

KBW European Financials Conference 2010

September 2010

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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.

The peer group to which we refer along the presentation is: Banco Santander, BBVA, Banco Popular, Banesto, Banco Sabadell, Banco Pastor and Banco Valencia

Bankinter at a glance

1 ■ Retail Bank with domestic focus

2 ■ 368 branches with no geographical concentration

3 ■ Over 4.500 employees and 735K active clients

4 ■ Segment diversification (44% gross income from enterprises; 56% from individuals)

5 ■ Specialized in affluent and mass affluents



■ 5th auto insurer in Spain

Our **value** proposition

Delivery

1. Building long term, deep relationships with our clients
2. Multichannel distribution
3. Conservative balance sheet management
4. Efficiency and productivity
5. Distinctive culture

Levers

- A. Intelligent use of **technology** as business enabler
- B. Constant **innovation**
- C. Socially **responsible**

Significant industry challenges

Economic Deleveraging

Lower economic activity

Asset quality

System overcapacity

Largest ever reform agenda

Wholesale market uncertainties

Back to basics in business management

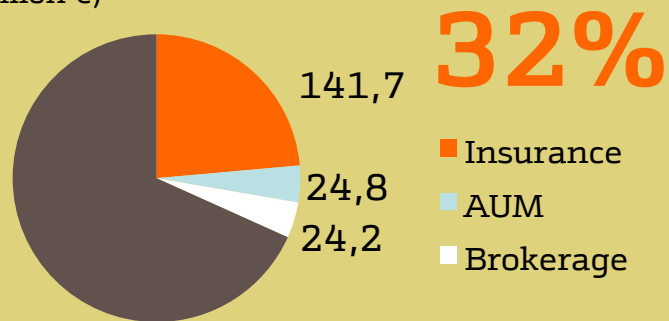


Business transformation

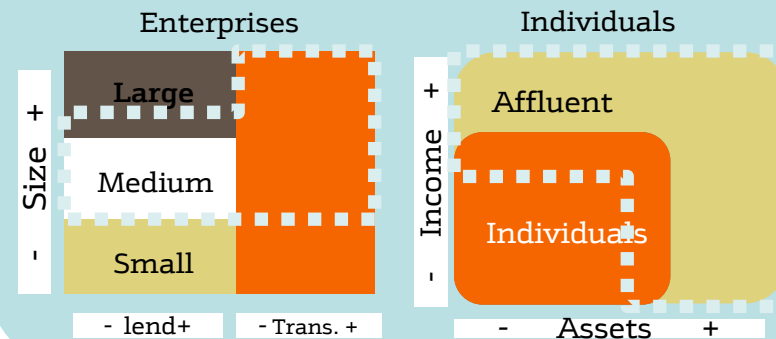
Diversifying sources of **income**

Business diversification

Gross operating income breakdown June'10
(million €)



Focus on liquidity rich fee income generation segments



Develop value added services and potentiate transactional business

Broker plus

Si quiere, puedo ayudarle a ampliar su visión como inversor en Bolsa.



330bn€

Transaction volumes per year

1bn€

Average float balances

Focus on size and share of wallet

+11,8K

Affluent clients

+ 6,8

products per client

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Working on **client profitability**

Client RAROC and RAROA management

Increase spreads

X2

Boost fee
income

16%

Of legal limit

Increase float
days

0,8

Days on average

Reduce delivery
costs

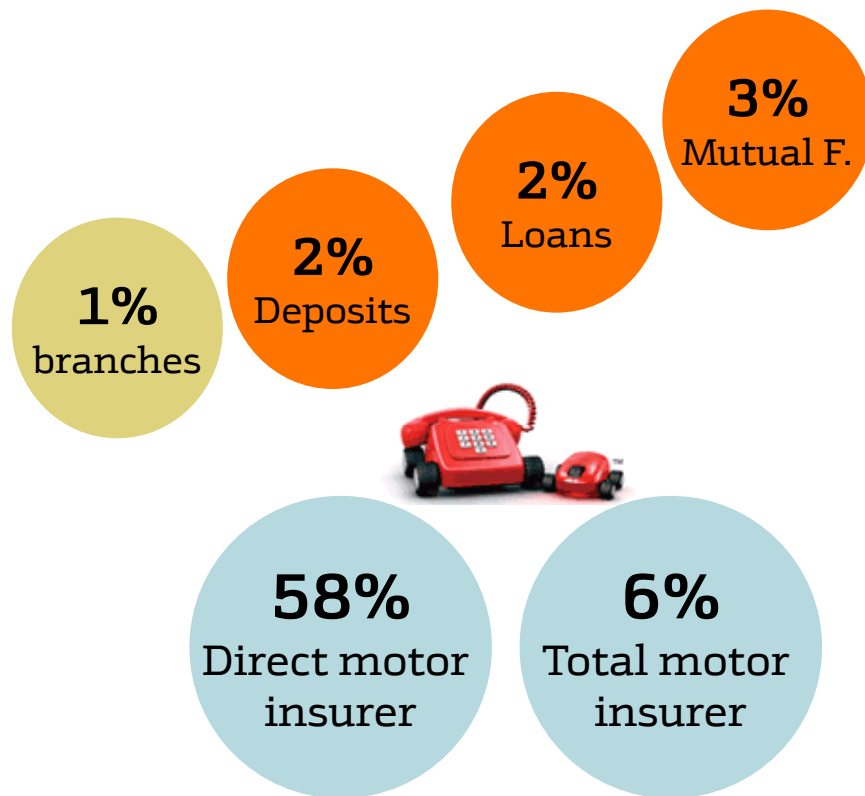
62%

Remote
transactions

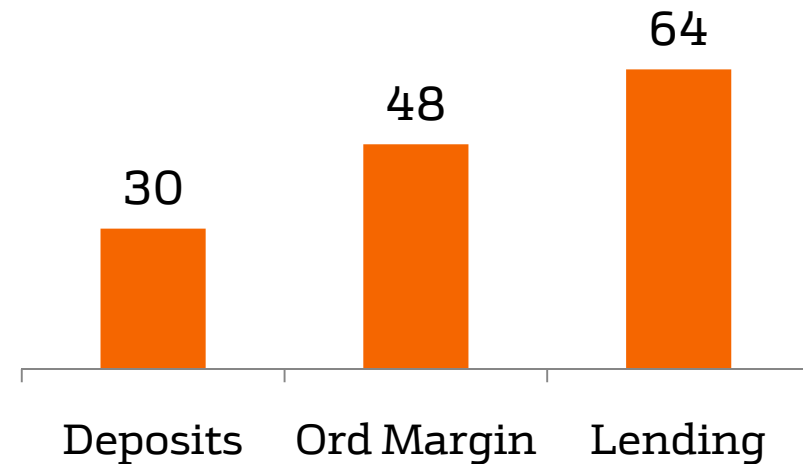
Cost control

A very efficient and **productive** franchise

Market shares

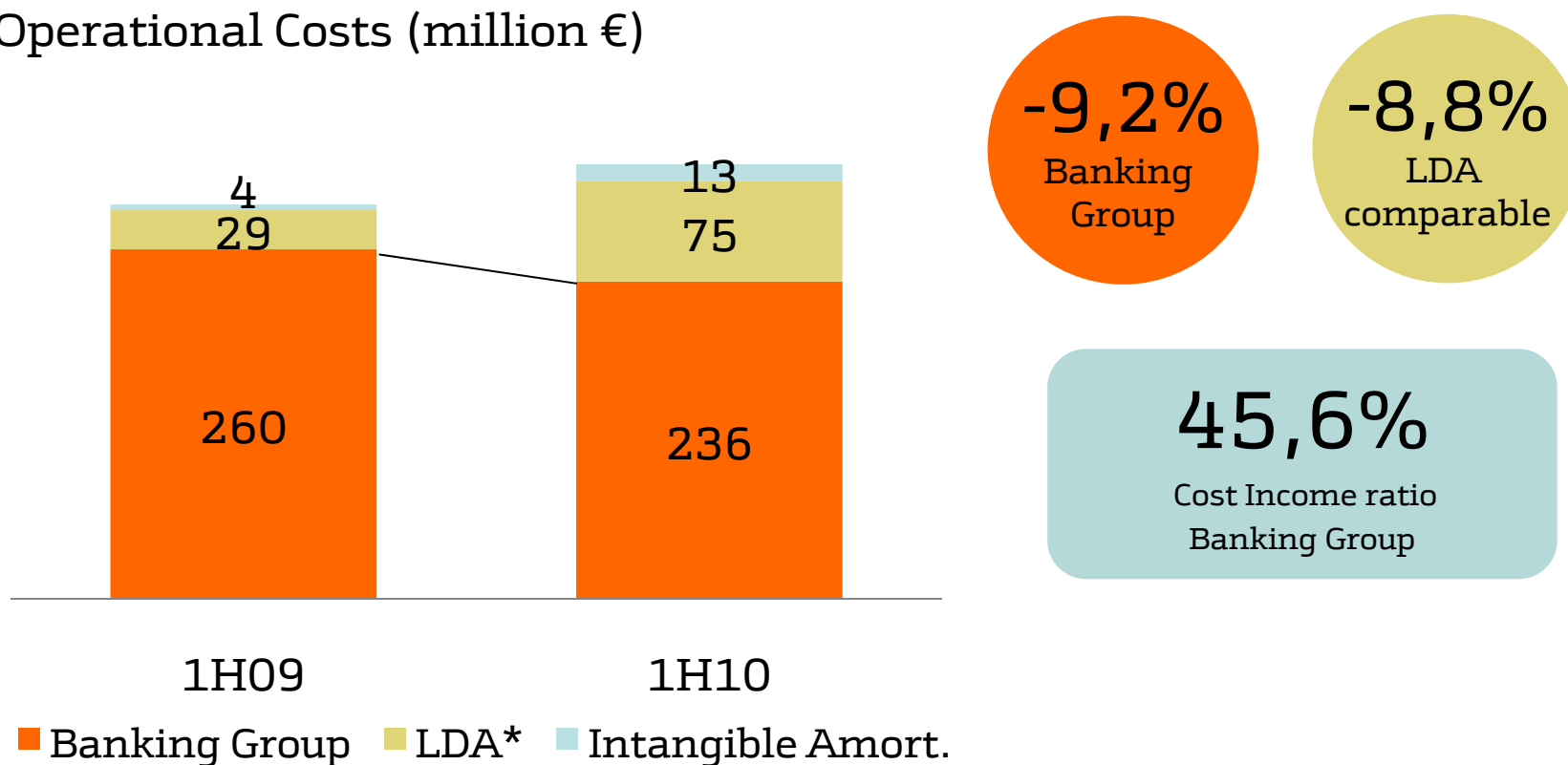


Branch productivity differential with peers (in %)



Management focus in efficiency and cost control shows in cost evolution

Operational Costs (million €)



Transforming the business to continue gaining efficiency and create value

Focalization and specialization

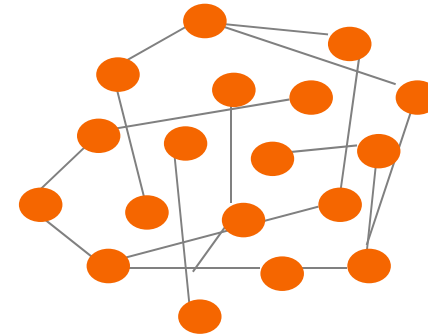
Processes centralization

Value chain differentiation

New business opportunities

Puts into value intangible assets

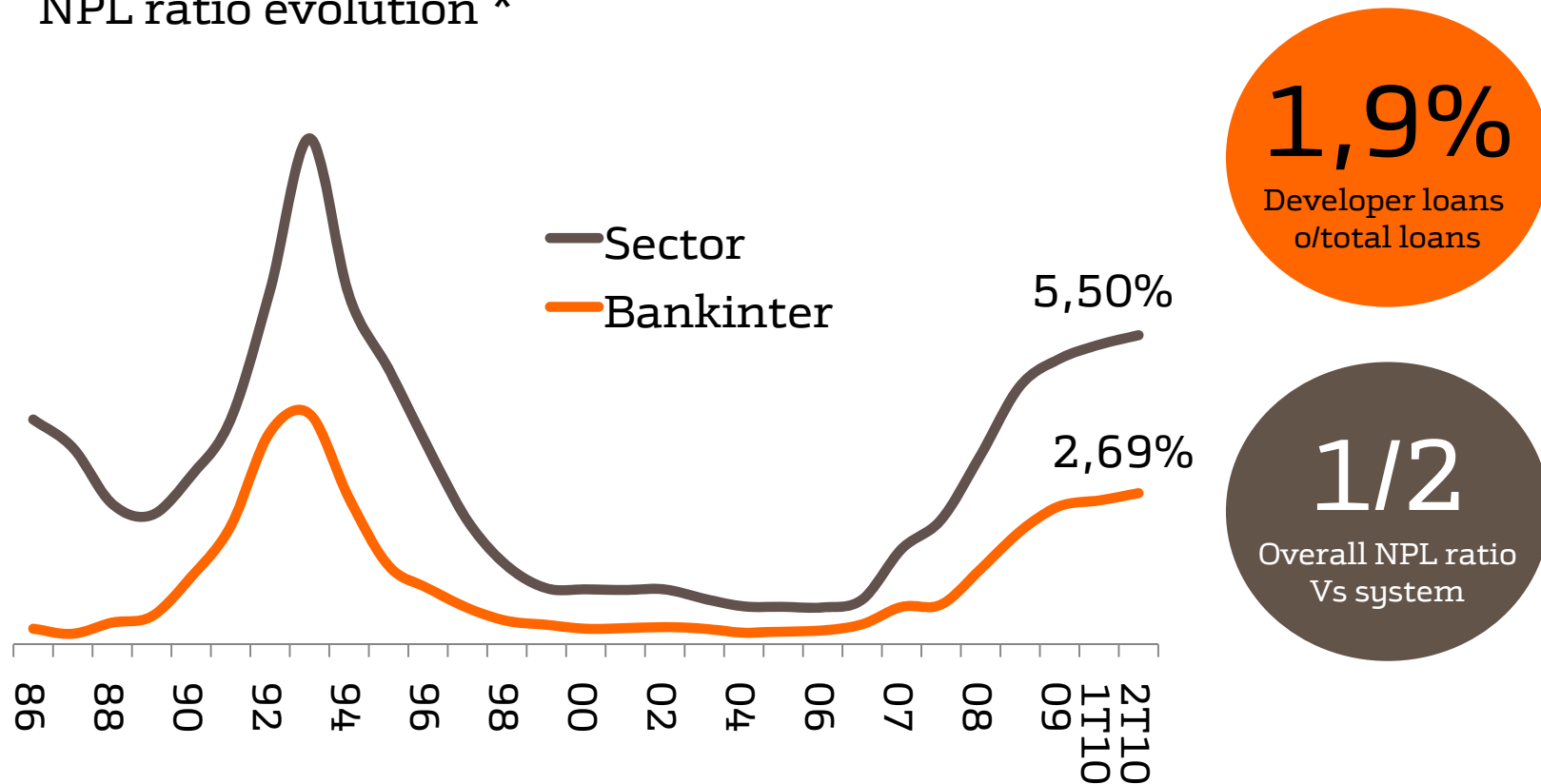
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Risk management

Outperforming the system in **asset quality** over the cycle

NPL ratio evolution *



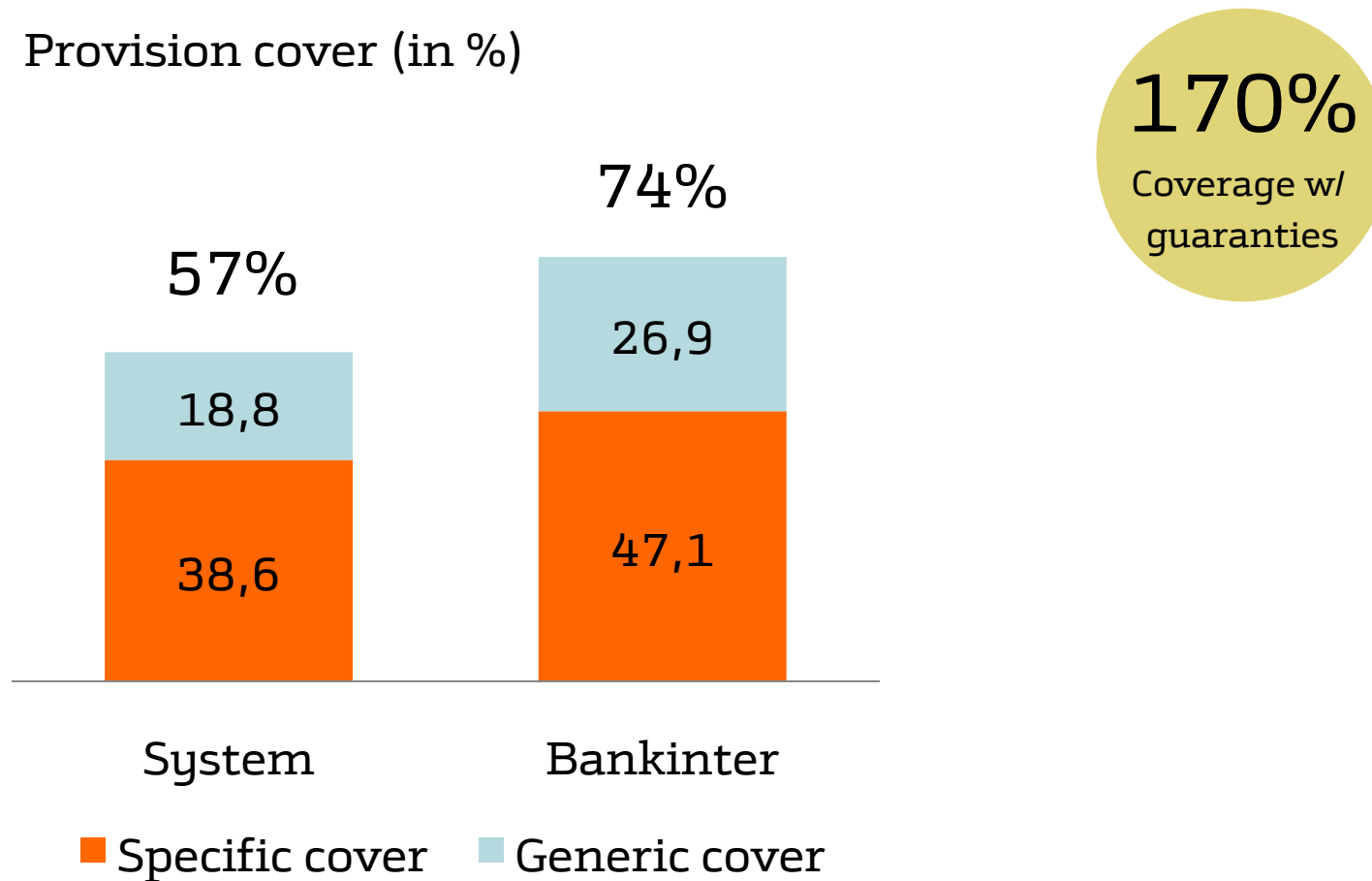
* Sector data : May 2010

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Better coverage mix and still significant **loss net-out potential**

Provision cover (in %)



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Asset quality is further reinforced when adding up other problematic assets

- "Problematic assets" (in mill €)-

	Bankinter	System*
NPL	1.217	100.372
Substandard	166	59.000
Foreclosures	350	59.700
TOTAL	1.733	219.072
Adjusted ratio	3,8%	11,6%

56%

Coverage vs
31% the system

1/3

Of the system
0,8% market share

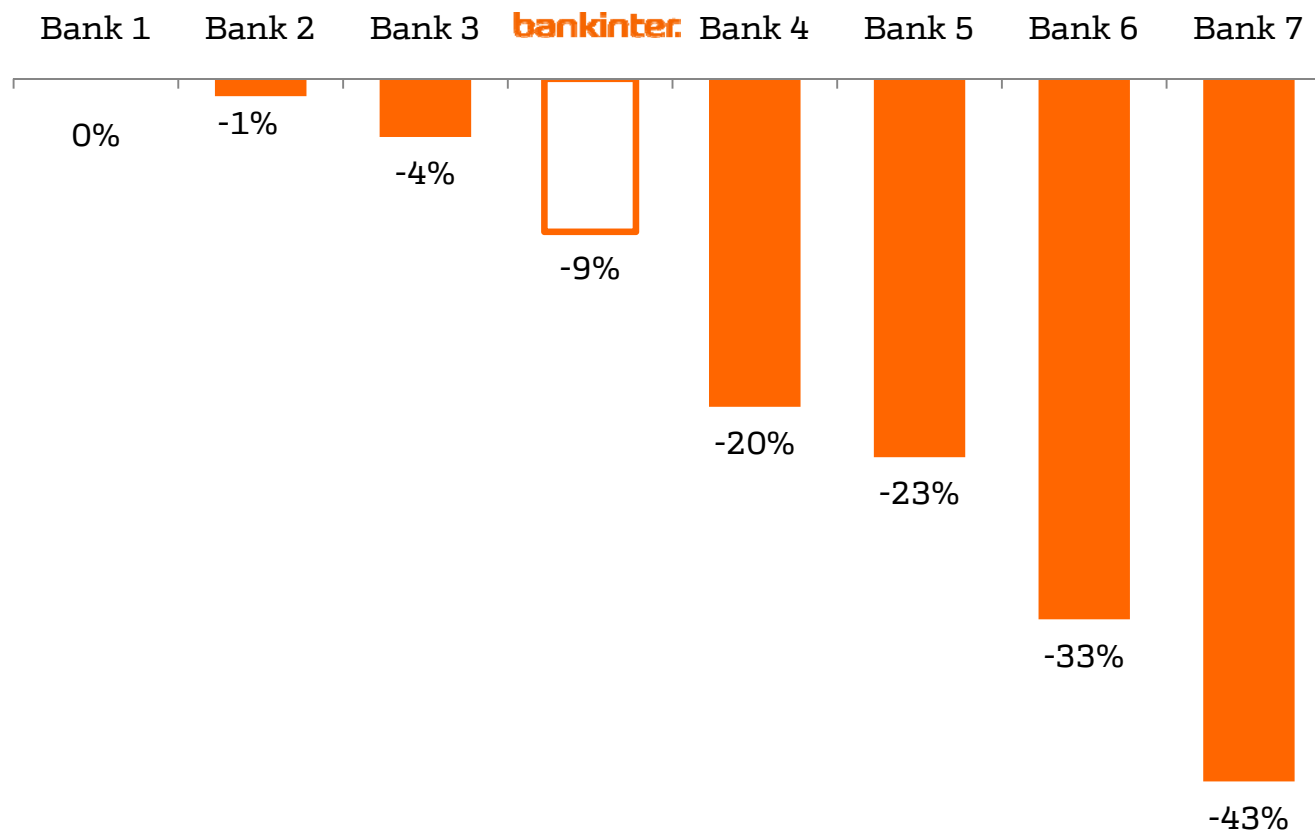
* Source Bank of Spain financial stability report and statistics

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... all leading to very **low sensibility** to unexpected losses

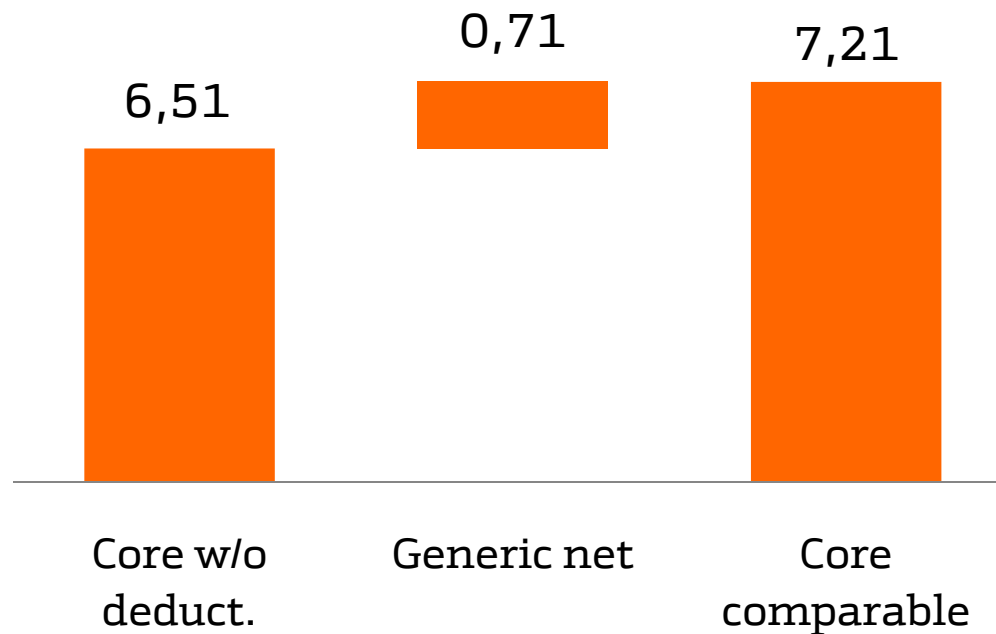
- Spanish Banks Tier I impact after the worst Stress Test scenario -



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An **adequate capital level** given the risk profile that is boosted by significant unrealized gains on B/S

Comparable core capital ratio (%)

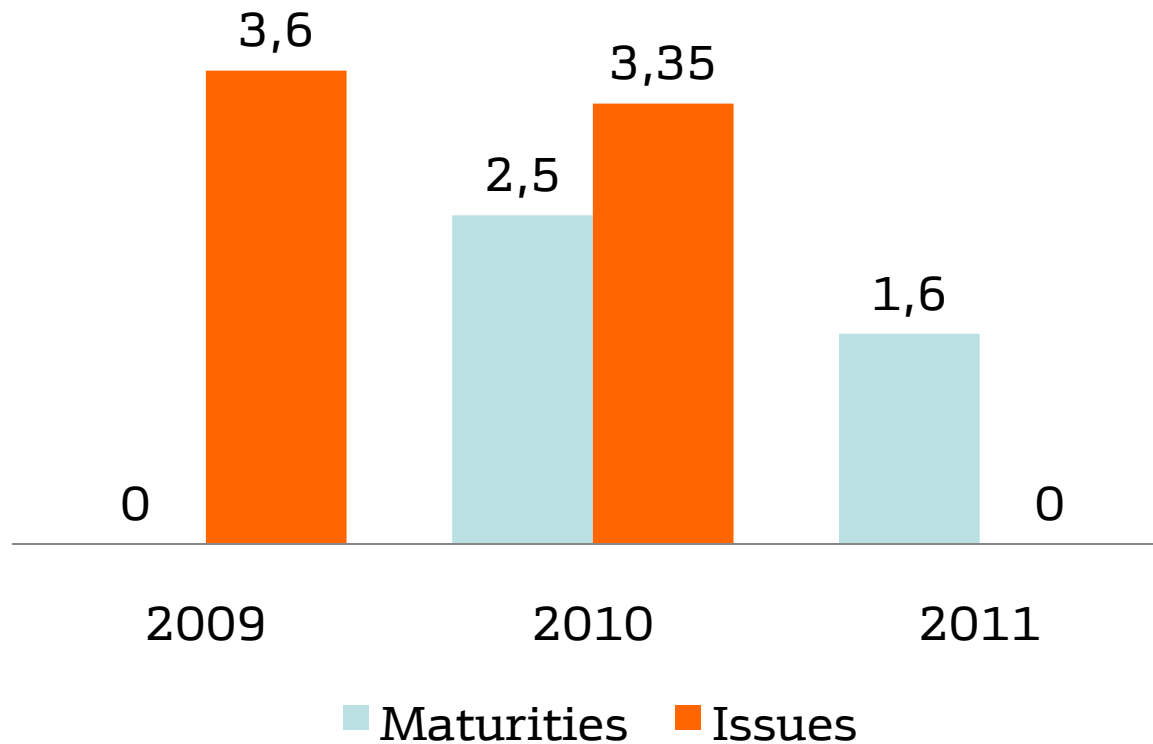


+1bn€
Unrealized gains

Liquidity and funding

Working ahead of wholesale maturities

Annual wholesale maturities vs issues (in bn€)

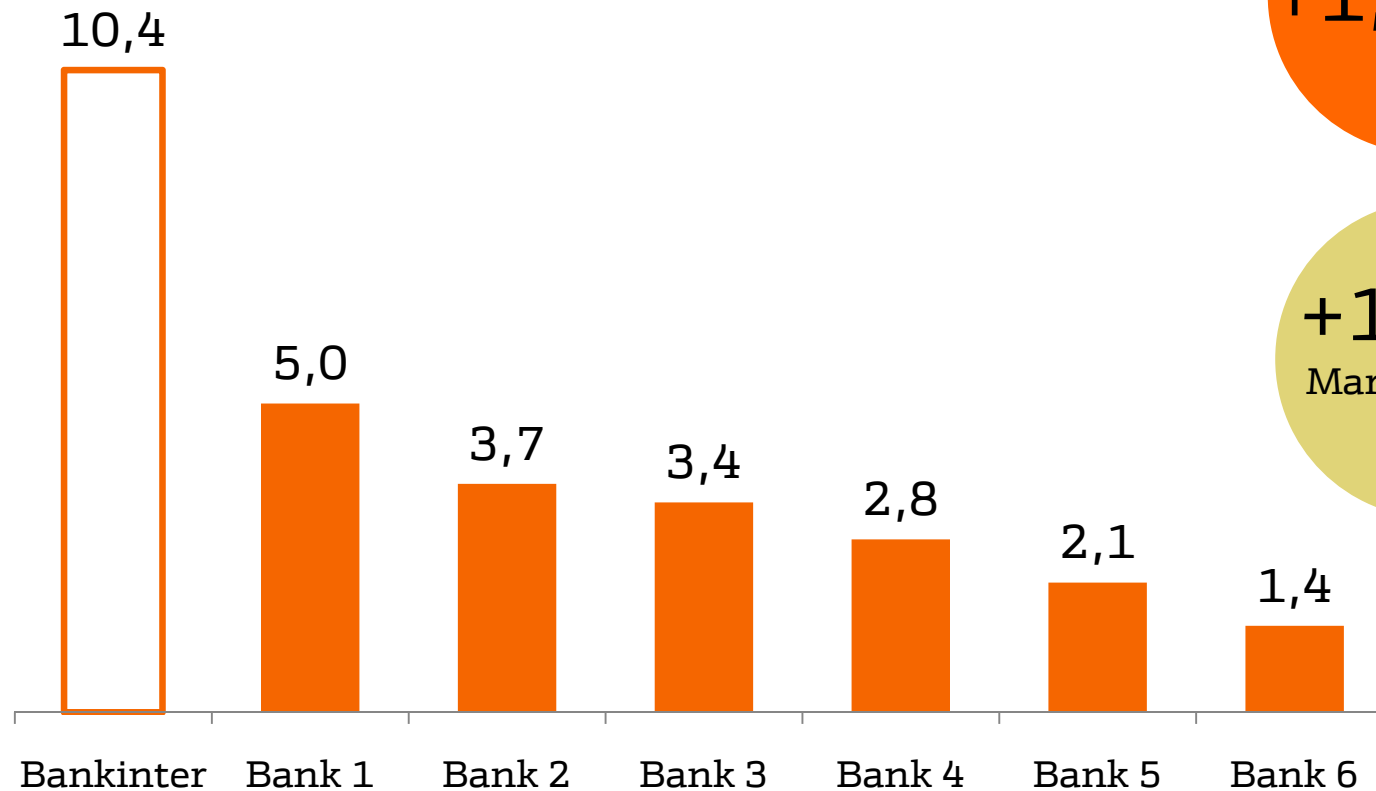


2010
maturities
financed

10bn€
Liquid assets

Increasing the **retail funding base** and gaining market share in deposits

- Client deposits quarterly growth in % (2Q2010)-



+1,3bn€

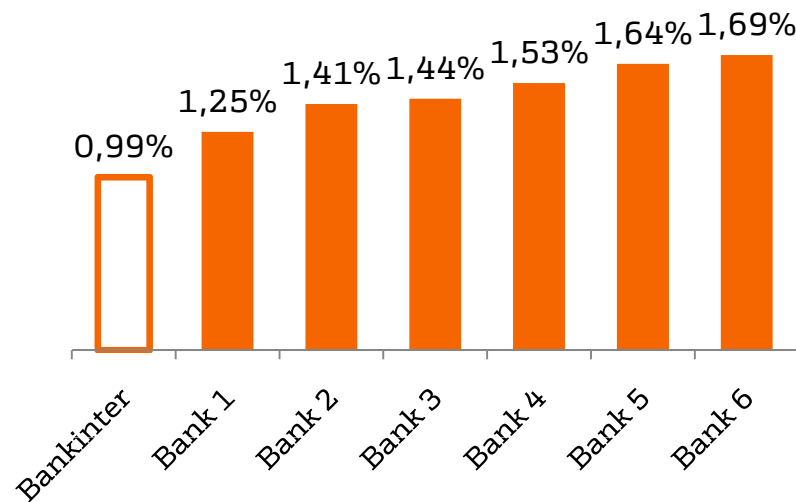
+10bps
Market share
1,5%

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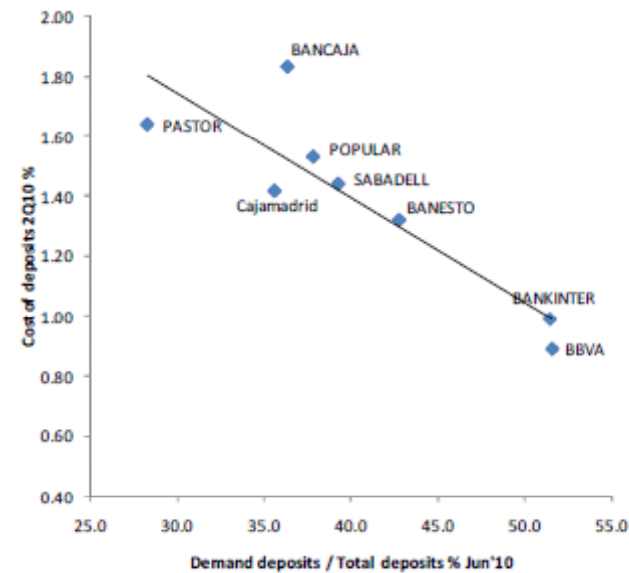


Despite growth, retail deposit costs show better mix and lower costs

- Quarterly customers deposits cost in % (2Q2010)-



Client deposit structure vs cost

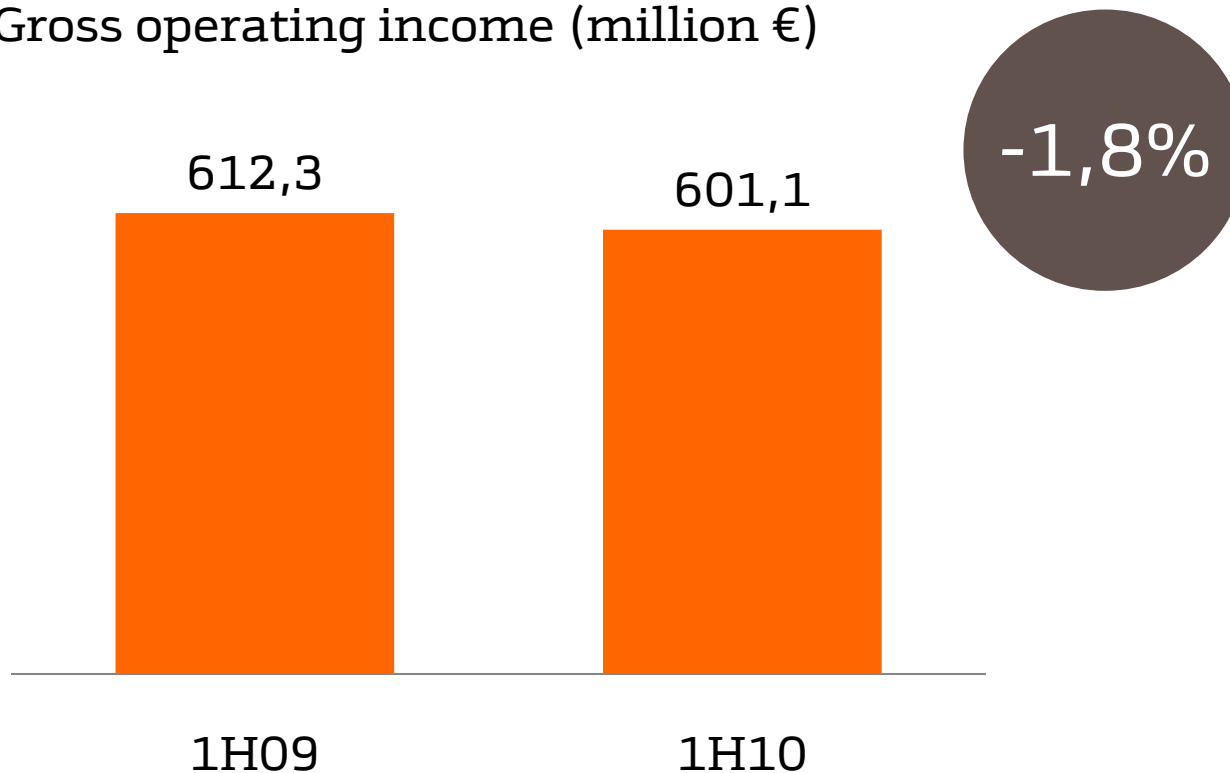


*Source: Iberian equities

In figures

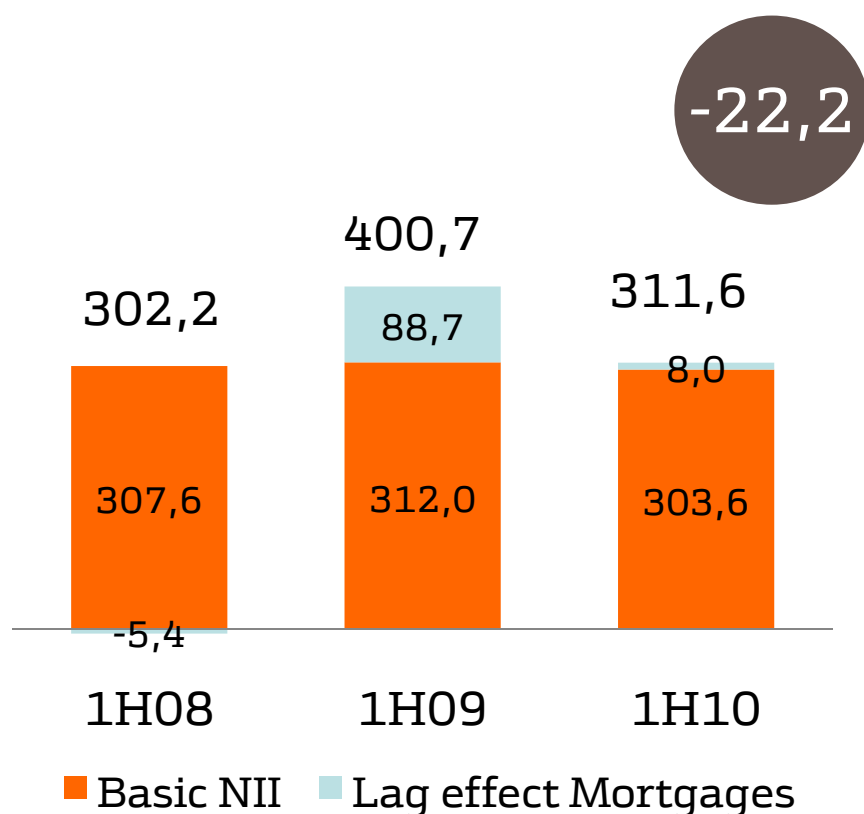
The **gross operating income** shows stability despite headwinds

Gross operating income (million €)

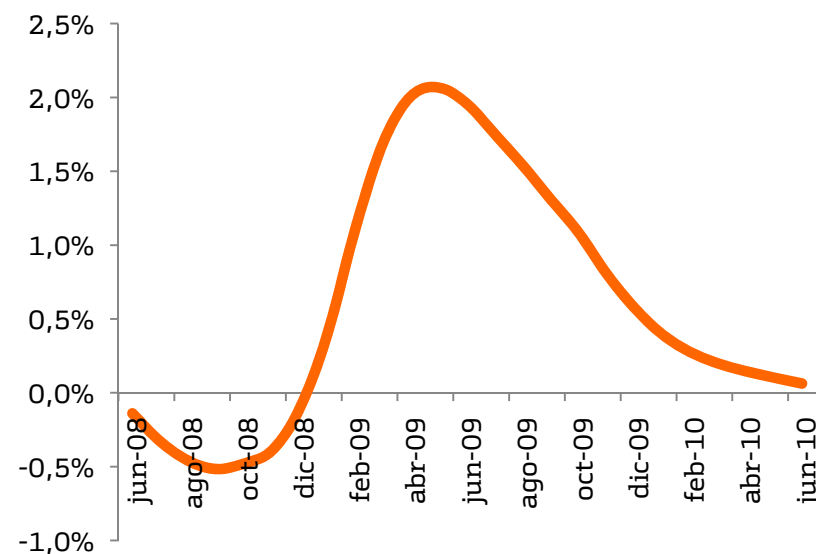


Income diversification is netting out the negative **base effect** of mortgage repricing

Net Interest income (million €)

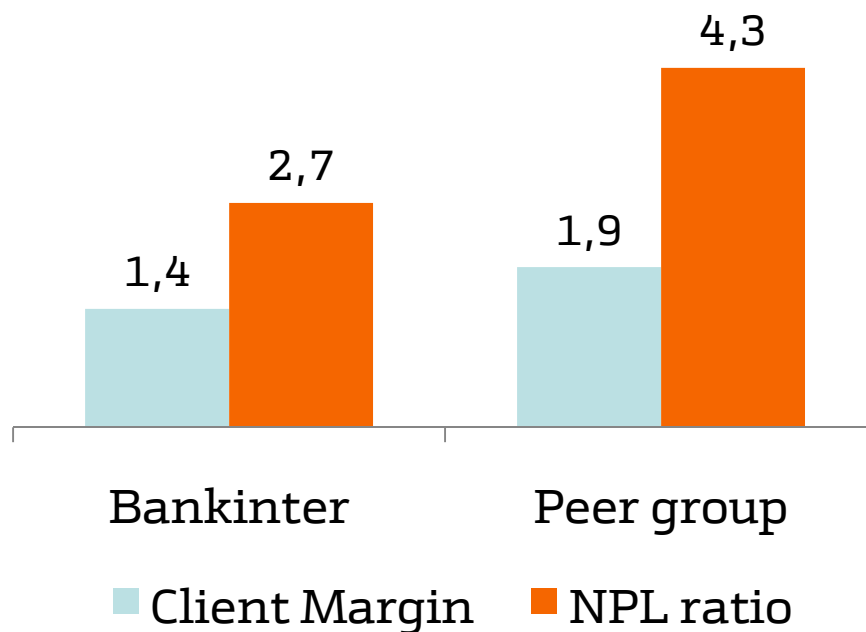


Difference between the 12 month and 3 month Eur12M moving avg

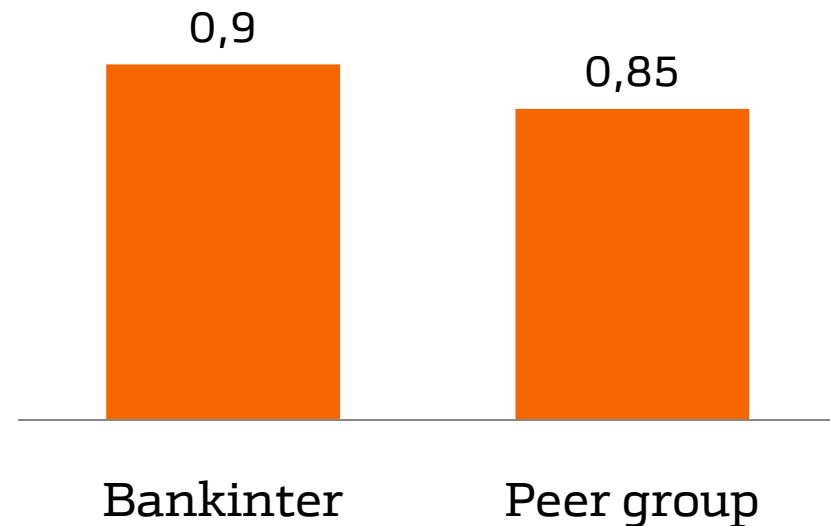


We continue **working on margins** to absorb both cost of risk and liquidity

-Client margin vs NPL ratio in %-



-NIM risk adjusted over ATM's (in %)-



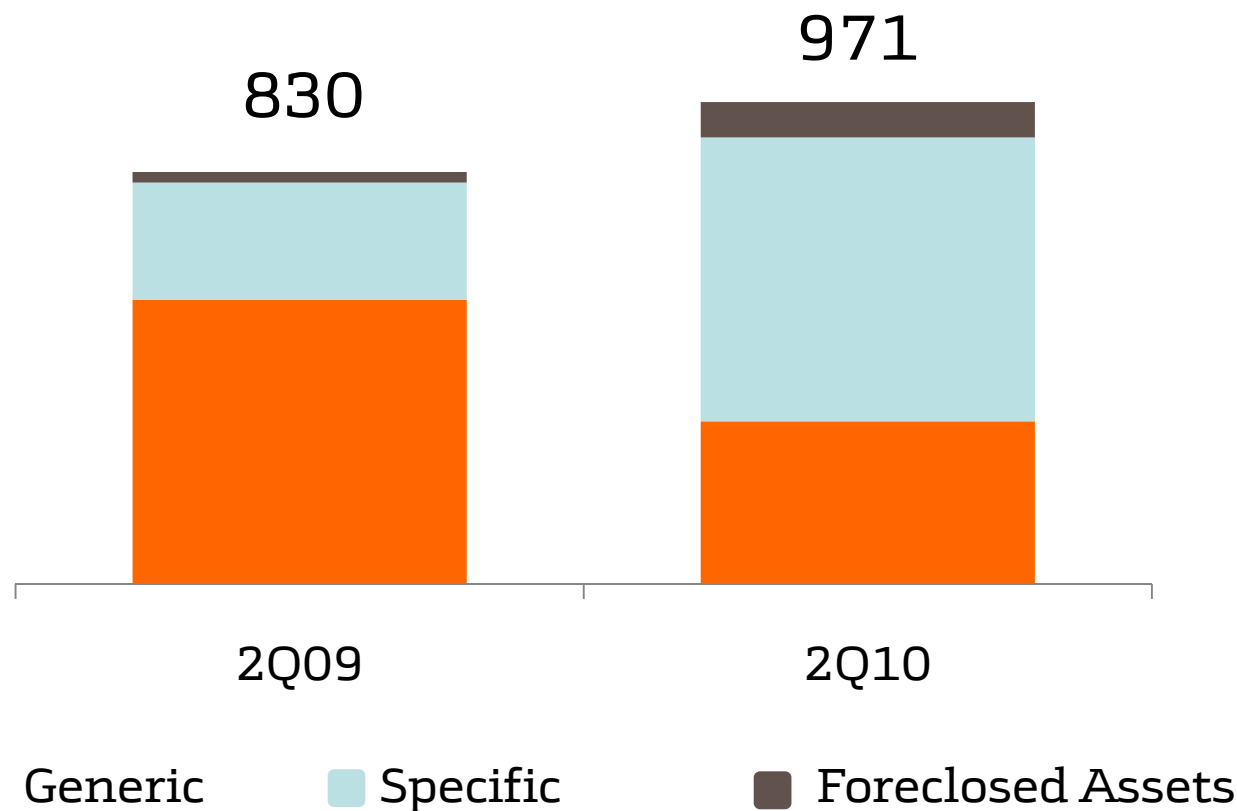
Managing clients on a RORAC and RAROA basis

Net fees (million €)

	1H2010	1H2009	Difference	Diff. %
Transactional	36,1	36,9	-0,8	-2,2
AUM	23,5	20,4	3,2	15,6
Insurance	21,1	18,3	2,8	15,4
Broker	20,9	22,2	- 1,3	-5,8
Risk	15,2	12,9	2,3	18,2
Unpayment + other	15,7	25,0	- 9,3	-37,4
Fees received	132,5	135,7	- 3,1	-2,3
Fees paid	32,5	34,6	-2,1	-6,0
Net fees	100,0	101,0	-1,1	-1,1

A **strong business position** capable of absorbing credit costs with recurrent income

Total provisions evolution (million €)



+17%

Total provisions

74%

Coverage ratio

170%

Coverage ratio w/ guarantees

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In summary

1.- Working on client profitability

2.- Enhancing the quality and diversification of income sources

3.- Cost contention, efficiency and productivity gains

4.- Improved risk coverage and limited use of the generic provision

5.- Unrealized gains on Balance Sheet untouched

A different
kind of bank,
stubbornly
different.