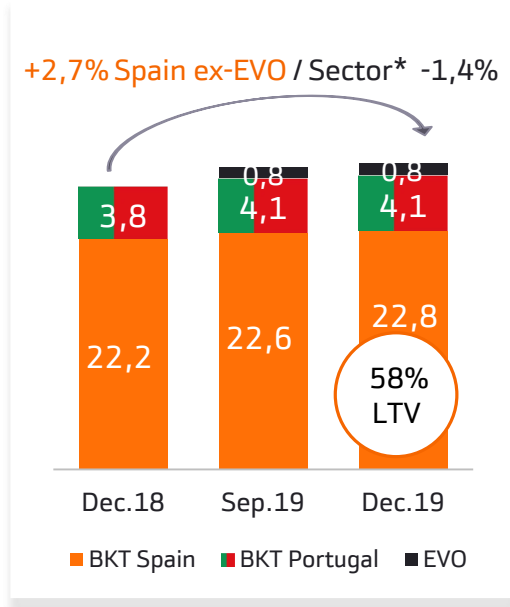
Retail banking

Customer deposits and loans
- in millions of euros -

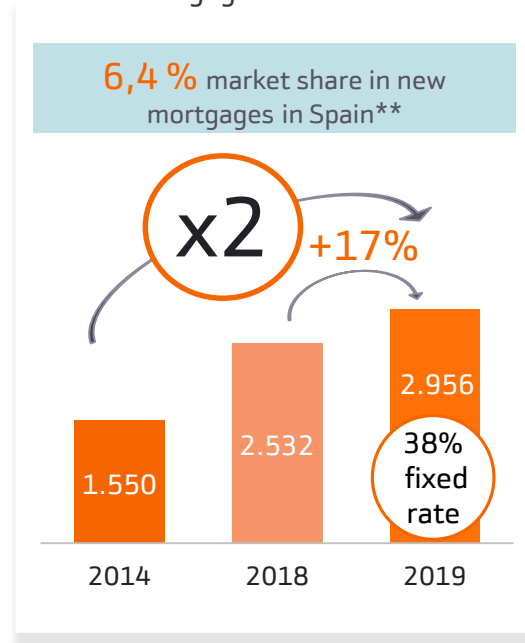
Payroll account total balances



Mortgage back book
- in billions of euros -



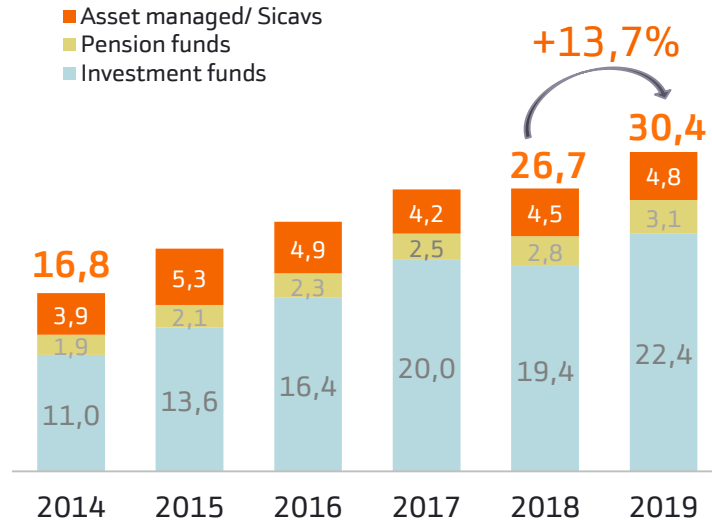
Mortgage front book



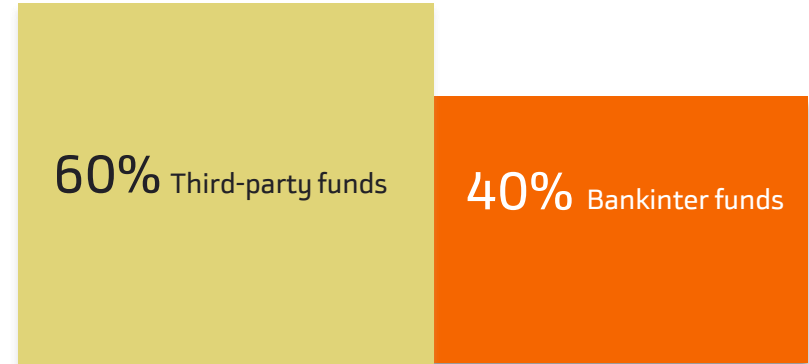
AM

Asset management

Off-balance sheet funds
- in billions of euros -



Investment funds by type
- in % -



CF

BKT Consumer Finance

1,4 million

Customers

+ 8% vs2018

€917 million

New loans in 2019

+45% vs 2018

€2,4bn

Loan book

+21% vs 2018

Risk-adjusted return

8,4%

NPL ratio

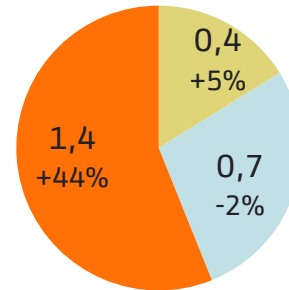
5,7%

Cost of risk

3,6%

Loans by type

- in billions of euros and annual dif. in % -



■ Standard cards ■ Revolving cards ■ Personal loans

Bk Portugal

Business indicators

€6,2bn

Loans **+13%** YoY

Retail banking

€4,5bn +9%

Corporate/ SME

€1,7 bn +26%

€4,5bn

Retail funds **+7%** YoY

Off-balance sheet funds

+12% YoY

P&L account

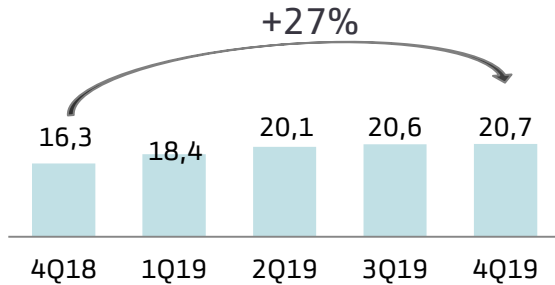
- in millions of euros -

	2019	2018	Dif. %
Net Interest Income	85	82	3%
of which purchased portfolio	5	15	-65%
Net fees and commissions	45	44	3%
Other income/expenses	-7	-6	14%
Gross operating income	123	120	3%
Operating expenses	-86	-88	-2%
Pre-provision profit	37	31	16%
LLP and other provisions	29	29	1%
Earnings before tax	66	60	9%

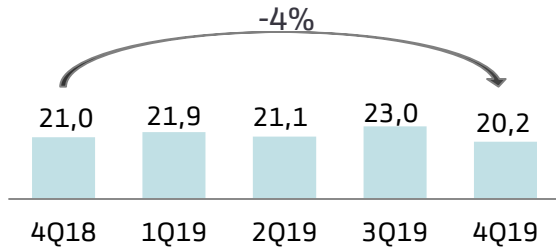
Bk Portugal

Financial indicators

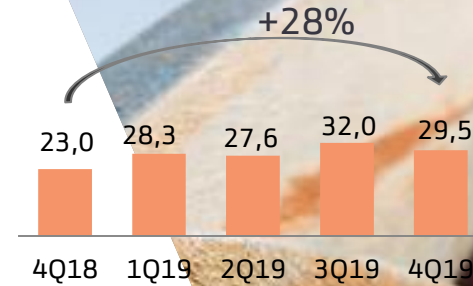
Quarterly recurrent NII
- in millions of euros -



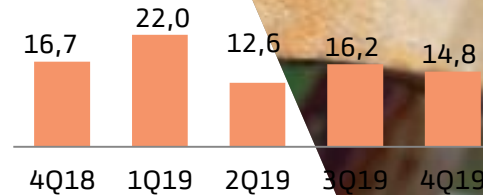
Quarterly op. expenses
- in millions of euros -



Quarterly recurrent total income
- in millions of euros -



Quarterly PBT
- in millions of euros



EVO

Business indicators



Total customers: 481k
New customers (jun-dec): 50k

New mortgage production in
4Q19: 85 mill. euros

Customer margin: 1,62%

NPL ratio: 1,62%



Loan book: €466million
+23% yoy

Loan book breakdown:
Credit cards 66%
Personal loans 34%

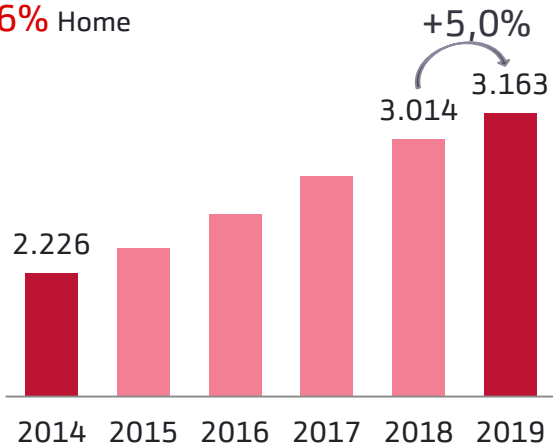
Customer margin: 10,9%

NPL ratio: 1,2%

Linea Directa

Number of risks insured
- in thousands -

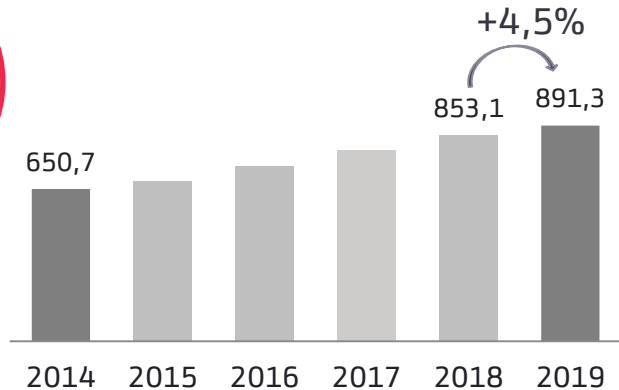
+3,6% Auto
+9,6% Home



vivaz
70k Health Policies
+111% YoY

Issued premiums
- In millions of euros -

+2,7% Auto vs. 1,5% sector*
+10,6% Home vs. 4,2% sector*



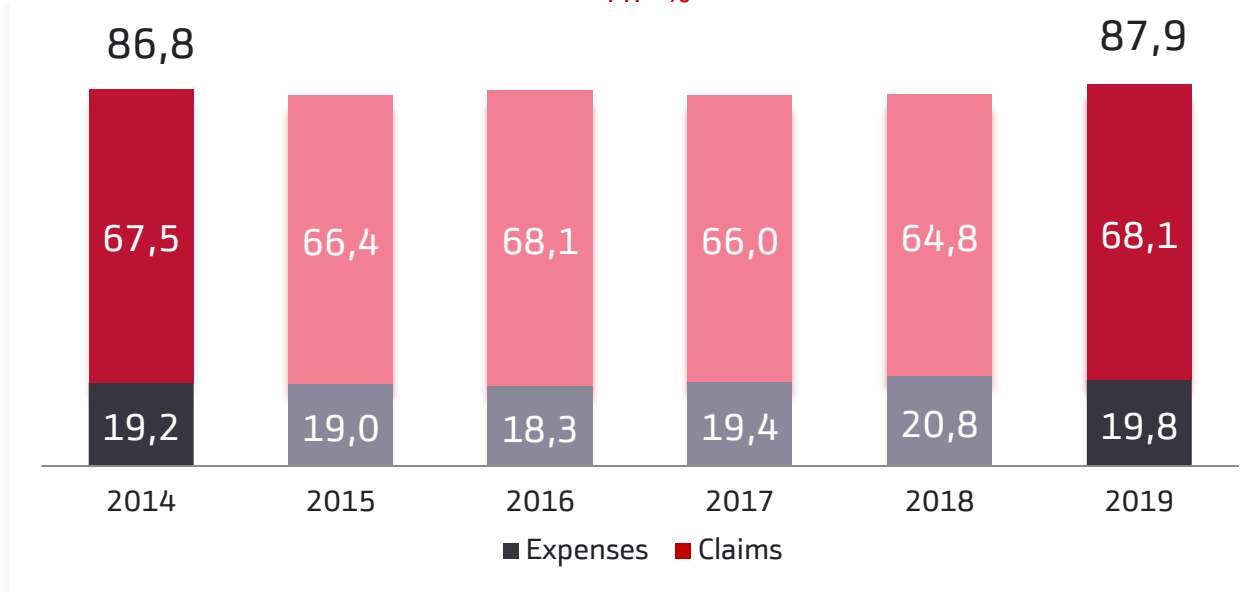
40

RESULTS

LD

Combined ratio

- in % -



P&L account FY2019

- in millions of euros -



<u>linea directa</u>	2019	2018	Dif. %
Net written premium	891	853	4%
Net earned premium	855	816	5%
Net claims cost	-582	-529	10%
Operating expenses and other	-169	-170	0%
Technical result	104	118	-12%
Net investment income	32	34	-6%
Underwriting result	135	151	-11%
Other income/expenses	8	5	63%
Earnings before tax	143	156	-8%
Net profit	107	117	-8%

ROE

33%

Solvency II ratio

211%



S Summary

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S Summary

€551M

Net Income

+ 5%

€2.055M

Total Income

+ 6%

NII
+ 9%

Fees
+ 7%

Balance sheet

€60bn

Loan book

+ 9%

€58bn

Retail funds

+ 14%

ROE

13,0%

NPL ratio

2,5%

CET1 ratio "FULLY LOADED"

11,6%

FY2019 RESULTS
PRESENTATION

Bankinter

23 January 2020

bankinter.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good

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 average of own funds for the reporting period.
RWAs	Risk-weighted assets
SREP	Supervisory Review and Evaluation Process