

A photograph of a person in a library, reaching for a book on a shelf. The person is wearing a dark t-shirt and glasses. The shelves are filled with books of various colors. The background is slightly blurred, focusing attention on the person's hands and the book they are reaching for.

Bankinter

September 2008

**KBW European Financials
Conference**

Bankinter presents its financial statements following format and criteria stated by Circular of Banco de España 4/04. Capital ratios have been estimated according to the draft legislation issued by Banco de España about the determination and control of the minimum capital requirements. Internal models are used for the following portfolios: Residential mortgages, small enterprises and medium size enterprises. Models are pending official authorization. Internal capital ratios assume no implementation period

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.

Bankinter maintains its **privileged asset quality**

Bankinter holds **comfortable solvency levels**, consistent with its risk profile

Bankinter's business model has **enhanced value** under current market context

Revenues have increased, thus confirming the soundness of our strategic options

Bankinter maintains its privileged asset quality

78%

Collateralized portfolio

vs. 68% system
61% banks

0,33%

Residential mortgage
NPLs

vs. 0,99% system
0,63% banks

2,4%

Developers /total
Real Estate act. BK 7,8%

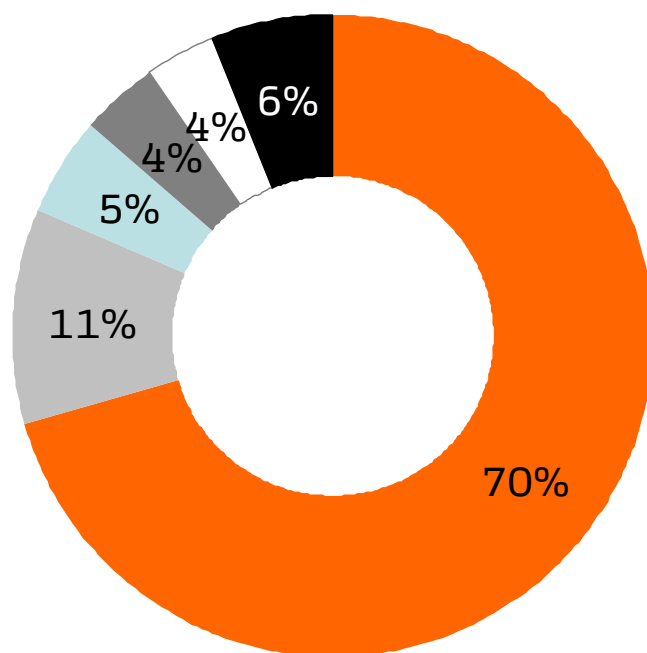
vs. 17,3% system
16,3% banks

Market data as of March 08, except for collateralization as of May 08

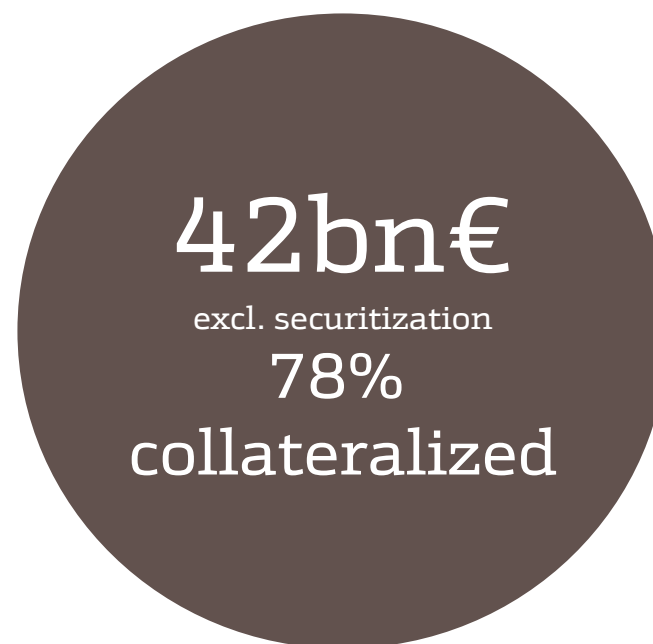
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Our loan book is widely collateralized

Gross loan book breakdown excl. securitization (%)

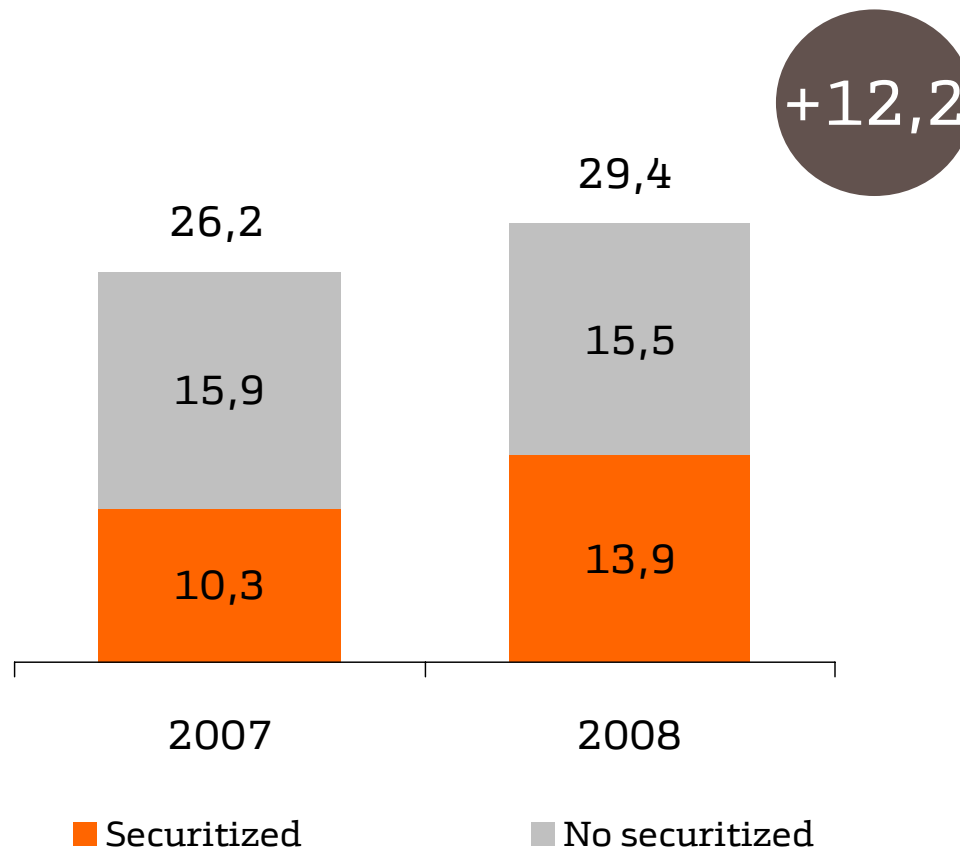


- Mortgages
- Unguaranteed loans
- Leasing
- Credit lines
- Paper discount
- At sight and other



Credit risk on the book has been significantly transferred

Mortgage book evolution (€bn)



9bn€
Of securitized assets hold
no credit risk
synthetic securitization
of first equity pieces

We have built a conservative mortgage book...

Mortgage portfolio breakdown

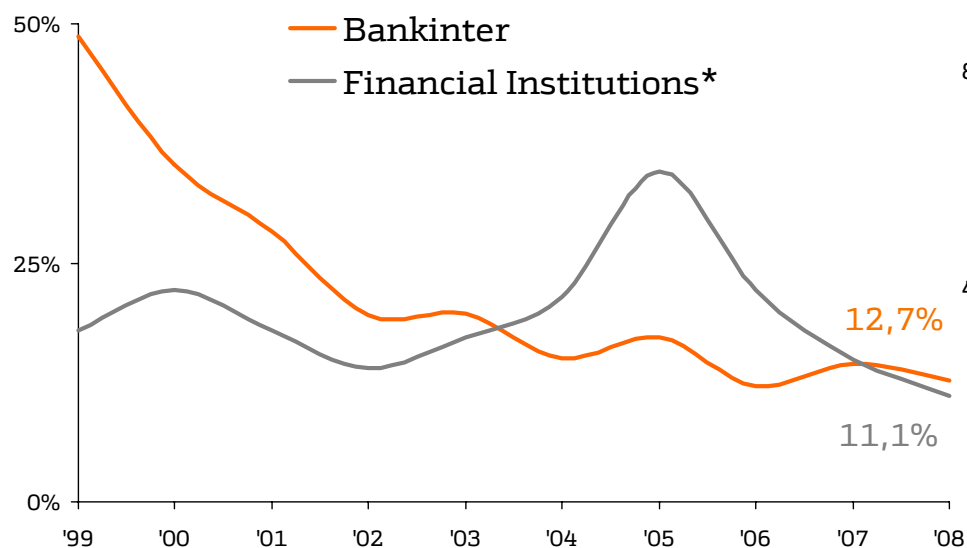
	% /total	Average amount Thous.€	LTV* %	NPL %
Residential	85,4	116,3	58,2	0,33
First	74,8	115,4	58,5	0,28
Second	10,6	122,9	55,7	0,71
Developers	3,3	1.188,9	82,9	0,24
Other	11,3	248,4	76,5	0,43
Total	100,0	127,8	61,1	0,35

Developers market share **
0,42%

Residential Mortg. market share**
3,92%

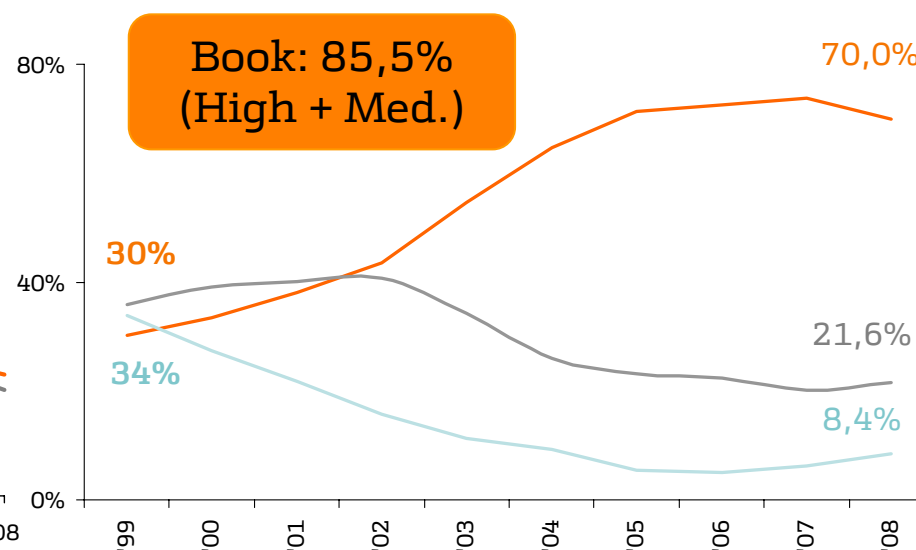
... focused on high profile clients

Residential mortgages annual growth rate evolution (in %)



* As at mar08

Evolution of client profile in new mortgage production (%)

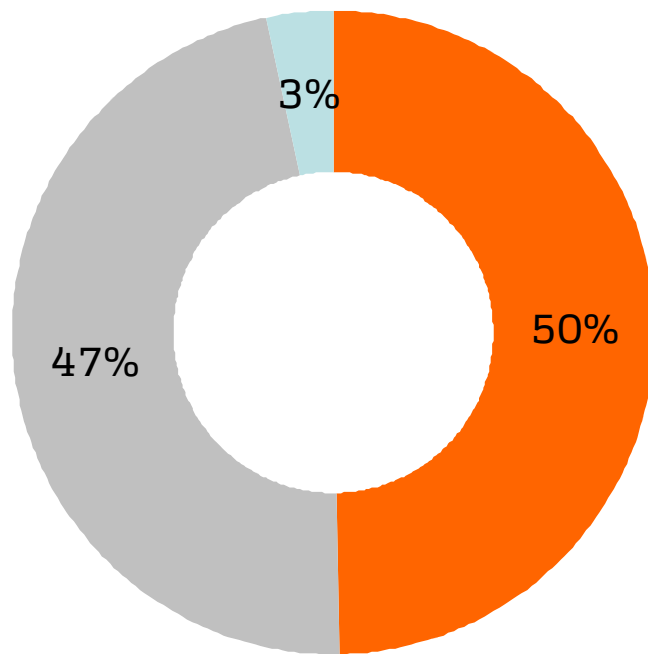


— High: + 40K€ — Medium: 40-24K€ — Low: -24K€*

* Annual Income after taxes and social charges

Investment in **SME's** is also widely covered...

SME's portfolio by guarantee type (%)

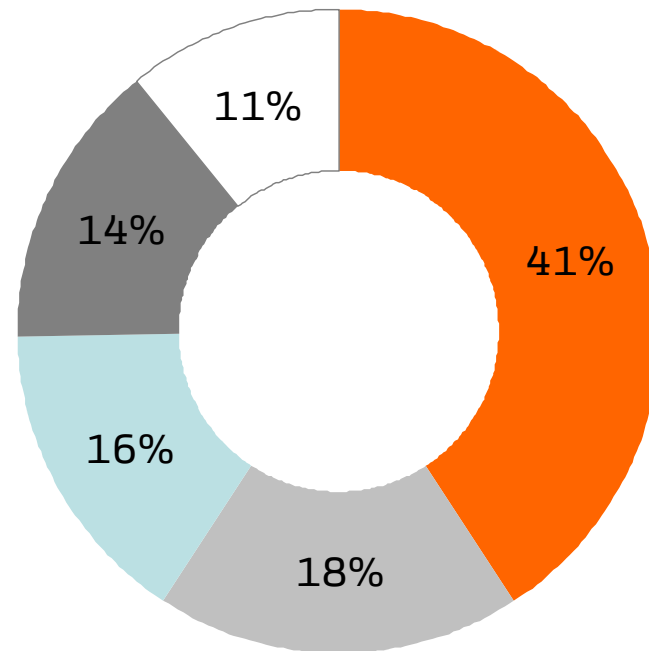


- Personal
- Commercial Mortgages
- Other guaranties

7,9bn€
19,3% / total
loan book

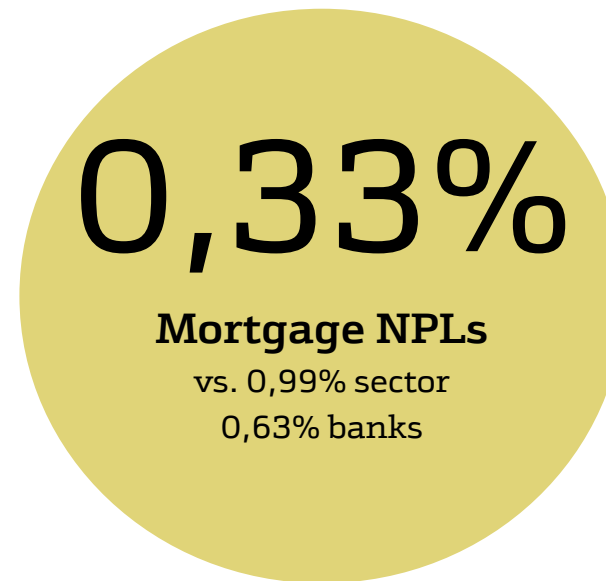
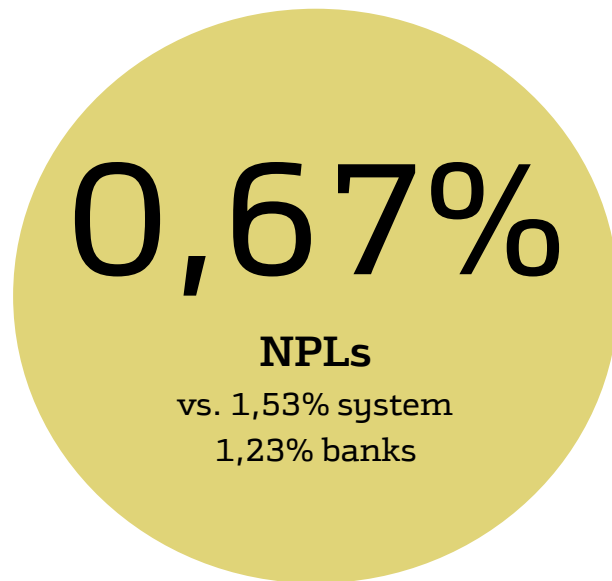
... with **low concentration** in decelerating sectors

SME portfolio breakdown by sector (%)



■ Services ■ Asset holding ■ Industry
■ Construction ■ Other

Greater **asset quality** is reflected in the NPL ratio



Overall NPL figures as of May 08. Mortgage NPL figures as of March 08

Bankinter holds comfortable solvency levels, consistent with its risk profile

coverage

331M€

Excess provisions
212%

solvency

6,02%

Core capital

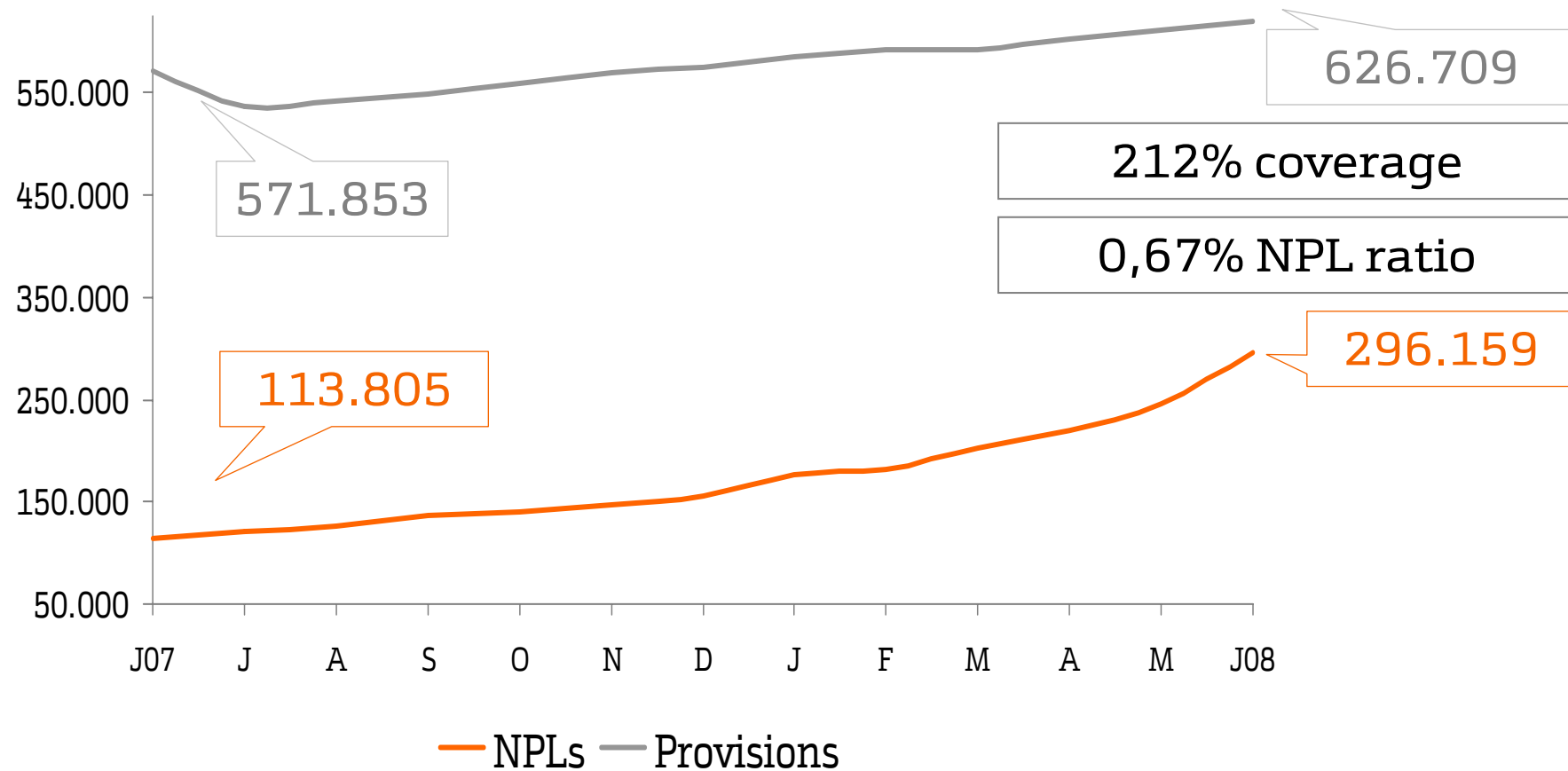
liquidity

1,5bn€

Covered bond issue
52bps

Increased **coverage** reinforces the quality of assets

Evolution of non performing loans and provisions (thousand €)




NPLs are limited to higher risk segments

	Investment % /total	NPL M.€	Ratio %
Individuals	64,2	157	0,55
Corporate	18,2	26	0,32
SME's	17,6	113	1,43
Total	100	296	0,67

Capital ratios are calculated using conservative variables

	<i>Through the cycle</i>	<i>Down turn</i>
	PD %	LGD %
Residential mortgages	1,73	11,24
Very small companies	9,68	26,50
Personal and other	3,99	16,97
Medium size companies	6,09	20-30
Large companies	4,51	20-30
Very large companies	1,11	20-30



45%
Regulatory
LGD

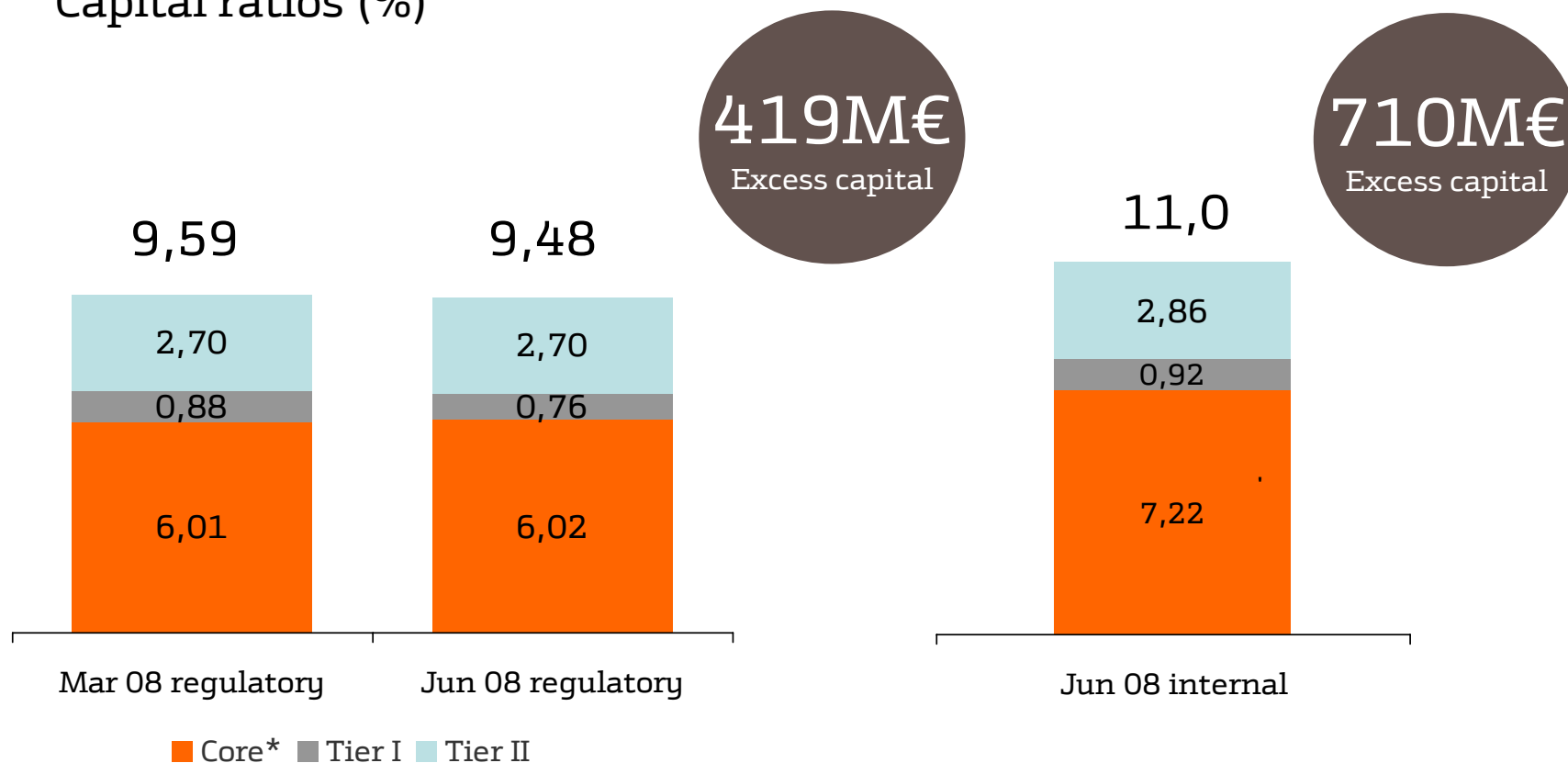
Advanced IRB
 Basic IRB
 standard

Advanced IRB: PD and internal LGD

Basic IRB: Internal PD, regulatory LGD (45% for companies)

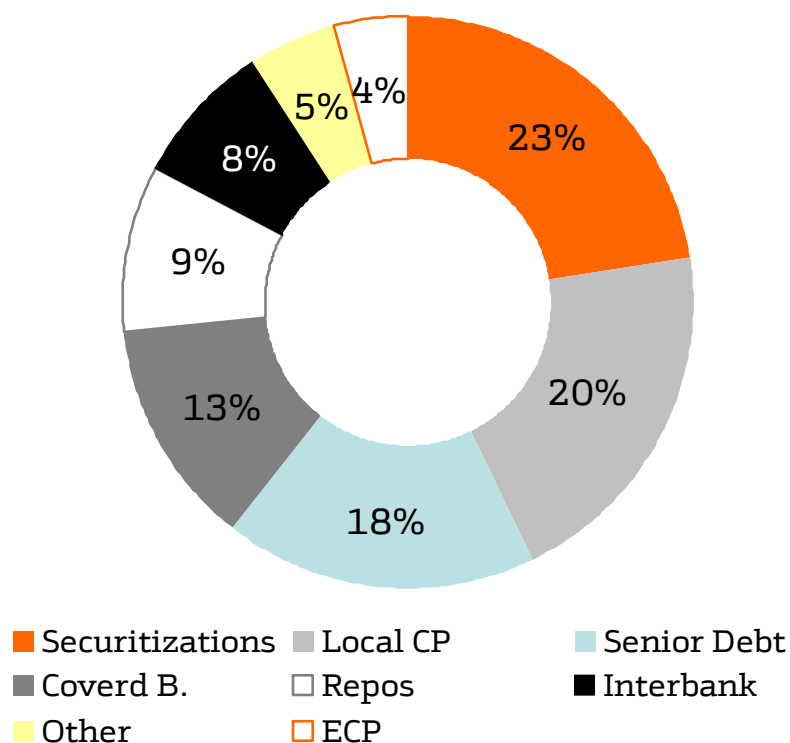
Capital ratios excluding excess generics are maintained within adequate levels

Capital ratios (%)



The financing structure is well balanced

Split down of wholesale funds (%)

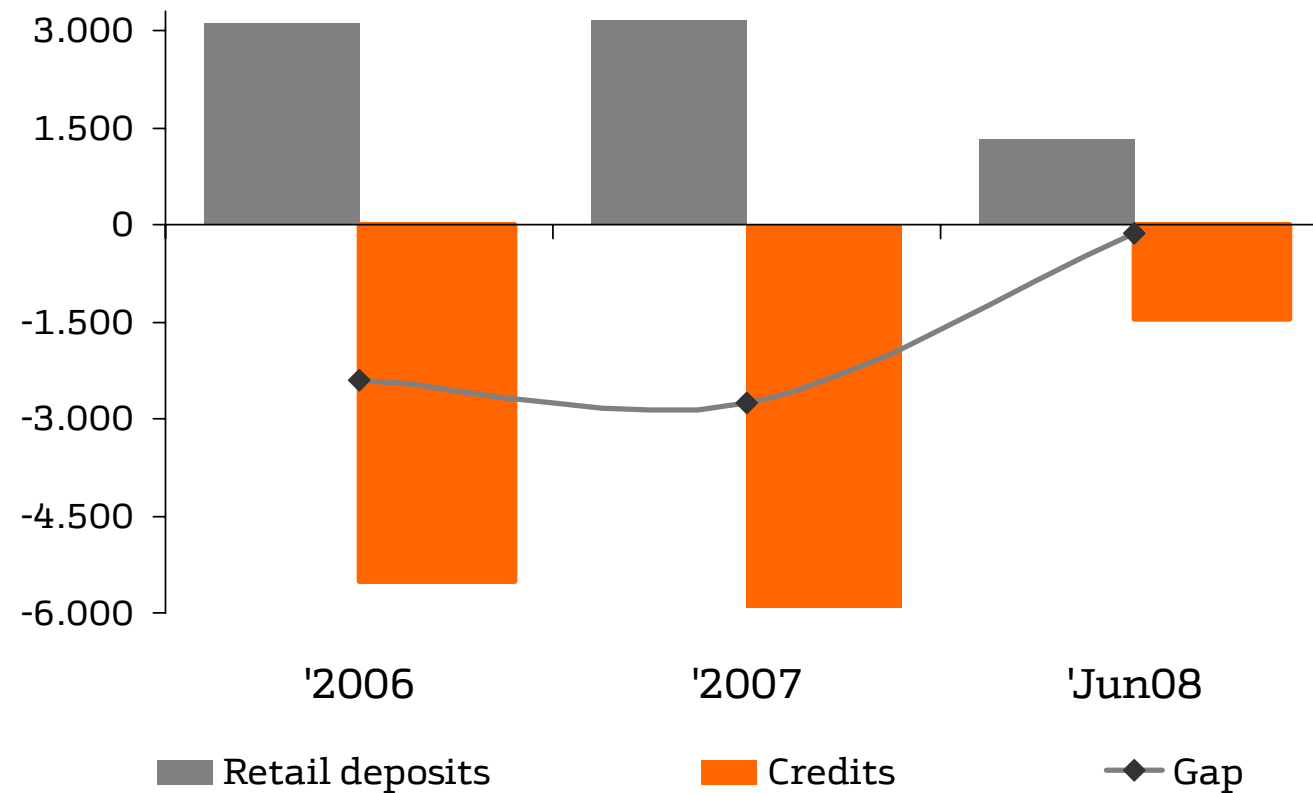


23% securitizations matched to maturity

59% Medium and long term

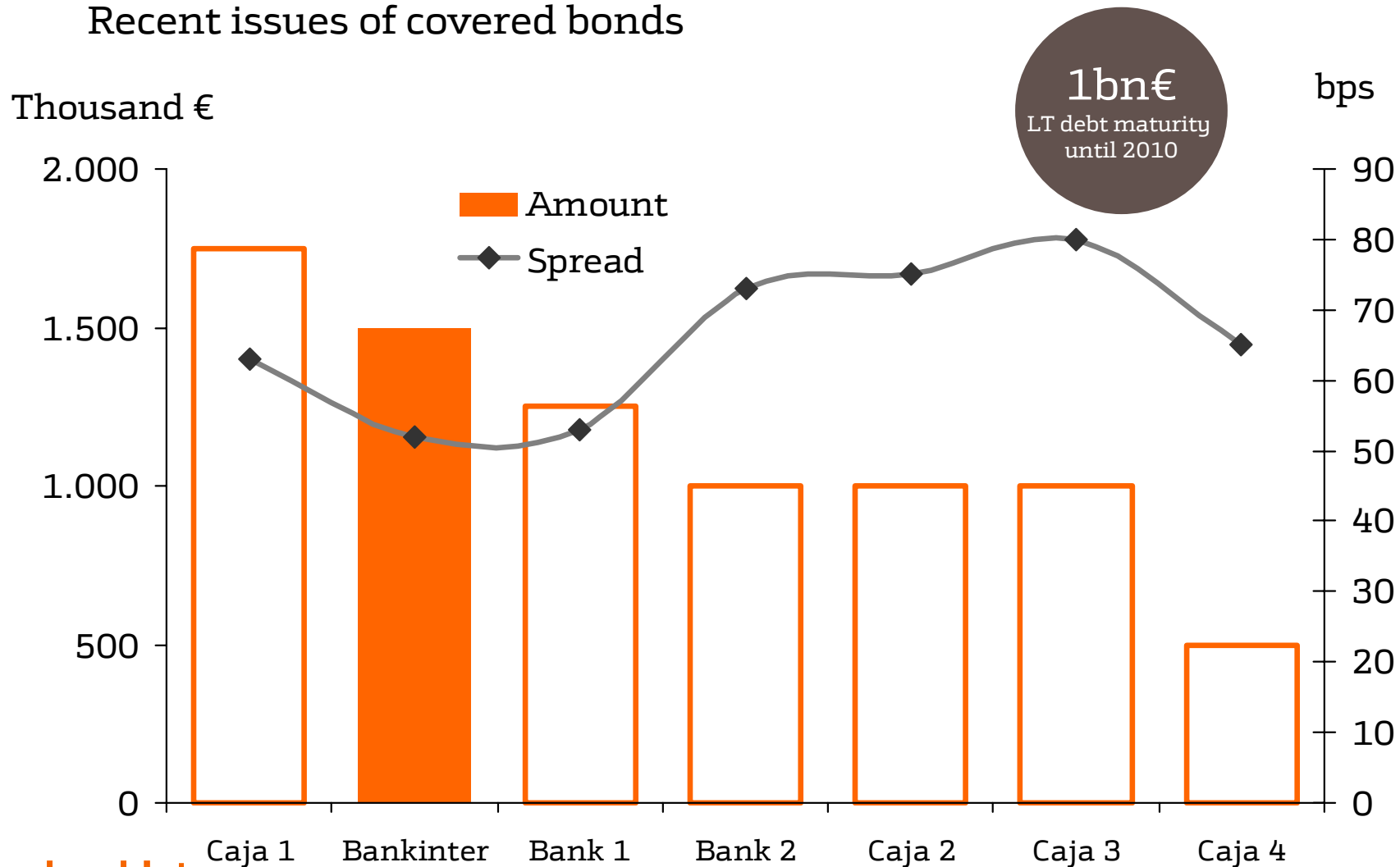
Bankinter has a comfortable liquidity situation...

Commercial gap evolution (thousand €)



... reinforced by the covered bonds issued in 2Q08

Recent issues of covered bonds



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Bankinter's business model has enhanced value under current market context

7,6%

Churn rate
(13,2 yrs)

6,2

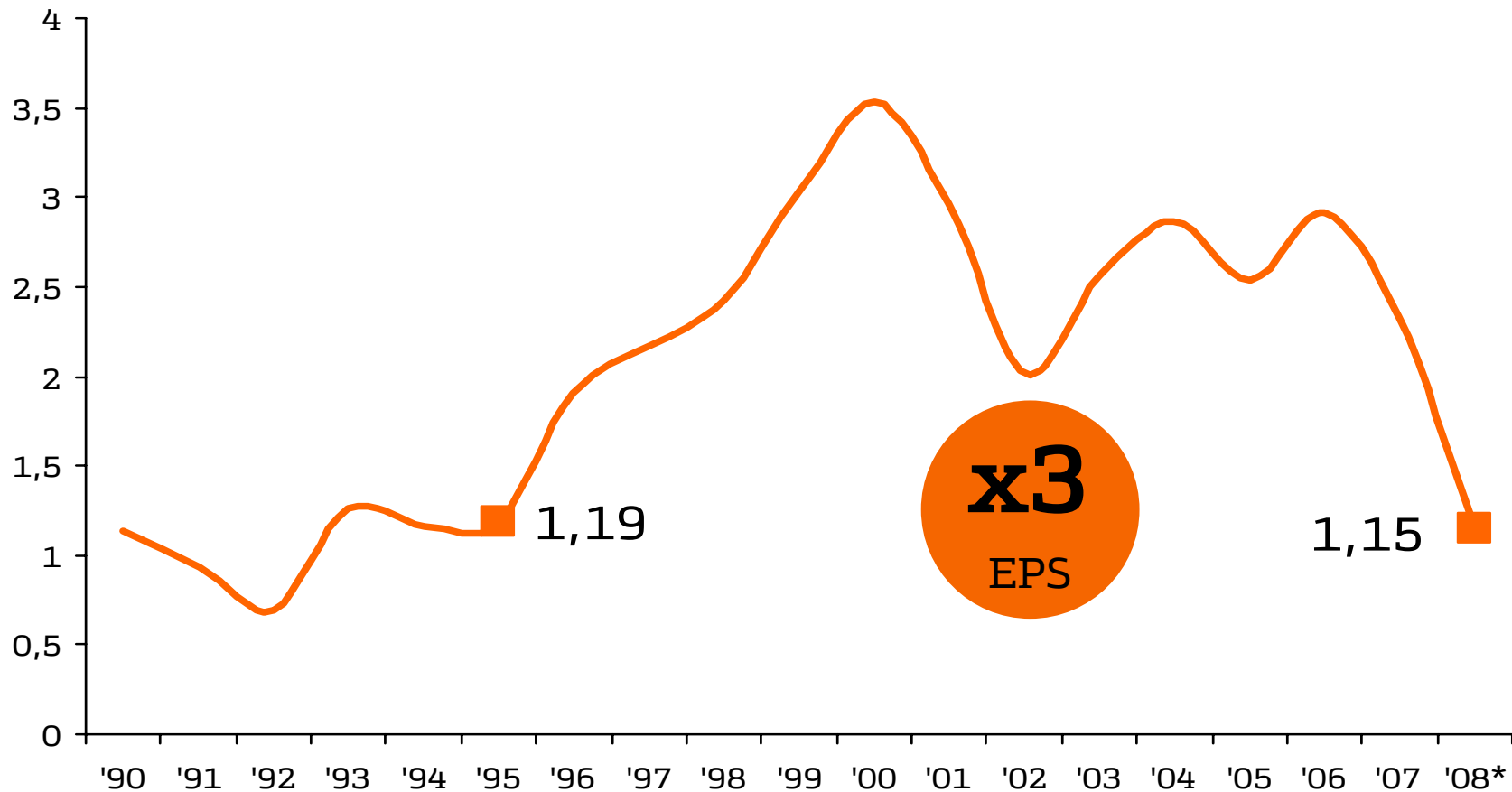
Products per client

67,1%

Remote transactions

Shares are priced at **early 90' PBV levels**

Evolution of price / book value (PBV) with generics



bankinter. *Share price as at close of 22nd July 08 (6,44€)



The current **macroeconomic environment is clearly different** from those days

GDP
x 2,8

Unemployment
20,6
(9,9% '08) Pts...€

Deficit
3,8%GDP
(-2,2% '07)

Reference Rates
15,7
(5,3% '08)

Bankinter has gained greater financial **strength** and reinforced commercial capacity...

x 4,3

Active clients
773mil

x 12,2

Loans
42MM€

x 5,6

Client Deposits
23MM€

x 2

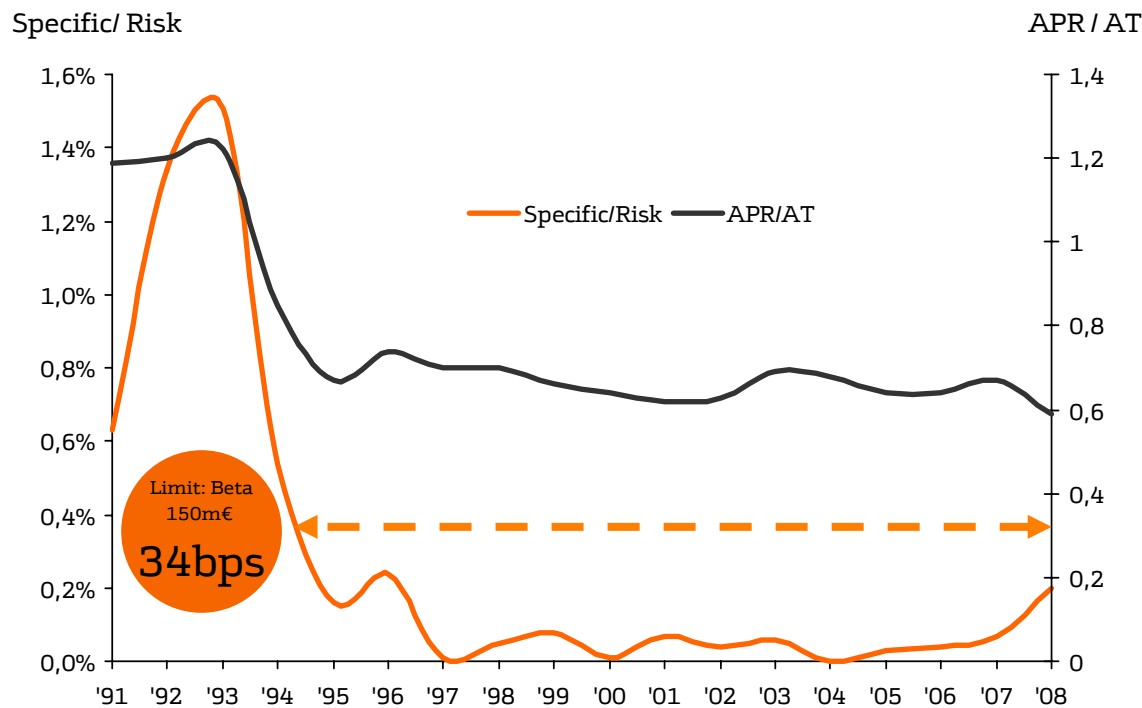
Employees
Branches

71%

Real guarantee
vs. 17%

... and holds a more defensive and diversified portfolio with greater coverage

Evolution of cost of credit * vs. investment risk profile**



Asset risk profile and cost of risk are highly correlated

Generic provisions set a limit to the cost of risk

385M€
Excess generics

* Cost of credit: specific provision / risk exposure

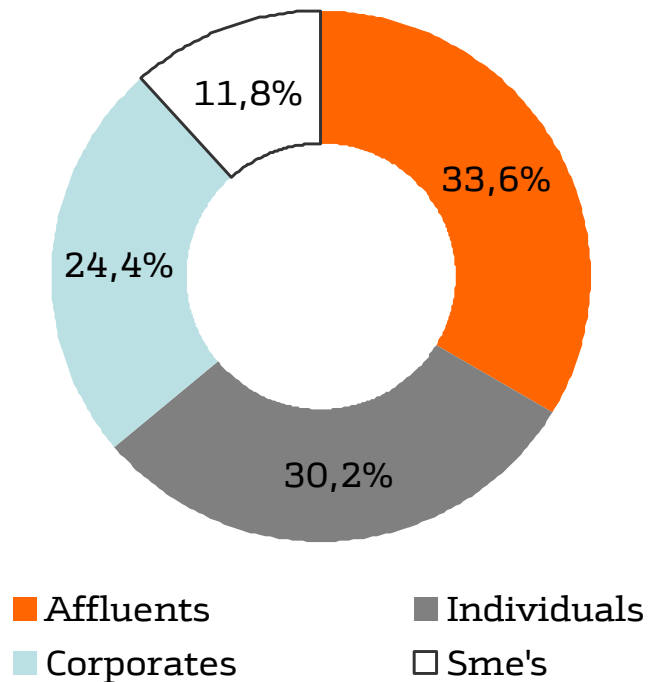
** Investment risk profile: Risk weighted assets / total assets without gov. debt

Additionally,....

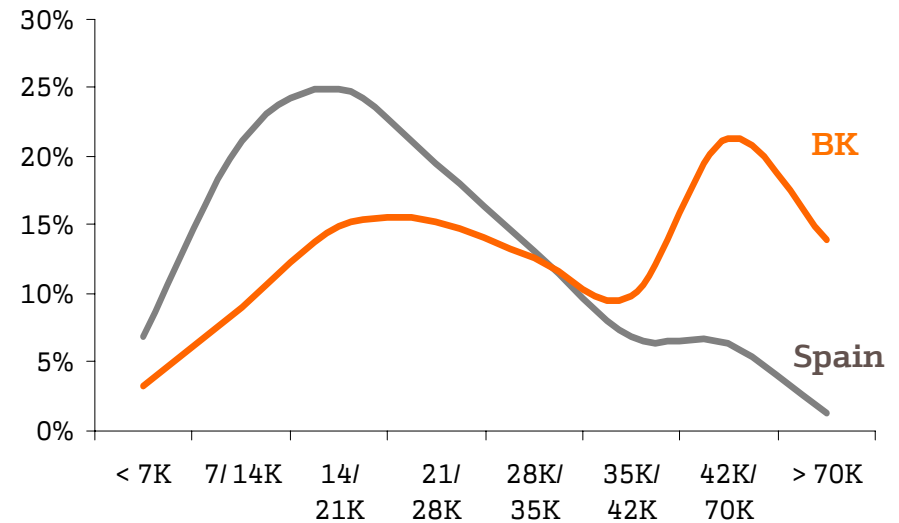
Bankinter counts with a
unique **business model**
and has set clear **strategic**
options

A retail driven bank focused on clients with higher income profile,...

EVA (Economic Value Added) distribution by business segment



Client distribution by Income

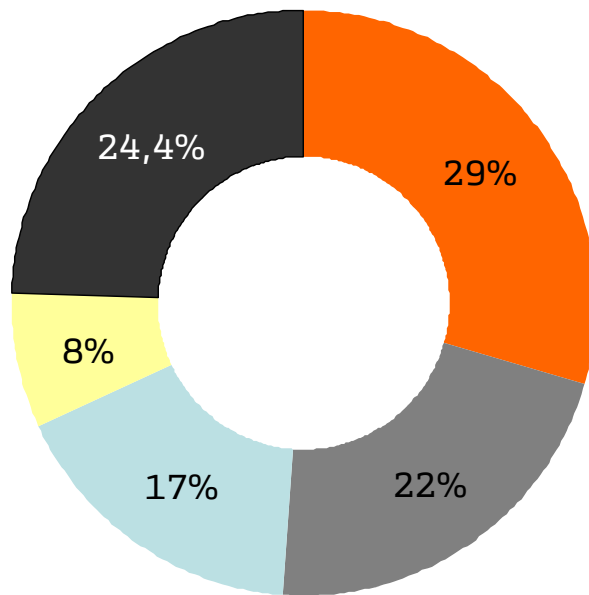


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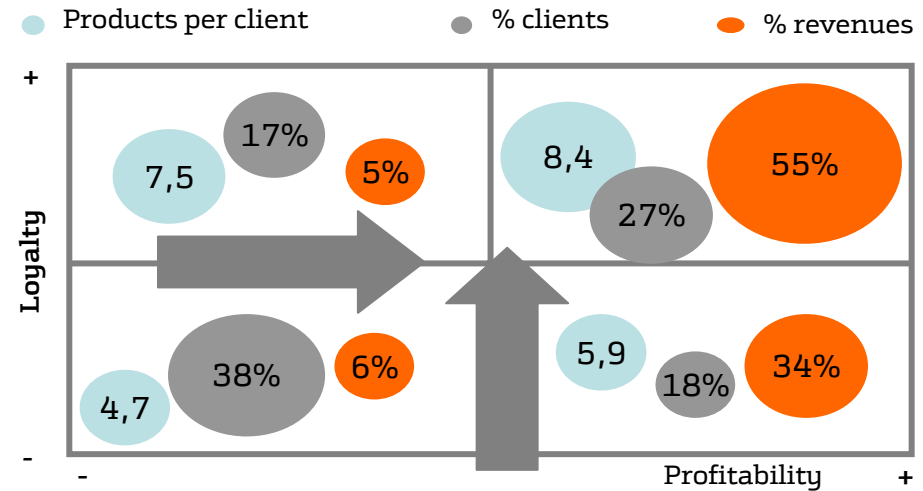
...that maximizes **client potential** through cross selling

Ordinary margin by product type (%)



- Other Loans
- Deposits
- Mortgages
- Funds
- Other

Client relationship matrix
affluents and individuals




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A business model supported by solid strategic levers,...

7,6%
Churn rate

Quality



100 %
móvil

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Innovation

67,1%
Remote transactions

Multichannel

6,2
Products per client



Technology



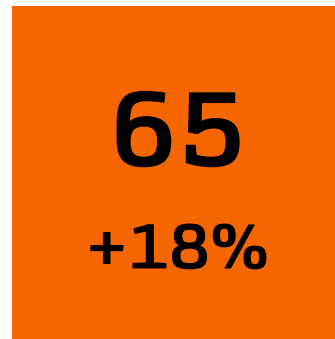
Talent

... and with clear **strategic options**

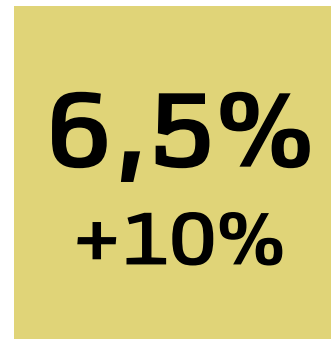
→ Affluents

→ SME's

We are focused on a segment of high **return** that **self finances** growth..



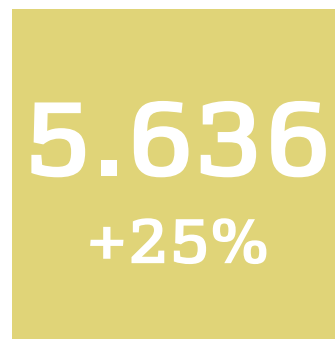
Clients (thousand)



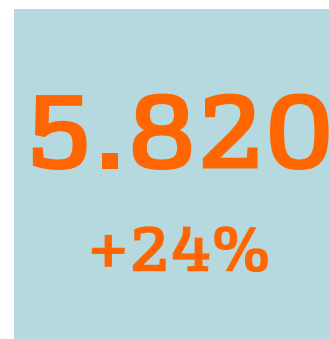
Market share
SICAVs



Products per
client



Loans
(million €)

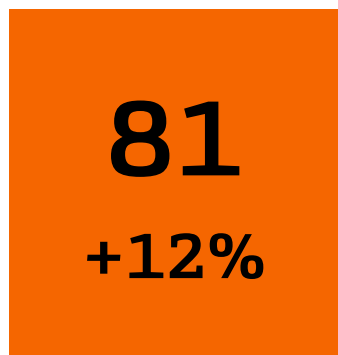


Deposits
(million €)



Churn rate (%)

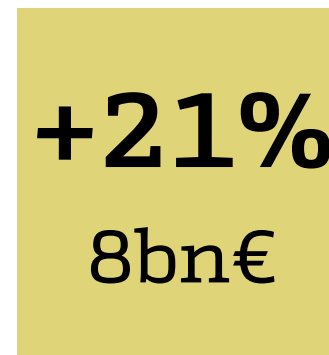
... and built a unique and highly competitive value proposition



Clients (thousand)



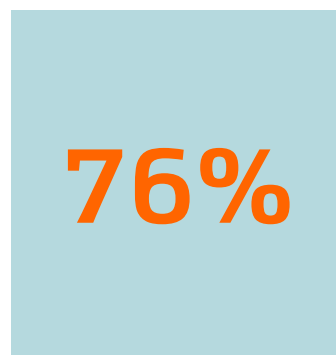
Operating income
(million €)



Credits and loans



Products per client



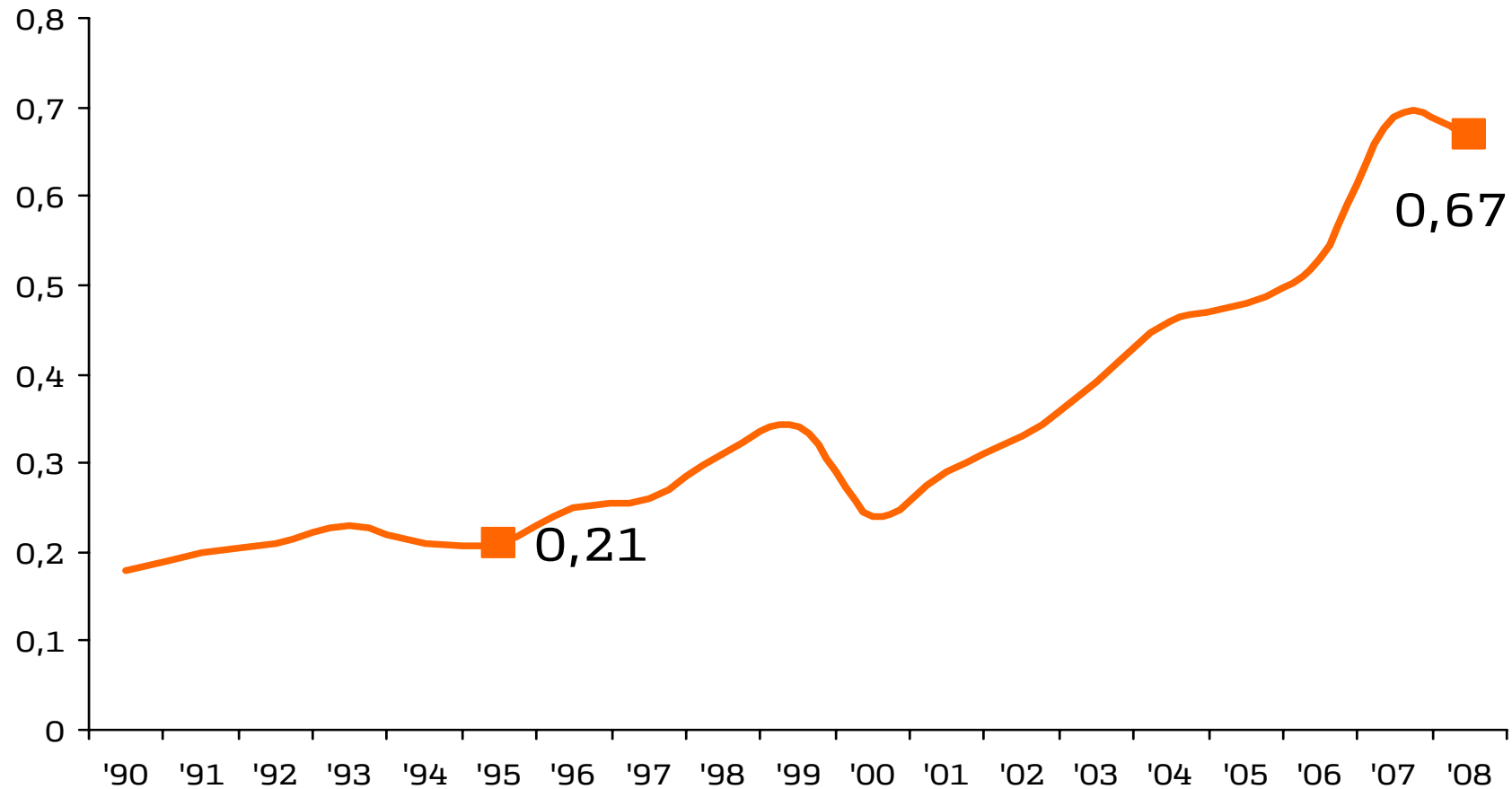
Remote
transactions (%)



SME centers

In a nutshell, a **business model** that will continue delivering value

Evolution of EPS (in €)



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Revenues confirm the soundness of our strategic options

+11,5%

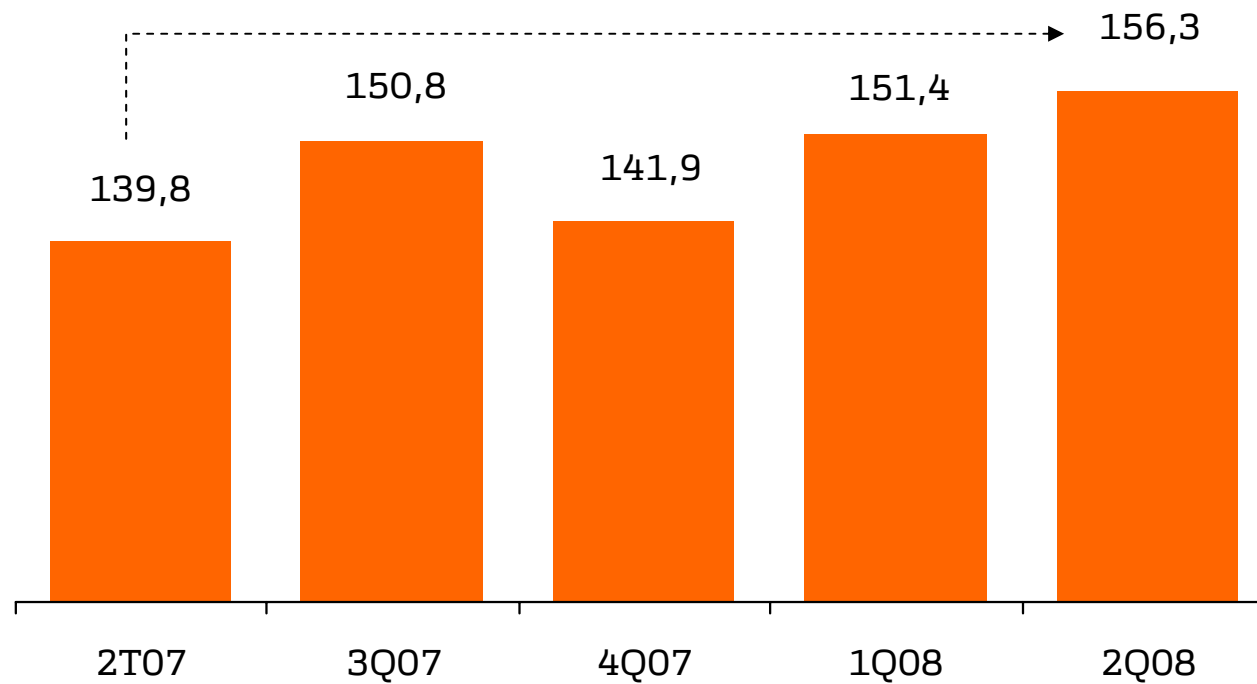
Net Interest Income
excl. dividends

500M€

Ordinary Income
+4,9%

Net Interest Income has confirmed its growing trend...

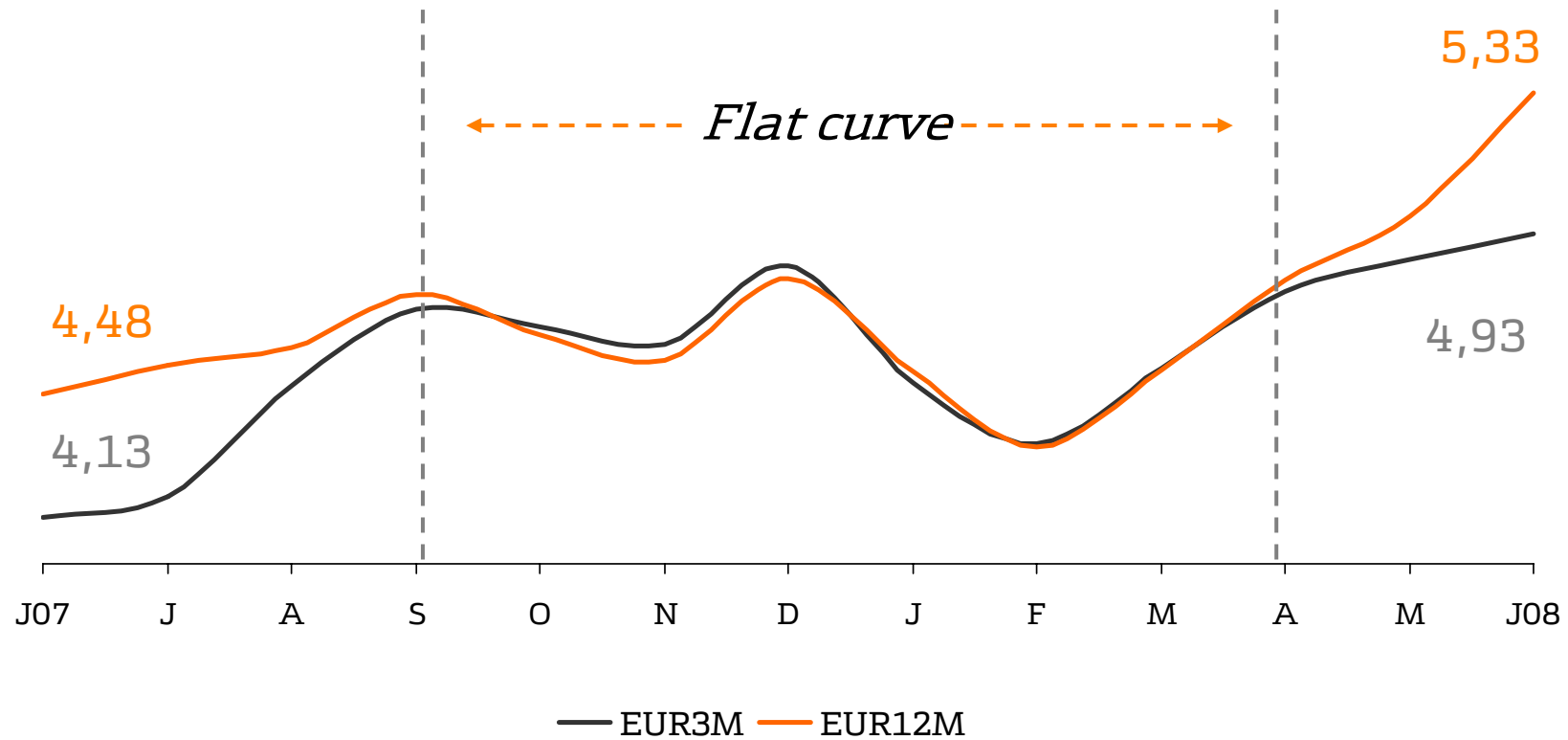
Quarterly Net Interest Income excl. dividends
(million €)



+11,8

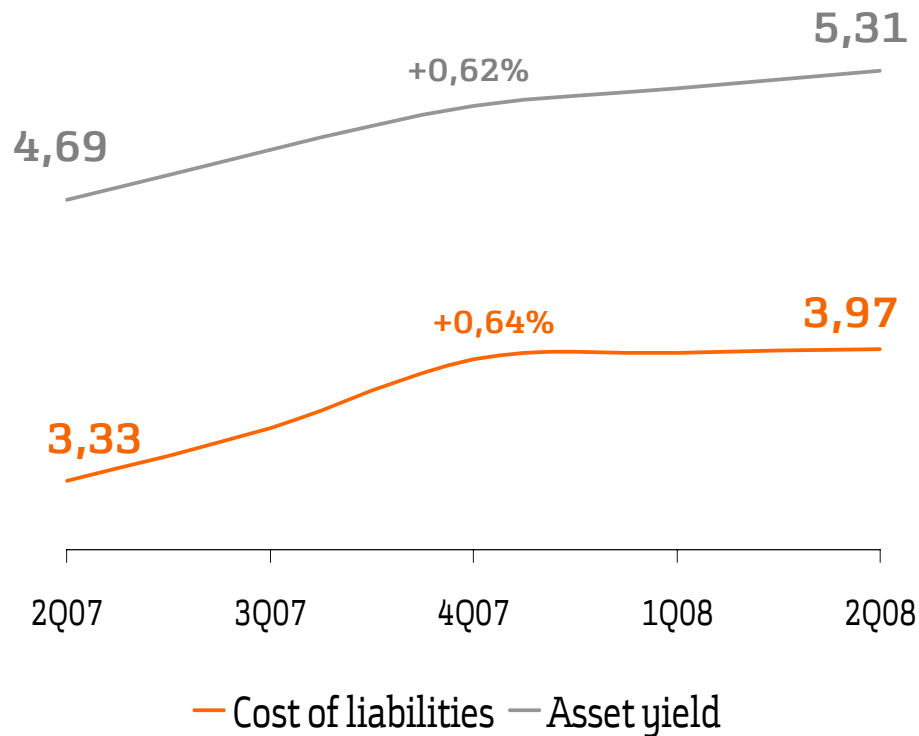
... despite the **reference rate** context

Evolution of Euribor 3M and 12M (%)

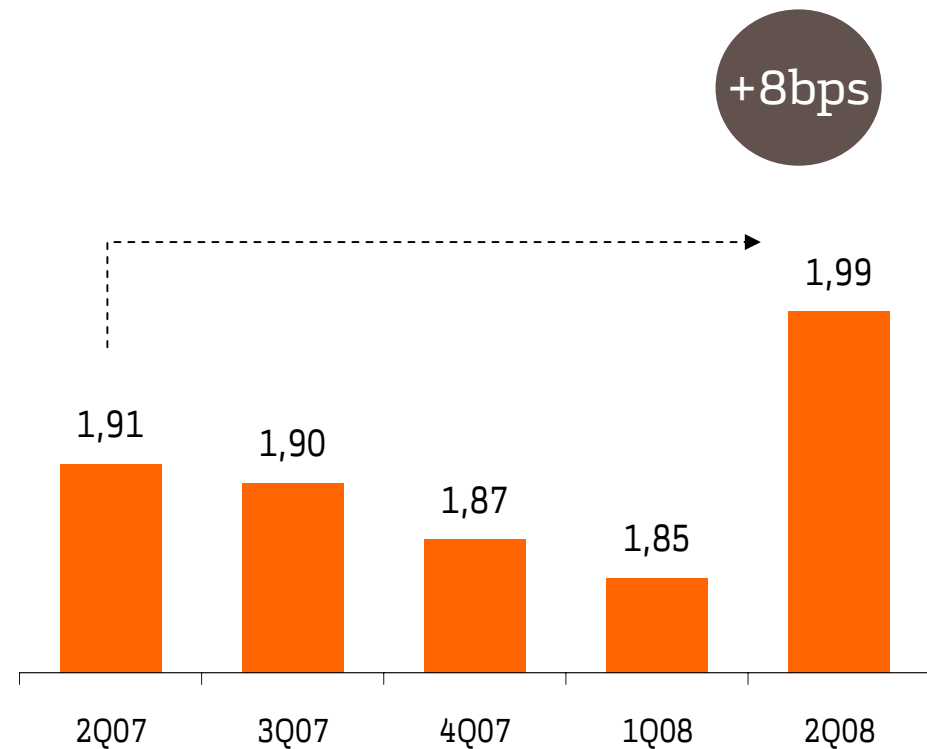


Client margins are solid and show considerable potential

Evolution of cost of liabilities and asset yield (%)

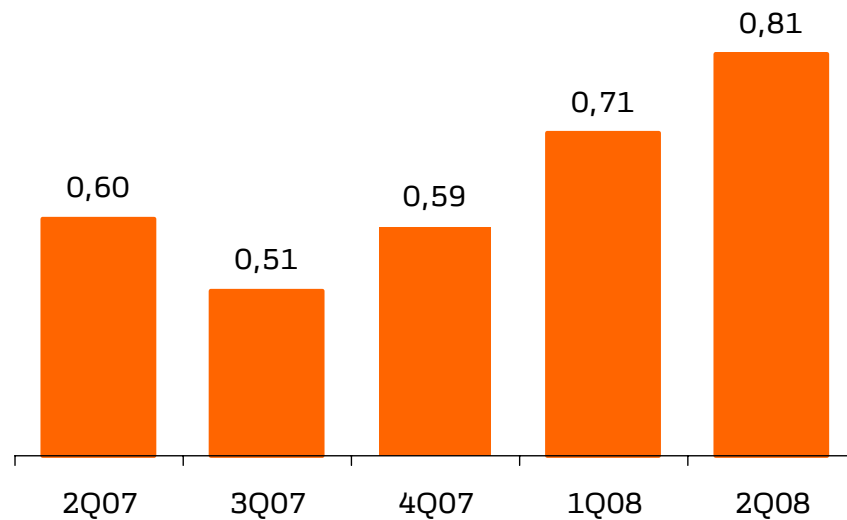


Evolution of client margins (%)

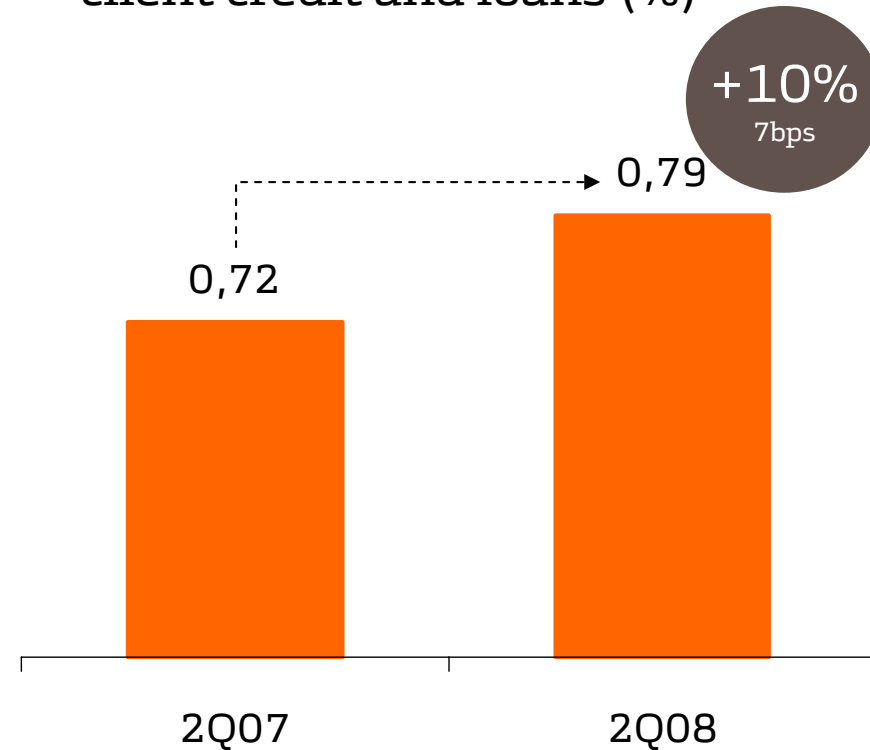


Investment spreads are being thoroughly managed

Quarterly spread of the new production of mortgage loans (%)

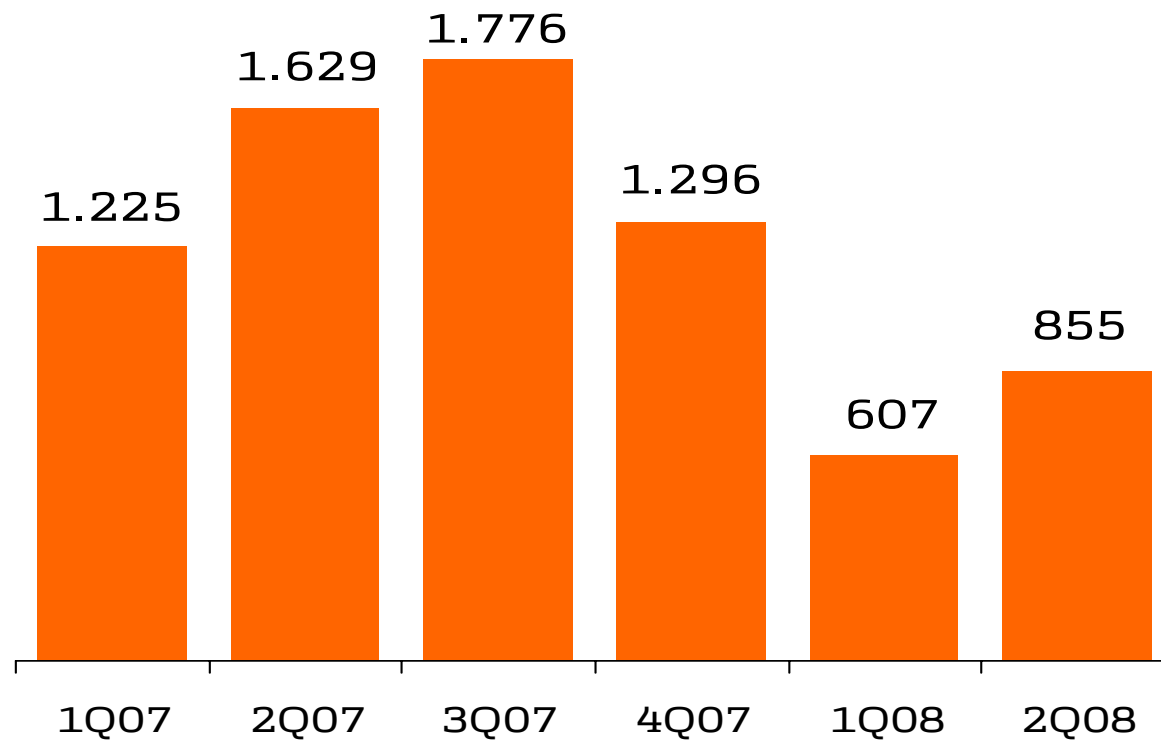


Average quarterly spread of client credit and loans (%)



Client deposits have financed selective growth of credit

Quarterly credit and loans growth (million €)

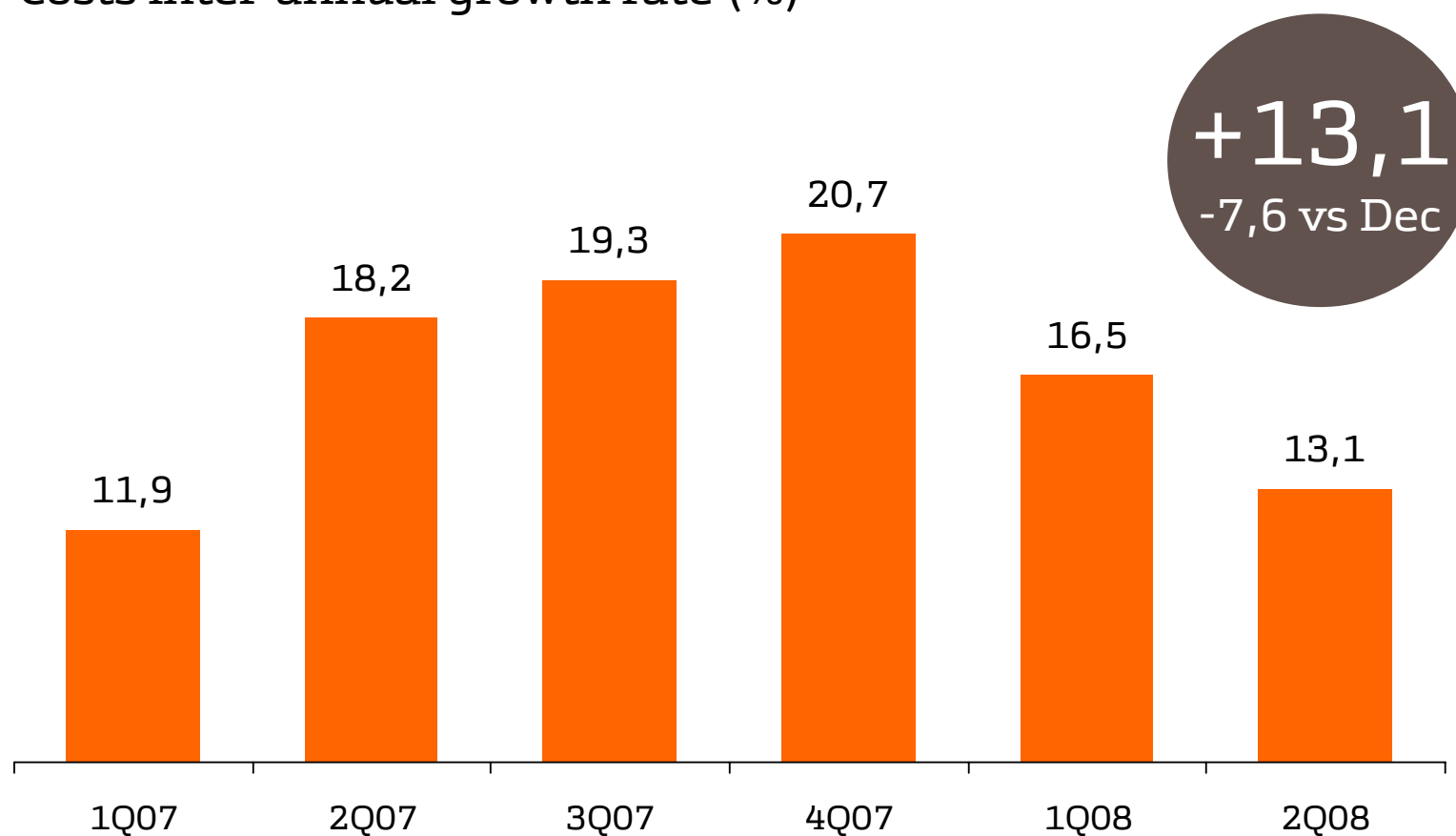


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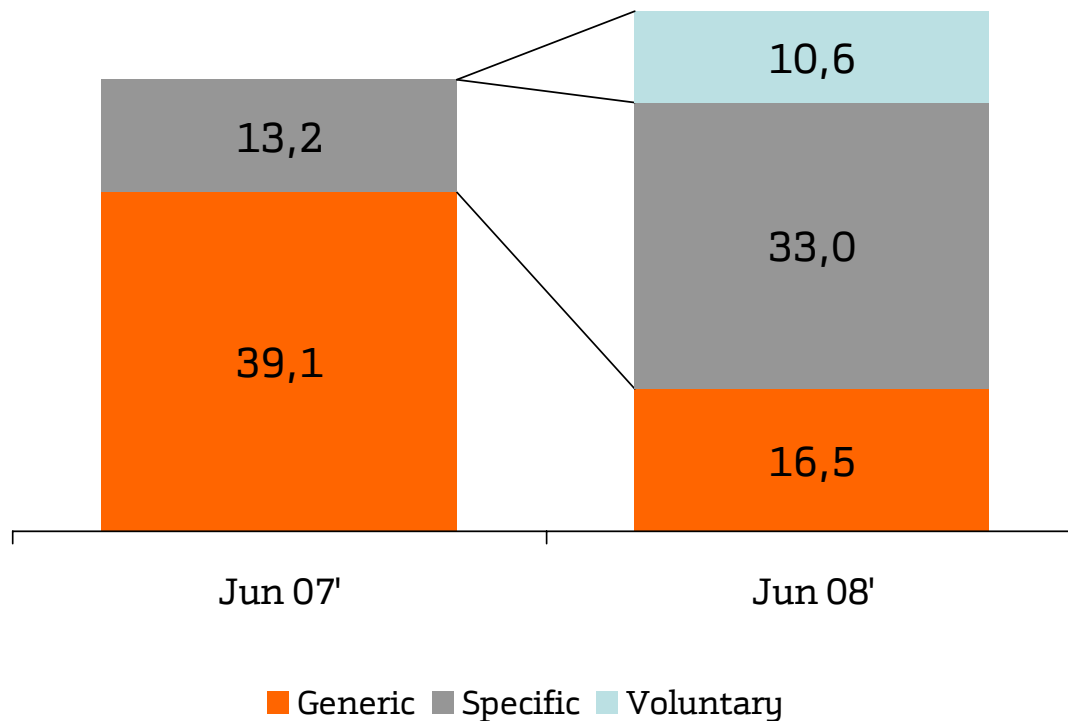
Costs maintain a decreasing pattern

Costs inter-annual growth rate (%)



Provisioning effort has been kept at similar levels

Evolution of provisions (million €)



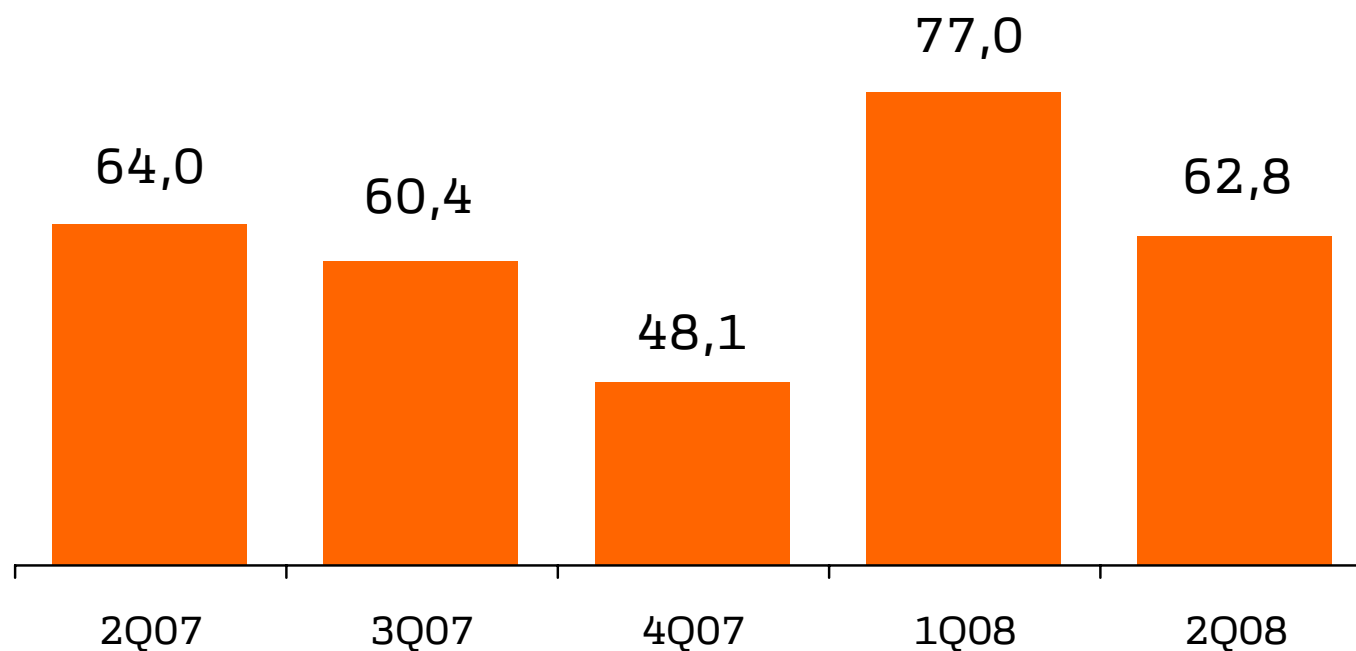
* Includes 8M€ reduction of generics limit in 2007

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Results have shown resilience

Comparable quarterly net income (million €)



* One off items 2008: voluntary provisions

* One off items 2007: Sale of 50% BK SV, non recurrent costs, incorporation of 50% BKCF, reduction of the maximum limit of the generic provision, synthetic securitization of the first equity pieces.

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