



bankinter.

RESULTS PRESENTATION

Bankinter Results 1H2019

25 July 2019

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



FTSE4Good



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 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.

S

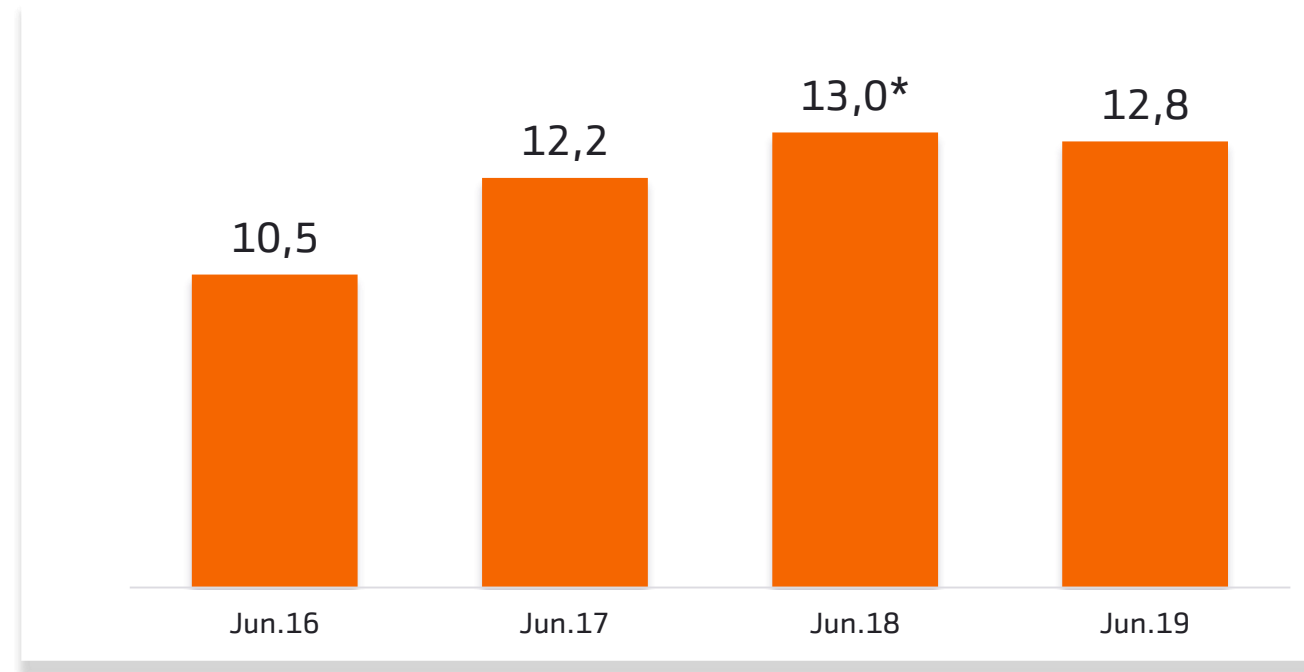
Summary

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	1S19	YoY
Loan book	€59,2bn	+8,3%
Gross operating income	€1.005M	+2,7%
Banking C/I	46,4%	-10pbs
NPL ratio	2,71%	-54pbs
Net profit	€309M	+18,3%
CET1 Fully Loaded	11,5%	-5pbs

ROE

- in % -



C

Content



- Results
- Risk management
- Businessess
- Summary



R Results

1H19

P&L account 1H2019

- in millions of euros -

	Bankinter group			Bankinter group ex-EVO	
	1H2019	1H2018*	Dif. % 19/ 18	1H2019	Dif. % 19/ 18
Net interest income	567,9	542,9	4,6%	562,2	3,6%
Net fees and commissions	231,5	224,7	3,0%	230,4	2,5%
Other income/expenses	165,9	180,6	-8,1%	166,4	-7,9%
Trading income	39,4	29,7	32,9%	39,0	31,3%
Gross operating income	1.004,7	977,9	2,7%	998,0	2,1%
Operating expenses	-514,4	-503,9	2,1%	-501,5	-0,5%
Pre-provision profit	490,3	474,0	3,4%	496,5	4,7%
LLP and other provisions	-140,7	-116,1	21,1%	-129,2	11,2%
Extraordinary results	57,3		n.a.		n.a.
Earnings before tax	406,9	357,8	13,7%	367,3	2,6%
Net profit	309,0	261,2	18,3%	264,0	1,1%

* 2018 figures adjusted for comparative purposes due to IFRS16 implementation

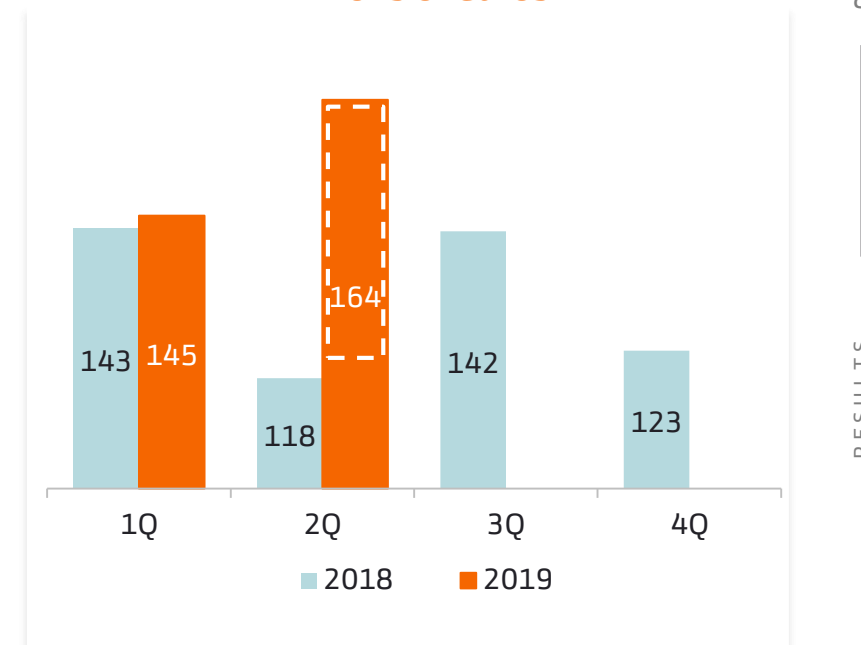
P&L account 2Q2019

- in millions of euros -

	Bankinter group				
	2Q19	1Q19	2Q18*	Dif. % 2Q19/1Q19	Dif. % 2Q19/2Q18
Net interest income	292,6	275,4	271,1	6,3%	7,9%
Net fees and commissions	117,0	114,5	115,8	2,2%	1,0%
Other income/expenses	67,0	98,9	79,9	-32,3%	-16,2%
Trading income	22,7	16,7	10,4	36,1%	118,2%
Gross operating income	499,3	505,4	477,2	-1,2%	4,6%
Operating expenses	-263,3	251,2	-252,9	4,8%	4,1%
Pre-provision profit	236,0	254,3	224,3	-7,2%	5,2%
LLP and other provisions	-85,0	-55,7	-62,3	52,7%	36,4%
Extraordinary results	57,3	n.a.	n.a.		
Earnings before tax	208,3	198,6	161,9	4,9%	28,6%
Net profit	164,1	145,0	118,2	13,2%	38,8%

Net Income

- in millions of euros -

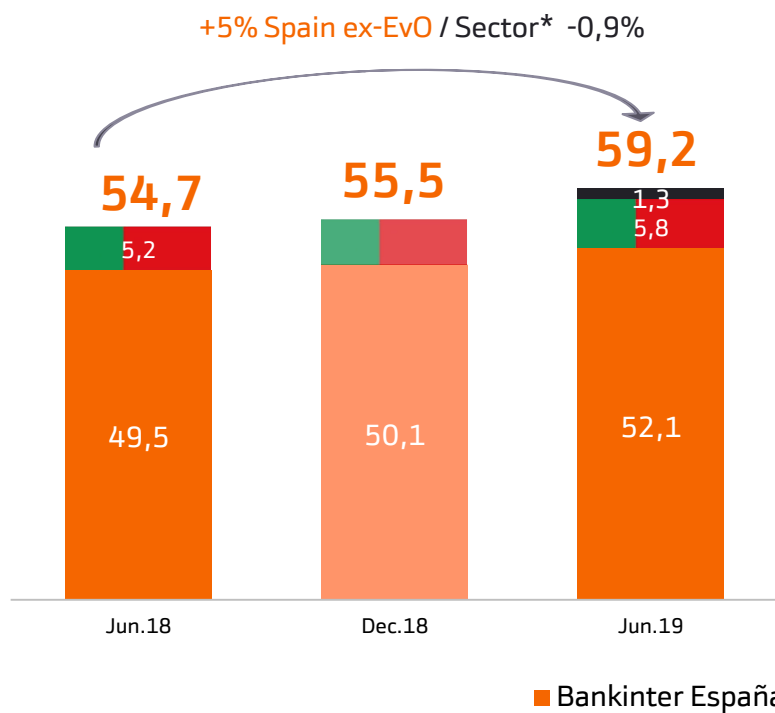


* 2018 figures adjusted for comparative purposes due to IFRS16 implementation

L Loan and receivables

- in billions of euros -

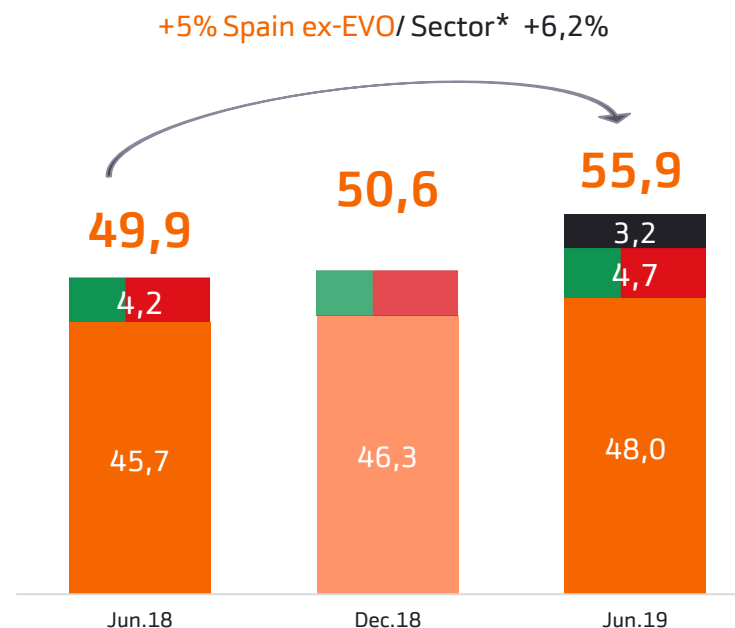
+4,5bn +8,3%



R Retail funds

- in billions of euros -

+6,1bn +12,1%

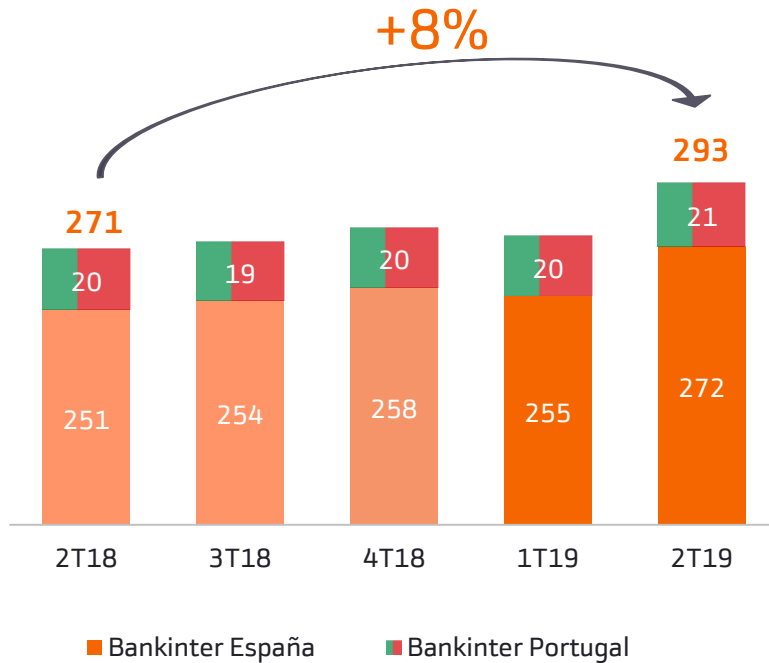


NII

Net Interest Income

- Quarterly performance in millions of euros -

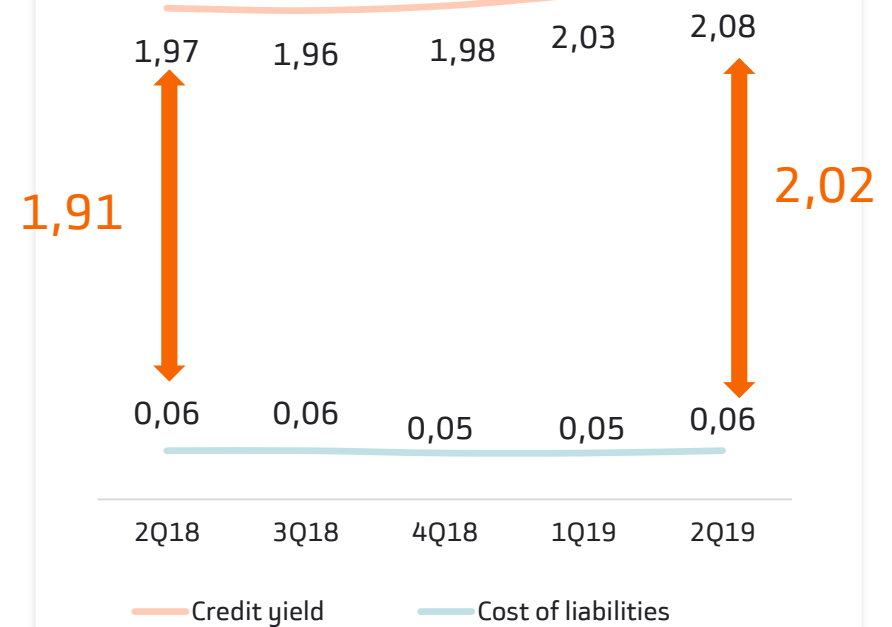
Total group quarterly NII



+8%

+5% Portugal
+6% Spain ex-EVO

Total group customer margin



10

RESULTS

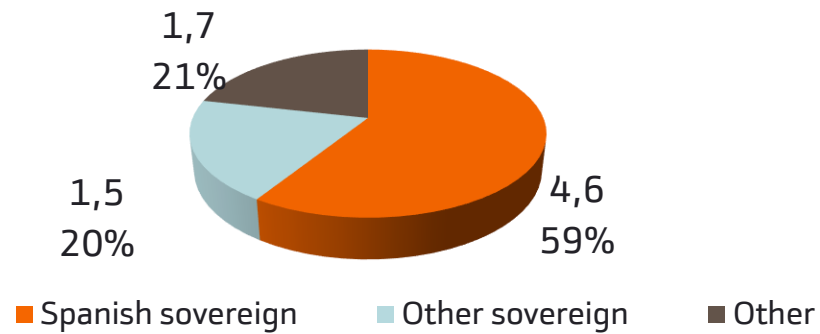
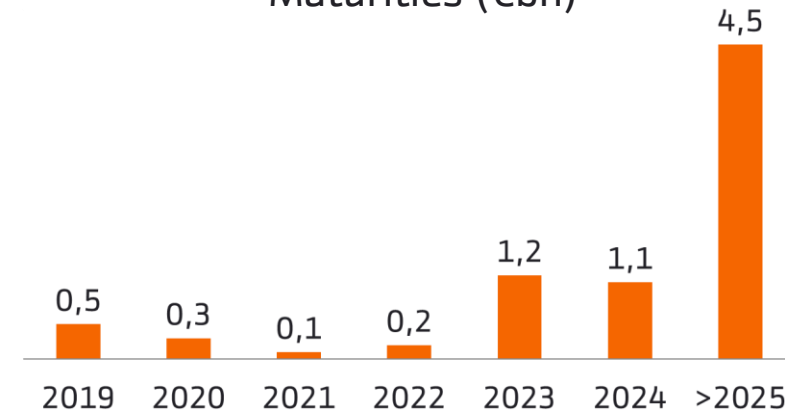
AL

ALCO portfolio

- in billions of euros -

ALCO portfolio	Amort.	Fair Value	Total
Nominal amount (€bn)	3,7	4,1	7,8
Duration (years)	3,8	2,8	3,3
Avg. maturity (years)	12,8	4,4	8,3
Yield (%)	2,2	2,5	2,3
Unrealised gains (€bn)	0,40	0,23	0,63

Maturities (€bn)



F

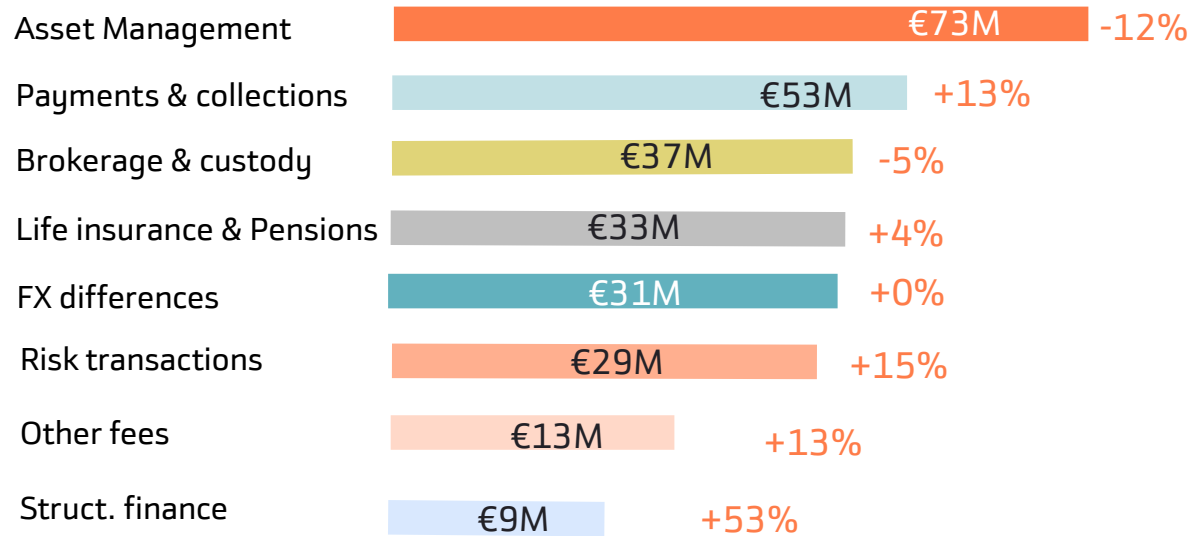
Fee Income

Net fee income
€231M€

YoY dif.
+3,0%

Contribution to Total Income
23%

- Breakdown of received fees in millions of euros-



OI

Other Income/Expenses

- in millions of euros -

	1H19	1H18	% Dif.
LDA insurance margin	190,2	194,0	-2%
Other income/expenses	-24,3	-13,4	81%
of which regulatory expenses	-36,8	-29,7	24%
Total other operating income	165,9	180,6	-8%

13

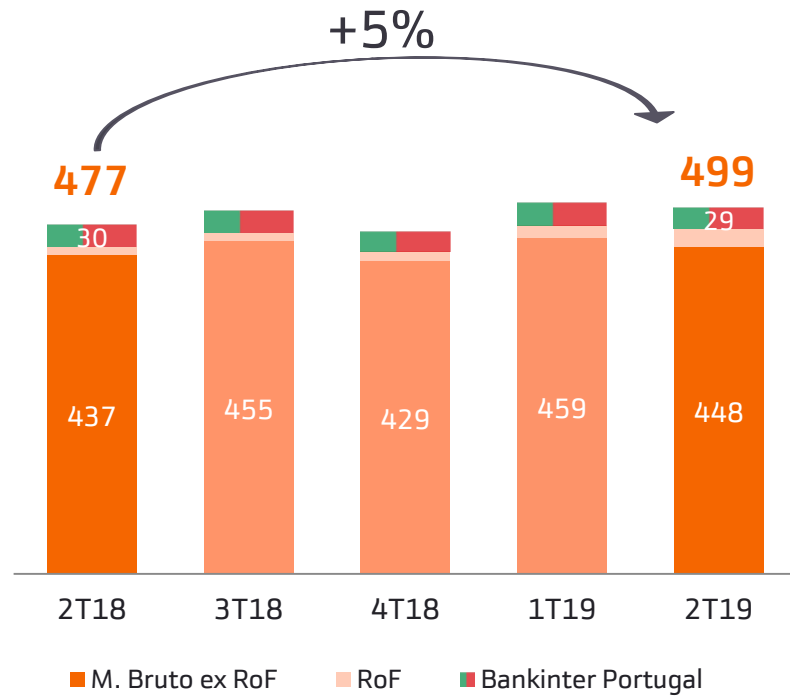
RESULTS

TI

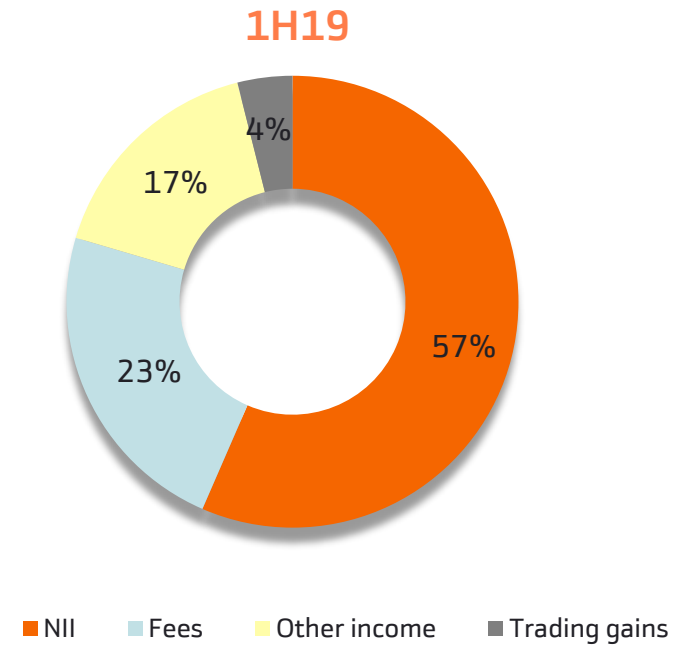
Total Income

- in millions of euros -

Quarterly total income



Contribution by income type in %

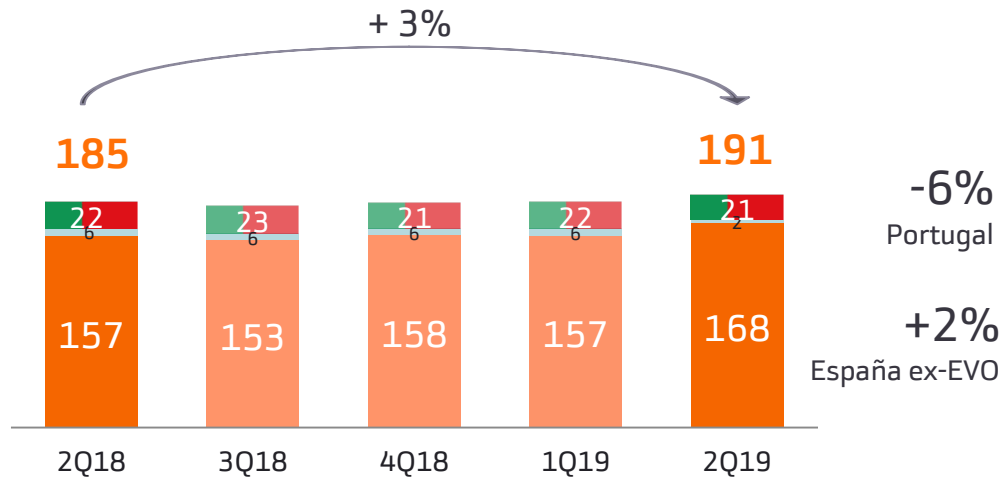


E

Operating expenses

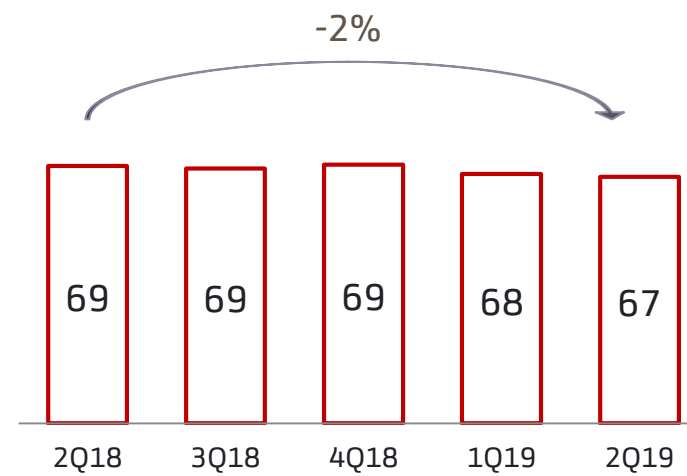
- in millions of euros -

Group Banking expenses



■ Banking activity Spain ■ Intang. Amortization ■ Bankinter Portugal

Línea Directa



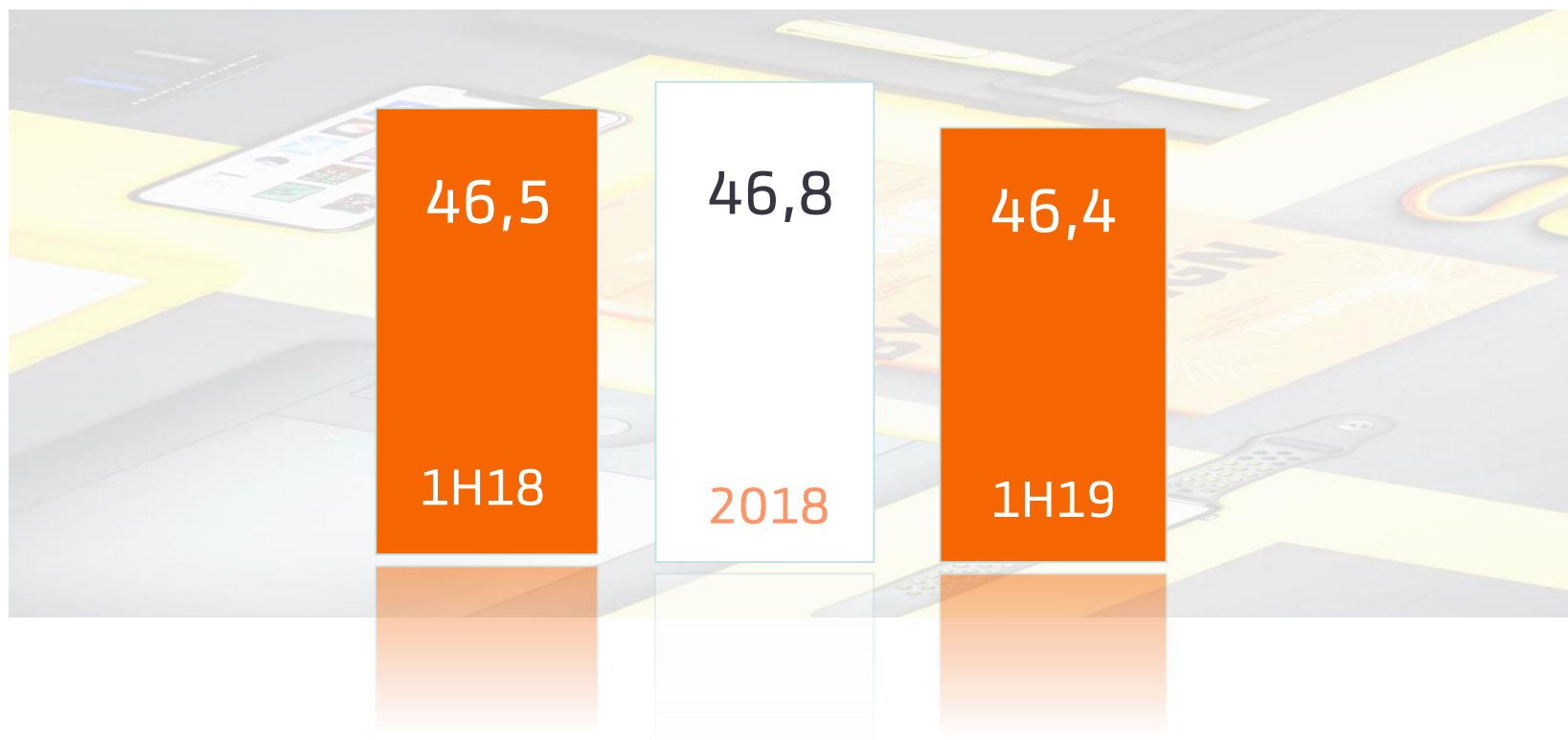
Total expenses
1H19 €514M
+2,1%

C/I

Cost-to-income

Banking cost-to-income ratio in %

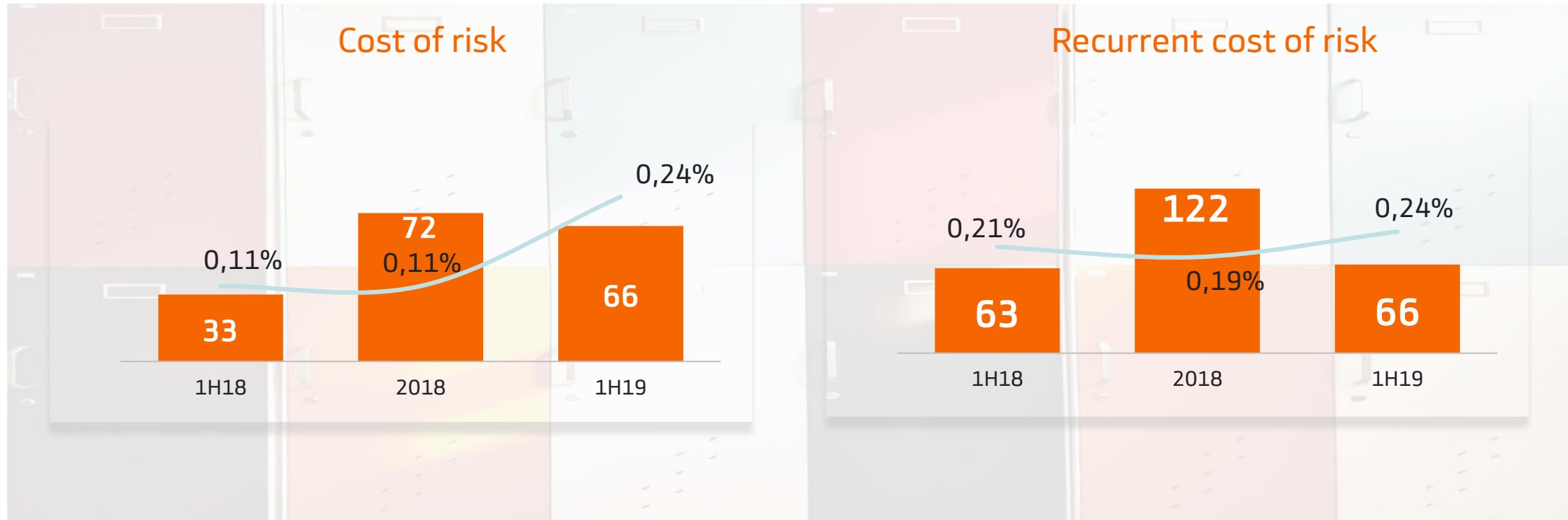
- Including depreciation and amortization -



CR

Cost of Risk

-in millions of euros & % cost of credit risk*-





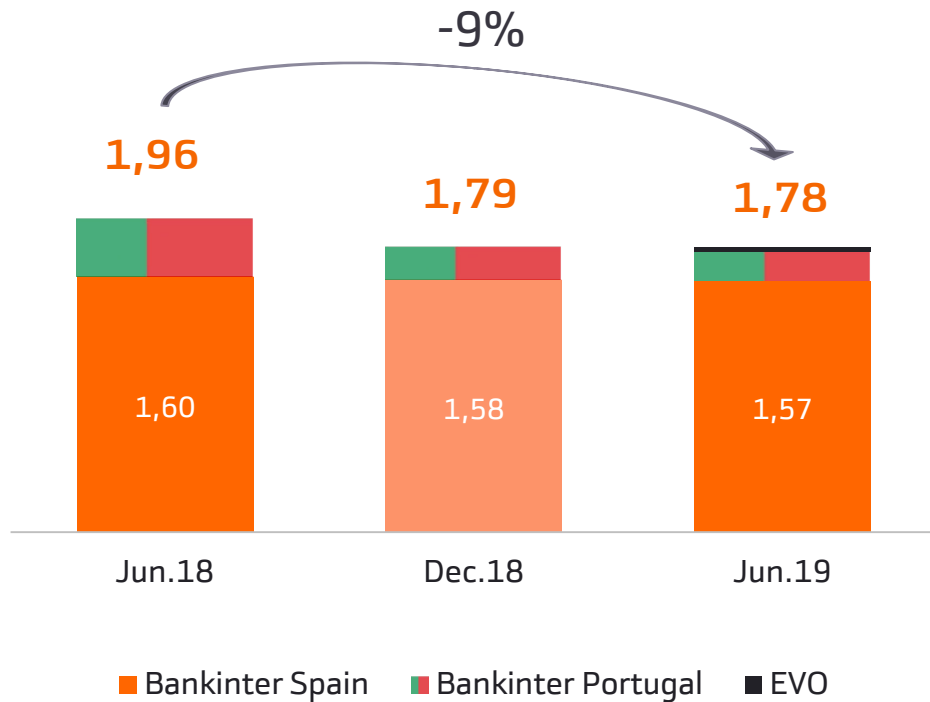
Risk, Solvency & Liquidity management

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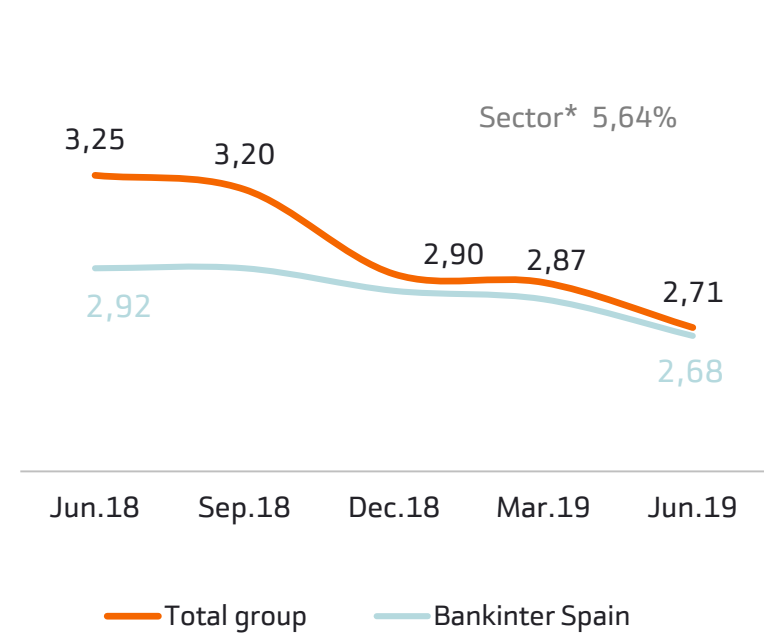
CR

Credit Risk

Non-performing loans - in billions of euros -



NPL ratio - in %-

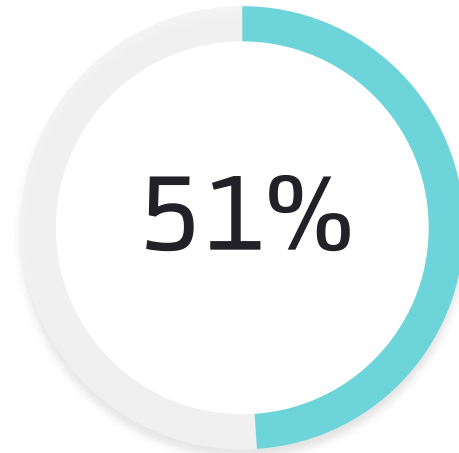


*BdE May-19

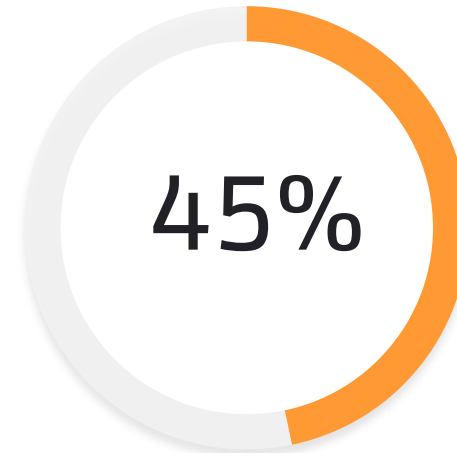
C

Provision coverage

- in %-



NPL coverage



Foreclosed asset coverage

A

Foreclosed assets

- in millions of euros -

June -19

Total balance: €315M

-19%
yoy

Book value of sold assets

€61M

Total price of sold assets

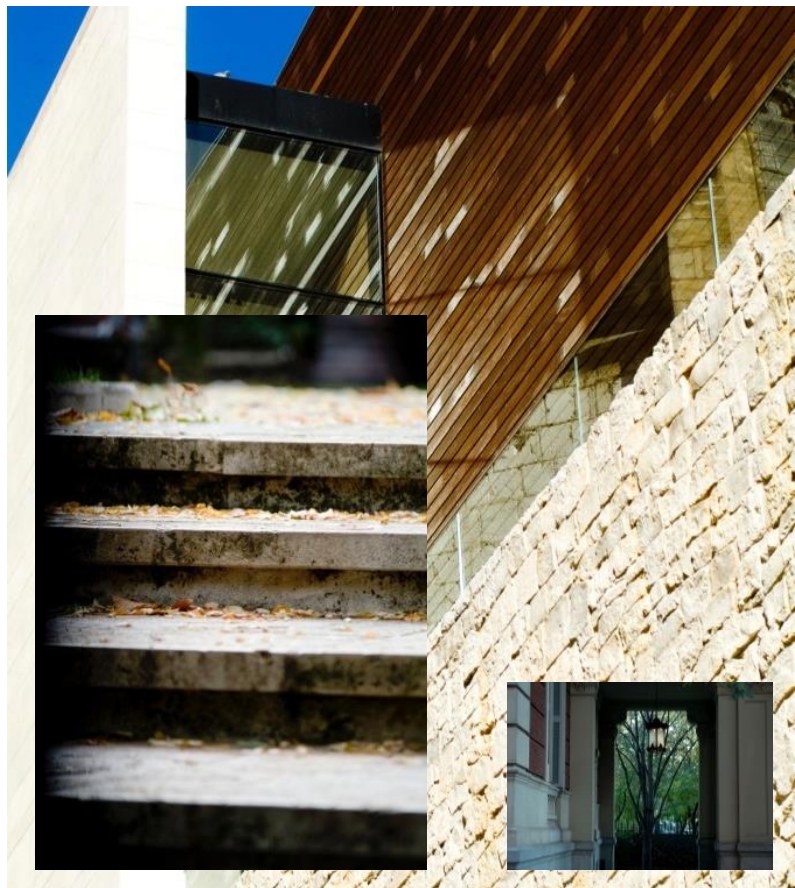
€44M

Average discount on sold assets

-28%

Average coverage on sold assets

34%



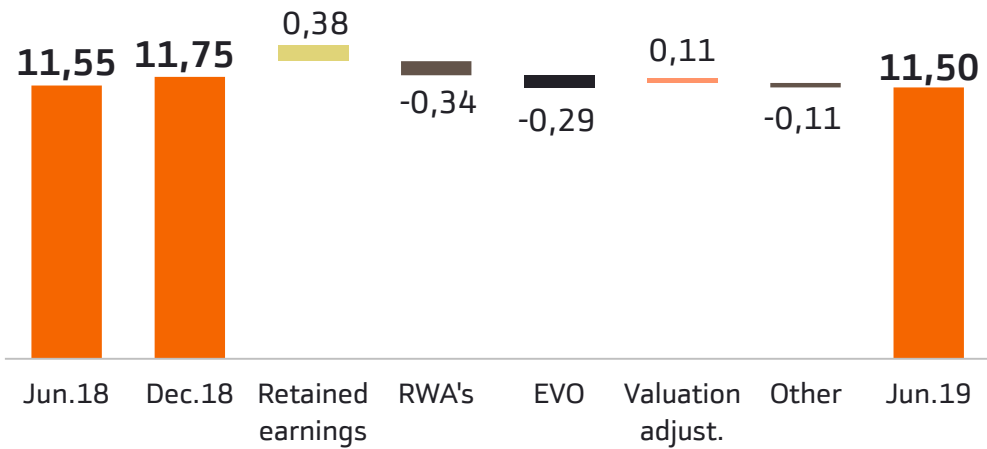
Solvency

CET 1 "fully loaded"
11,50%

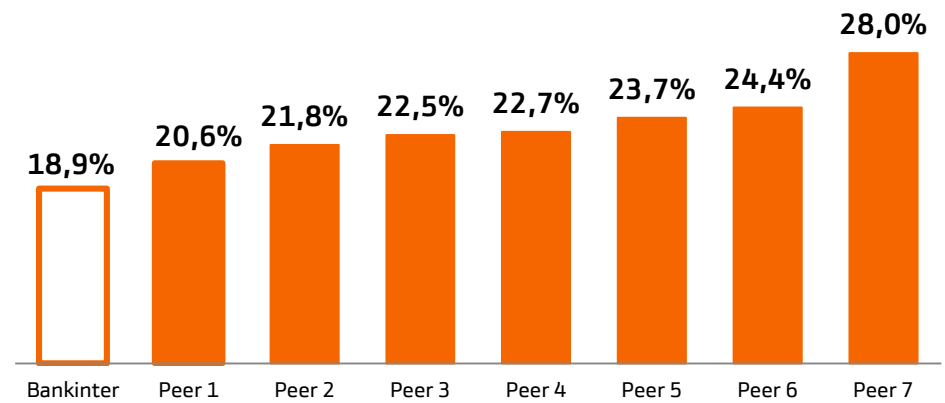
Leverage ratio
4,8%

Solvency ratio
13,9%

CET1 "fully loaded" bridge

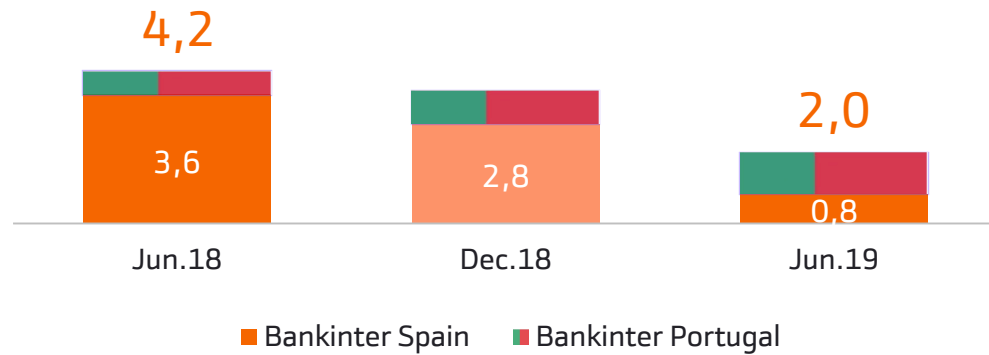


MREL 2019 requirements for quoted Spanish banks

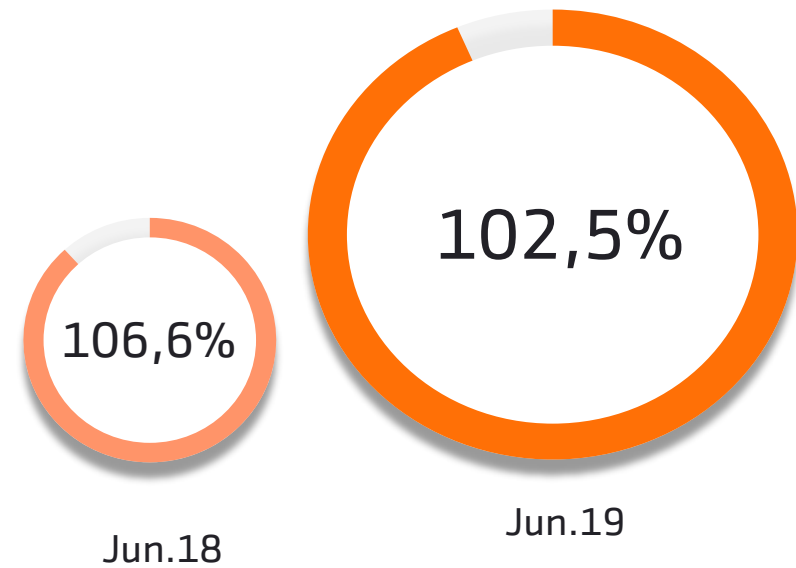


Liquidity

Commercial gap - in billions of euros -



Loan-to-deposit ratio - in % -





Wholesale funding maturities

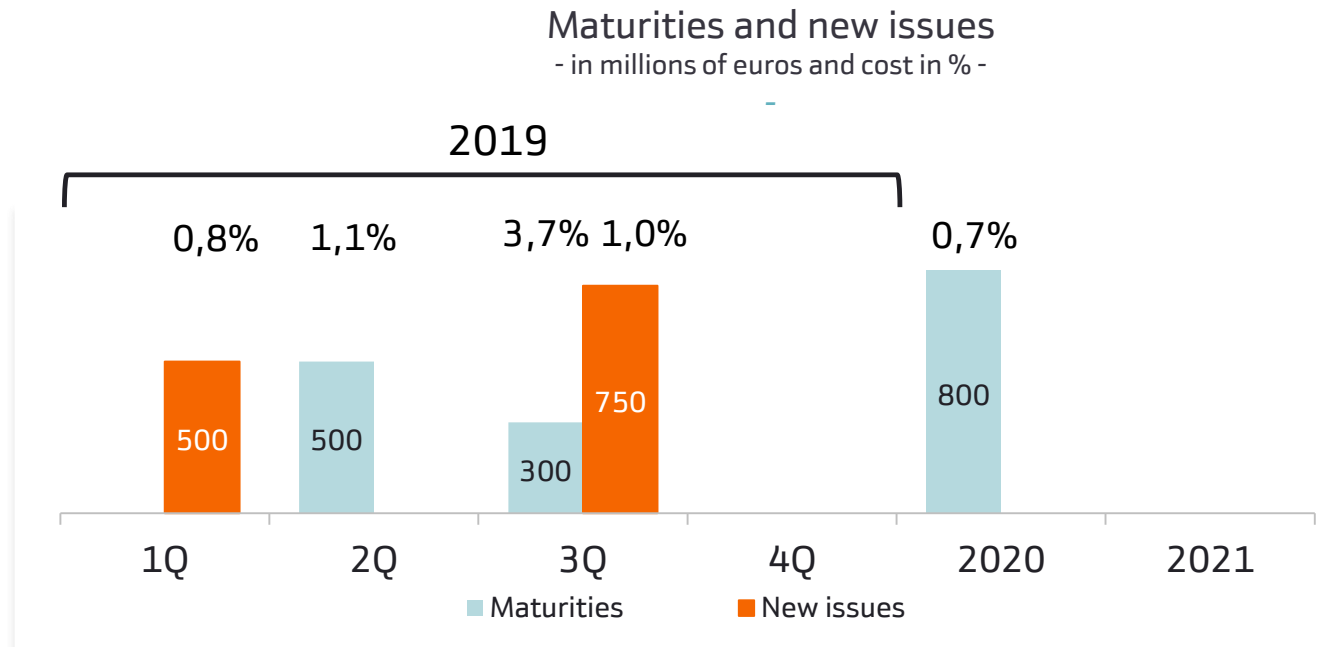
- in millions of euros -

Liquid assets

12.400

Covered bond issuance capacity

7.100



Moody's
rating
upgrade to
Baa1



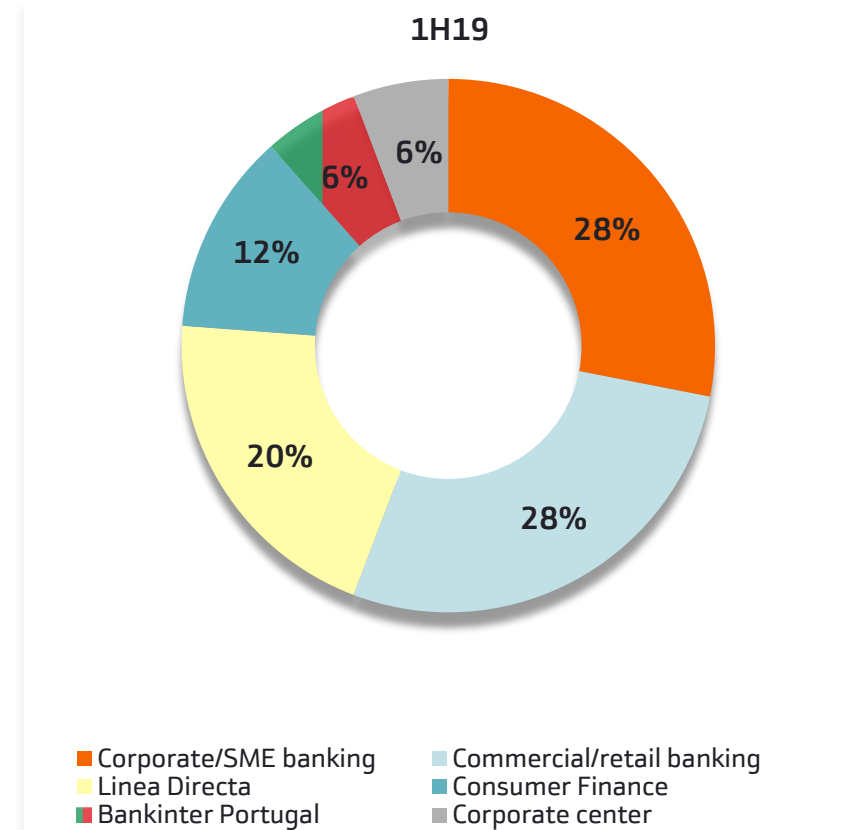
B Businesses

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CB

Contribution to Total Income by business - in % -

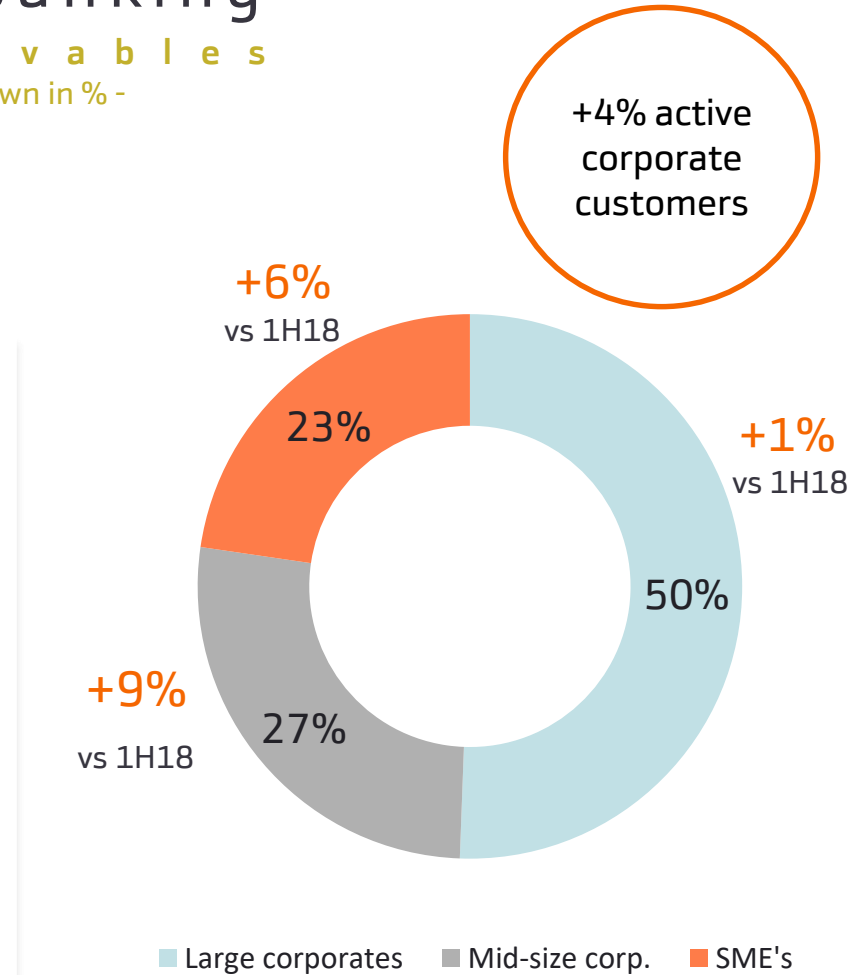
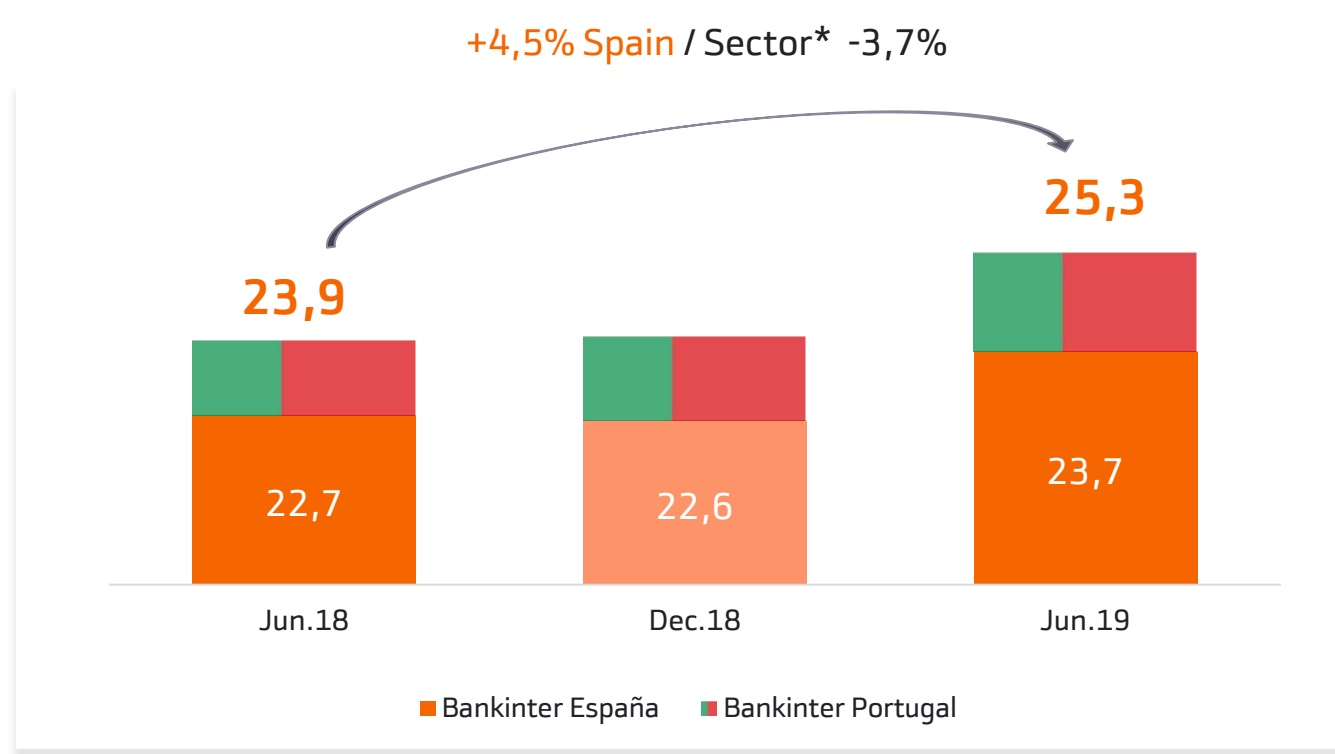


CB

Corporate/ SME banking

Loans and receivables

- in billions of euros and broken down in % -



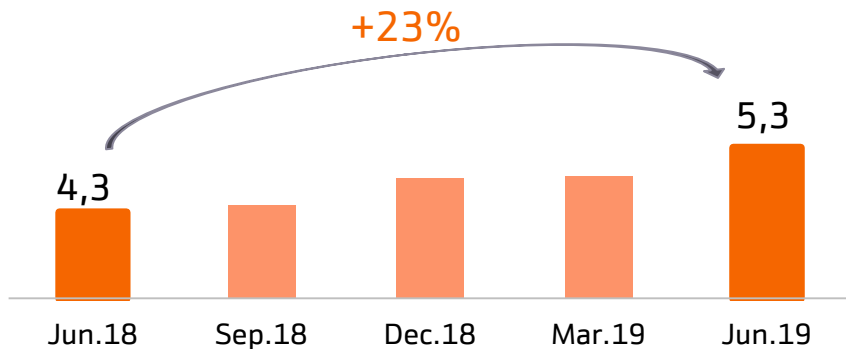
*BdE May-19

CB

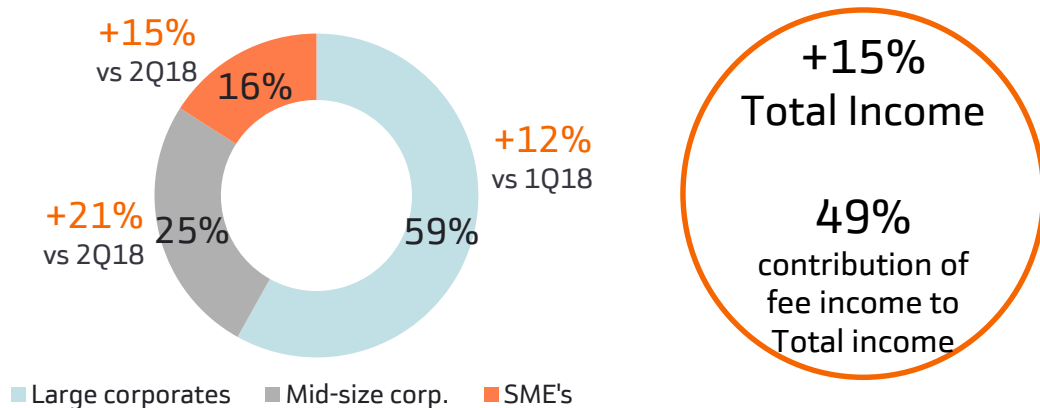
Corporate/ SME banking Income drivers

International trade & export finance

- Loan book in billions of euros -

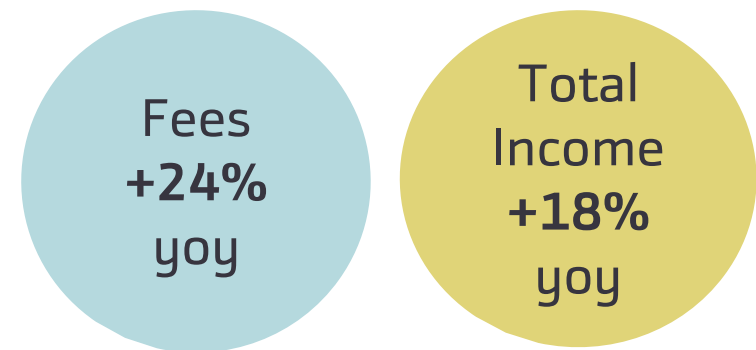
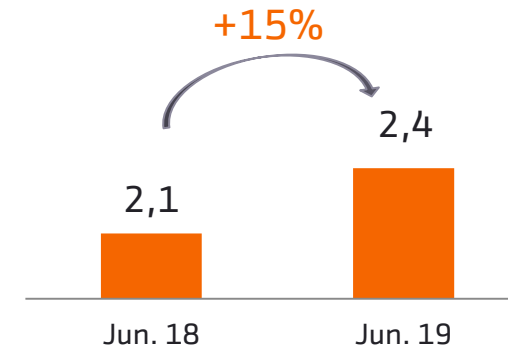


- Total income from International business by segments -



Investment banking

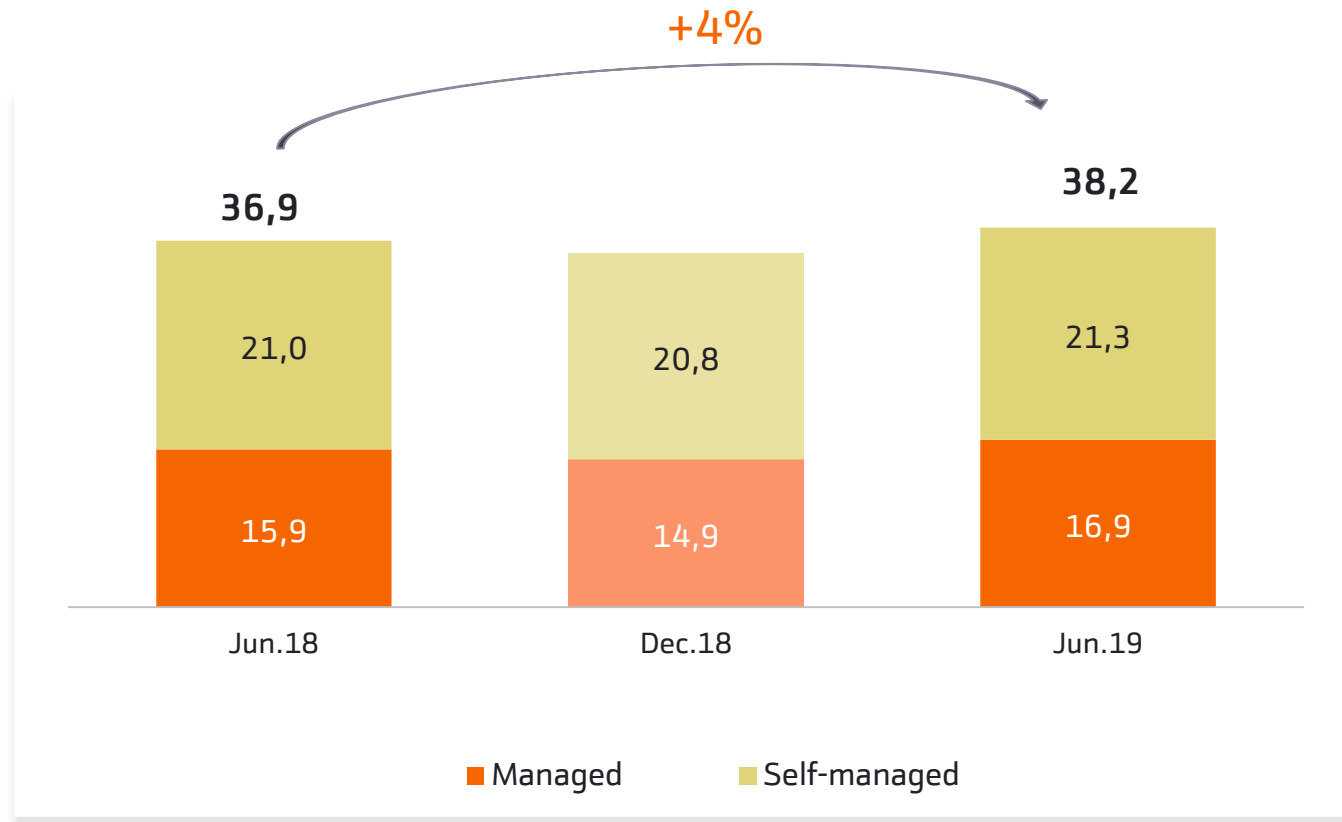
- Loan book in billions of euros -



PB

Private banking

Customer assets
- in billions of euros -



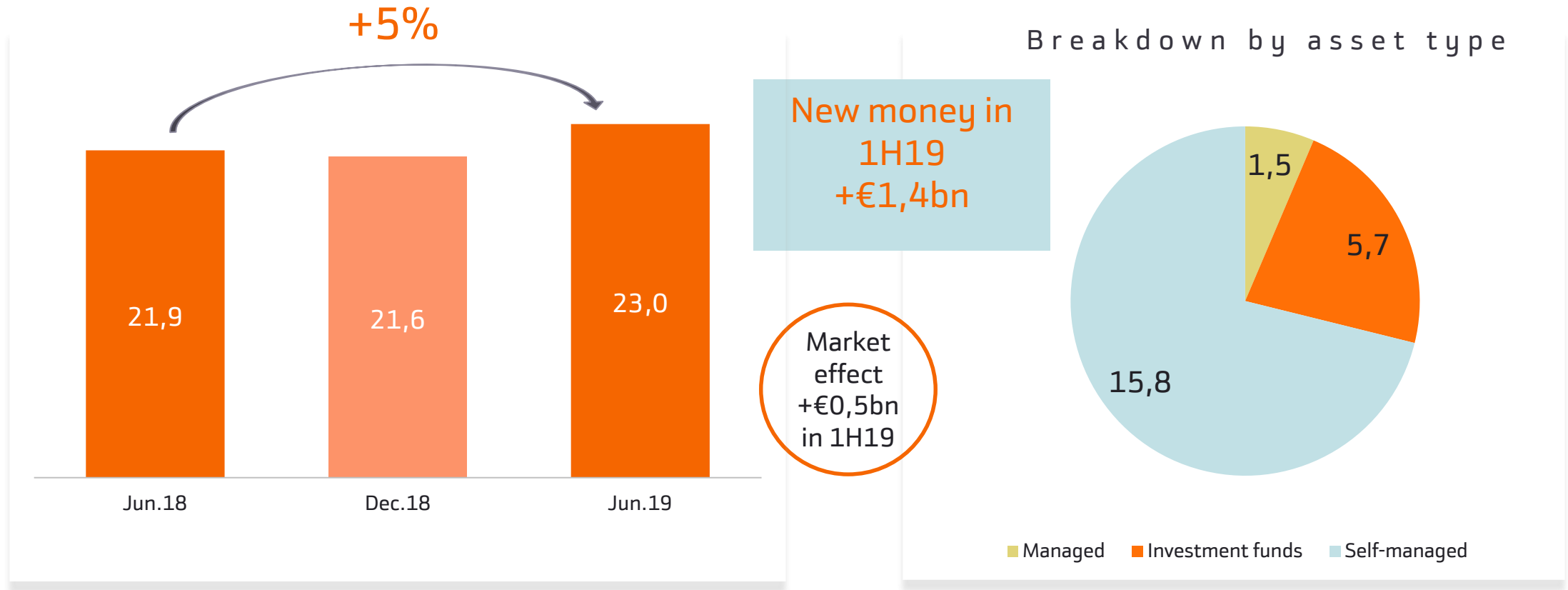
New money in
1H19
+€2,5bn

Market
effect
+€1,3bn
en 1H19

PB

Personal banking

Customer assets
- in billions of euros -



30

RESULTS

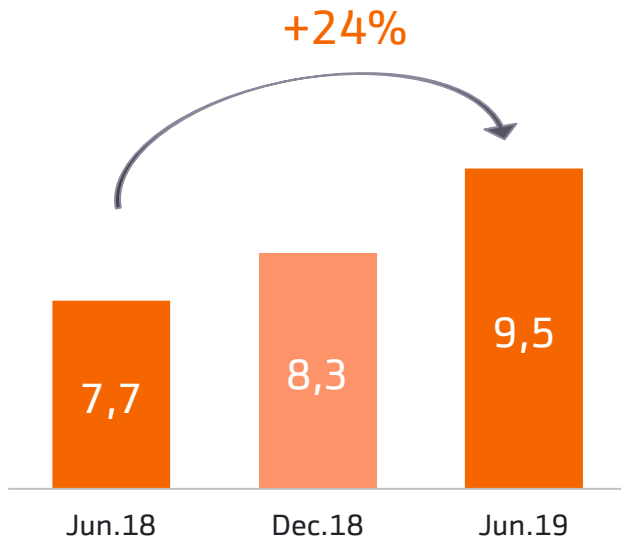
RB

Retail banking

Customer deposits and loans

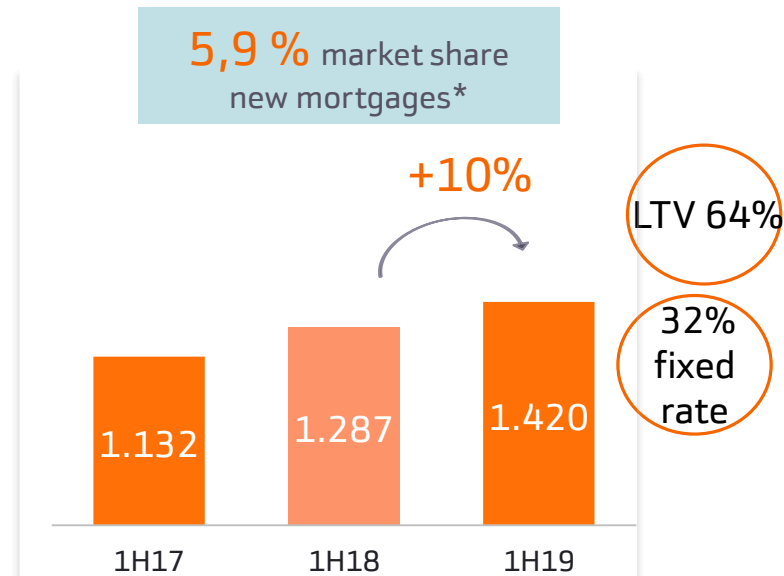
Payroll account balances

- in billions of euros -



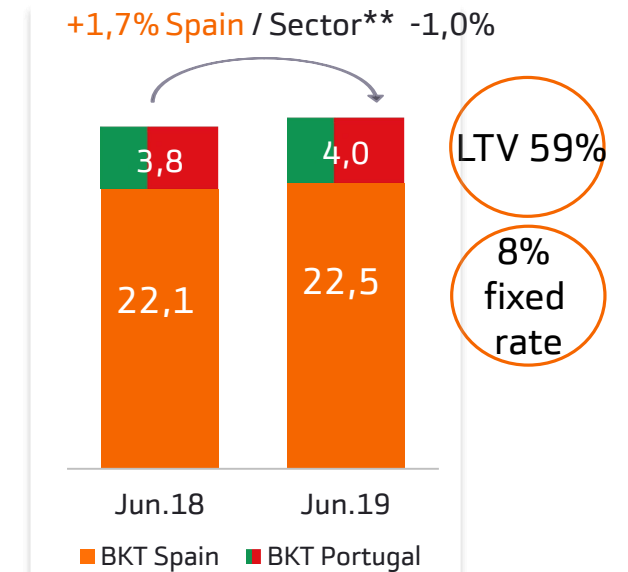
New mortgage production

- in millions of euros -



Mortgage stock

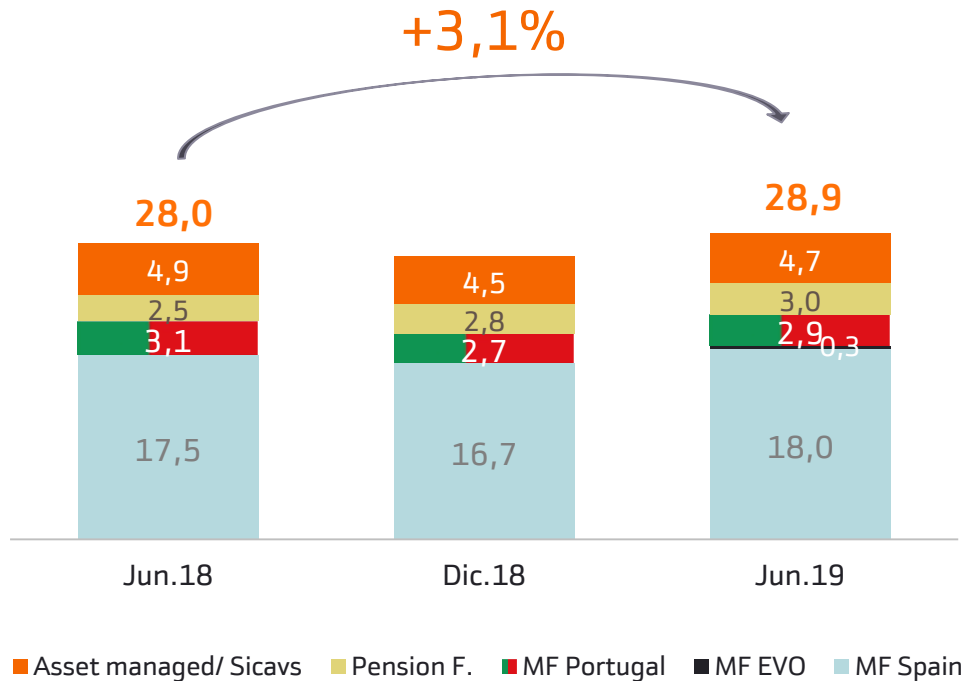
- in billions of euros -



AM

Asset Management

Off-balance sheet funds
- in billions of euros -



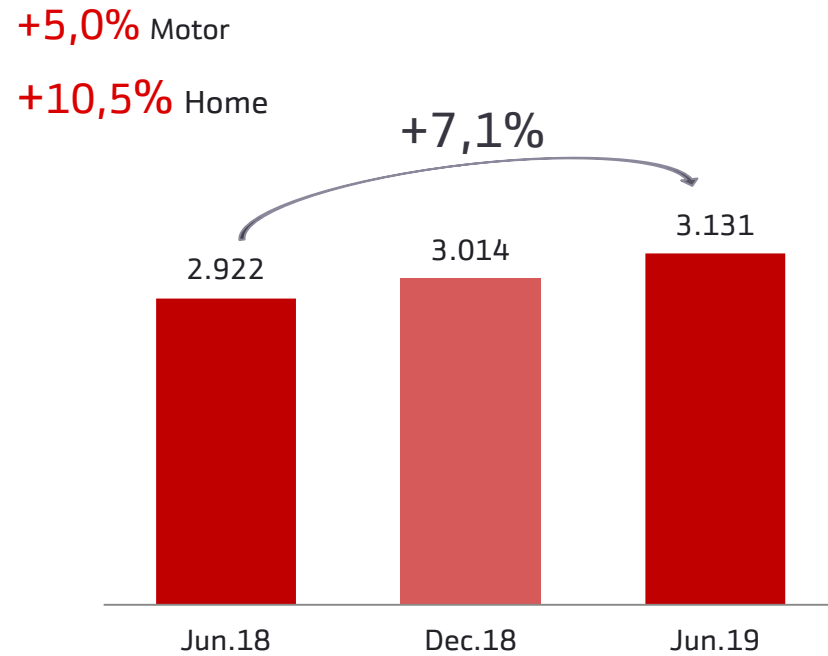
Investment funds by type
- in % -



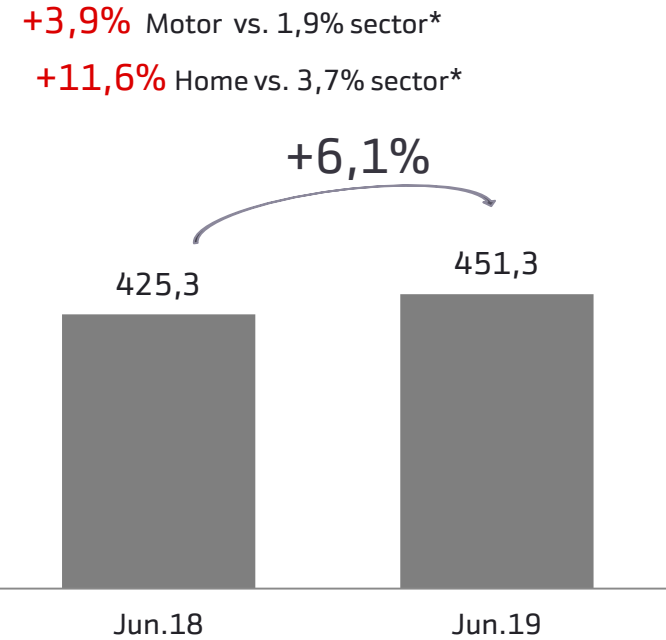
LD

Linea Directa

Number of risks insured
- in thousands -



Issued premiums
- in millions of euros -



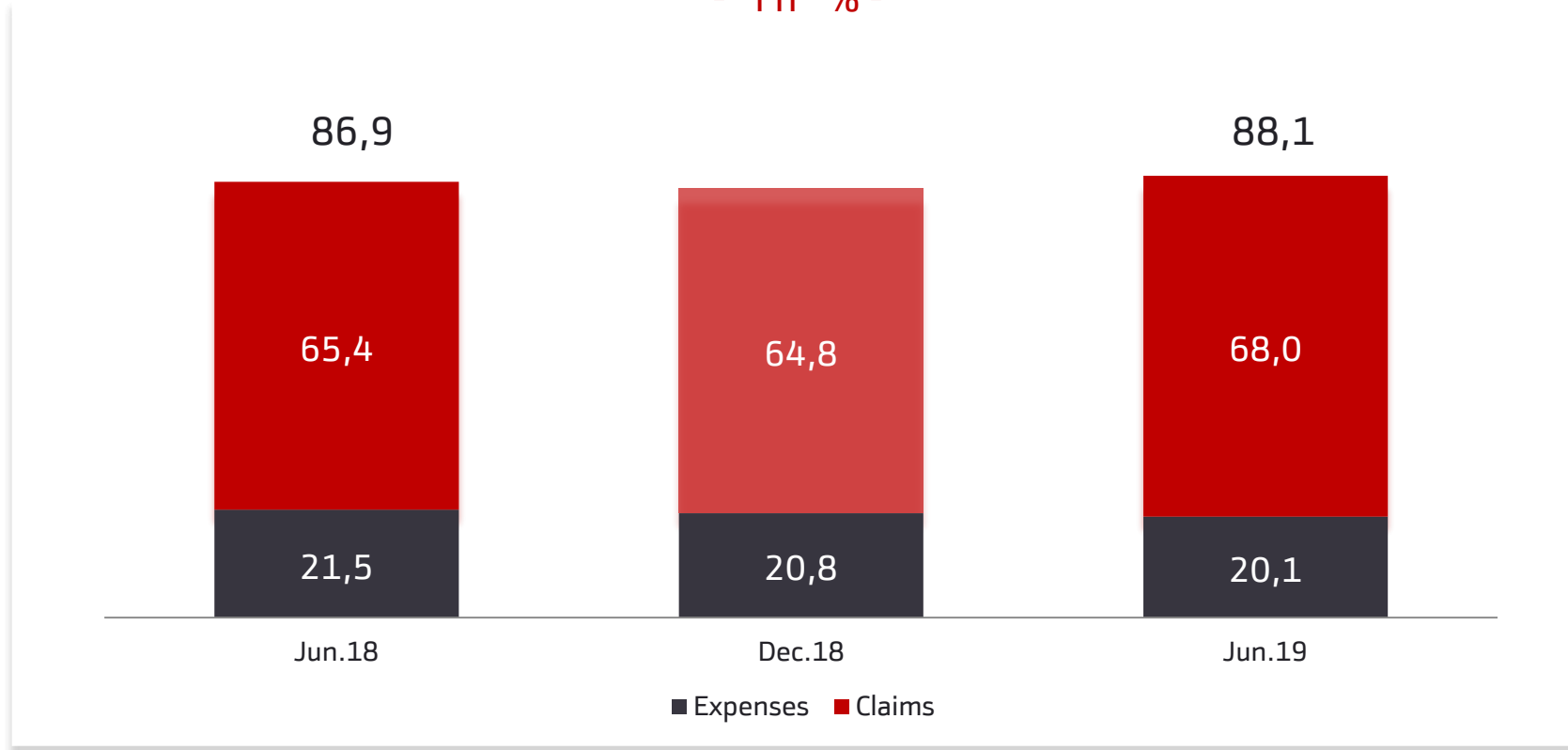
33

RESULTS

LD

Group combined ratio

- in %-



34

RESULTS

LD

P&L account 1Q2019

- in millions of euros -



linea directa

	1H19	1H18	Dif. %
Net written premium	451,3	425,3	6%
Net earned premium	422,9	397,8	6%
Net claims cost	-287,5	-260,0	11%
Operating expenses and other	-85,0	-85,6	-1%
Technical result	50,4	52,2	-3%
Net investment income	15,6	16,5	-6%
Underwriting result	65,9	68,7	-4%
Other income/expenses	4,2	2,8	50%
Earnings before tax	70,2	71,5	-2%
Net profit	52,7	53,8	-2%

ROE

38%

Solvencia II ratio

204%

35

RESULTS

CF

Consumer Finance

1,4 million

Customers

+ 15% YoY

405 million

New loans in 1H19

+35% YoY

€2,2bn

Loan book

+28% YoY

Risk-adjusted return

8,3%

NPL ratio

8,8%

Cost of risk

3,5%

Bk Portugal

Business indicators

€5,8bn

Loans **+13%** YoY

Retail banking

€4,2bn +6%

Corporate/SME

€1,6bn +37%

€4,7bn

Retail funds **+13%** YoY

€3,4bn

Off-balance sheet

+7% YoY

P&L account

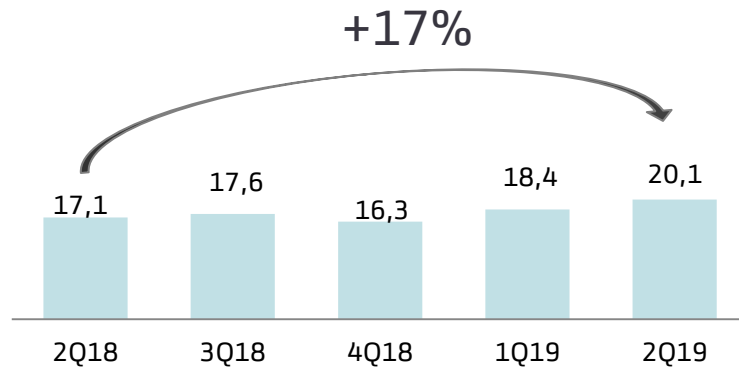
- in millions of euros -

	1H19	1H18	Dif. %
Net Interest Income	41	43	-5%
of which purchased portfolio	3	10	-78%
Net fees and commissions	22	21	4%
Gross operating income	58	64	-9%
Operating expenses	-43	-45	-4%
Pre-provision profit	15	19	-21%
LLP and other provisions	19	12	64%
of which purchased portfolio	8	6	38%
Earnings before tax	35	31	11%

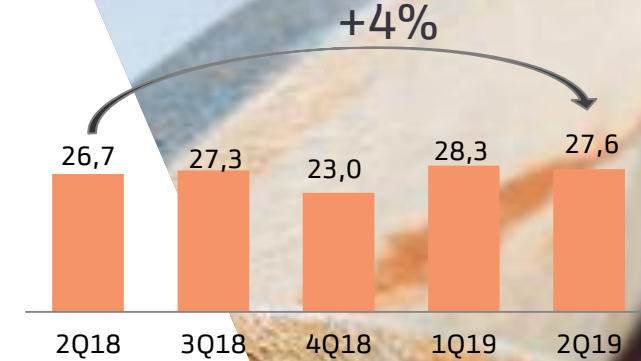
Bk Portugal

Financial indicators

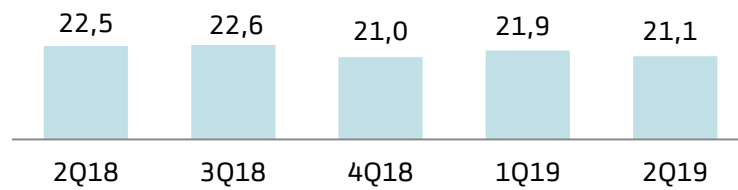
Quarterly recurrent NII
- in millions of euros -



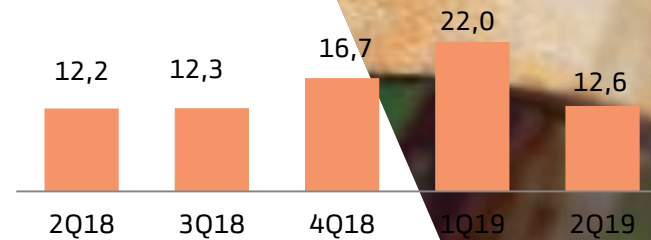
Quarterly recurrent total income
- in millions of euros -



Quarterly op. expenses
- in millions of euros -

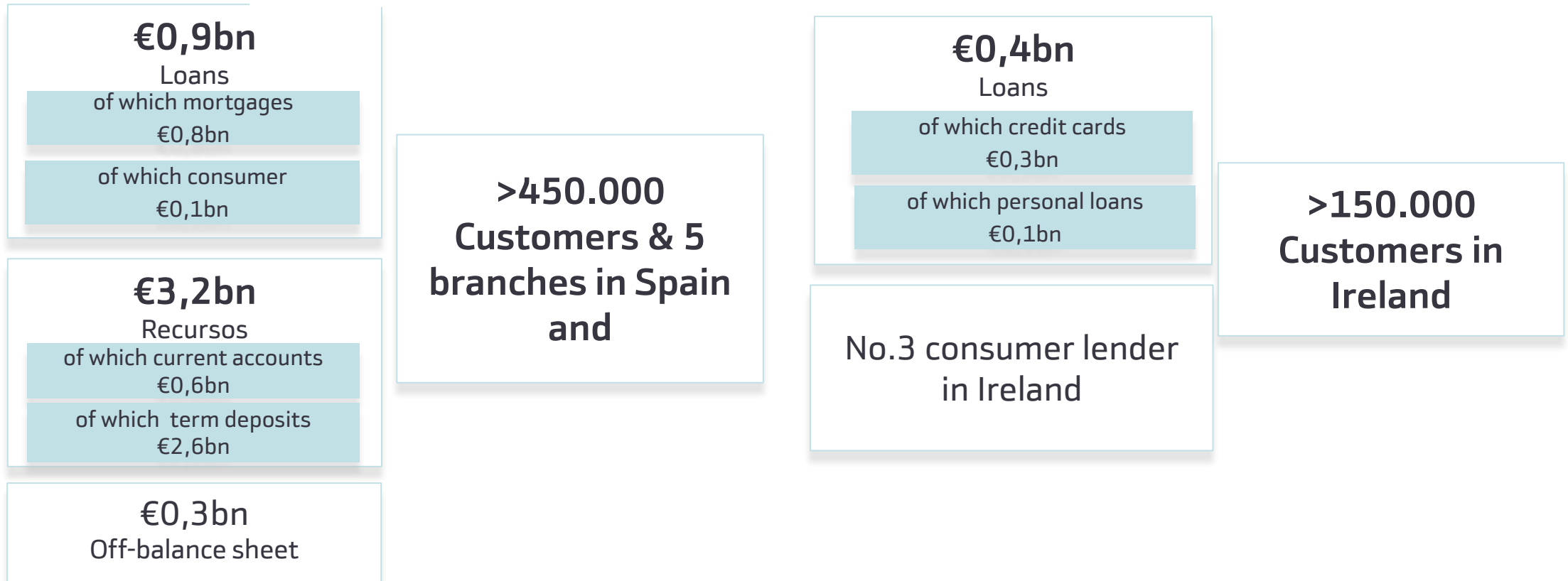


Quarterly PBT
- in millions of euros -



EVO

Business Indicators





S Summary

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S Summary

€309M

Net Income

+ 18%

€1.005M

Total Income

+ 3%

NII
+ 5%

Fees
+ 3%

Balance sheet

€59bn

Loan book

+ 8%

€56bn

Retail funds

+ 12%

ROE

12,8%

NPL ratio

2,7%

CET1 ratio "FULLY LOADED"

11,5%



bankinter.

RESULTS PRESENTATION

Bankinter Results 1H2019

25 July 2019

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