

Results 1Q11

Thursday, April 14th 2011

bankinter.

bankinter.

¿Qué debe esperar India con el Servicio Banca en Español?

Si usted personal la atención desde aquí con el Servicio de Videollamada



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

+3,2%

PBT
Ex generics

+7bps

Client
Margins

-70%

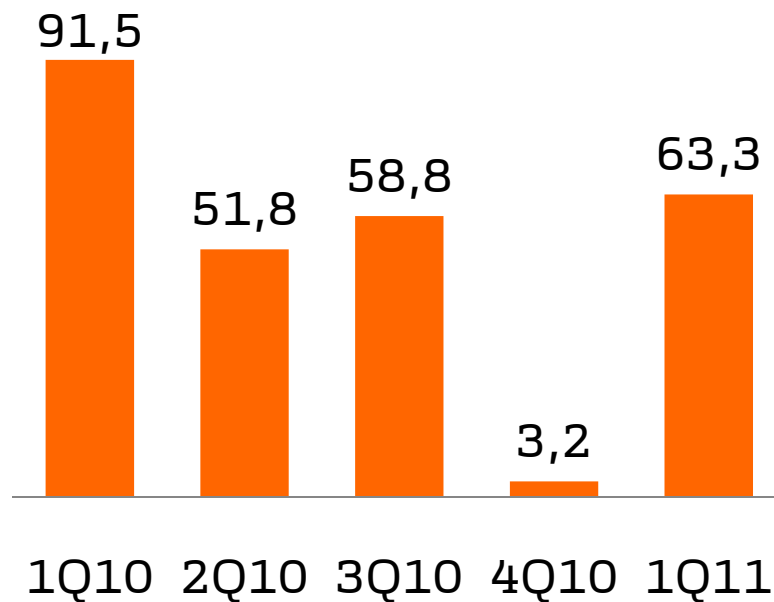
Specific
Provision
Charge

Results 1Q2011

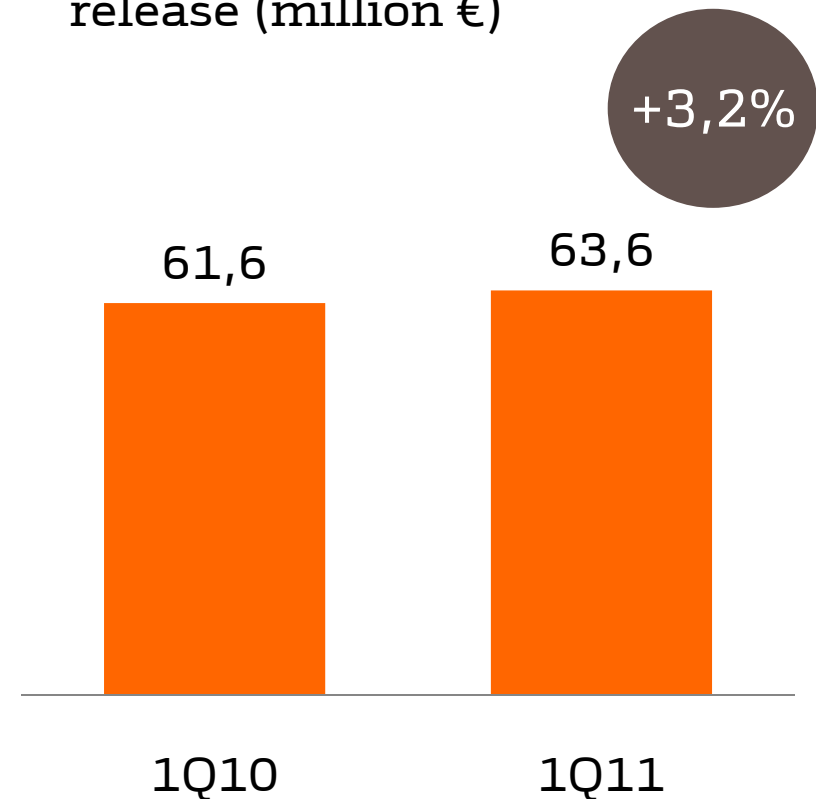
P&L Thousand €	Mar-11	Mar-10	Dif	Dif %
Interest and related income	340.766	286.165	54.601	19,1
Interest and related charges	-225.743	-125.204	-100.539	80,3
Net Interest Income	115.023	160.961	-45.938	-28,5
Dividend income	4.311	1.709	2.602	152,3
Equithy method	3.228	2.395	833	34,8
Net fees and commissions	50.299	49.824	475	1,0
Trading income	25.209	40.164	-14.955	-37,2
Other operating income/expense	57.534	47.011	10.522	22,4
Gross Operating Income	255.605	302.065	-46.460	-15,4
Personnel expenses	-87.330	-83.441	-3.889	4,7
General expenses/amortization	-78.957	-78.921	-36	0,0
Pre provisioning profit	89.318	139.703	-50.385	-36,1
Provisions	-1.095	432	-1.527	nr
Asset impairment charges	-23.558	-46.296	22.738	-49,1
Net Operating Profit	64.665	93.839	-29.173	-31,1
Gains/losses on disposals of assets	-1.415	-2.343	928	-39,6
Profit Before Taxes	63.250	91.496	-28.246	-30,9
Corporate tax	-14.683	-25.655	10.973	-42,8
Net Income	48.567	65.840	-17.273	-26,2

Improved quality of results

Profit before taxes quarterly evolution (million €)

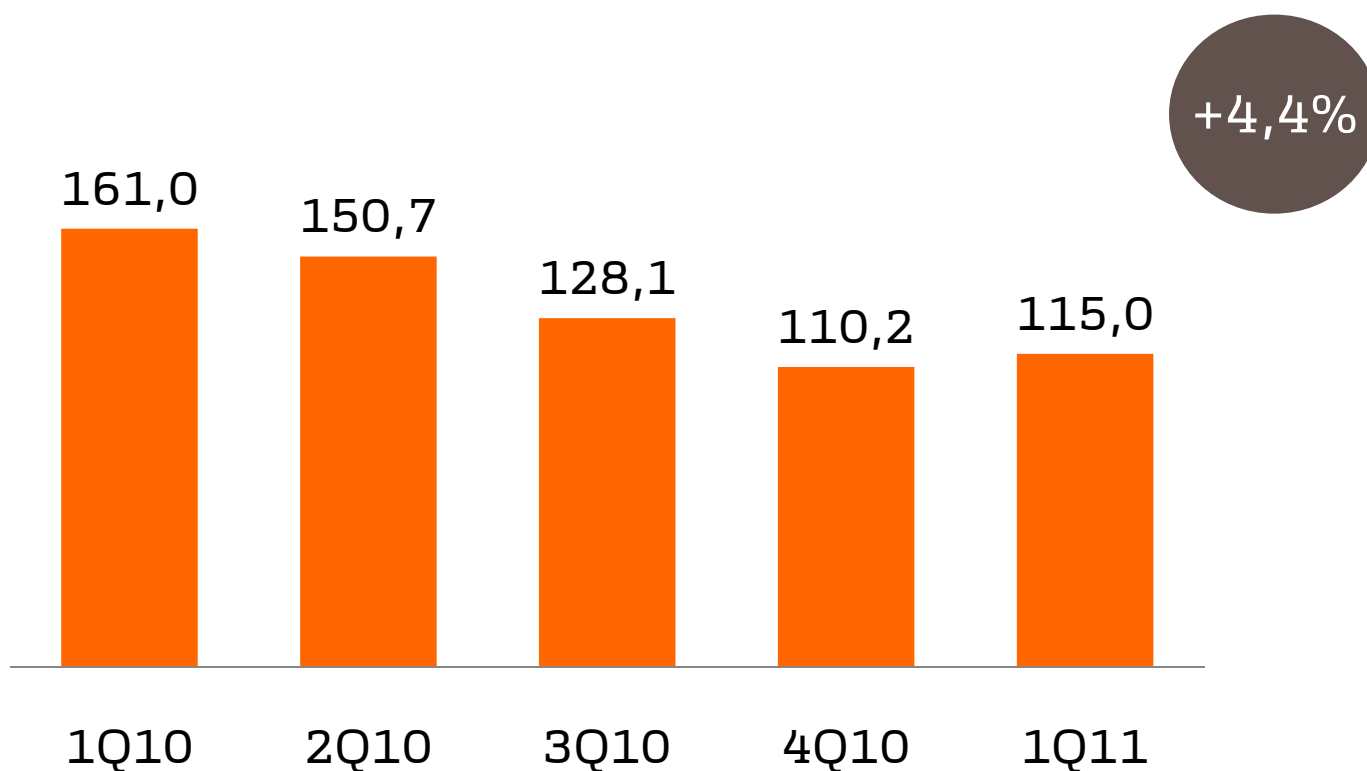


Profit before taxes ex generic release (million €)



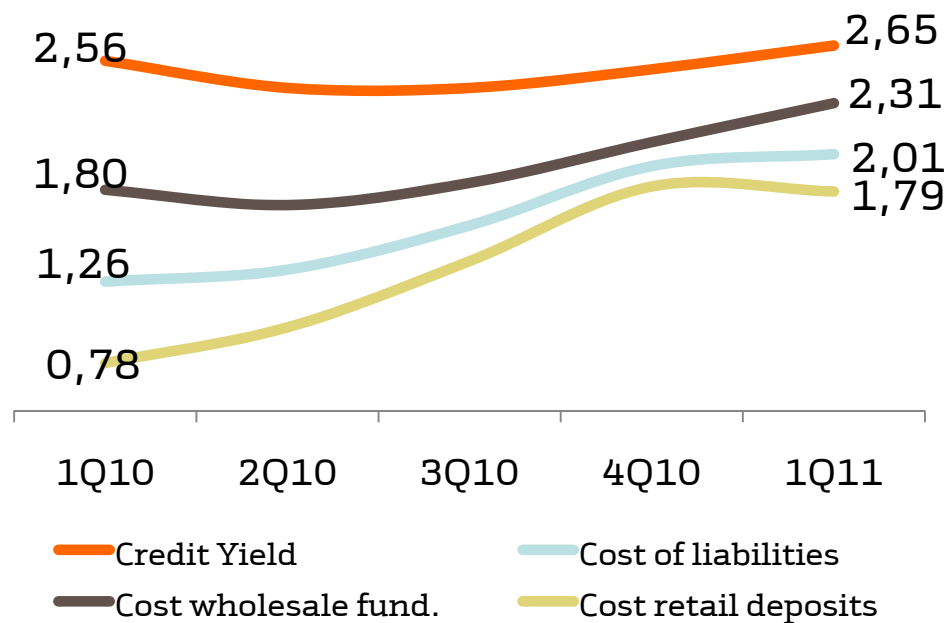
Net interest income starts to show improvement

Net Interest income quarterly evolution (million €)

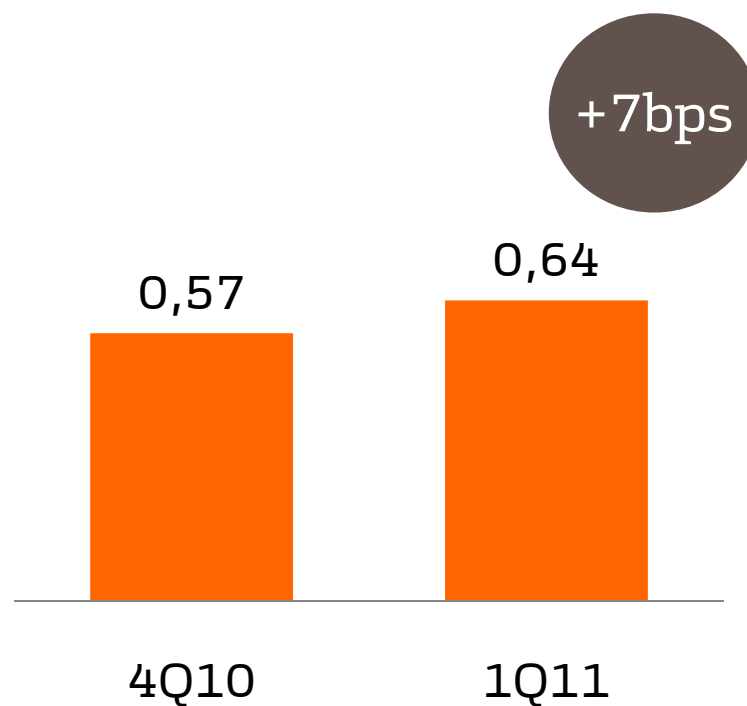


Supported by **margin** expansion

Quarterly credit yield and cost of liabilities (in %)



Quarter client margins (in %)



2011 more favorable for NII

Interest rate
hikes +
widening slope

No floors on
mortgages that
limit repricing
impact

Reduced
growth of non
performing
assets

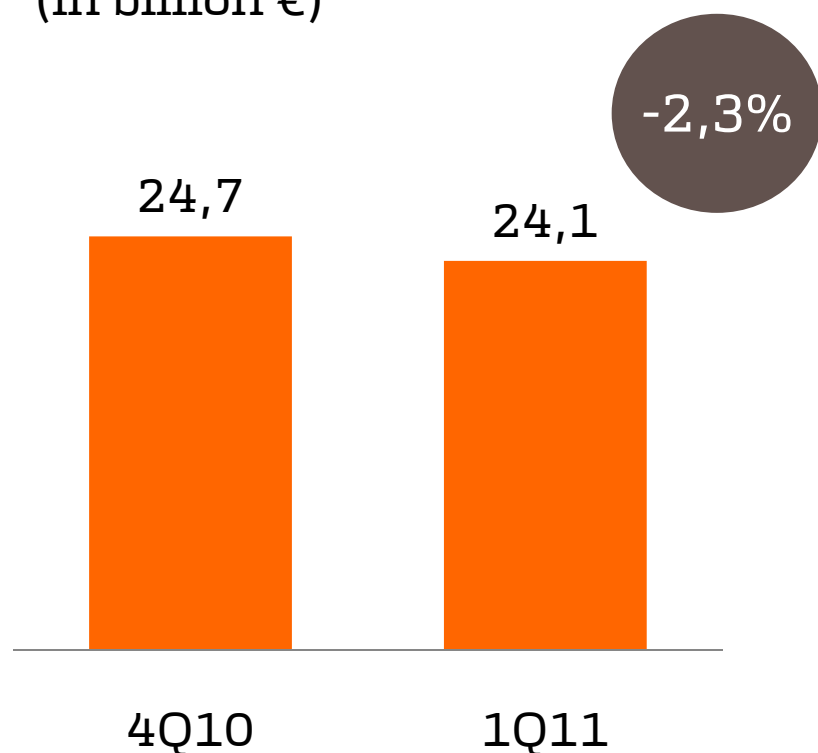
Contamination
of the deposit
base complete

No harshening
signs of the
deposit war

&

Balance sheet transformation and spread management

Residential Mortgages
(in billion €)

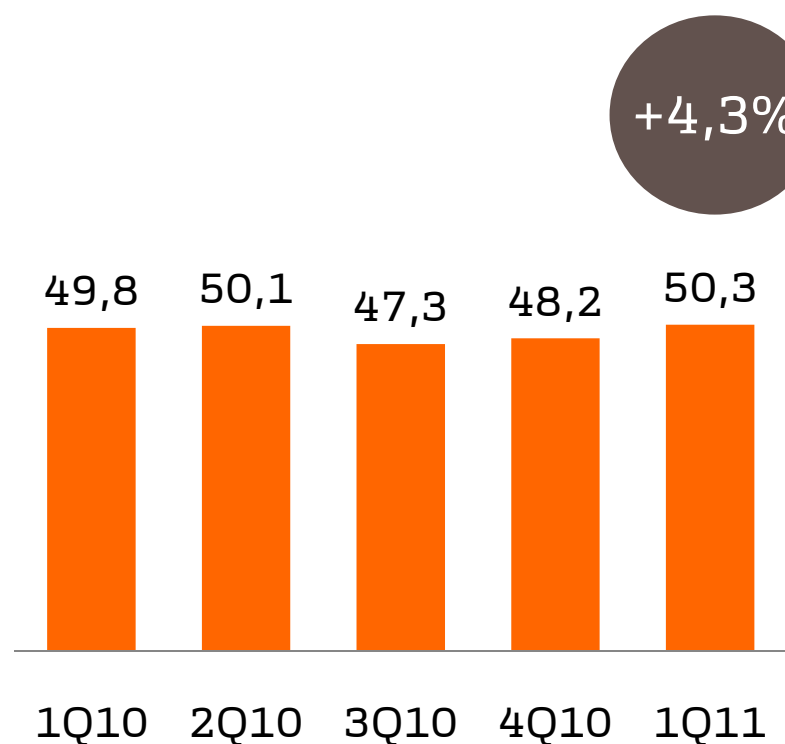


Evolution of spreads in new credit production

	Production/ Renewals Milion€	Spread %	% over 2010 average
Bill discount	1.474	2,3	11,9
Credit lines	3.994	1,9	18,2
Loans	453	3,8	34,0
Mortgages	317	1,5	68,0

Fee income continues to be resilient despite market volatility and shows considerable potential

Quarterly net fees (million €)

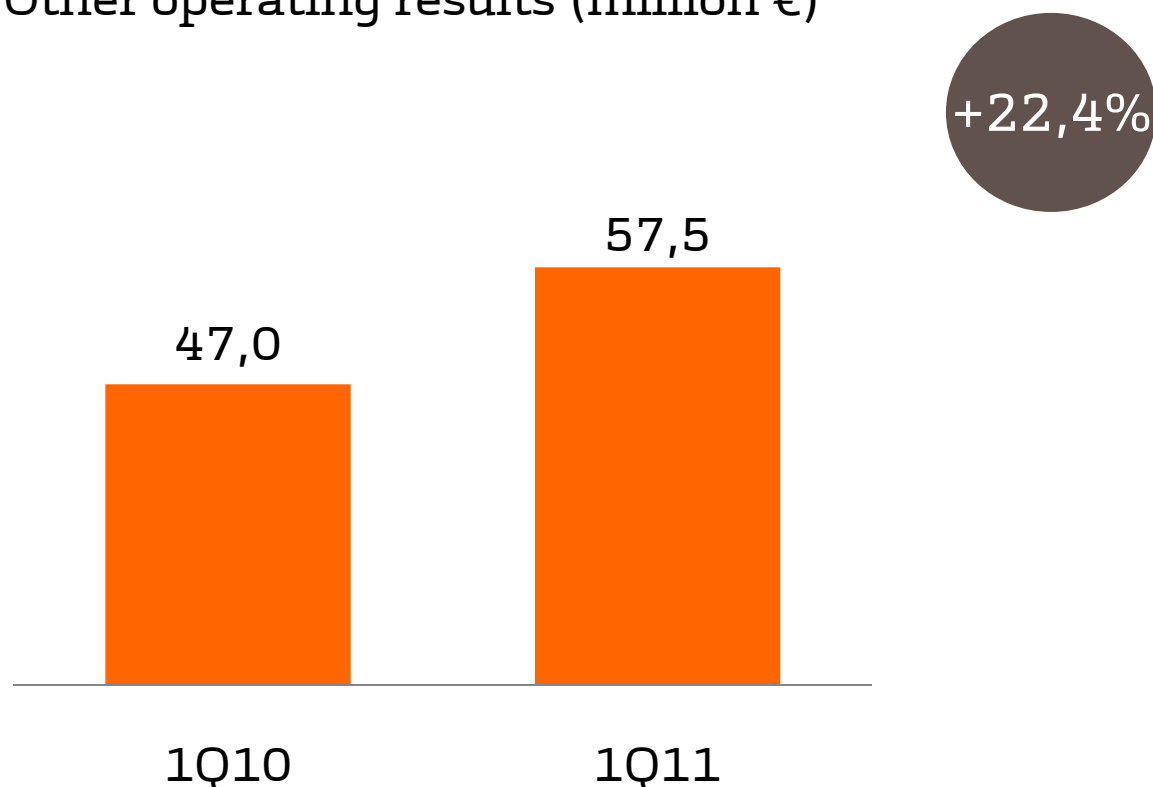


Fees breakdown (millions €)

	1Q11	Dif 1Q10	Dif %
Payment orders	16,2	-1,6	-9,2
Insurance	10,6	0,1	0,9
Brokerage	10,3	-0,5	-4,4
Funds	10,9	-0,6	-5,4
Other	17,9	2,8	18,7
Fees received	65,9	0,2	0,3
Fees paid	15,6	-0,3	-1,9
Net fees	50,3	0,5	1,0

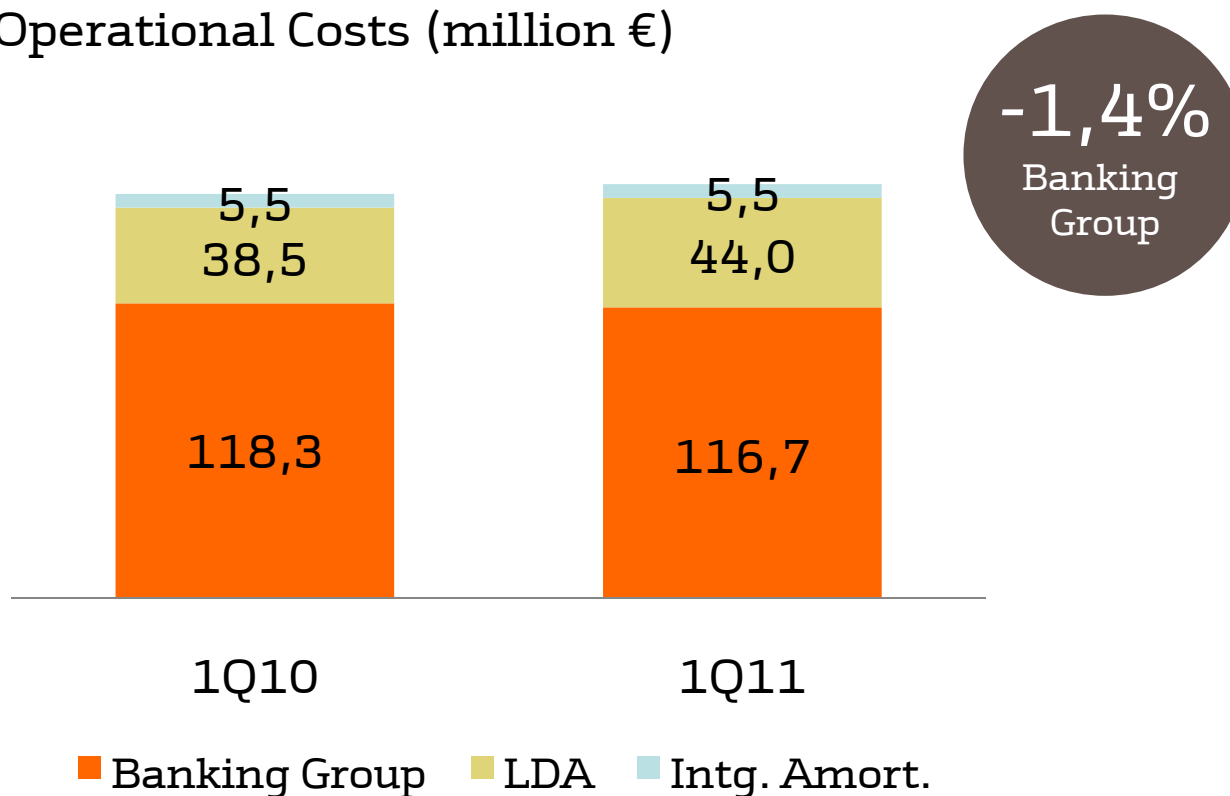
Excellent performance of **LDA** business is reflected in other operating results

Other operating results (million €)



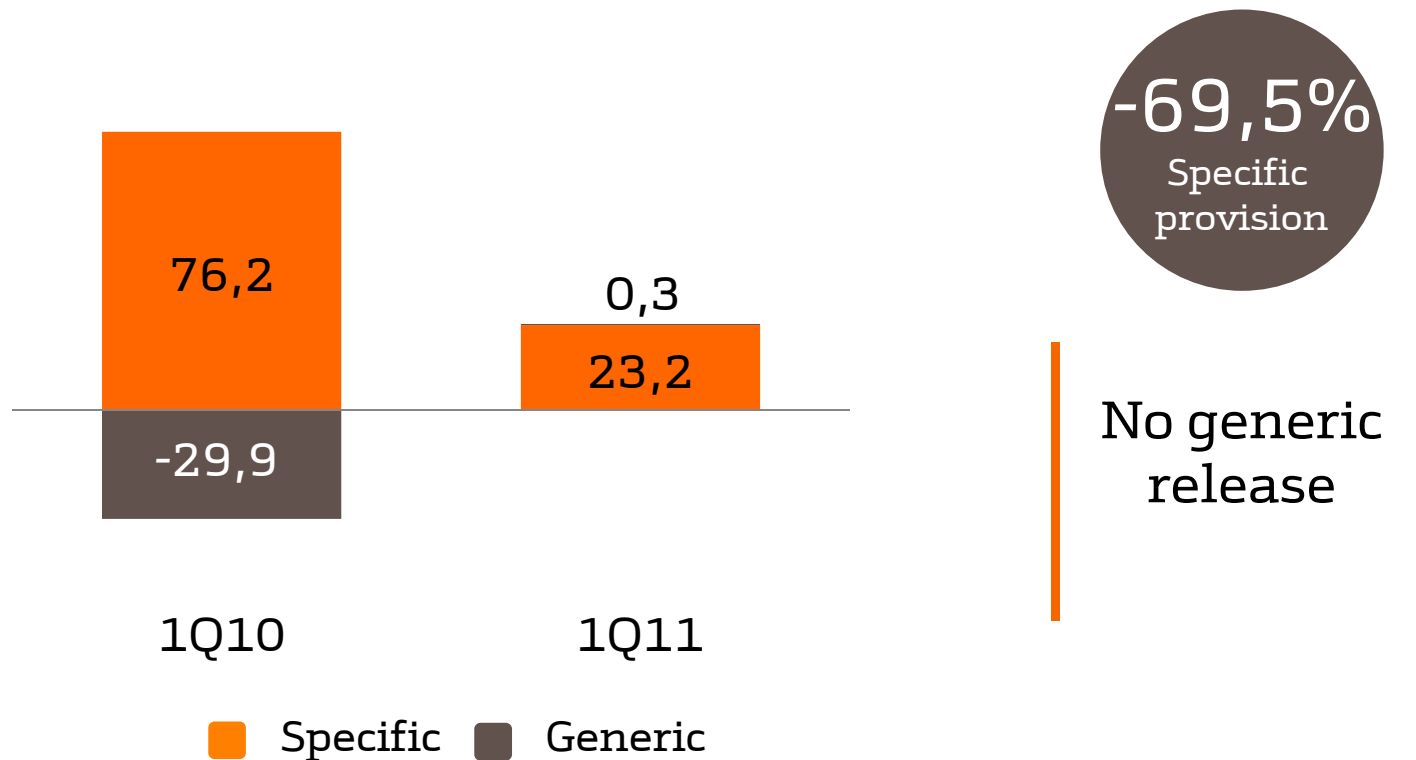
Cost management : main management focus

Operational Costs (million €)



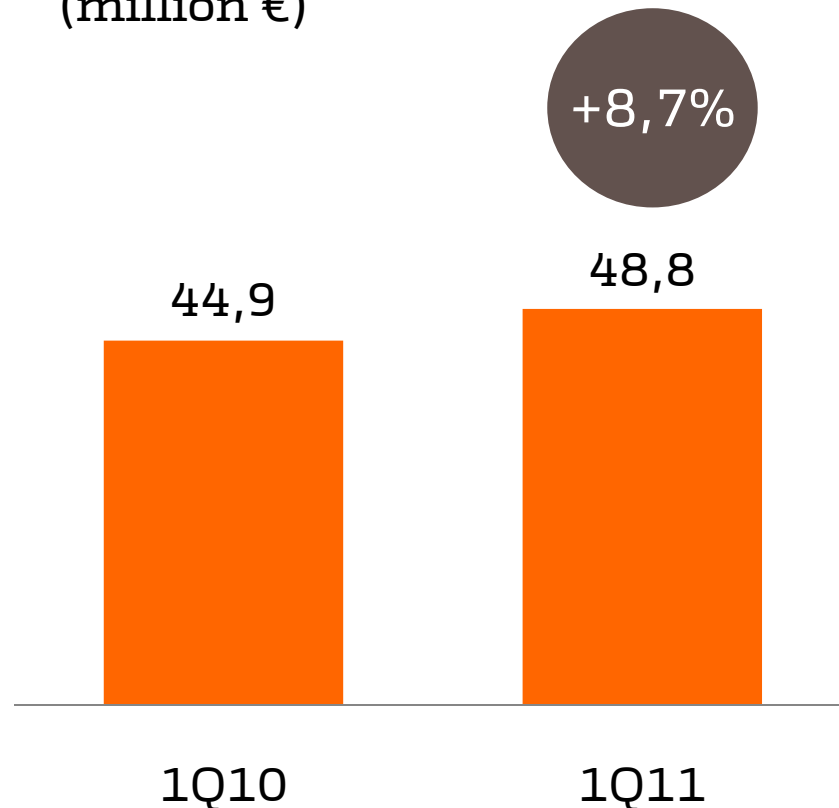
Impairment losses show a considerable reduction in the quarter

Break down by type of provision (in million€)



Results: a promising start of 2011

Net profit ex generic provisions
(million €)



- ✓ NII in the recovery path
- ✓ Fee income is resilient and shows potential
- ✓ Cost contention
- ✓ Reduced cost of the specific provision
- ✓ No generic release
- ✓ Recurrent income. Unrealized gains on balance sheet intact thus no P&L burden in the future

|2| Asset Quality

2,97%

NPL
ratio

-59%

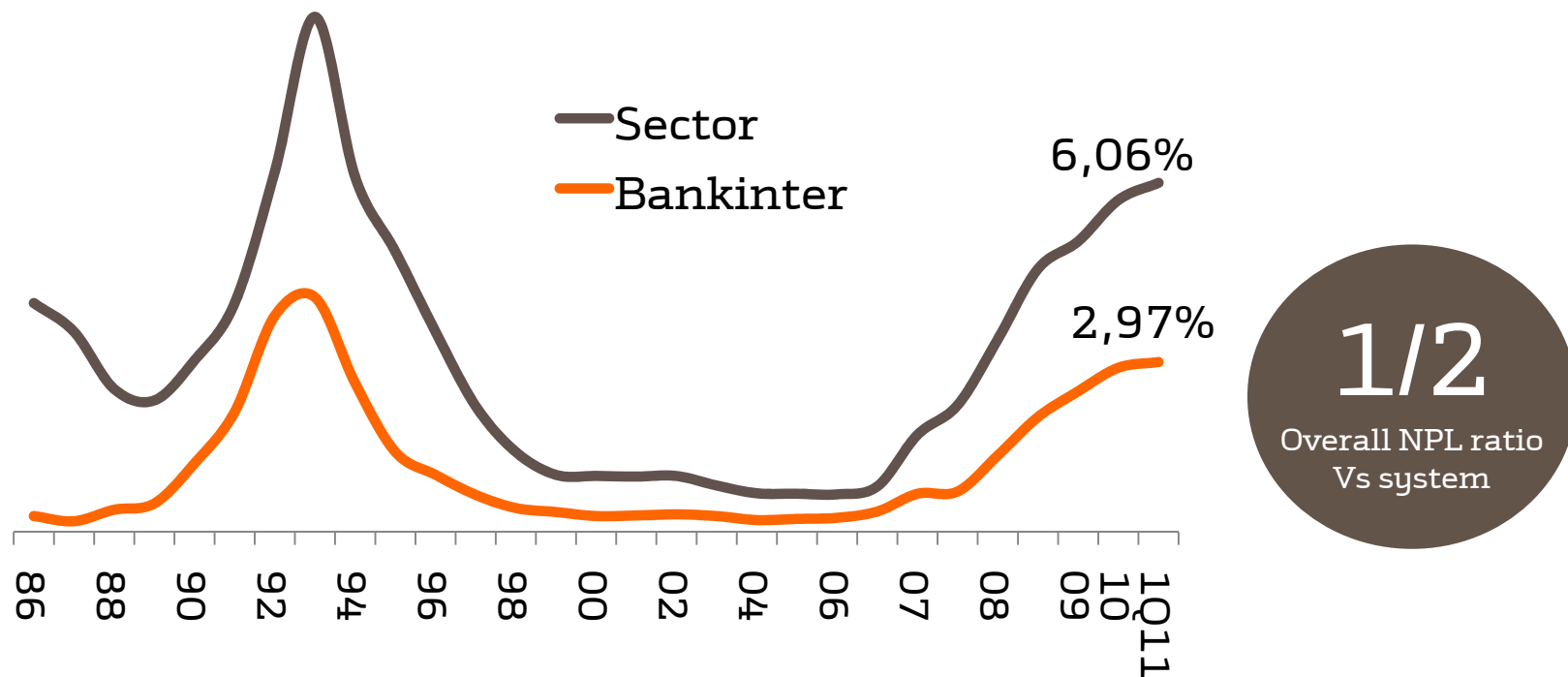
NPL net
Entries
o/ 1Q10

1/3

Problematic
assets vs
peers

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

NPL ratio evolution *

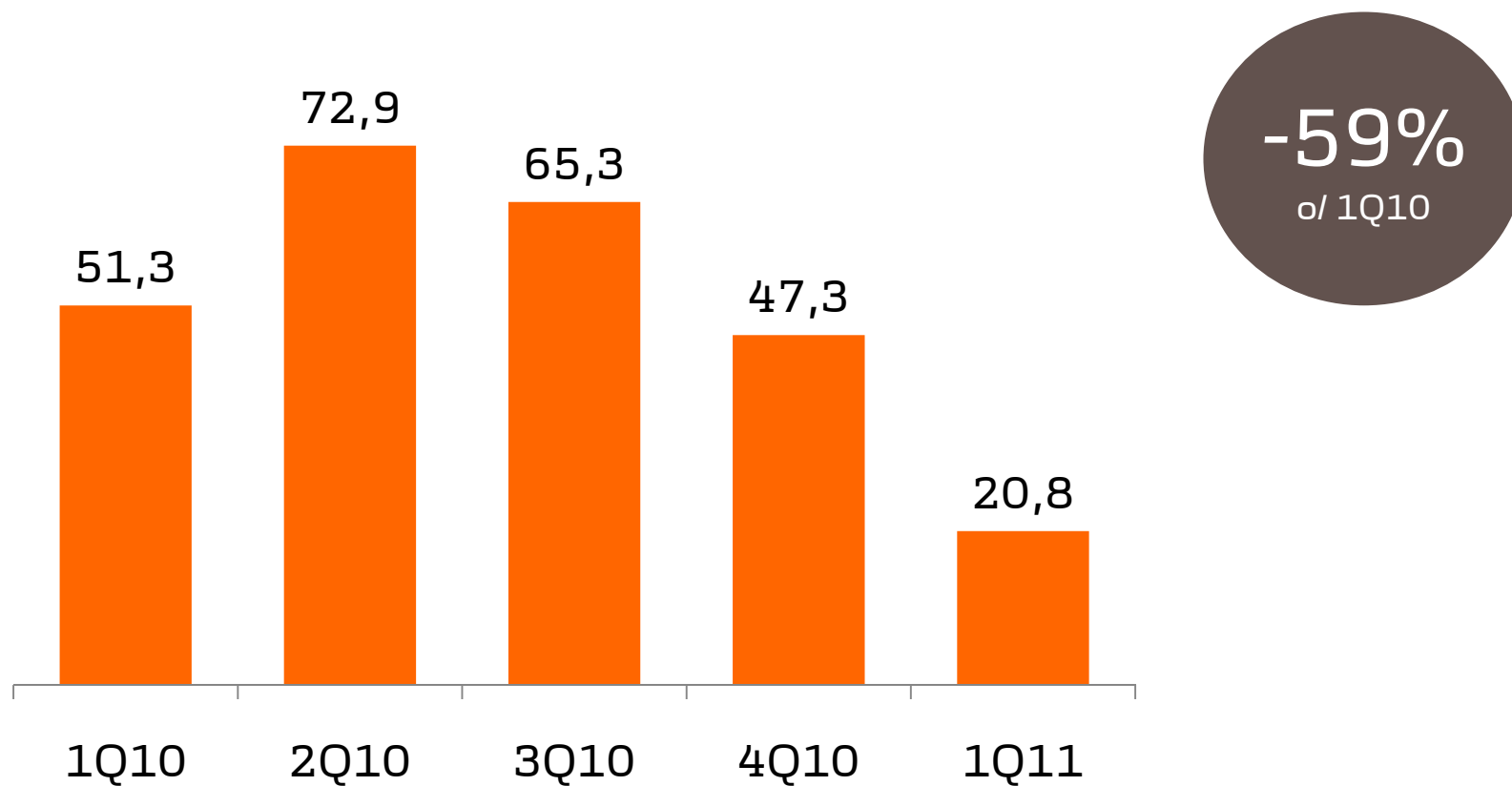


* Sector data : January 2011

bankinter.

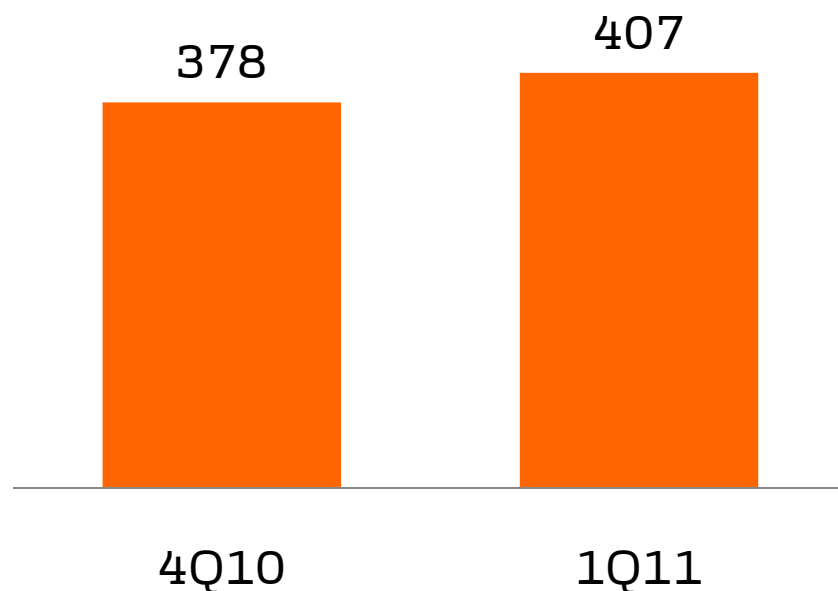
NPL entries confirm the declining trend

Quarterly net NPL entries (million €)

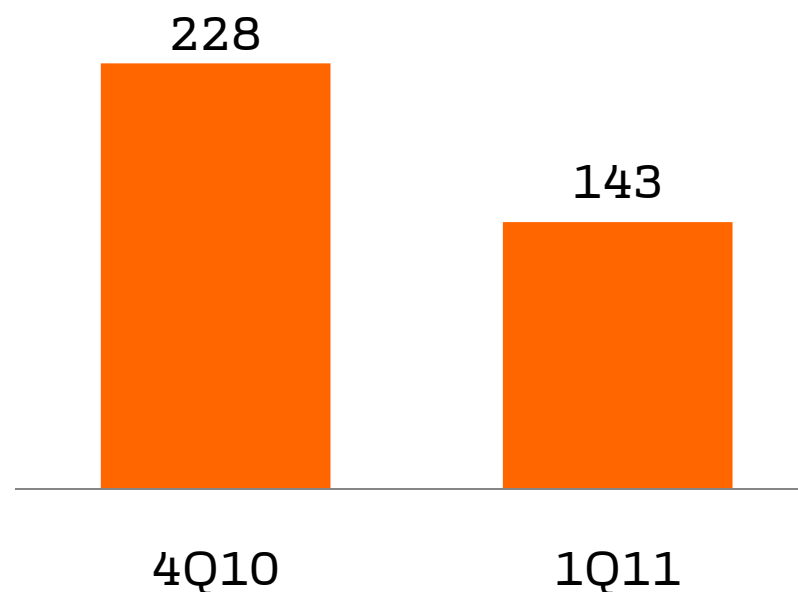


Other **problematic assets** also show good performance

Foreclosed assets gross (million €)

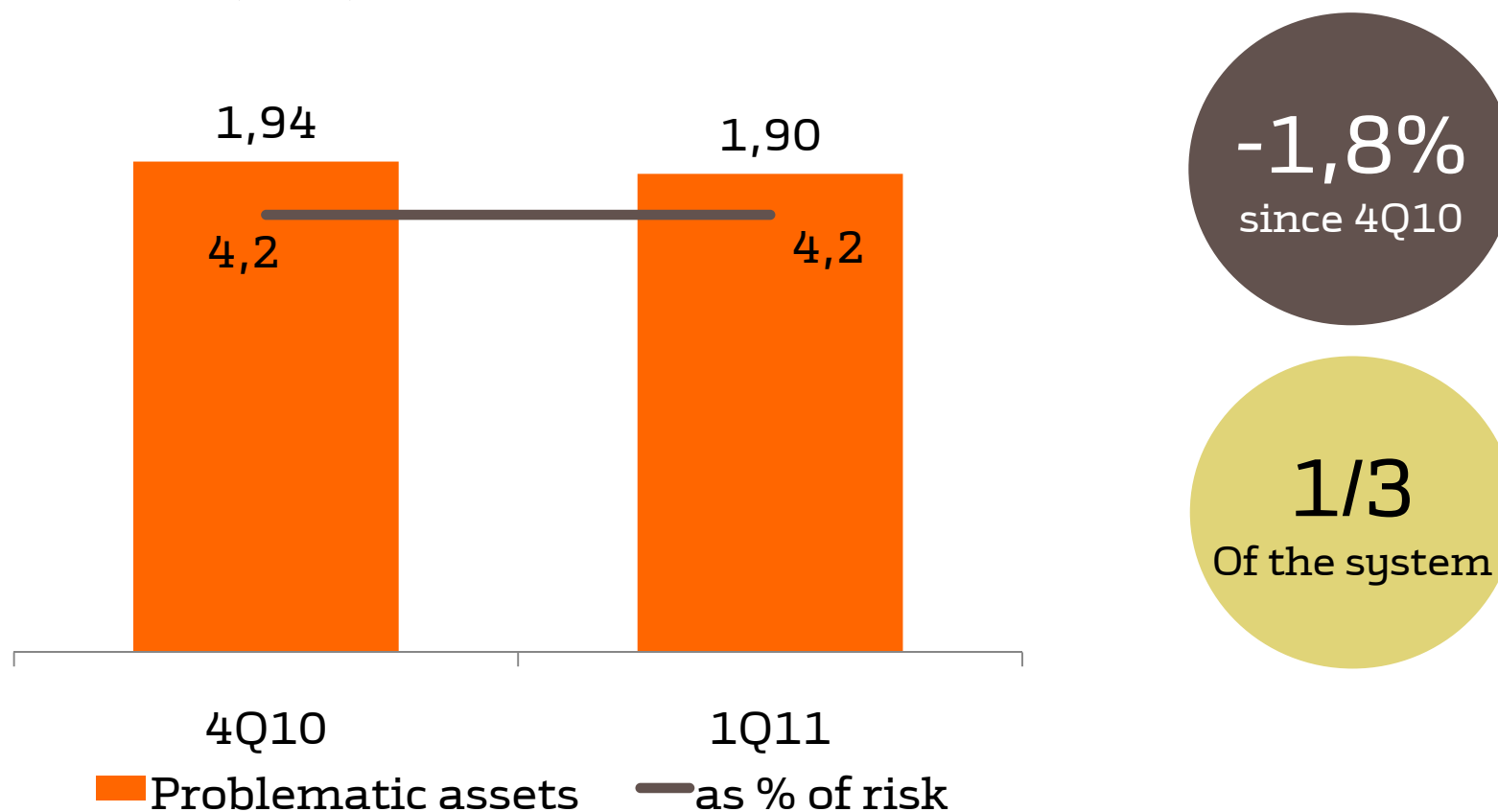


Sub standard risk (million €)



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

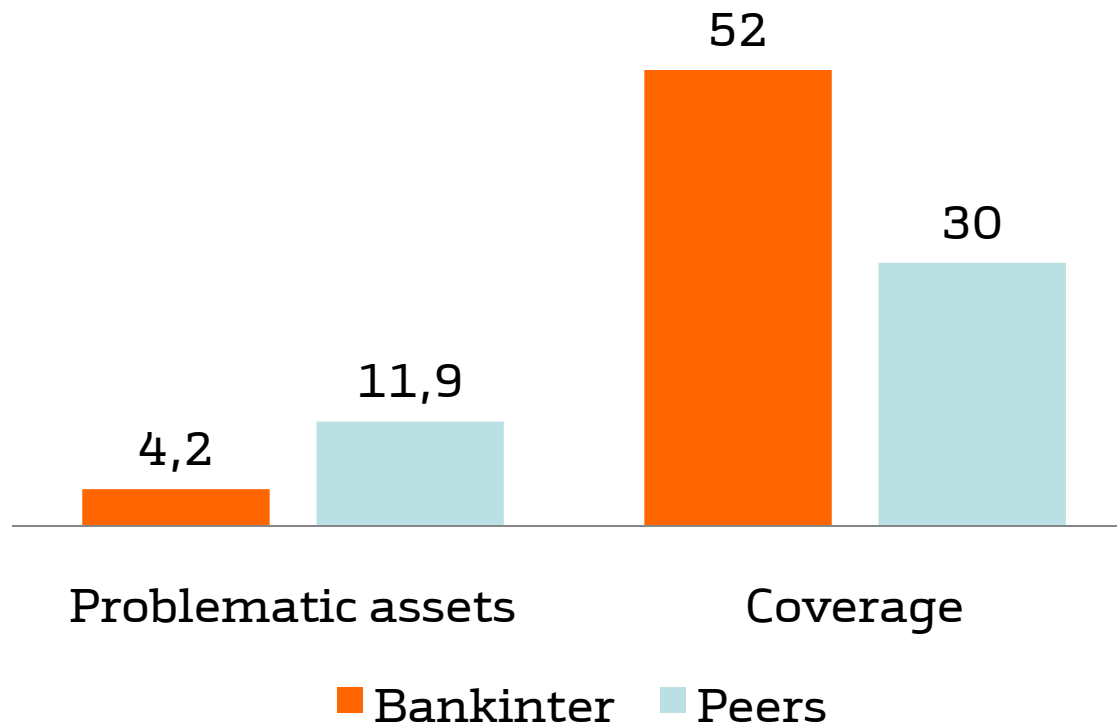
"problematic assets" (in billion €) and problematic asset ratio (in %)



bankinter.

Privileged asset quality amongst peers

"problematic assets" over risk exposure and its coverage (in %)



Insignificant exposure to real estate sector

Summary of the information included in the BoS transparency exercise as at Dec 2010 (Million €)

	Developer exposure	Foreclosed Assets	Developer exposure	*RE problematic asset ratio	Coverage
Bankinter	1.082	378	2,55%	1,5%	55,0%
Banks	74.404	20.096	12,09%	7,3%	29,8%
Total sector	239.285	61.576	16,33%	9,8%	33,7%

Bankinter market shares	0,45%	0,61%
-------------------------	-------	-------

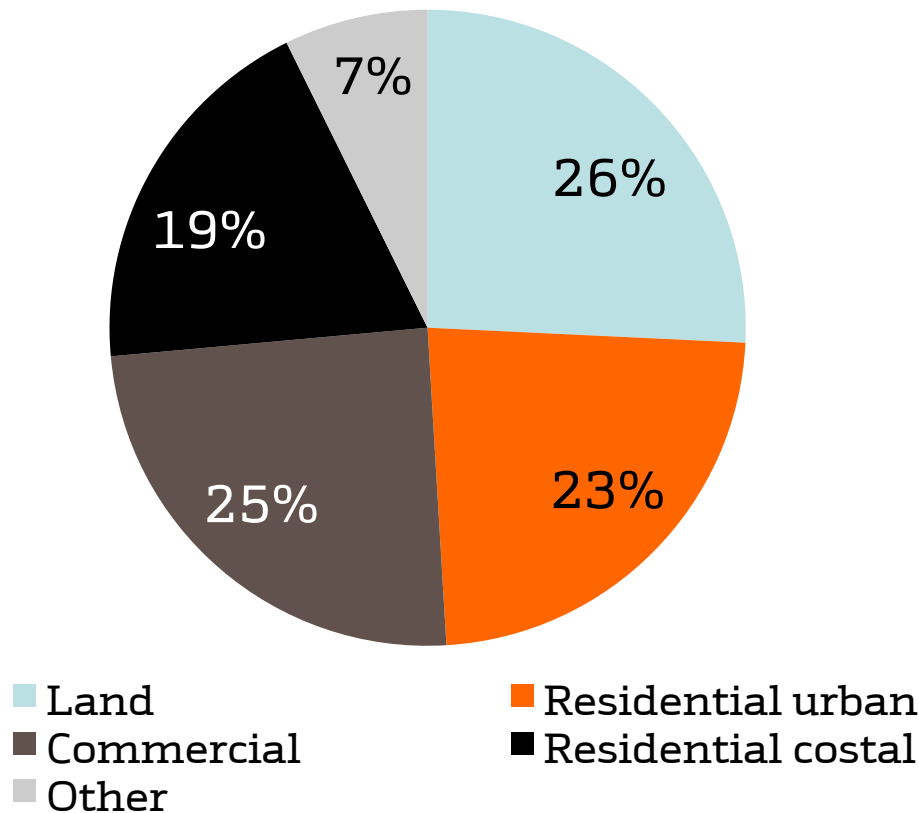
Developer exposure without construction

* NPLs, sub standard & foreclosed assets o/ credit & loans

bankinter.



The **foreclosed asset** portfolio is small and shows diversification



407M€

Gross foreclosed
assets

|3| Solvency

52%

Problematic
asset coverage

8,4%

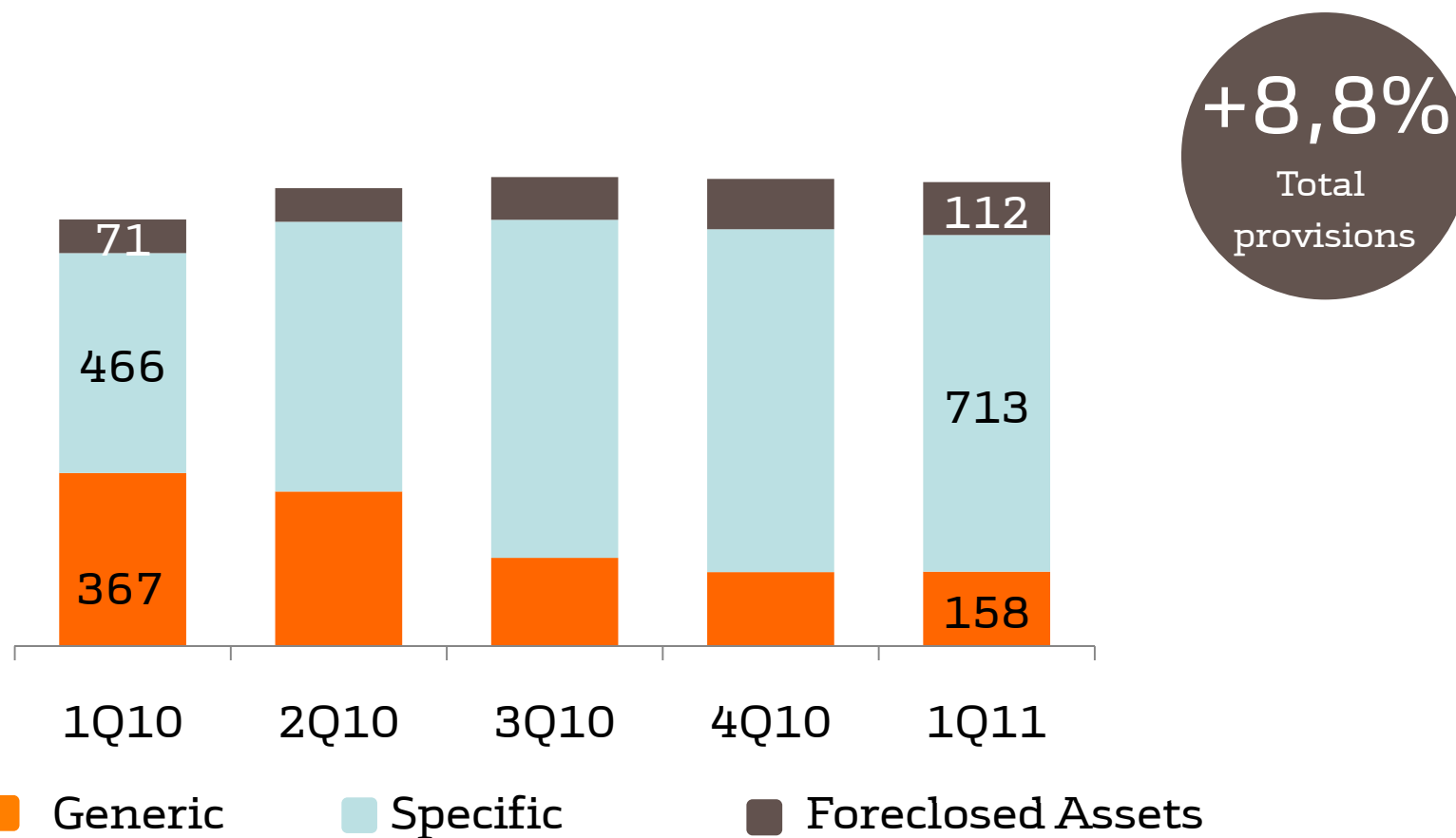
Core capital
RD/ 2/2011

2011

Wholesale
maturities
fully
refinanced

We continue to reinforce provisions

Total provisions evolution (million €)



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

65%

NPL coverage
Vs 50% peers

28%

Foreclosed
asset coverage
Vs 23% peers

52%

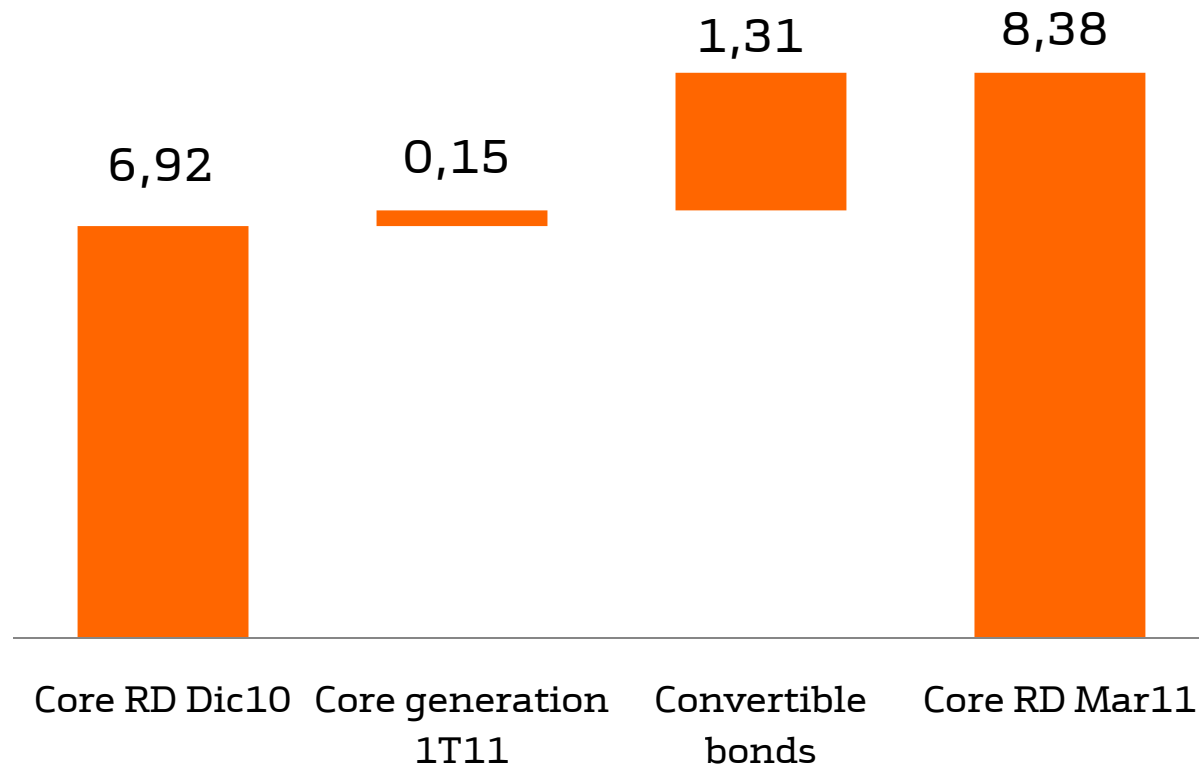
"problematic"
Asset coverage
Vs 30% peers

36%

Cover for
land assets

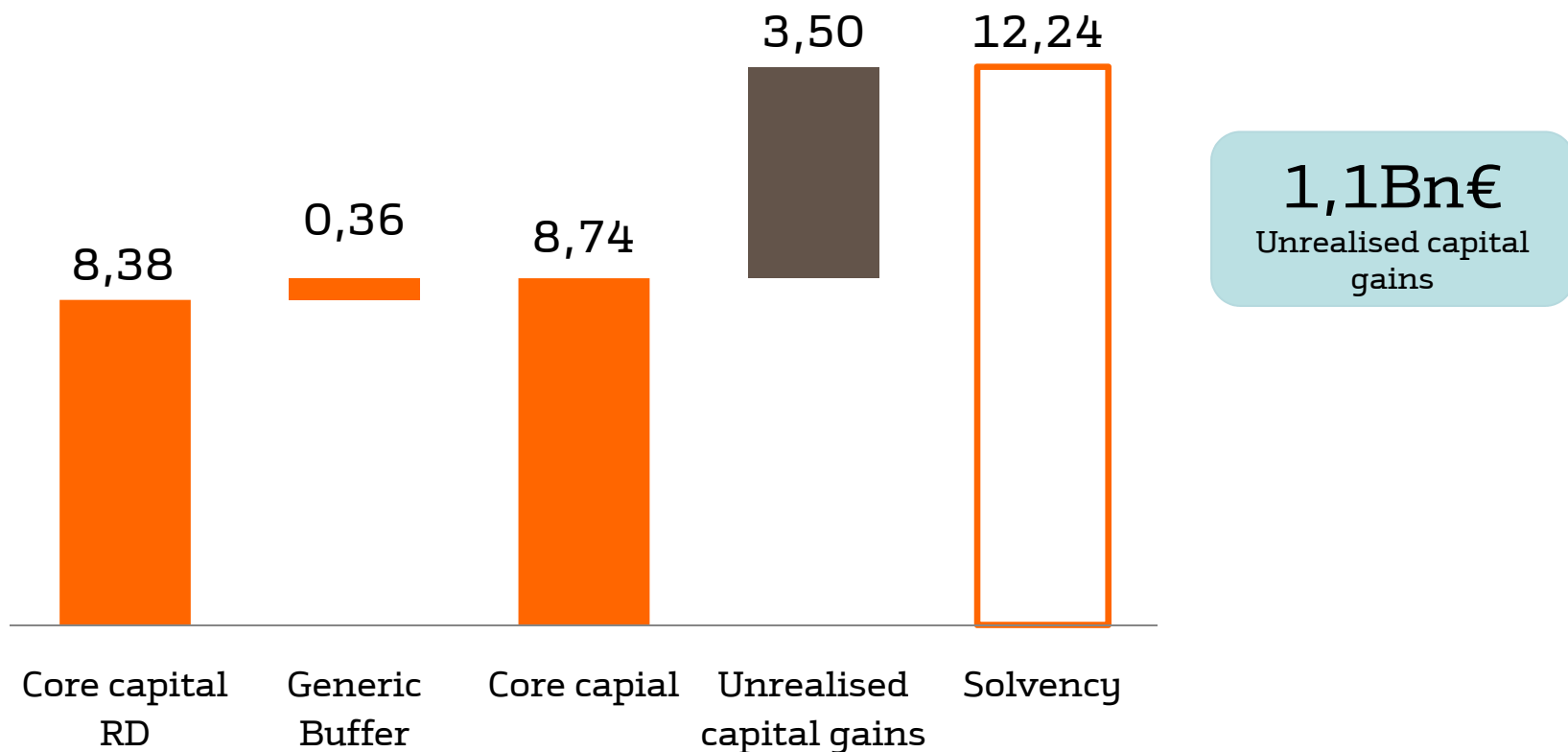
Solvency has been reinforced following adaptation to RD2/2011

Core capital RD2/2011 (%)



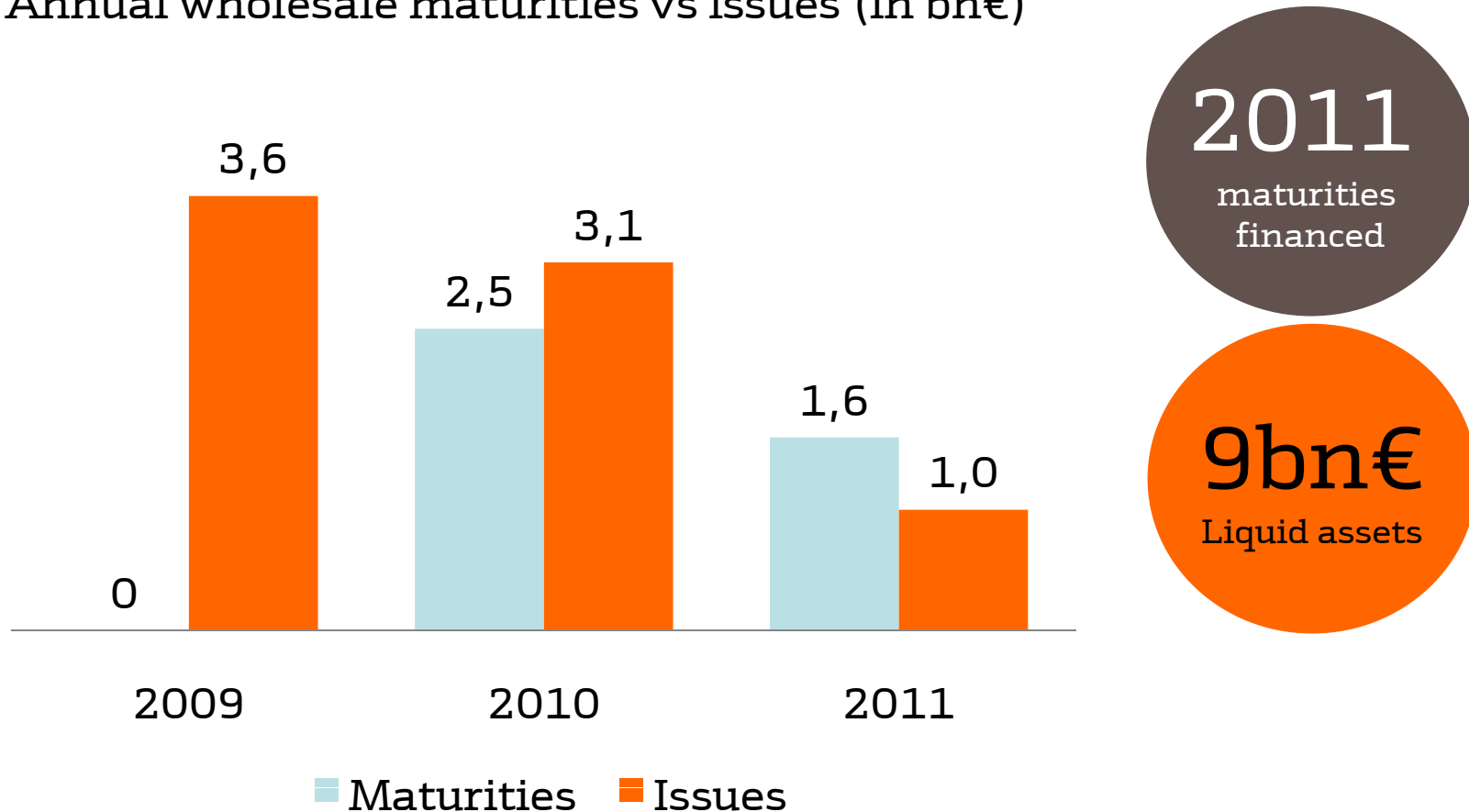
The generic buffer and latent gains on balance sheet give further support to solvency

Core capital RD2/2011 (%)



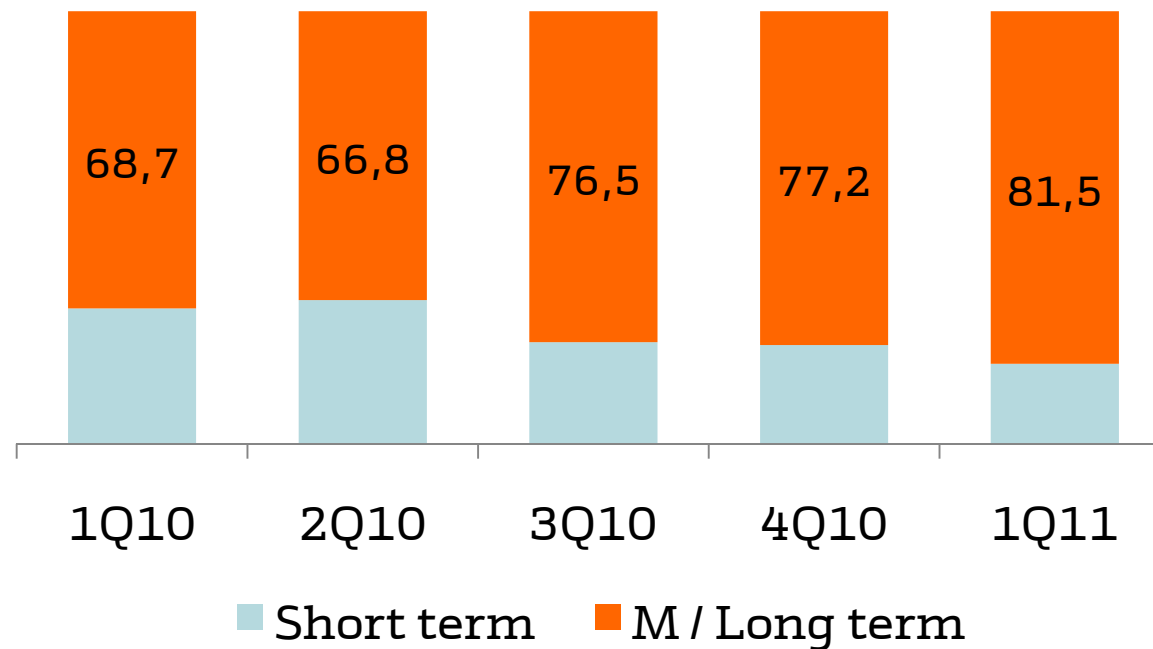
2011 maturities fully financed and strong second line of liquidity

Annual wholesale maturities vs issues (in bn€)



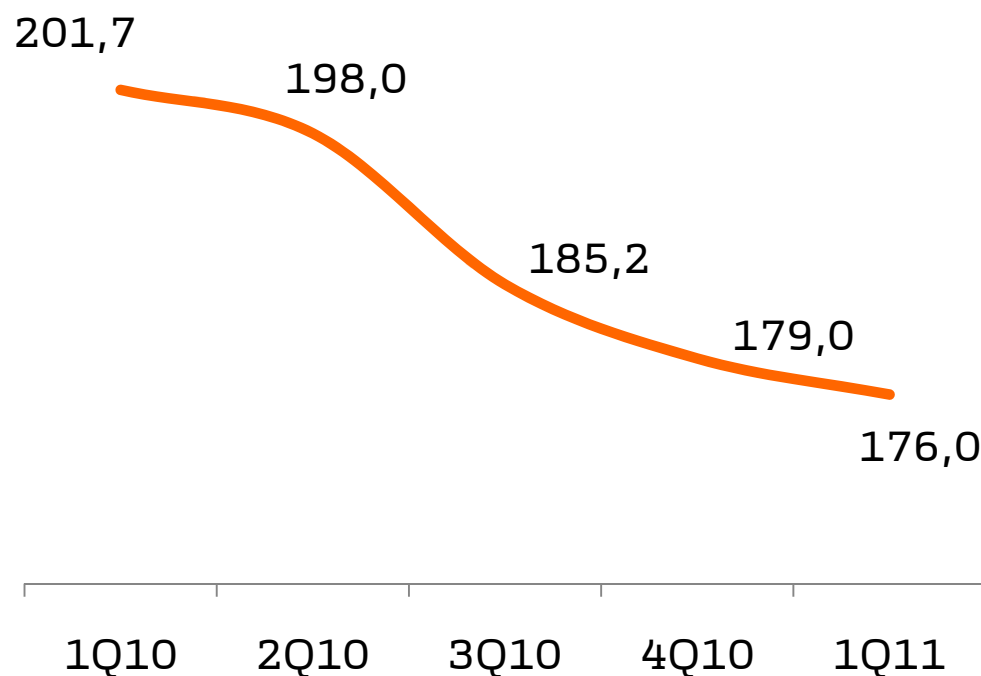
Lengthening duration of wholesale financing

Breakdown of wholesale funding (in %)



The **financing structure** continues improving

Evolution of the loan to deposit ratio (in %)



660M€

Gap reduction
in 1Q11

-3%

Loan to deposit ratio in
1Q11

|4|

The business

+4,8%

Transactional
Business

+7,6%

Insurance
Business
Contribution

+27%

LDA
PBT

A business model based on **continuous innovation**

62%

Remote channels transactions

4%

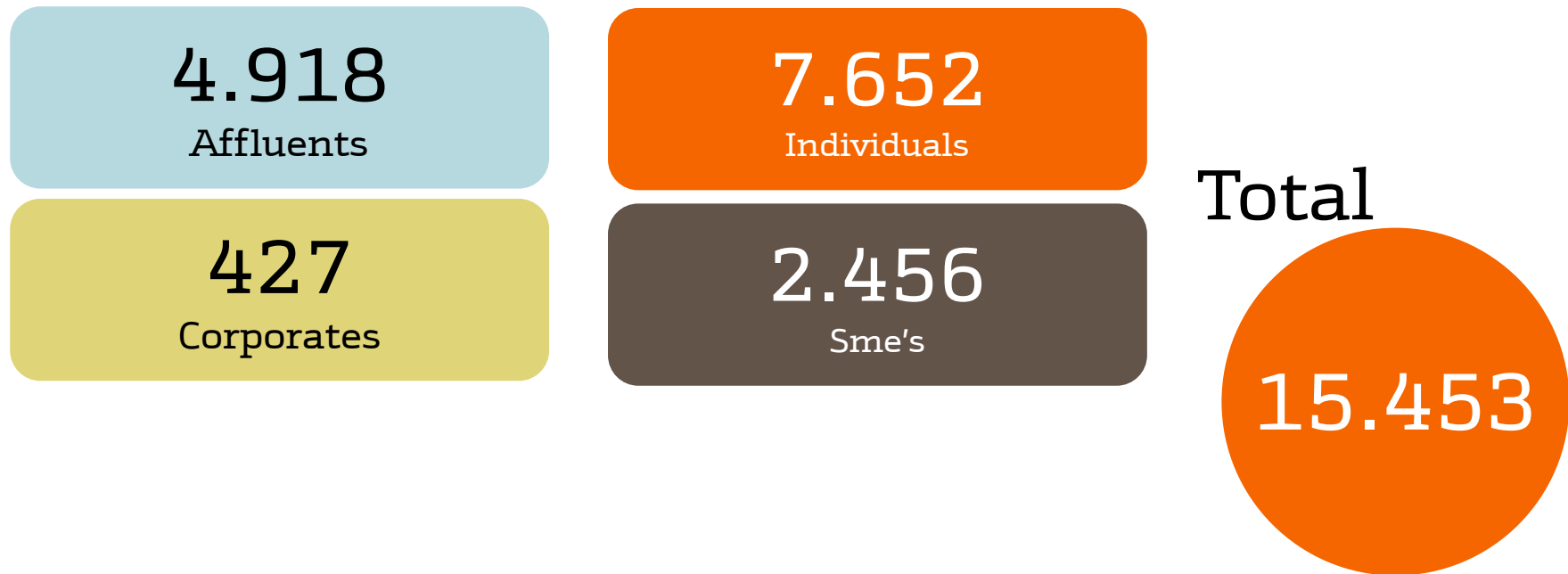
Mobile channel transactions

90K
Clients
+70%



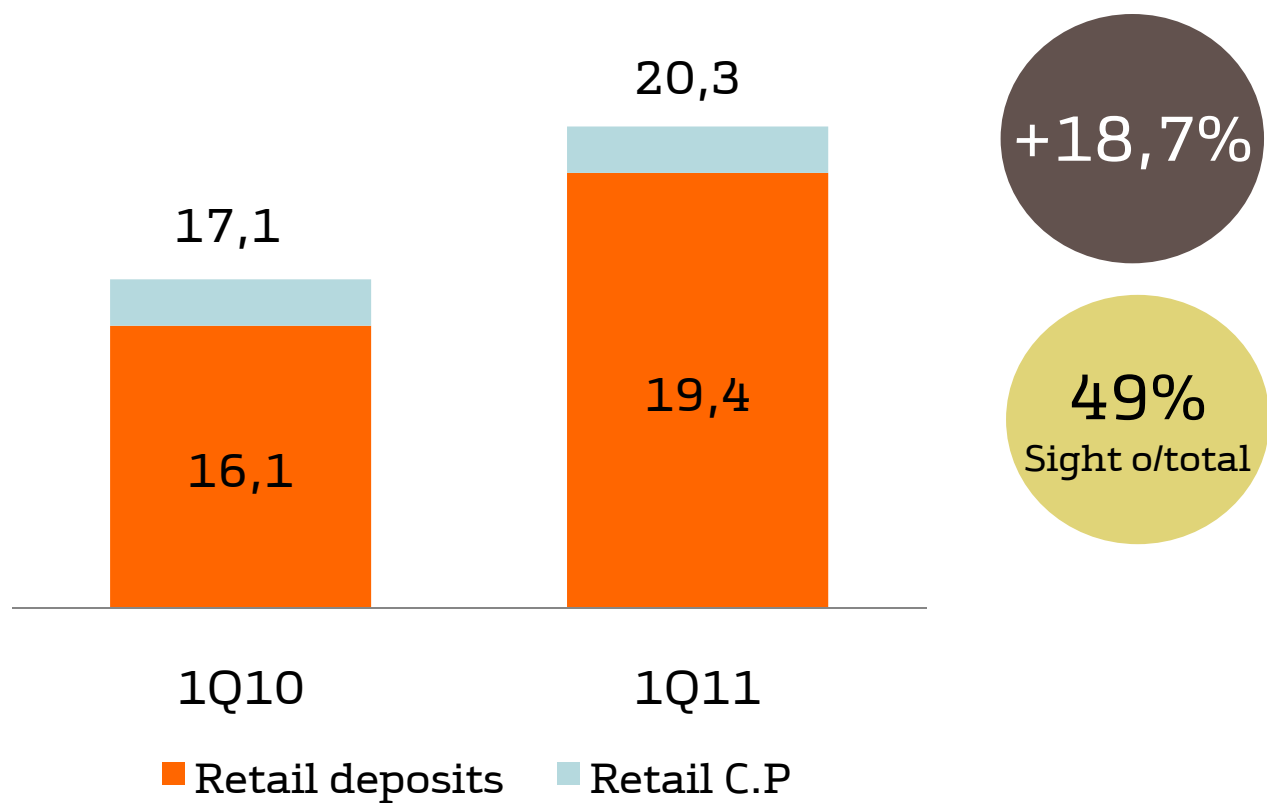
Client acquisition shows strength in target segments

Number of clients acquired 1Q11



Increasing market share in retail deposits

Retail funding (in billion €)



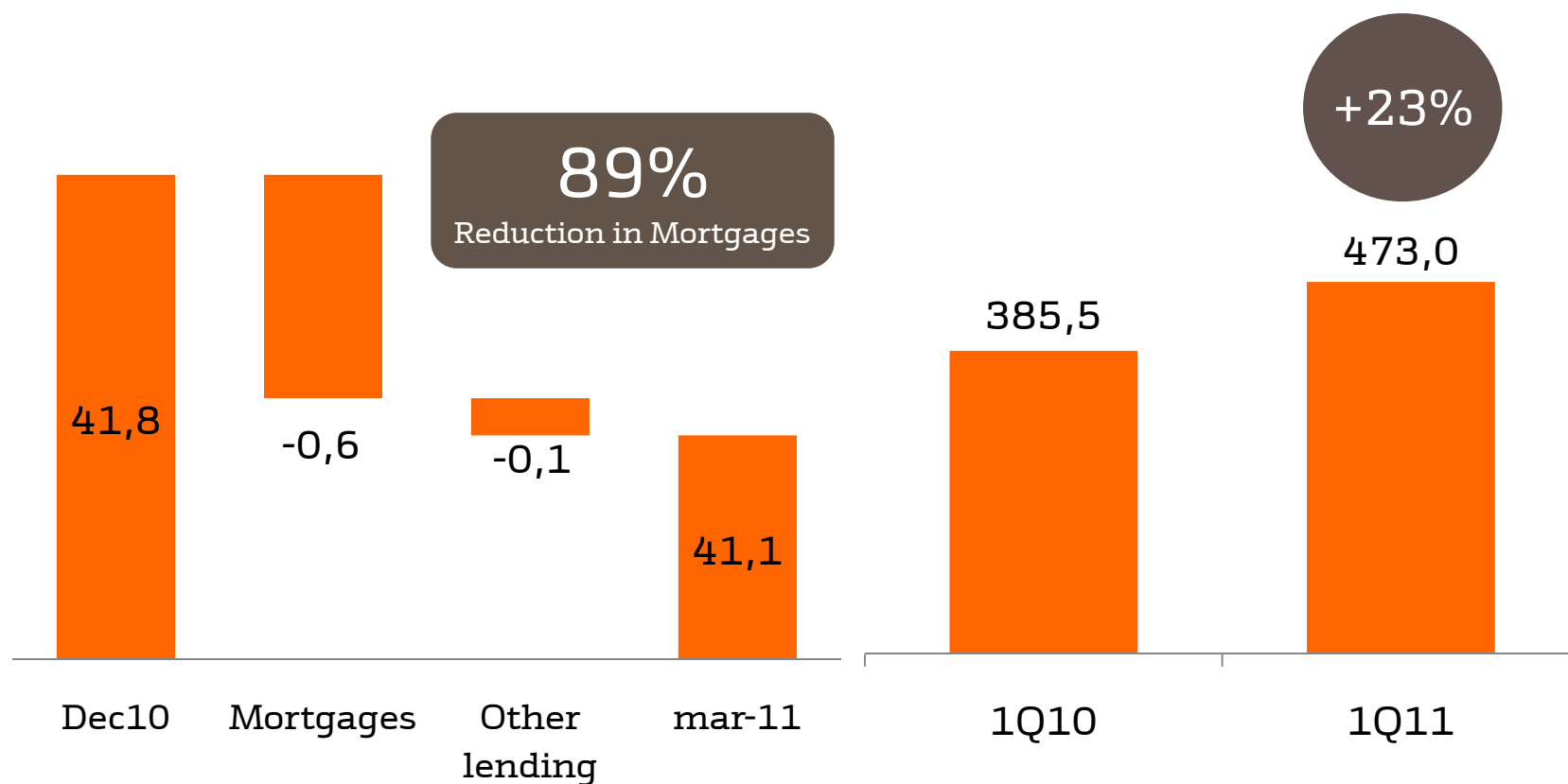
bankinter.



Loan growth focused in higher return segments and products

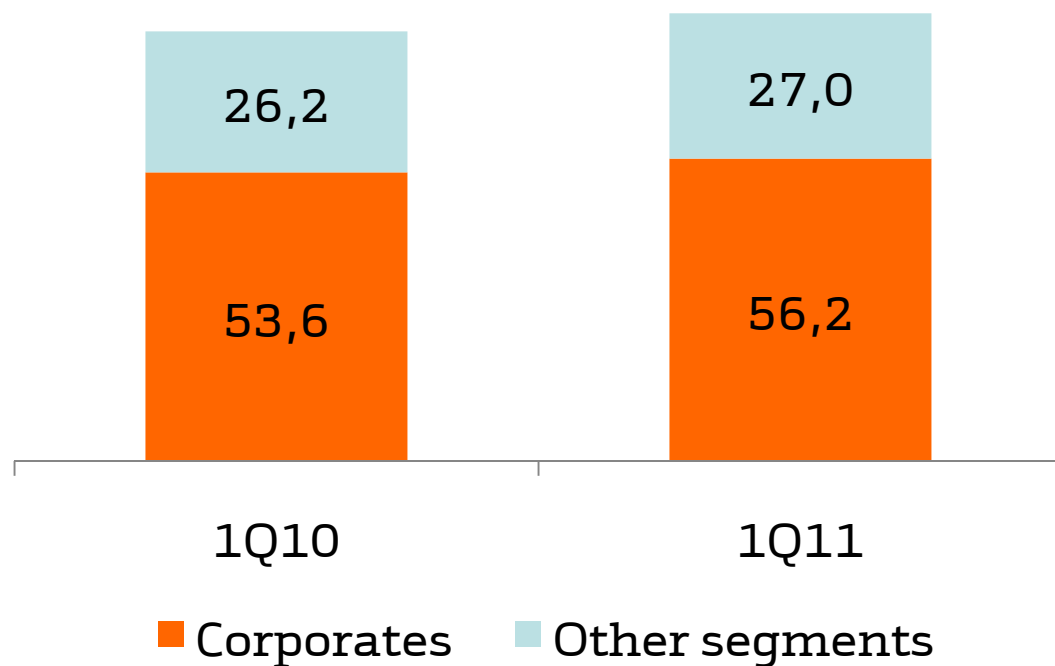
Credit and loans (in billion €)

ICO lines (million €)



Transactional business starts to show recovery

Volumes transacted (in billion €)



67%

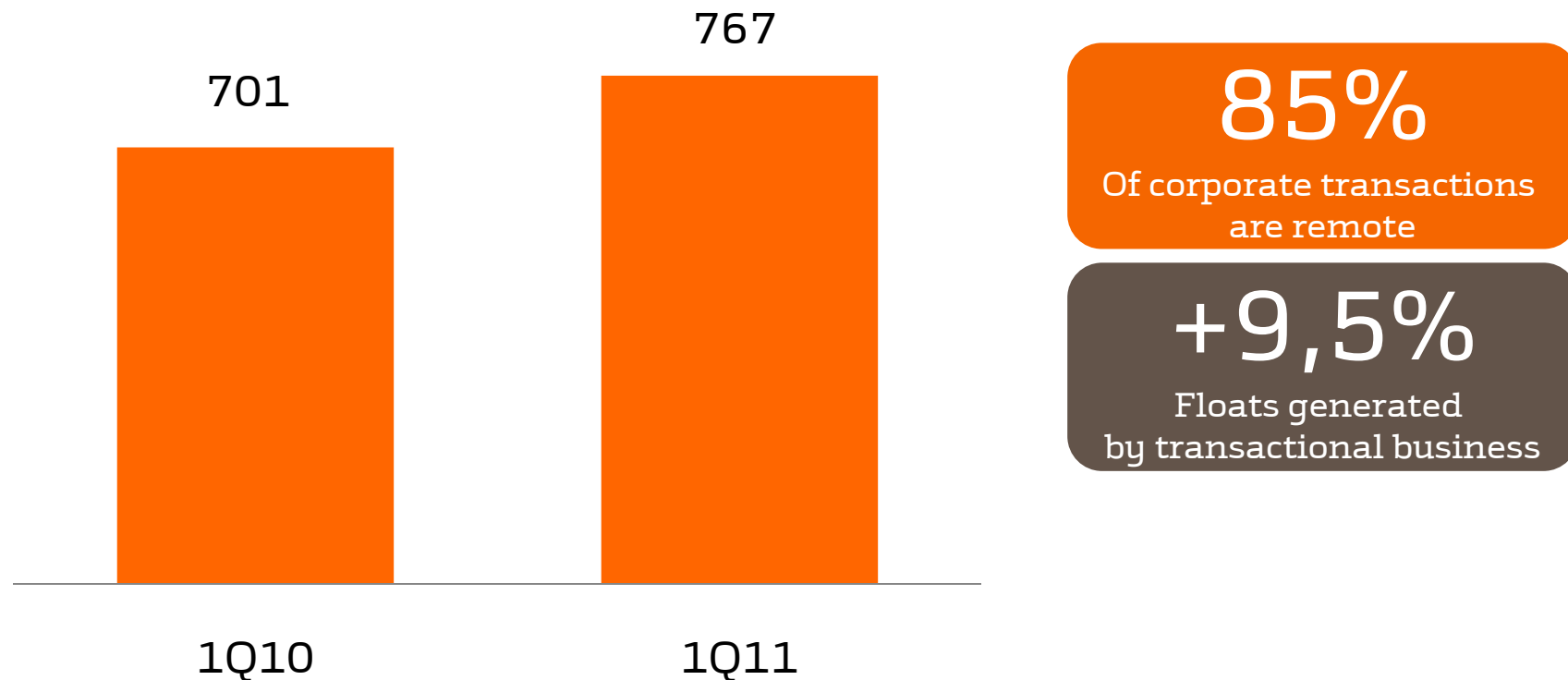
Total transactional business
from corporates

+4,8%

Transactional business
with corporates

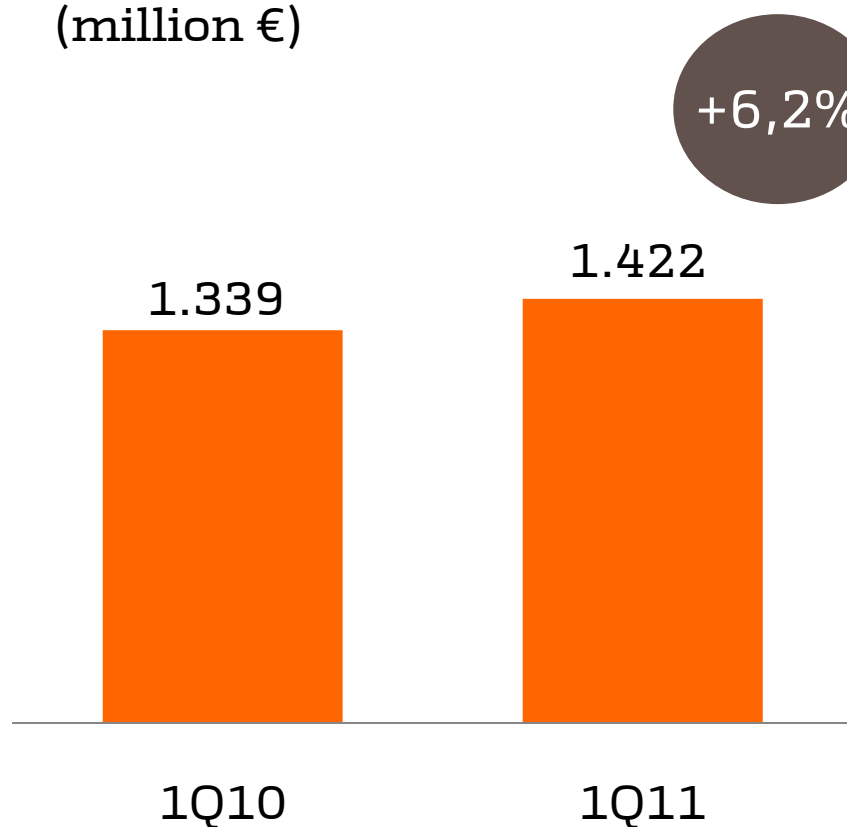
Transactional business is a liquidity rich, low risk and highly efficient business

Liquidity generated(floats in million €)



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

SICAVS assets under management
(million €)



+6,2%

Ranked 3°

In number of SICAVs

5,4%

Market share
(assets under management)
vs 5,2% in 1Q10

8,1%

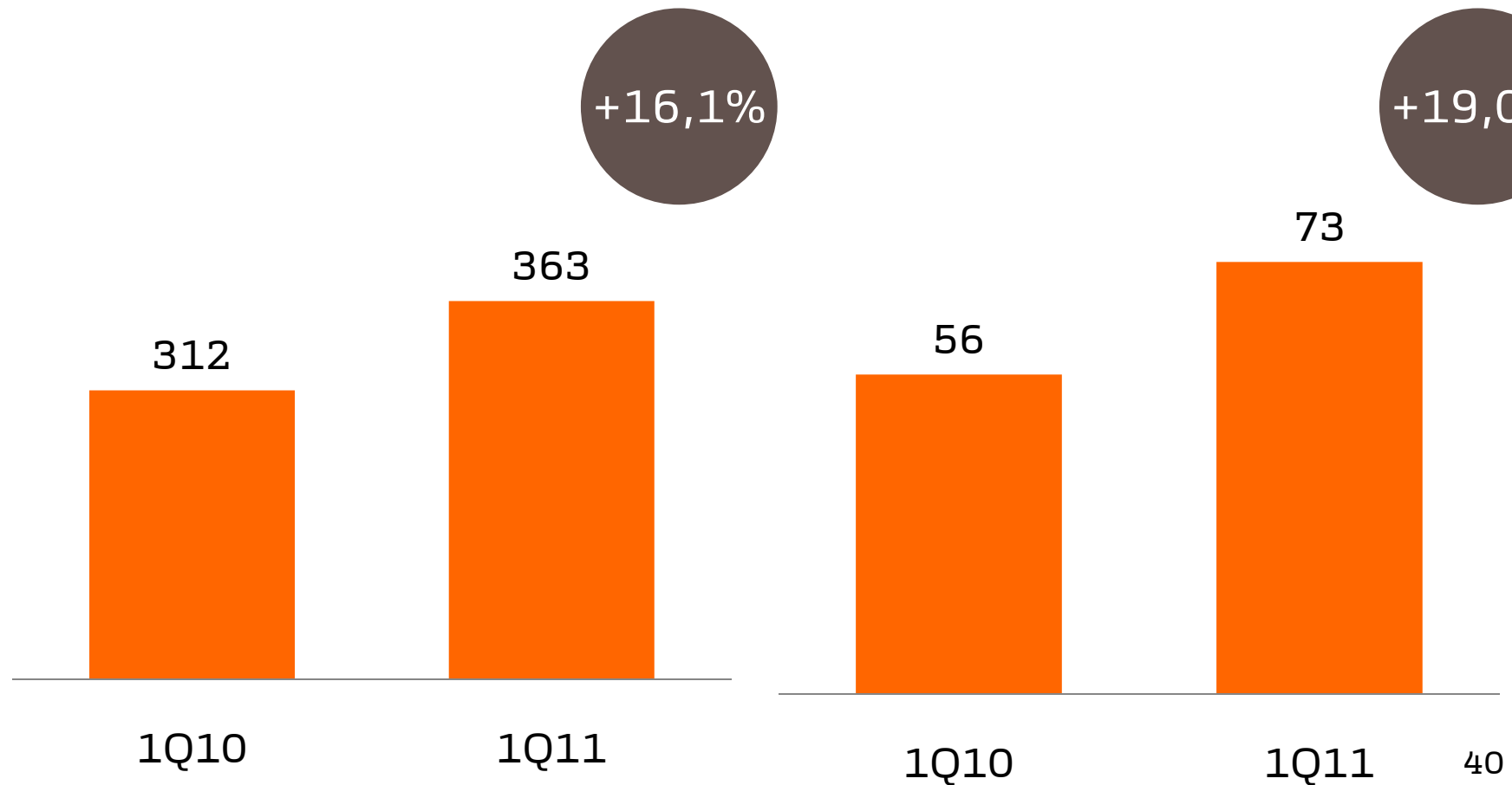
Market share
(number of sicavs) vs 7,6% in 1Q10

Source: Inverco

Equity brokerage starts to show recovery

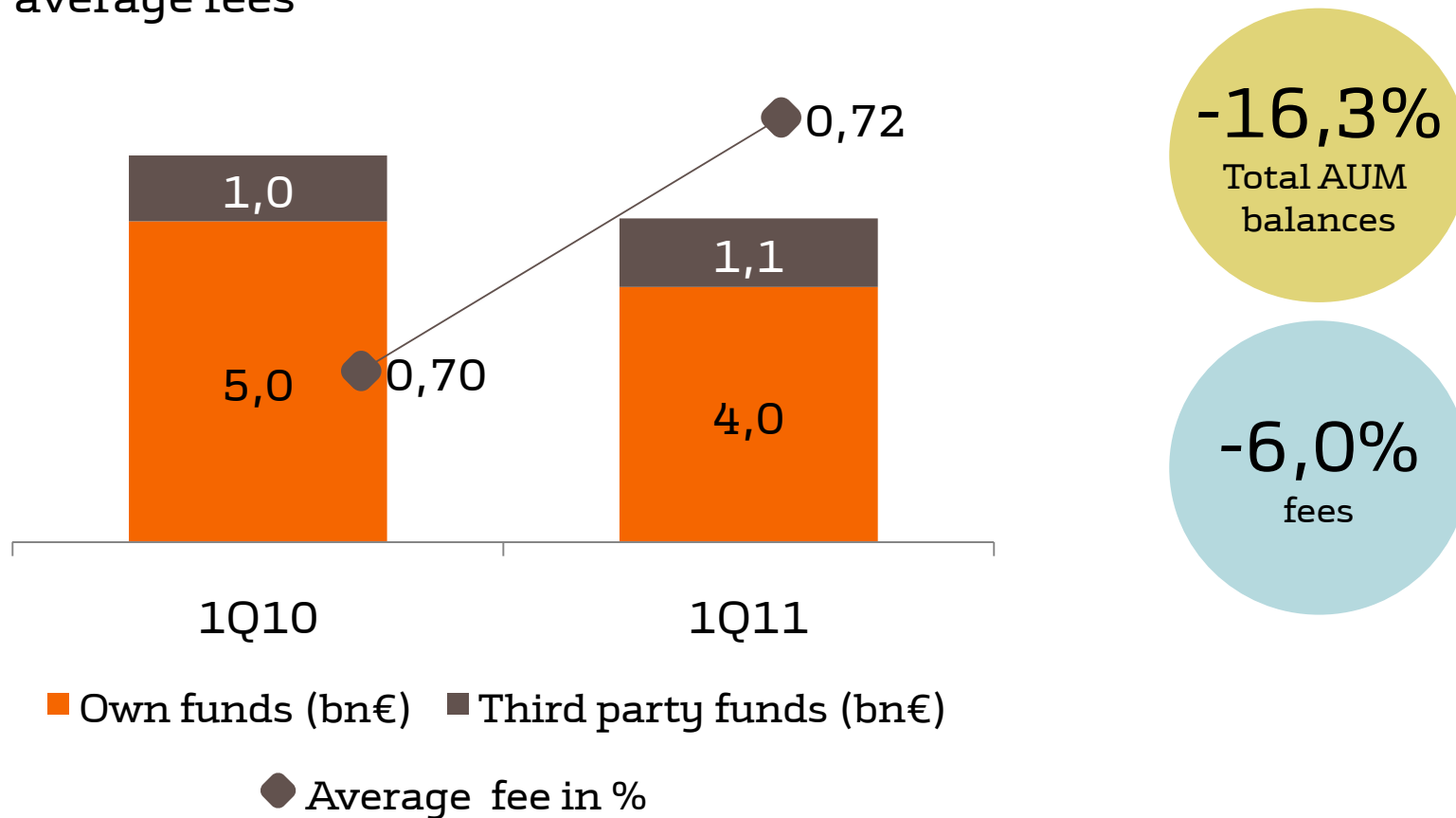
Number of orders (in thousand)

Number of clients (in thousand)



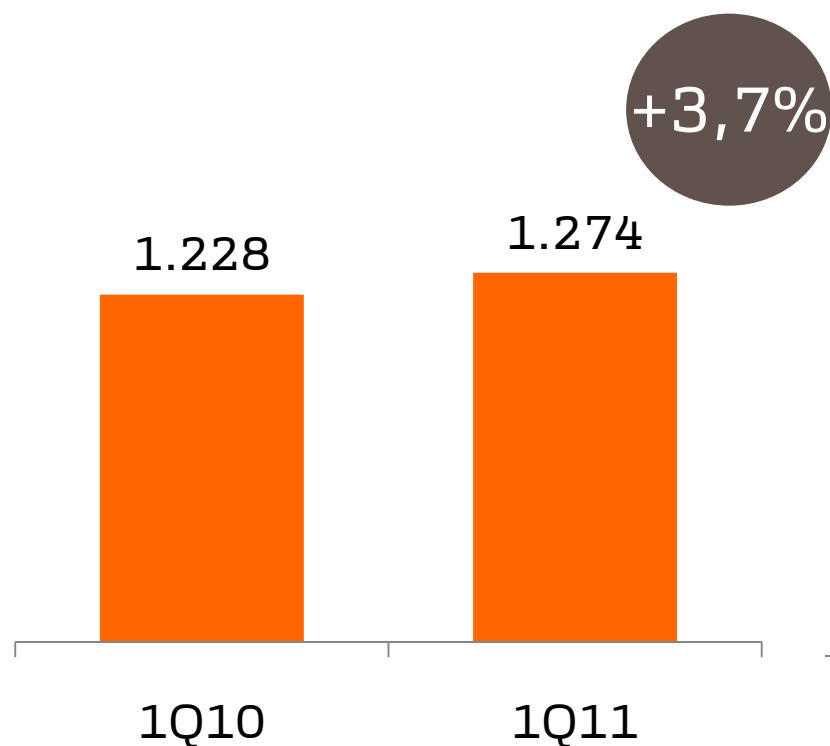
AUM business is strong and the mix improvement continues

Evolution of Investment funds balances and average fees

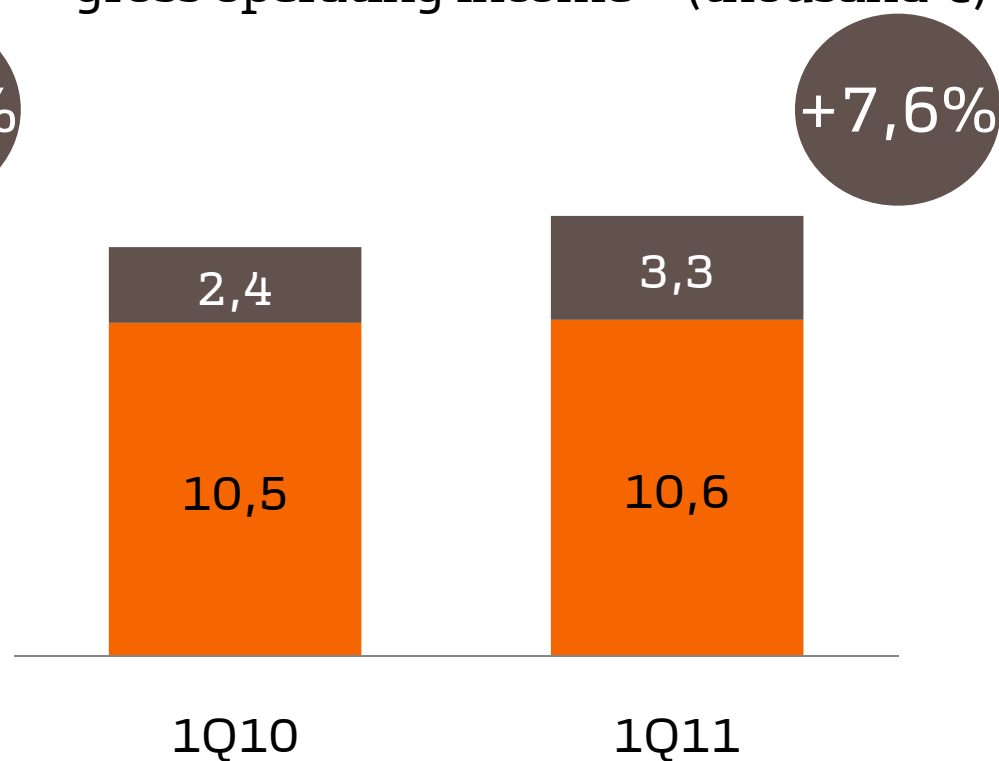


Distribution of **life insurance** products keeps on supporting business results

Pension funds (in million €)



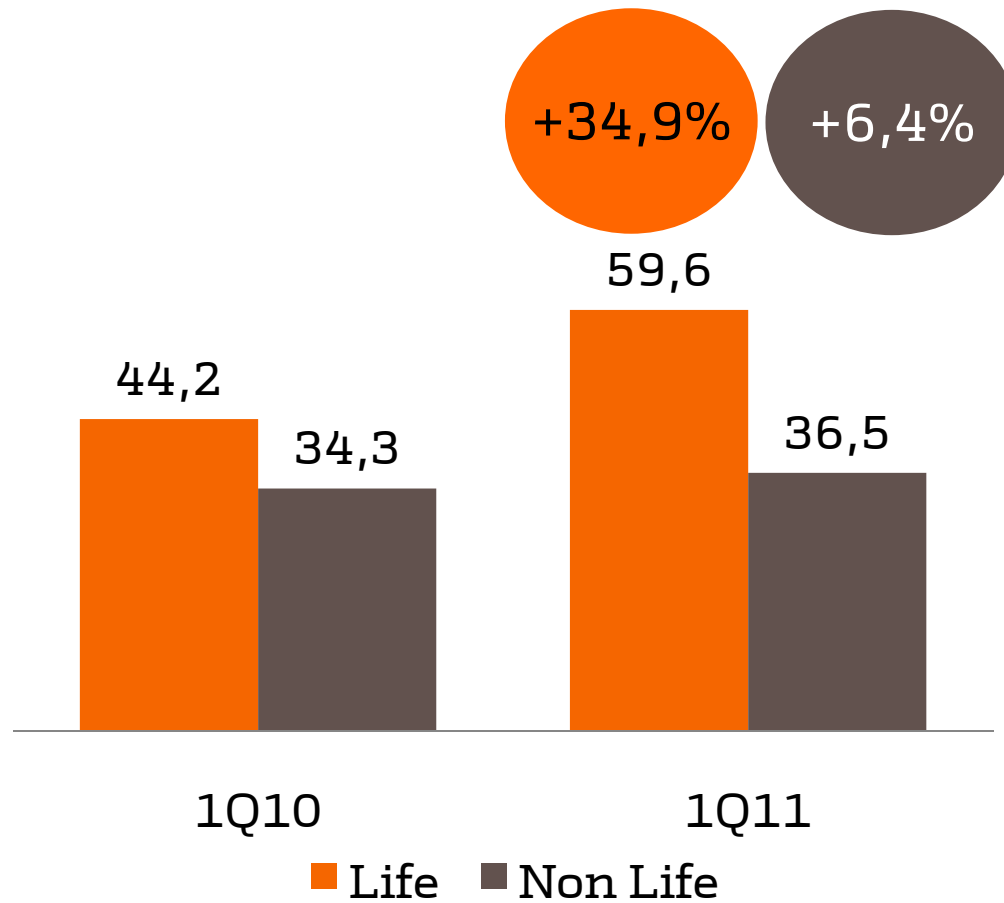
Insurance business contribution to gross operating income * (thousand €)



■ Fee income ■ Equity Method

and shows sustainable **growth**

Premiums evolution (in million €)

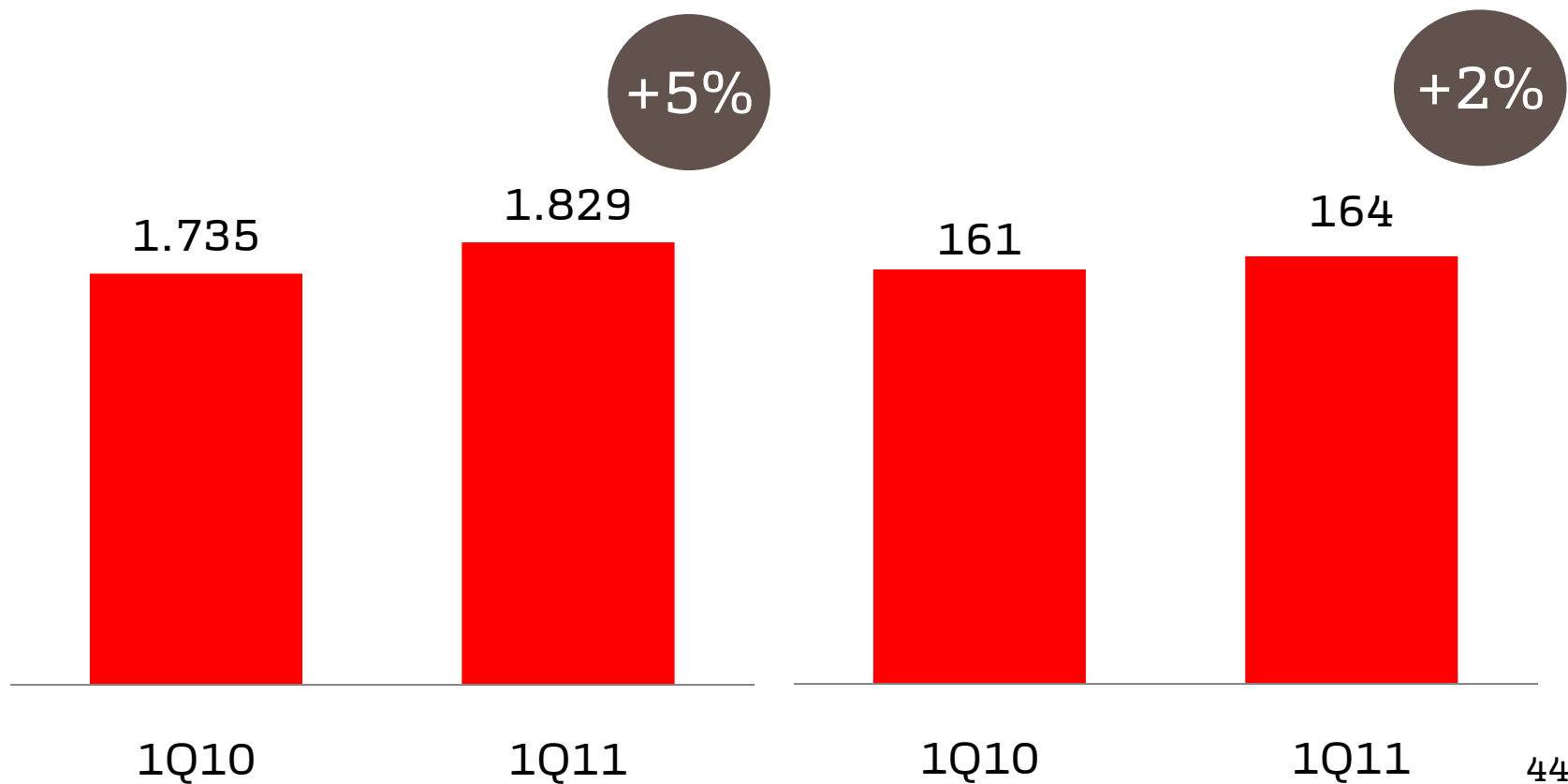


LDA continues outperforming the sector in policy acquisitions and premiums



Insurance policies (in thousand)

Net premiums (in million €)

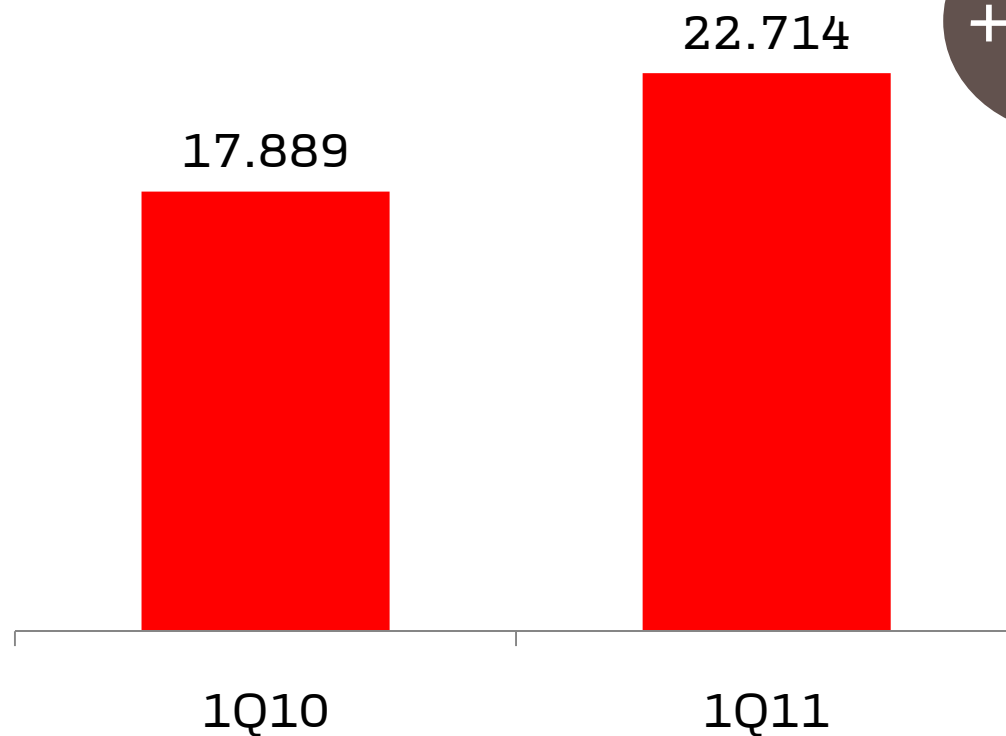


And also shows **strong resilience** to economic conditions



linea directa

Profit before tax* (in thousand €)



+27%

-27,3%
Spanish car sales
vs 1Q10

*LDA stand alone profit before tax

In summary



1
2
3
4

Resilience of **results** despite economic conditions

Best in class asset quality

Reinforced **solvency**

Business shows strength

bankinter

GREAT
PLACE
TO
WORK®
INSTITUTE
ESPAÑA

BEST
workplaces
2011

