

Bankinter
FY 2017
Results Presentation
.....
25 JANUARY 2018



Regulatory framework



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, in the International Financial Reporting Standards adopted by the European Union, and in Circular 4/2004 of Banco de España and any updated versions thereof.

Moreover, for informative purposes, this presentation will cover the impact of the implementation of the IFRS9/ Circular 4/2017 Banco de España, which will be reviewed during the corresponding auditing process.

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.

S Summary

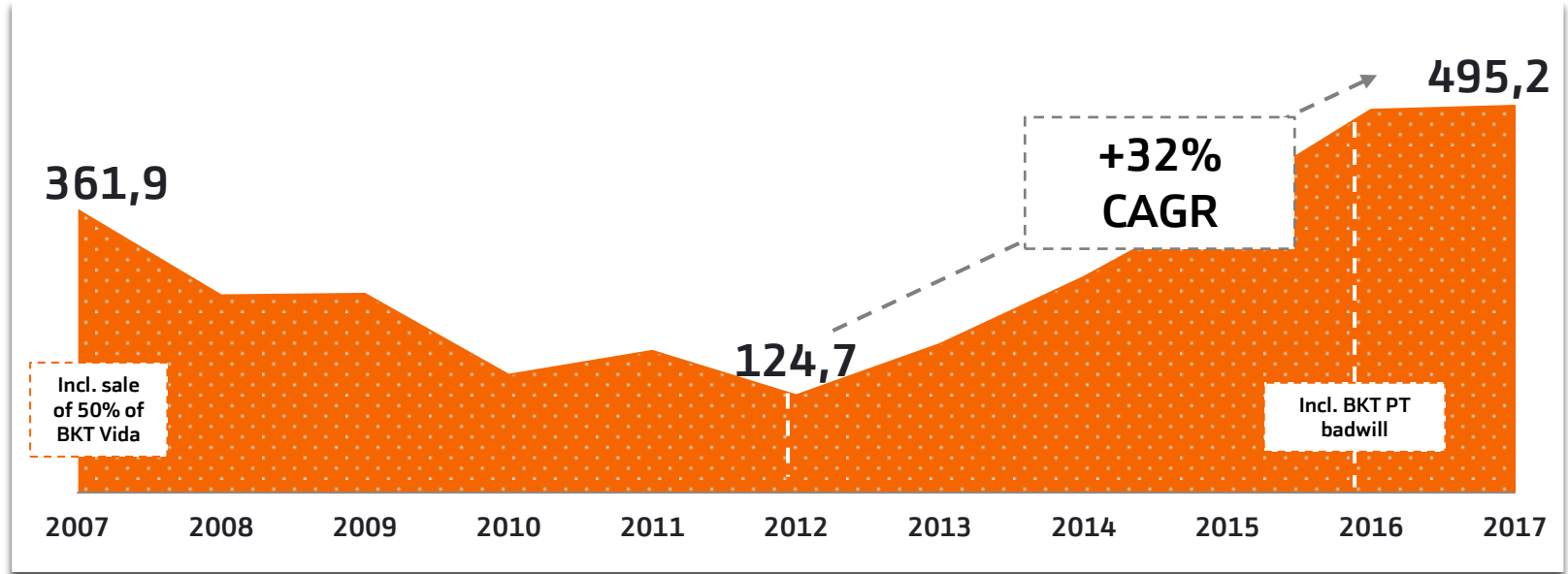
	2017	YoY	Excl. BKT Portugal
Gross operating income	1.851M€	+8%	+6%
NPL ratio	3,45%	-56 bps	3,06%
Net Income	495M€	+1%	+20%
CET1 FL	11,5%	+31bps	
ROE	12,6%	+1,8pp	

NI

Net Income

- Figures in millions of euros -

.....



C Content

.....


Results


Risk management


Business


Summary



bankinter.

R

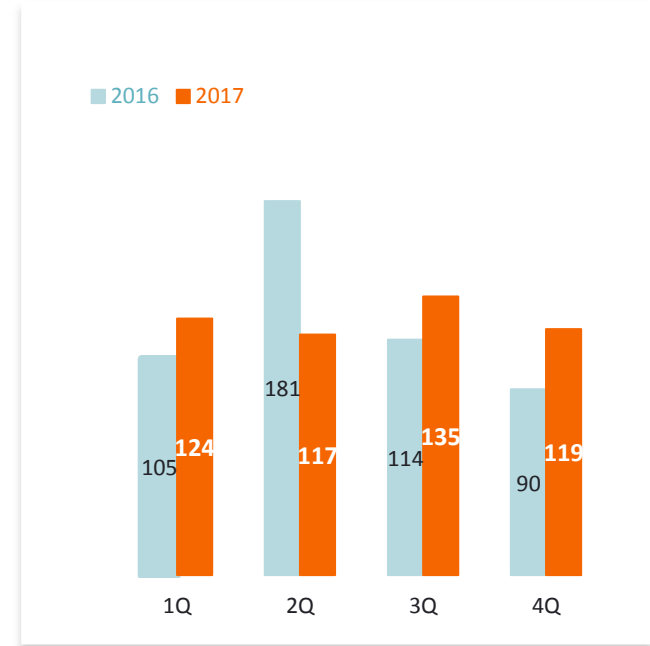
Results

2017

2017 summarised income statement

- Quarterly net income comparison -
- in millions of euros -

	Bankinter Group		
	4Q17	4Q17/3Q17	4Q17/4Q16
Net interest income	272,3	4,8%	2,3%
Net fees and commissions	110,5	6,7%	5,1%
Other income	63,0	-31,9%	3,6%
Trading income	11,8	-24,5%	-23,4%
Gross operating income	457,6	-3,0%	2,3%
Operating expenses	-241,1	3,6%	-2,6%
Pre-provision profit	216,4	-9,4%	8,2%
Other provisions	-36,9	717,1%	259,4%
Cost of risk	-20,0	-58,7%	-69,4%
Extraordinary results	-	n.a.	n.a.
Earnings before tax	159,5	-14,2%	23,7%
Net profit	119,2	-11,7%	32,3%



Summarised income statement 2017

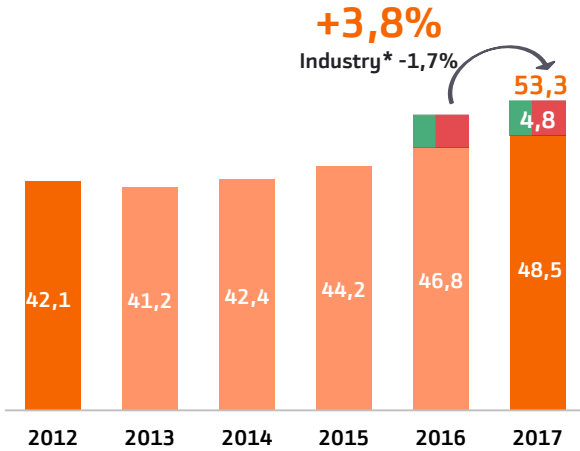
- in millions of euros -

	Bankinter Group			Spain*		
	2017	2016	Dif. %	2017	2016	Dif. %
Net interest income	1.062,0	979,0	8,5%	961,1	913,8	5,2%
Net fees and commissions	423,5	379,1	11,7%	388,3	354,1	9,7%
Other income	304,3	287,8	5,7%	307,3	287,8	6,8%
Trading income	61,6	71,4	-13,8%	61,6	71,5	-13,8%
Gross operating income	1.851,3	1.717,4	7,8%	1.718,3	1.627,2	5,6%
Operating expenses	-944,5	-902,2	4,7%	-857,3	-832,4	3,0%
Pre-provision profit	906,8	815,1	11,3%	860,9	794,8	8,3%
Other provisions	-53,2	-38,6	37,8%	-56,2	-39,2	43,3%
Cost of risk	-176,5	-227,8	-22,5%	-159,0	-213,3	-25,5%
Extraordinary results	-	128,0	n.a.	-	-	
Earnings before tax	677,1	676,7	0,1%	645,8	542,3	19,1%
Net profit	495,2	490,1	1,0%	472,3	392,8	20,2%

L Loans and receivables

- in billions of euros -

+2,0bn



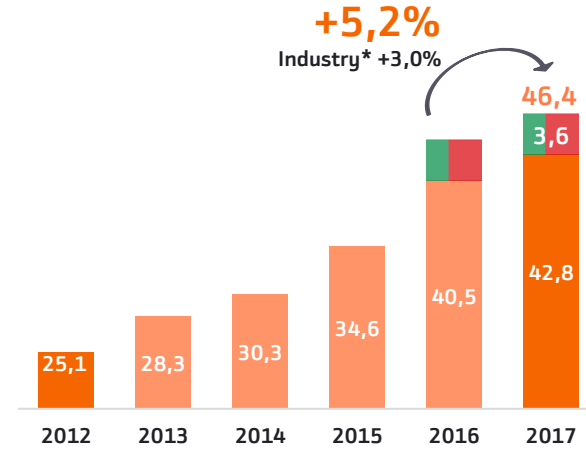
■ Bankinter Spain

■ Bankinter Portugal

R Retail funds

- in billions of euros -

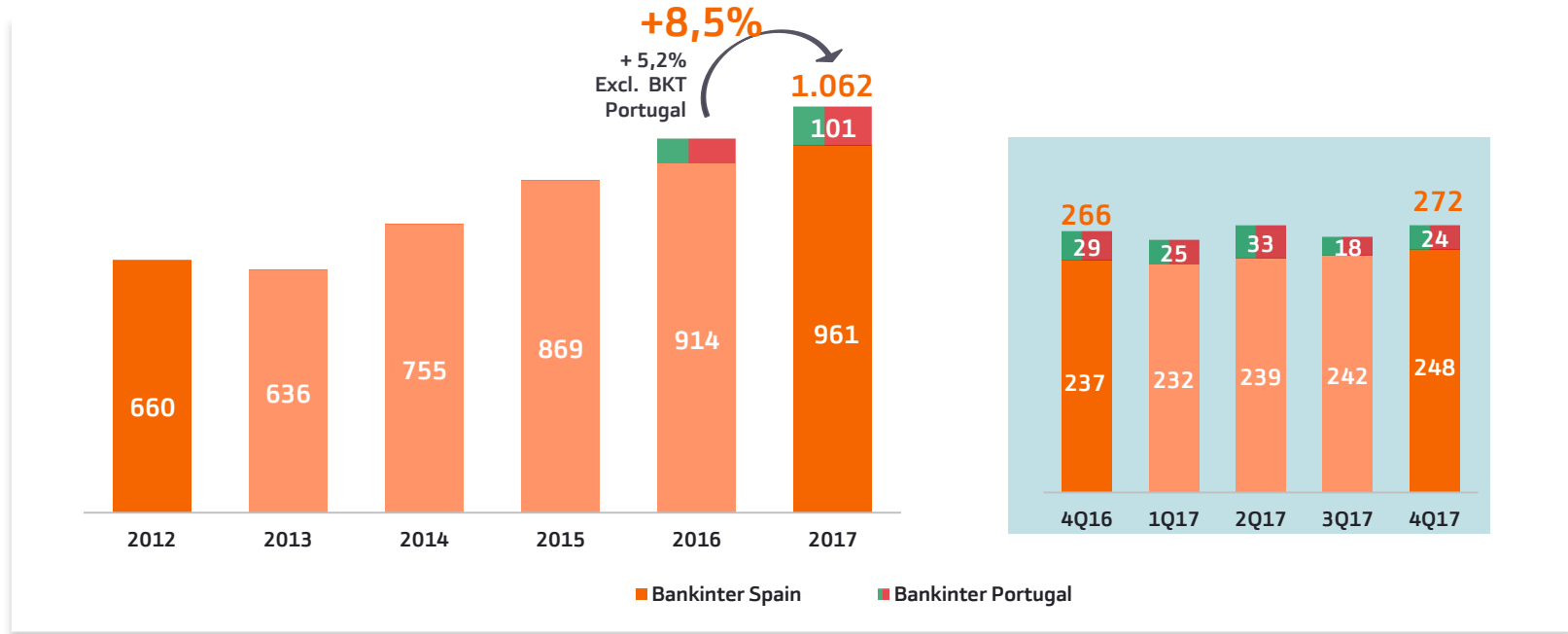
+2,3bn



NII

Net Interest Income

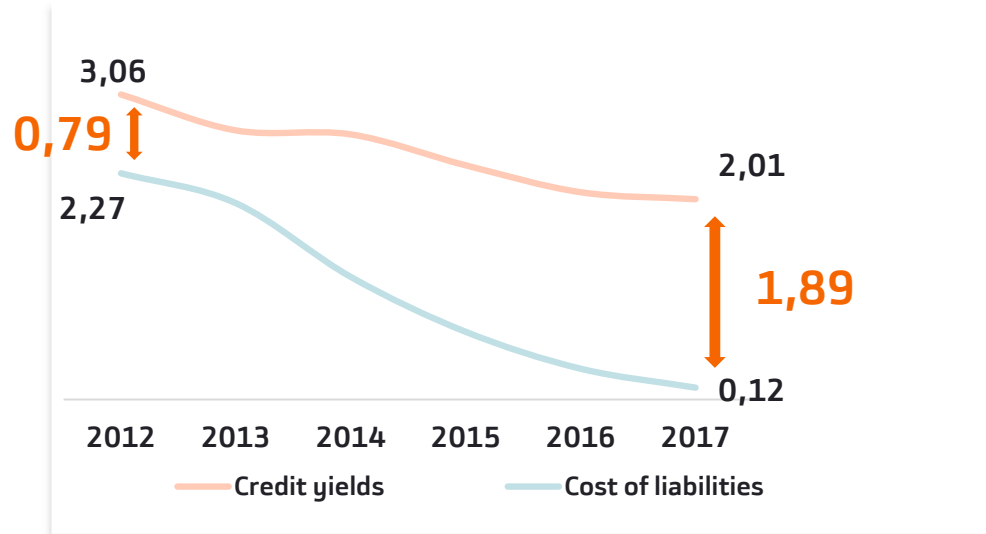
- Yearly and quarterly performance in millions of euros -



CM

Customer margin

- - yearly in %



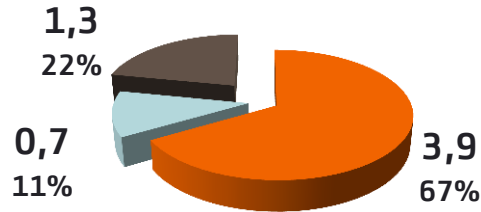
- Increase in Corporate and Consumer lending and new mortgage production
- Negative Euribor repricing
- Decrease in funding costs (retail and wholesale)

AL

ALCO portfolio

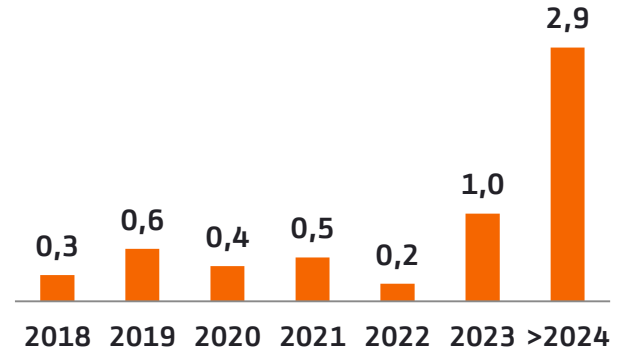
- in billions of euros -

ALCO portfolio	HTM	AFS	Credit	TOTAL
Nominal amount (€bn)	2,4	3,3	0,1	5,9
Duration (years)	4,4	1,5	0,8	2,7
Avg. maturity (years)	5,3	10,2	4,0	8,0
Yield (%)	3,6	2,1	0,8	2,7
Unrealised gains (€bn)	0,4	0,1	n.r.	0,4



Spanish sovereign Other Sovereign Other

Maturities (bn €)



12

RESULTS

F

Fees

- in millions of euros -

Net fees

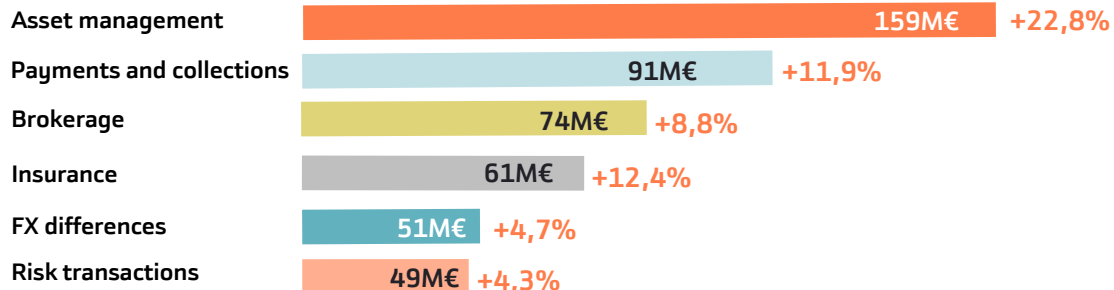
€423M

YoY

+11,7%

Contribution to Total income

23%



Total received: +12,3%

Total paid: +14,8%

OI

Other income

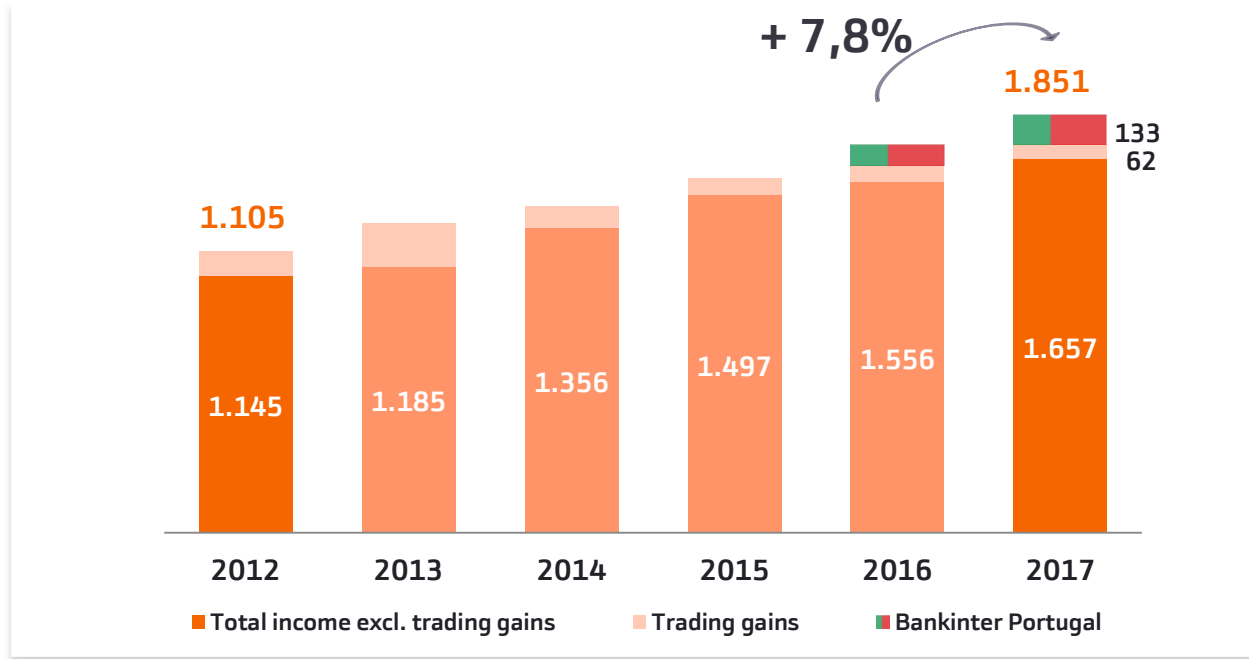
- in millions of euros -

	2017	2016	% Dif.
LDA insurance margin	361,0	325,2	11,0%
Other income/ expenses	-56,7	-37,4	51,6%
of which regulatory expenses	-76,0	-64,6	17,6%
Other income	304,3	287,8	5,7%

TI

Total Income

- in millions of euros -

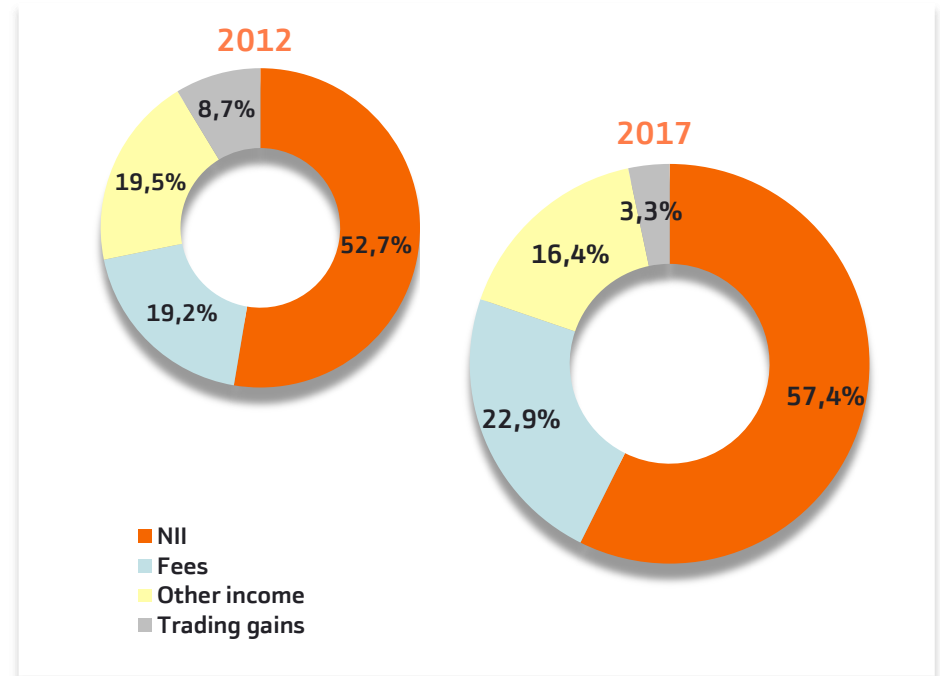




TI

Contribution to Total Income

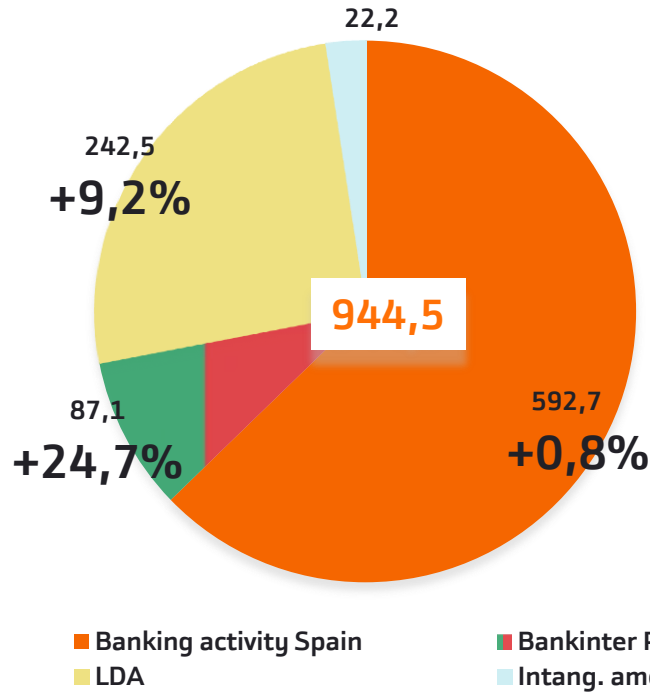
- in % -



E

Operating expenses

- in millions of euros -



+4,7%
Total expenses vs.
2016

**+3% excl. BKT
Portugal**

+1%
General
expenses

+8%
Personnel
expenses

17

RESULTS

CI

Cost-to-income

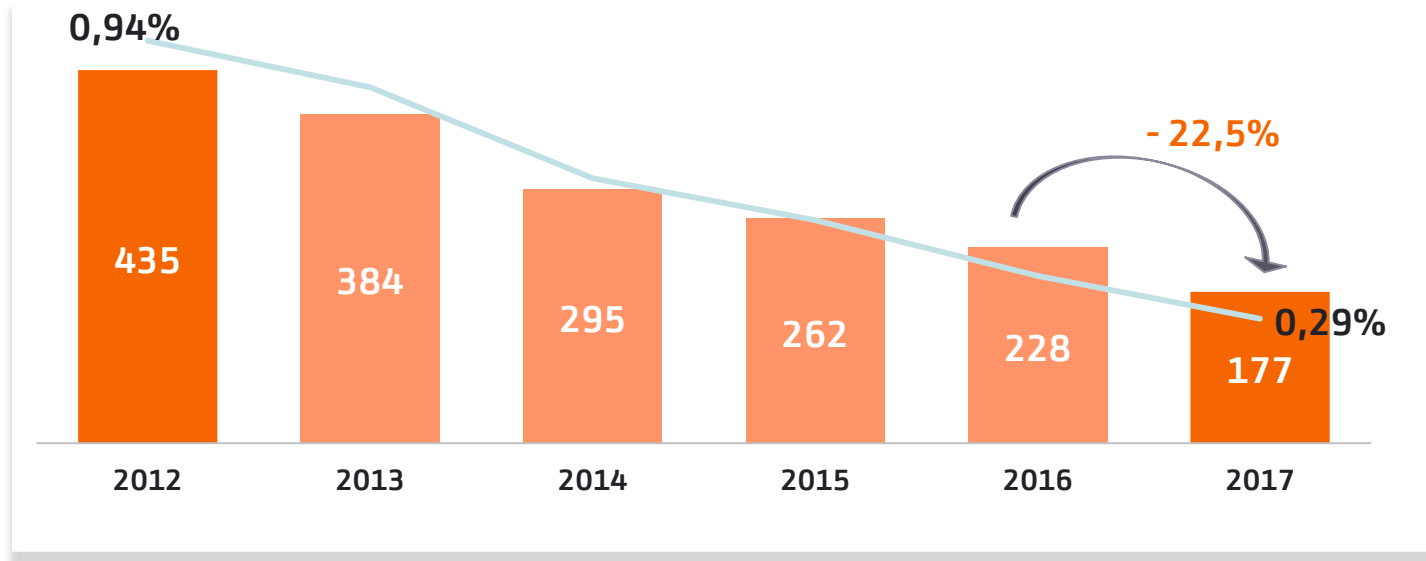
- Banking cost-to-income ratio in % -
- includes depreciation and amortisation -



CR

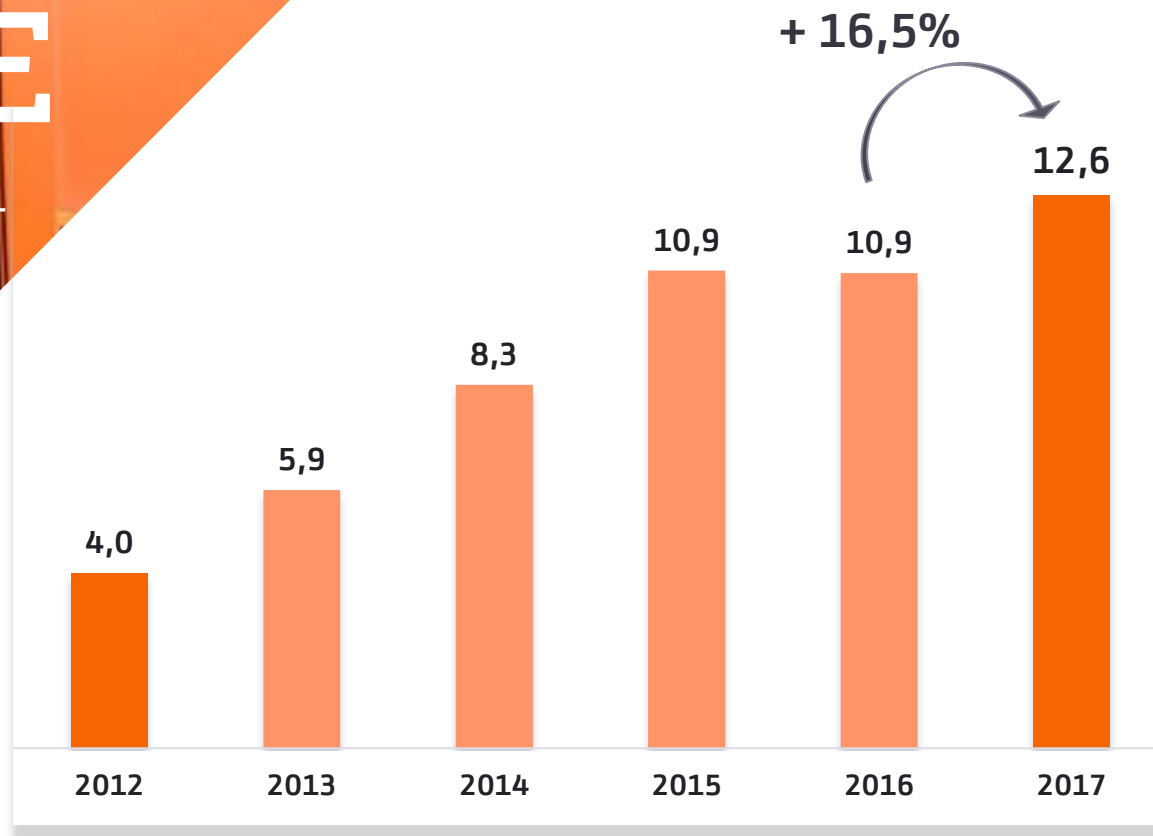
Cost of risk

- in millions of euros and % of total risk -



ROE

- figures in % -



20

RESULTS



Risk management

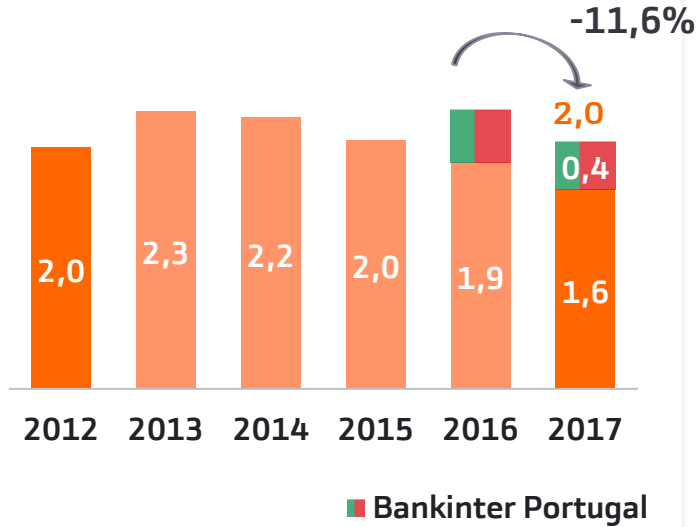
.....

CR

Credit risk

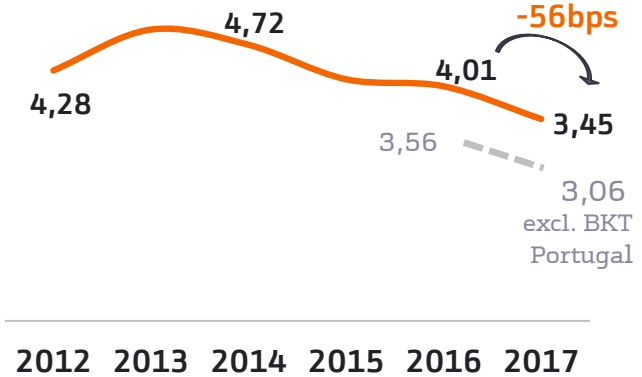
Non-performing loans

- in billions of euros -



NPL ratio

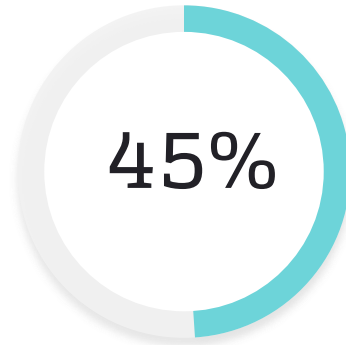
- in % -



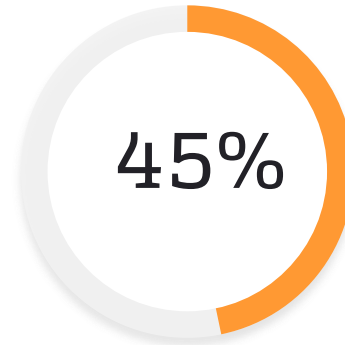
C

Provision coverage

- in %-



NPL coverage

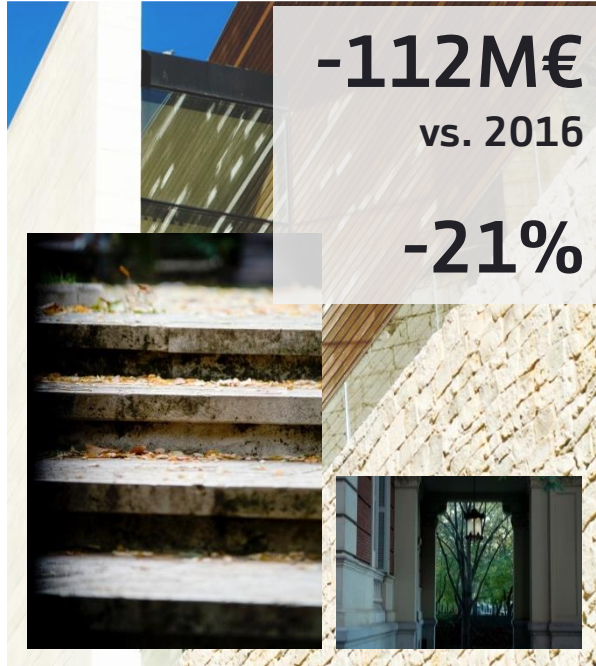


Foreclosed
asset coverage

F

Foreclosed assets portfolio

- in millions of euros -



Foreclosed asset balance € 4 1 2 M

4 4 %

€ 1 8 3 M

Residential

3 0 %

€ 1 2 3 M

Commercial

2 6 %

€ 1 0 6 M

Land

F

Foreclosed assets

- in millions of euros -

2017

Book value of sold assets

225,3

Average price of sold assets

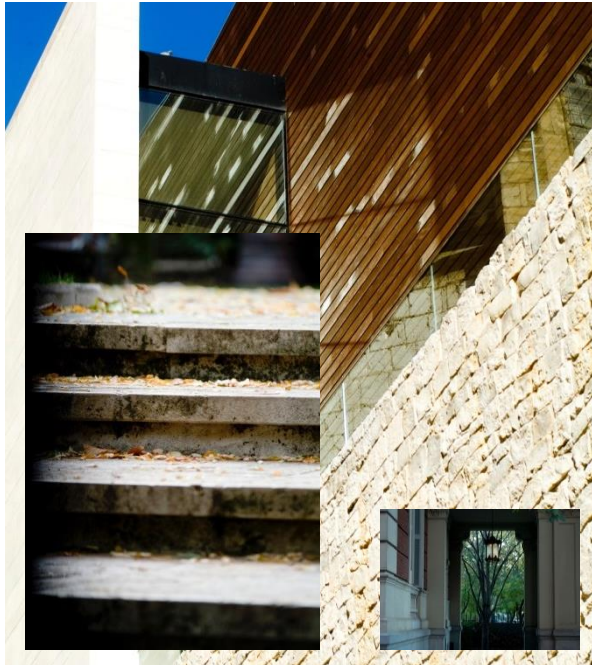
138,5

Average discount on sold assets

-39%

Average provisions on sold assets

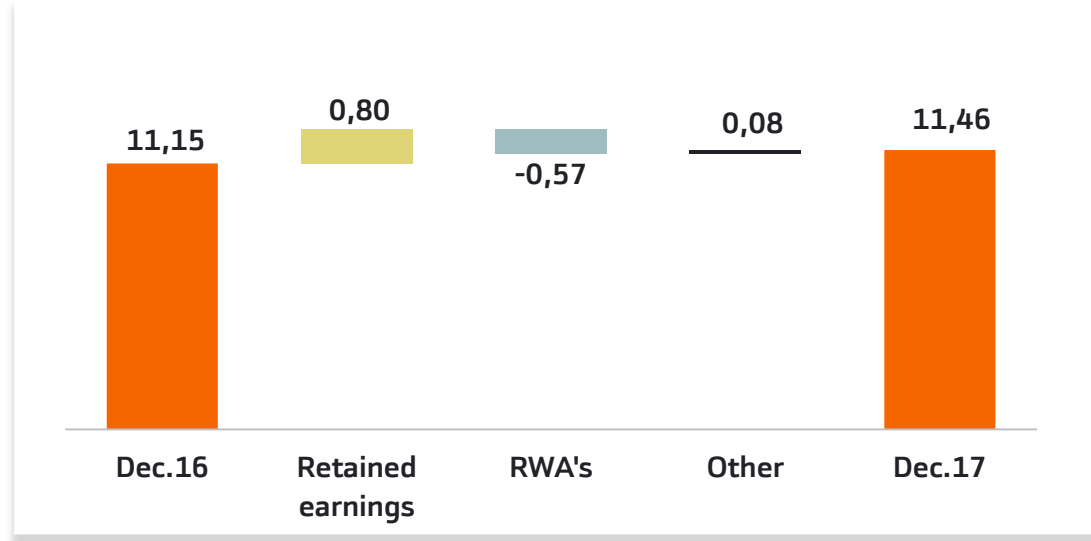
44%





CET1 solvency ratio

Breakdown of 'fully loaded' CET1 ratio
- in % -



CET1 "phased-in"

11,8%

Leverage ratio FL

5,2%

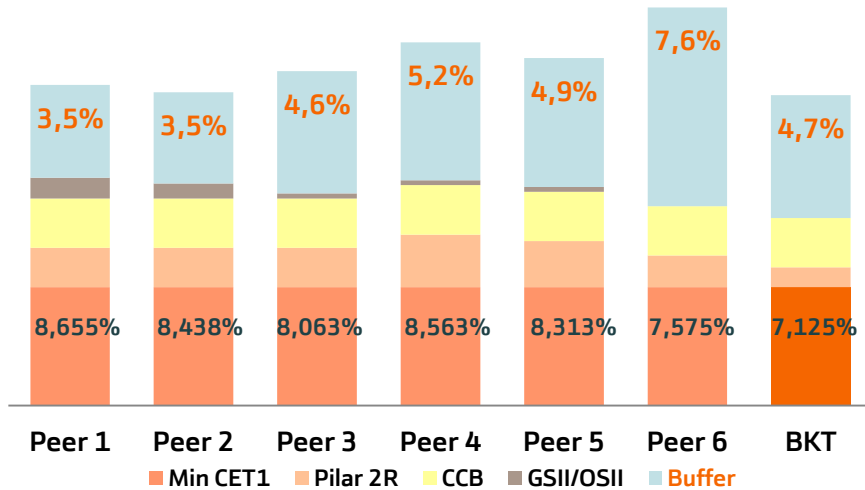
Solvency ratio

14,3%



CET1 solvency

SREP CET1 requirement
- in %



Summary of IFRS9 estimated impacts in 2018

- in millions of euros -

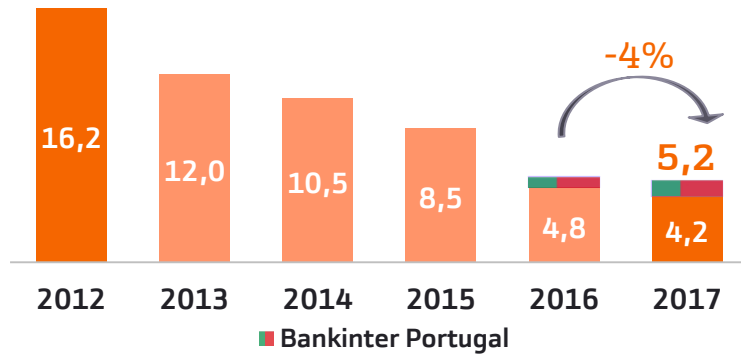
Net reduction in Shareholders Equity	20
Gross increase in provisions for financial assets due to adoption of expected credit loss models	208
Gross revaluation of securities portfolio due to new classification and valuation regulations	180

Net impact in CET1 FL +30 to +40bps

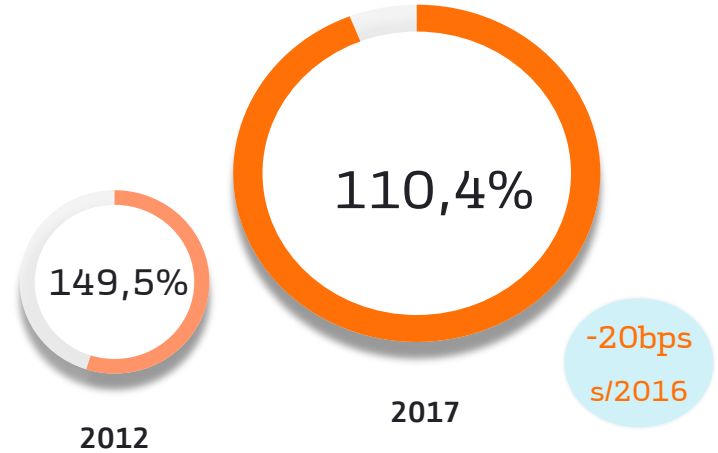
L

Liquidity

Liquidity gap
- in billions of euros -



Loan-to-deposit ratio
- in % -



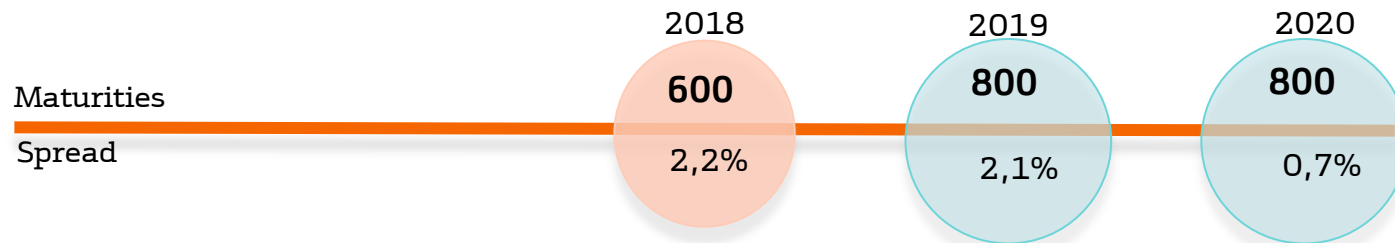
M

Wholesale funding maturities

- in millions of euros -

Liquid assets

11.100



Covered bond issuance capacity

6.900



bankinter

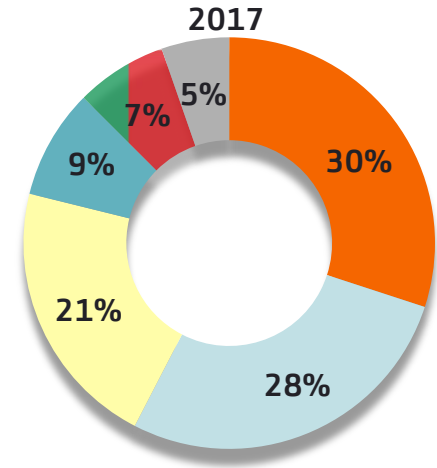
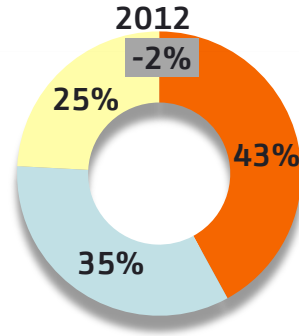
B Business

.....



CN

Contribution to total income by business - in % -

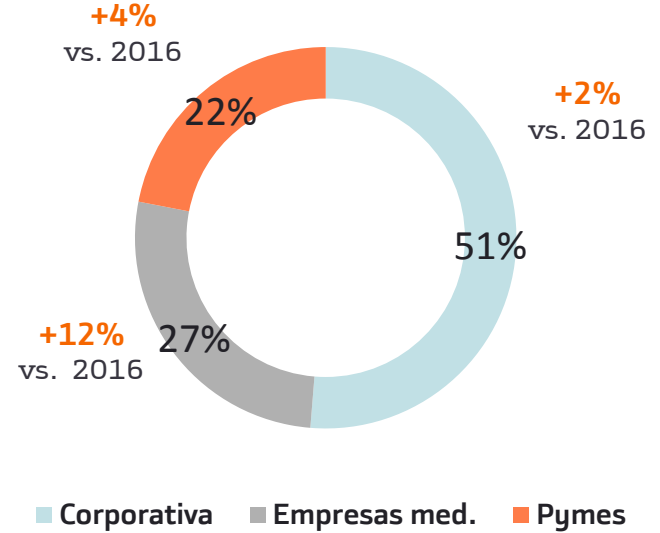
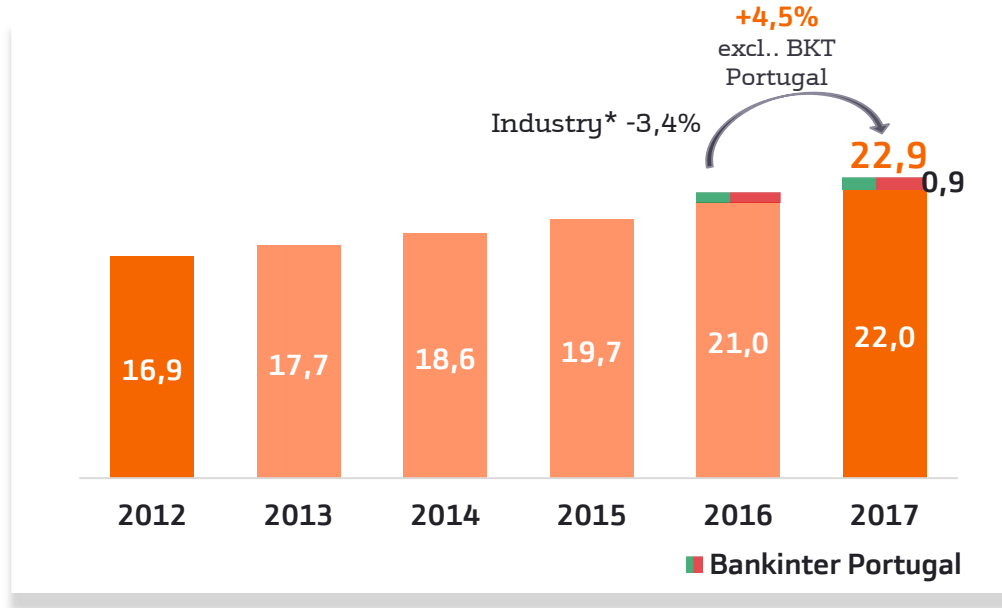


- Corporate banking
- Commercial banking
- Linea Directa
- Consumer finance
- Bankinter Portugal
- Non client related



Corporate/SME banking

Loans and receivables
- in billions of euros and broken down in % -

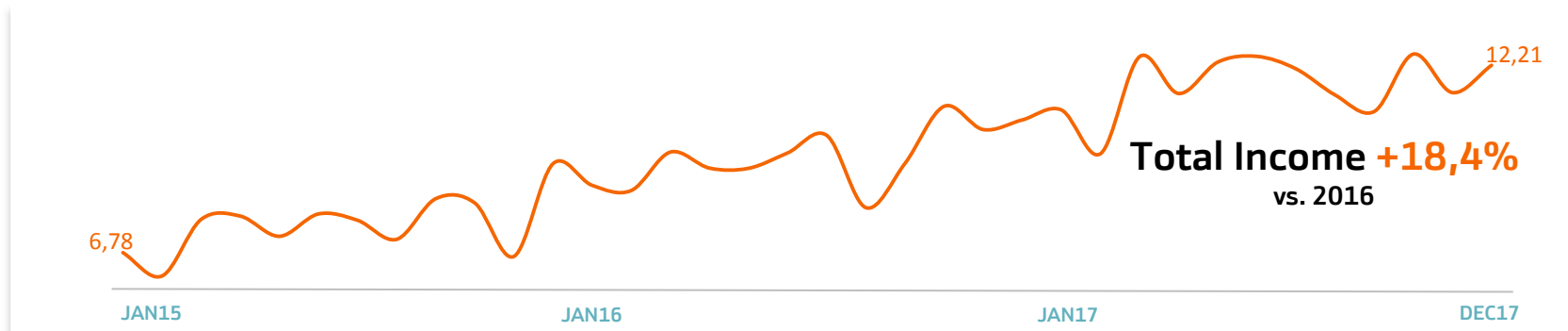


5,8 % Market share, new production*

CB

Corporate/SME banking

International banking
- in millions of euros and in % -



Int.Bkg. contribution to total income of Corporate banking:

49% Fee
contribution to
Total IB Income

2014
13,9 %

2015
16,1%

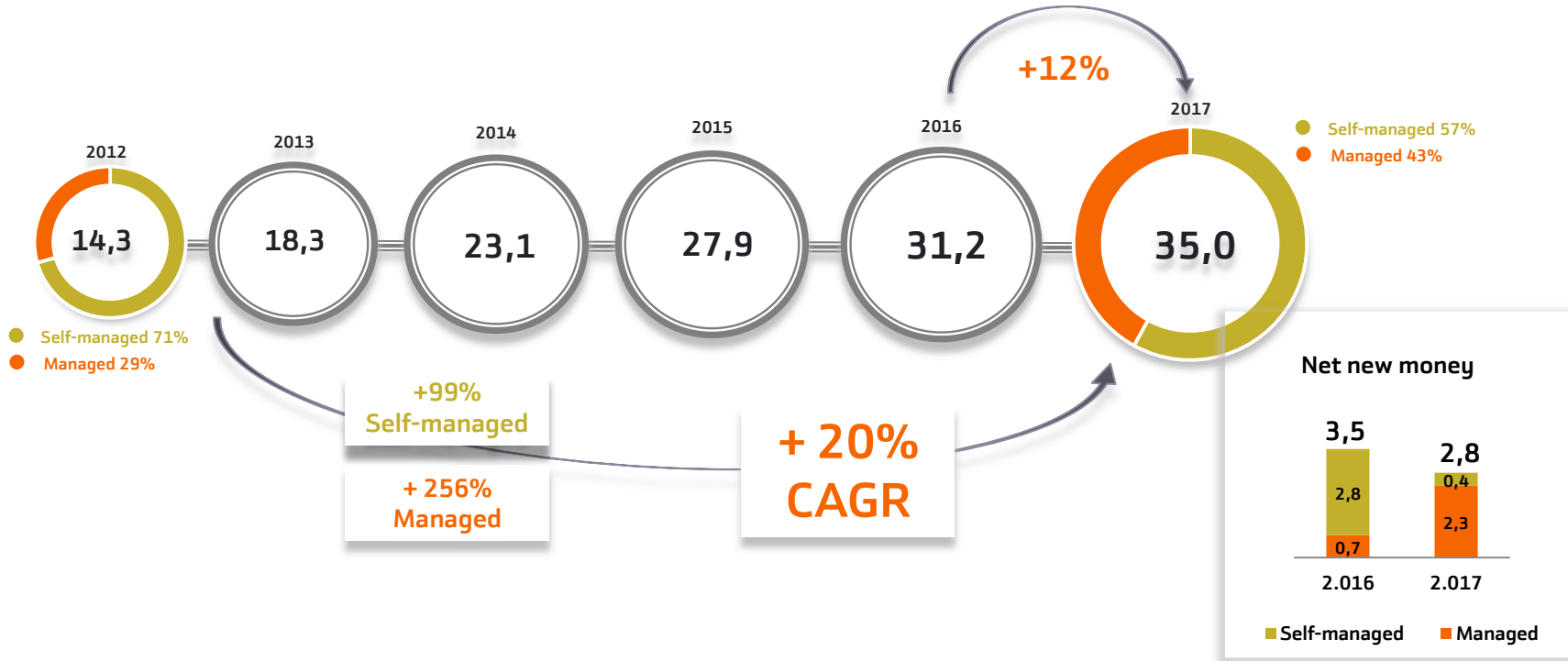
2016
20,4%

2017
23,6%

PB

Private banking

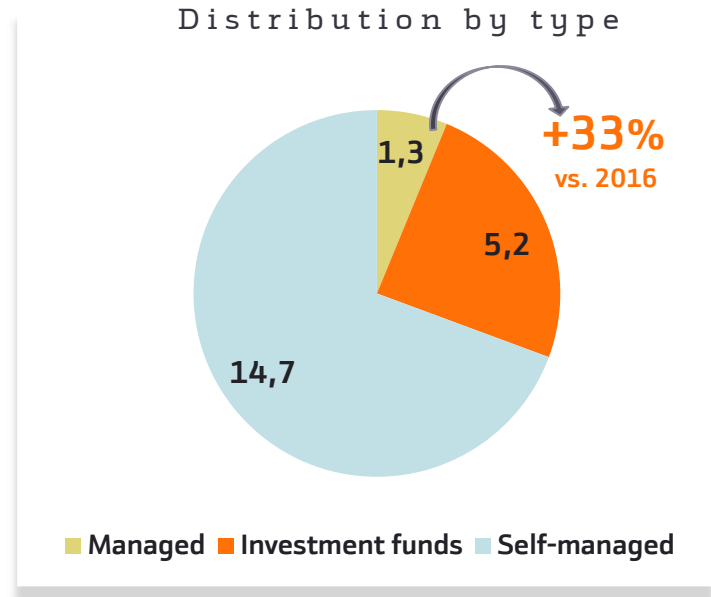
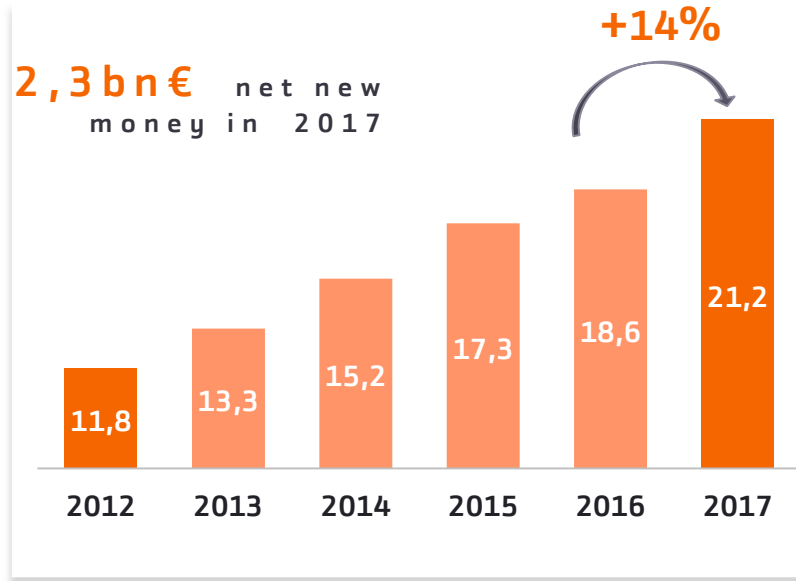
Managed wealth
- in billions of euros -



PB

Personal banking

Customer assets
- in billions of euros -

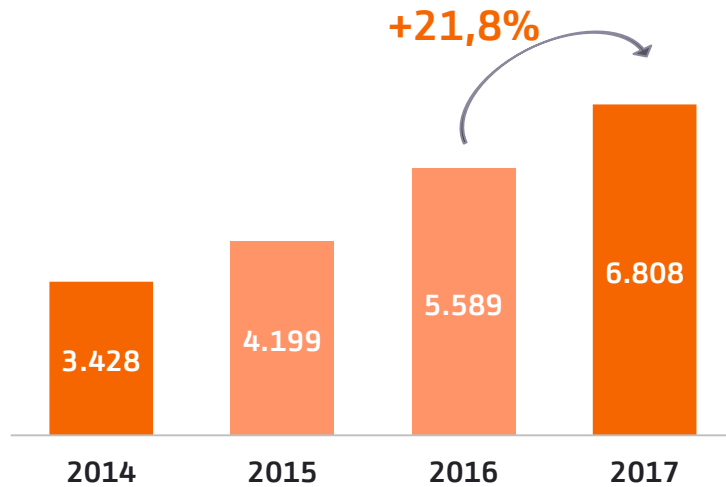


RB

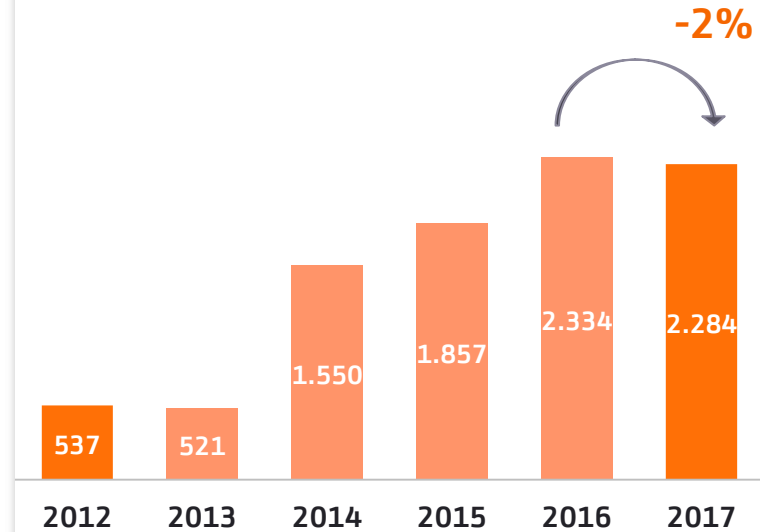
Retail banking

Customer deposits and loans
- in millions of euros -

Payroll account balances



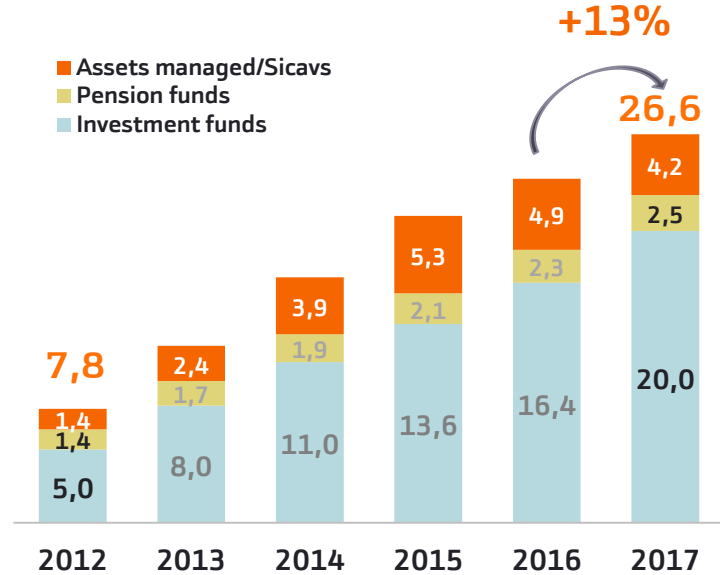
Residential new mortgages



AM

Asset management

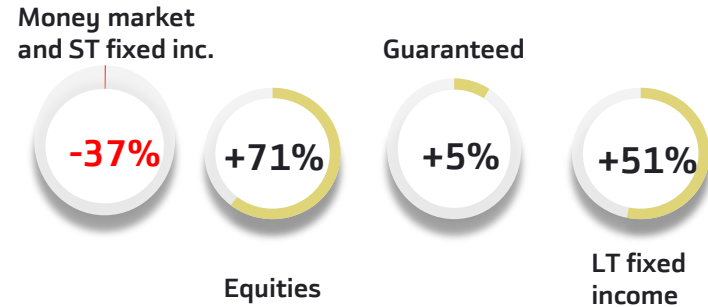
Off-balance sheet funds
- in billions of euros



Breakdown by IF type
- en % -



Funds managed by Bankinter
- YoY variation in % -



Other business

.....



€4,8bn

Loans **+6%** vs. 2016

Corporate/SME
€0,9bn

Retail banking
€3,9bn

€3,6bn

Retail funds **-1%** vs. 2016

Corporate/SME
€1,7bn

Retail banking
€1,7bn

Off balance sheet
+25%

Bk Portugal

Business indicators

Results

- in millions euros -

	2017
Net interest income	100,9
Net fees and commissions	35,2
Gross operating income	133,0
Operating expenses	-87,1
Pre-provision profit	45,9
Other provisions	2,9
Cost of risk	-17,5
Earnings before tax	31,4

CF

Consumer Finance

1,1 million

Customers

+ 28% vs. 2016

297,000

New customers

+21% vs. 2016

€1,5bn

Inversión

+42% vs. 2016

10,6%

Risk-adjusted
return

7,2%

NPL ratio

7,3% (2016)

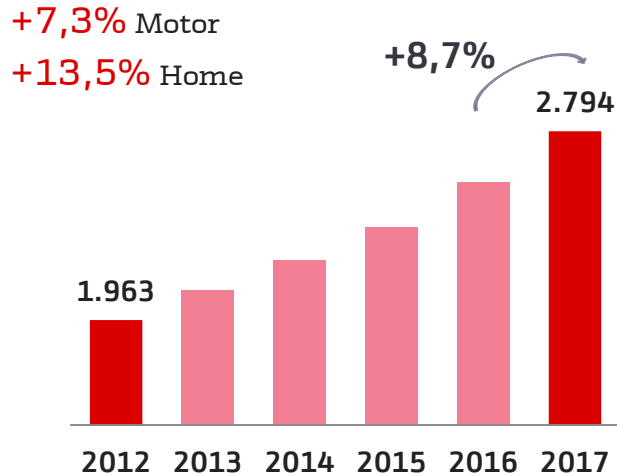
2,2%

Cost of risk

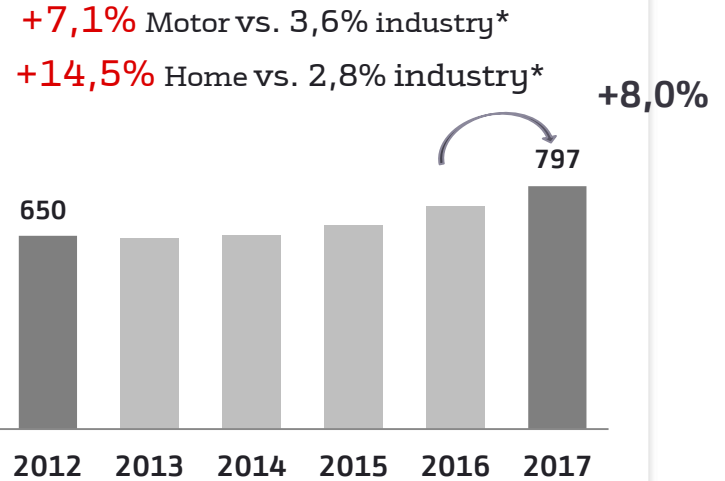
2,5% (2016)

Linea Directa

Number of risks insured
- in thousands -



Issued premiums
- in millions of euros -



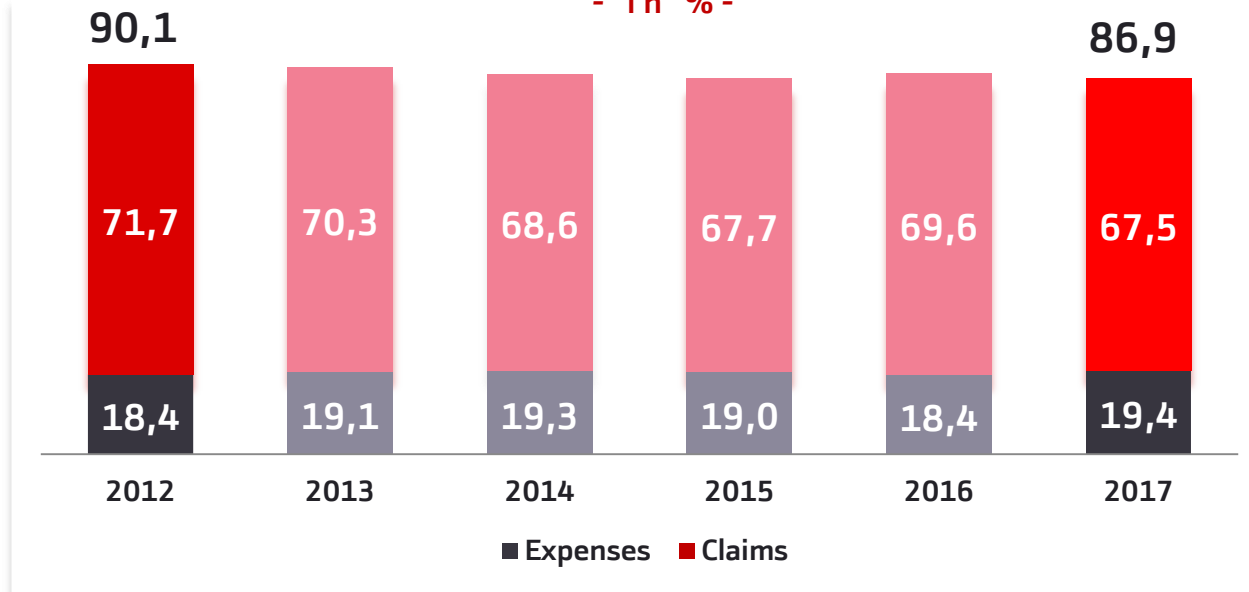
41

RESULTS

LD

Combined ratio

- in % -



Summarised income statement 2017

- in millions of euros -



linea directa	2017	2016	Dif. %
Net written premium	797,4	738,7	8%
Net earned premium	761,3	703,7	8%
Net claims cost	-502,2	-479,4	5%
Operating expenses and other	-147,4	-128,6	15%
Technical result	111,8	95,7	17%
Net investment income	35,1	35,9	-2%
Underwriting result	146,9	131,6	11,6%
Other income/expenses	5,1	5,0	3%
Earnings before tax	152,0	136,6	11%
Net profit	112,0	105,6	6%

ROE

35%

Solvency II ratio

227%

LD

Summary LDA

2017: Record year

Net policy sales

> 625k

Growth on insured customers

> 223k

Turnover

€797 M

PBT

€152M

YoY improvement on all of management ratios

Provisions in excess

€4,8M

99,5% percentile

New Health Insurance



Vivaz



Vivaz Actividad



S Summary

.....

S Summary

495M€

Net income

+ 1%

1.851M€

Total income

+ 8%

NII
+ 8%

Fees
+ 12%

Customer balance sheet

53,3bn€

Loans and
receivables

+ 4%

46,4bn€

Retail
funds

+ 5%

ROE

+ 12,6%

NPL ratio

+ 3,45%

CET1^{"FULLY LOADED"}

+ 11,5%



BI

Business indicators

- Variation vs 2016 -

706m

Active customers

+ 6%

18.600

New corporate customers

+ 6%

6,8bn€

Payroll accounts (balances)

+ 22%

2,2bn€

New Mortgages

-2%

1,1M

Consumer customers

+28%

22,9bn

Corporate loans

+ 4%

56bn€

Managed assets

x2 2012

+2,3bn€

NNM in Personal
bkg.

35MM€

Private bkg.

12%

2.8m

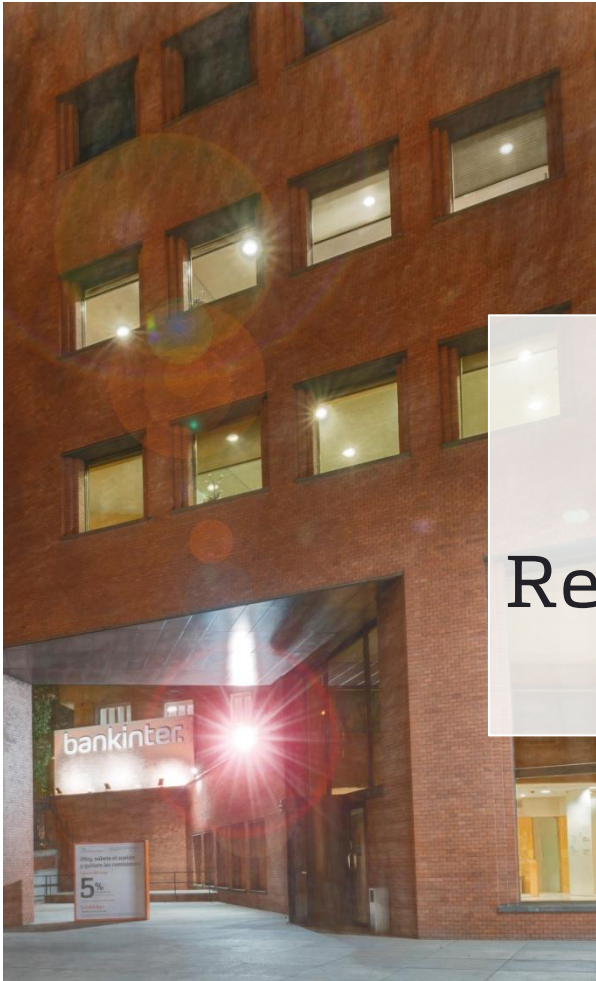
Policies LD

+9%

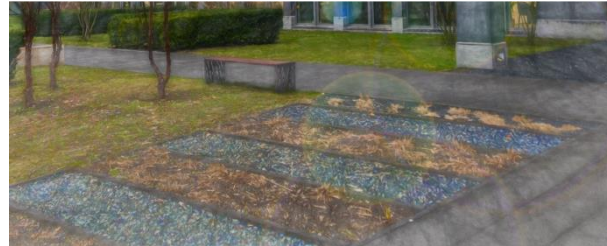
797M€

Premiums LD

+8%



Bankinter
FY 2017
Results Presentation
.....
25 JANUARY 2018



Appendices

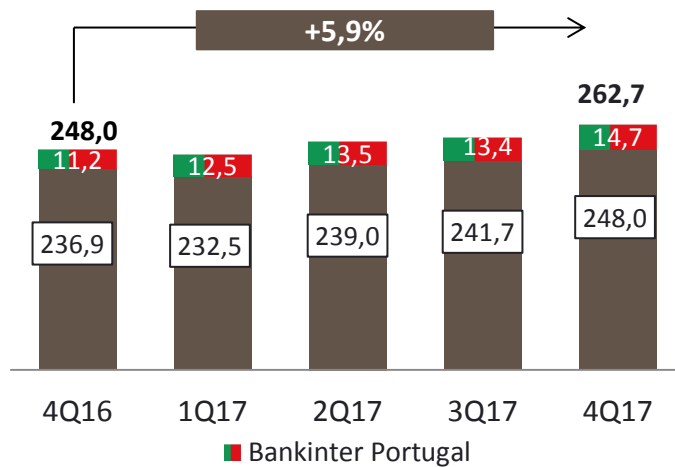
Fee breakdown

- in millions of euros -

	Bankinter Group			
	2017	2016	Dif.	Dif. %
Asset management	158,6	129,2	29,4	22,8%
Payments & collections	91,2	81,5	9,7	11,9%
Brokerage	73,7	67,7	6,0	8,8%
Insurance	61,0	54,3	6,7	12,4%
FX differences	51,3	49,0	2,3	4,7%
Fees on contingent risks	49,2	47,2	2,0	4,3%
Other fees	43,7	42,0	1,8	4,2%
Total fees received	528,8	470,8	57,9	12,3%
Total fees paid	105,3	91,7	13,5	14,8%
Net fees	423,5	379,1	44,4	11,7%

Quarterly recurrent NII

-in millions of euros-



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 funds 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 funds 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 moving average of own funds available during the last 12 calendar months or the corresponding period.
RWAs	Risk-weighted assets
SREP	Supervisory Review and Evaluation Process