

Results 4Q10

Friday, January 21st 2010

bankinter.

1Q
2Q
3Q
4Q¹

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
Results

2
Asset
Quality

3
Solvency

4
The
Business

2010 Results

Significant
cost
anticipation

Improve-
ment in the
funding
structure

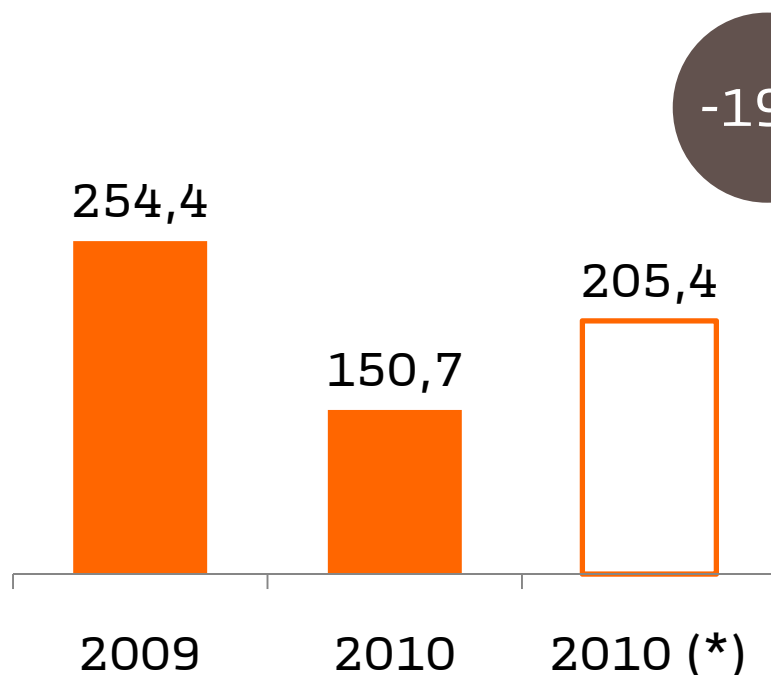
-7,1%
Operational
Costs
Banking Group

2010 Results

Million €	2010	2009	Dif	Dif %
Interest and related income	1.201,4	1.672,5	-471,1	-28,2
Interest and related charges	-651,5	-879,9	228,4	-26,0
Net Interest Income	550,0	792,6	-242,6	-30,6
Dividend income	14,5	10,9	3,5	32,2
Equity method	11,0	16,2	-5,3	-32,5
Net fees and commissions	195,5	202,2	-6,7	-3,3
Trading income	120,5	88,8	31,7	35,7
Other operating income/expense	211,0	134,4	76,6	57,0
Gross Operating Income	1.102,3	1.245,2	-142,9	-11,5
Personnel expenses	332,9	325,0	7,9	2,4
General expenses/amortization	322,8	307,2	15,5	5,0
Pre provisioning profit	446,6	612,9	-166,3	-27,1
Provisions	0,8	29,6	-28,8	-97,2
Asset impairment charges	216,7	220,5	-3,8	-1,7
Net Operating Profit	229,1	362,8	-133,6	-36,8
Gains/losses on disposals of assets	-23,9	-16,8	-7,1	42,2
Profit Before Taxes	205,2	345,9	-140,7	-40,7
Corporate tax	54,5	91,5	-37,1	-40,5
Net Income	150,7	254,4	-103,7	-40,8

... includes no extraordinary income
but significant **extraordinary costs**

Annual net income (million €)



-19%

74,5M€

Extraordinary charges
before taxes

54,7M€

After tax

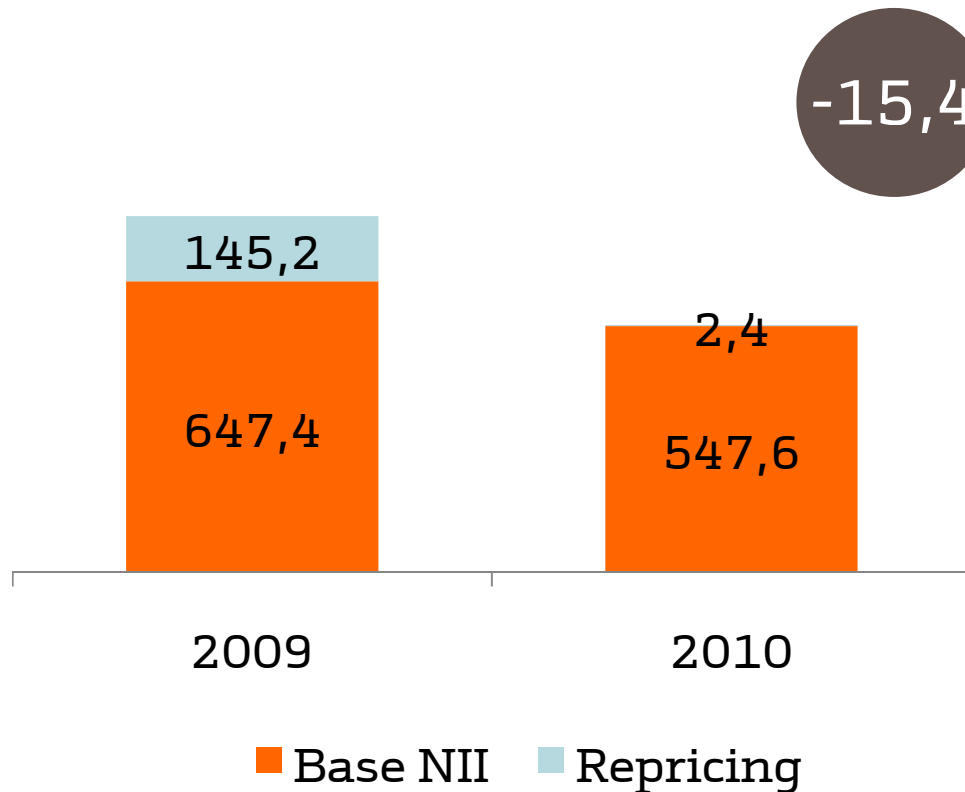
(*) 2010 net income ex extraordinary items

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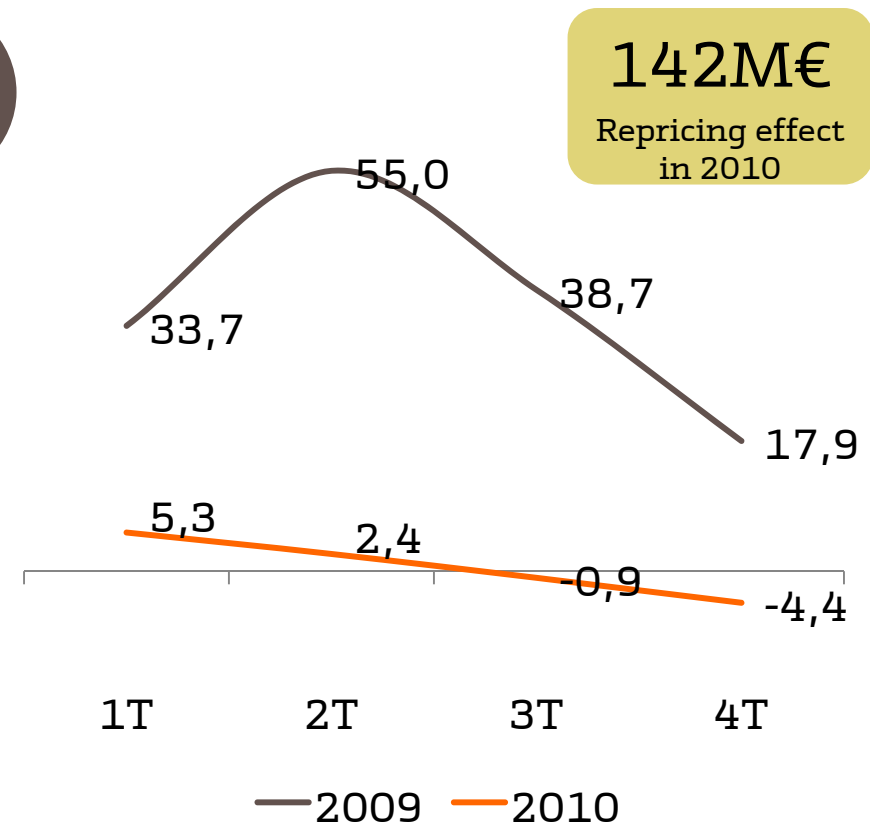


The mortgage repricing effect explains most of NII drop

Net Interest income (million €)

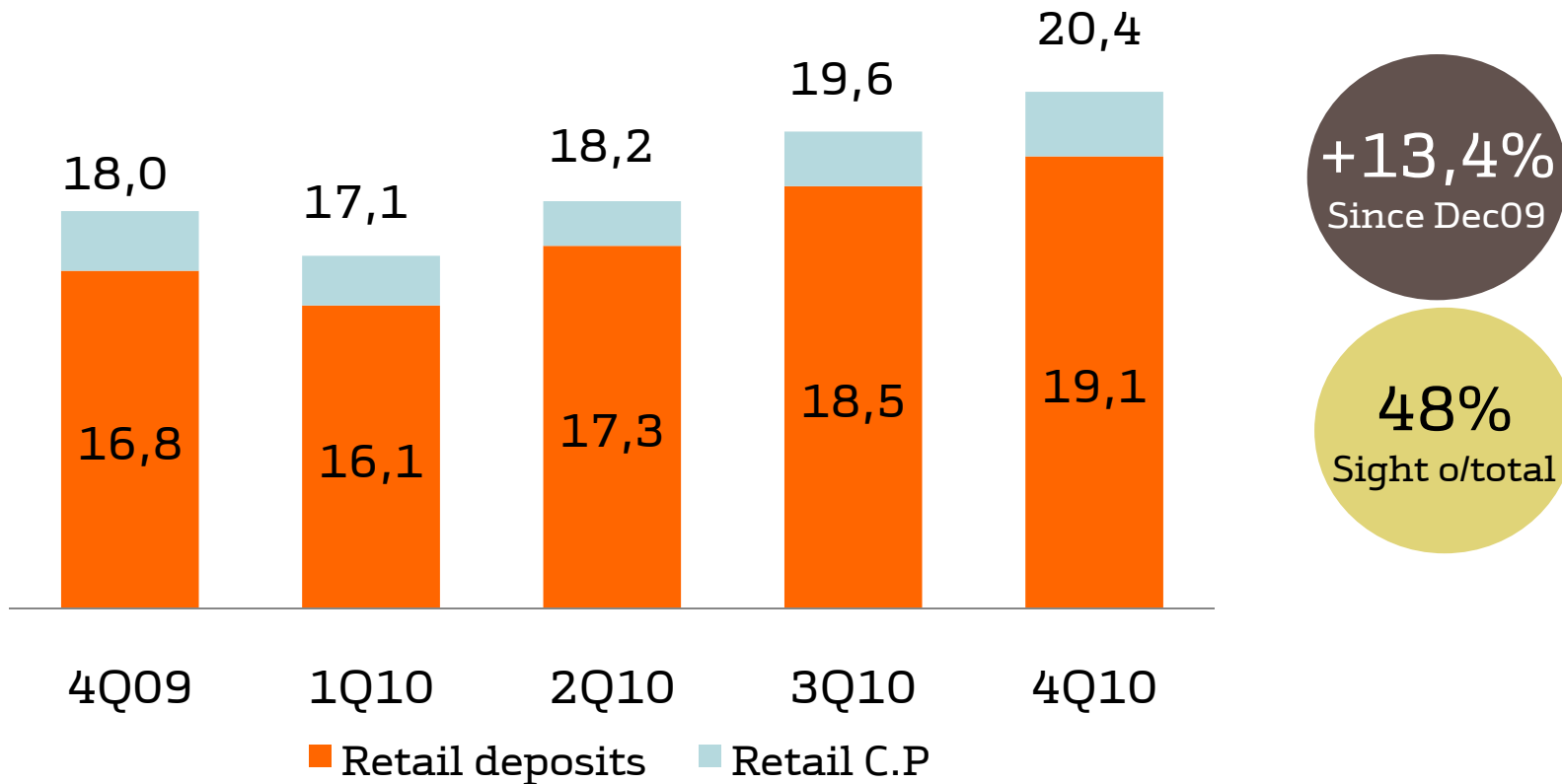


Quarterly repricing effect (million €)



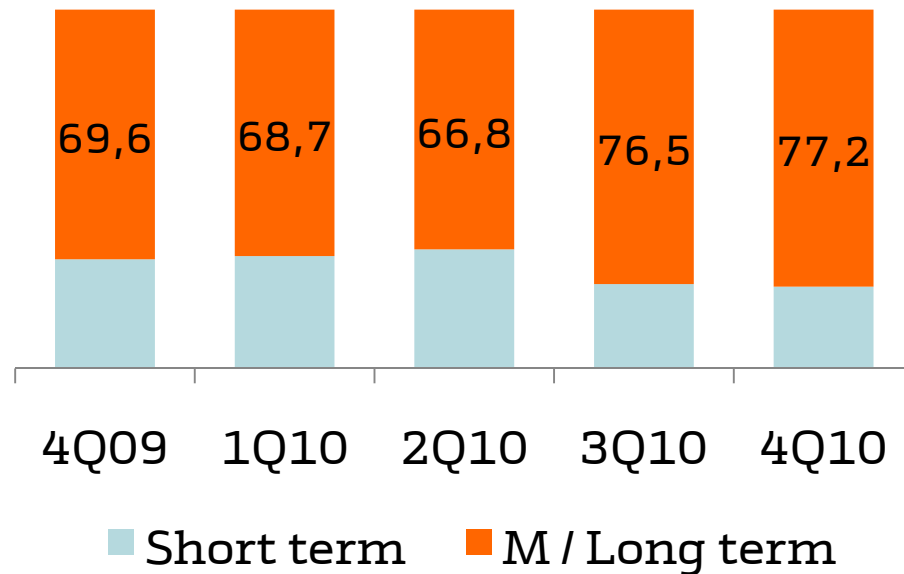
Significant increase of retail funding during the year

Retail funding (in billion €)



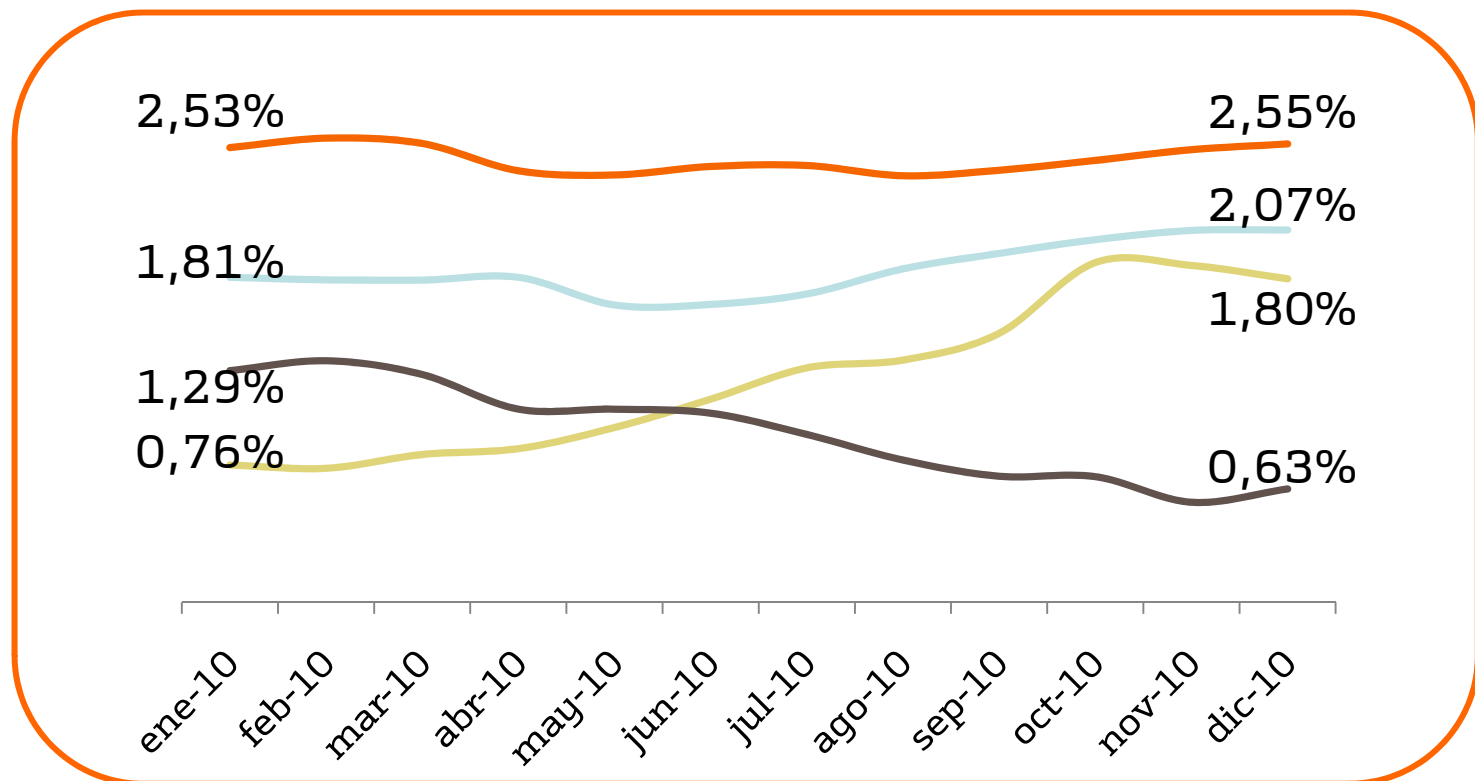
The duration of **wholesale funding** has been lengthened significantly

Breakdown of wholesale funding (in %)



Improvement in the funding structure has impacted **client margins**

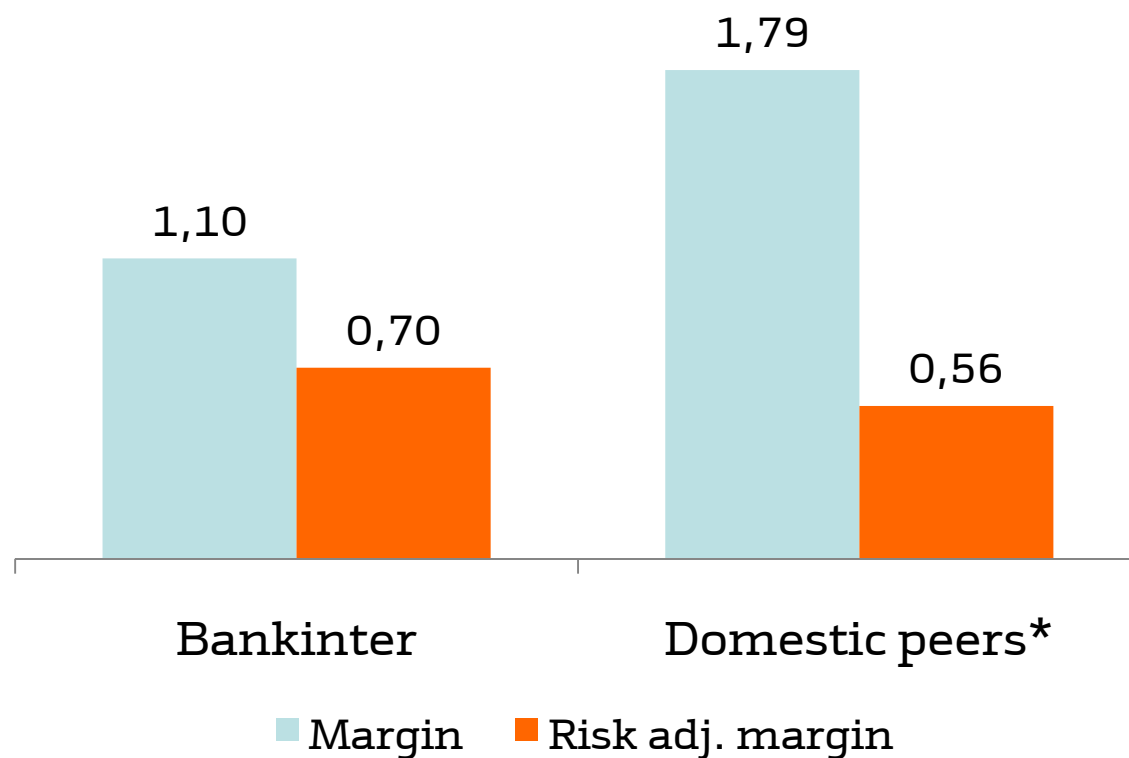
Monthly evolution of margins (in %)



— Asset yield — Cost of marketable securities
— Cost of customer deposits — Client margin

Interest margin adjusted to credit risk show better performance

Margins over total average assets sep'10 figures (in %)



4Q10 likely to be the bottom in **NII**

Moderate
Interest rate
hikes expected
in 2011

Upward
repricing of
loans and no
floors that limit
repricing
impact

Improved balance
sheet structure
and no
expectations of a
hike non
performing
assets

Contamination
on existing
deposit base
complete

No harshening
signs of the
deposit war

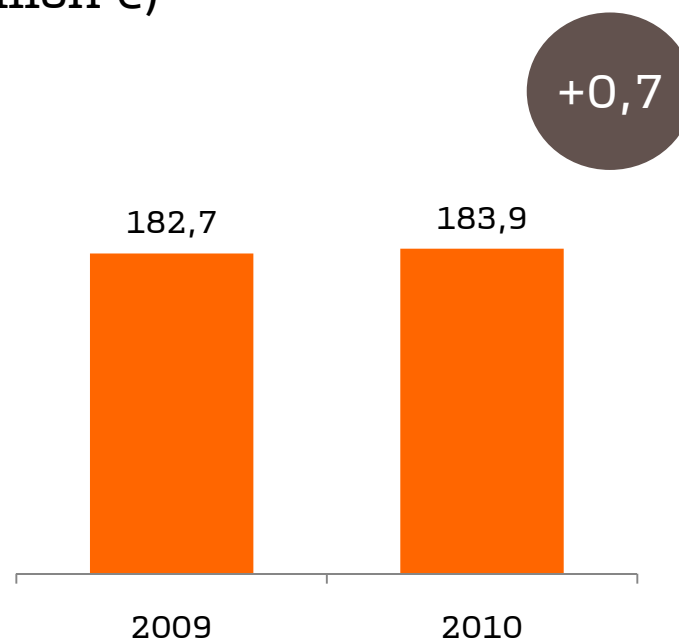
Few wholesale
maturities in
2011

Fee income shows resilience despite market volatility

Fee income (in million €)

	2010	Diff.	(%)
Transactional	72,8	-2,4	-3,2
AUM	45,7	2,2	5,1
Insurance	41,9	1,2	3,1
Broker	39,6	-6,3	-13,7
Guaranties	32,5	5,8	21,5
Unpayment + other	28,9	-9,8	-25,4
Fees received	261,5	-9,3	-3,4
Fees paid	65,9	-2,6	-3,8
Net fees	195,6	-6,7	-3,3

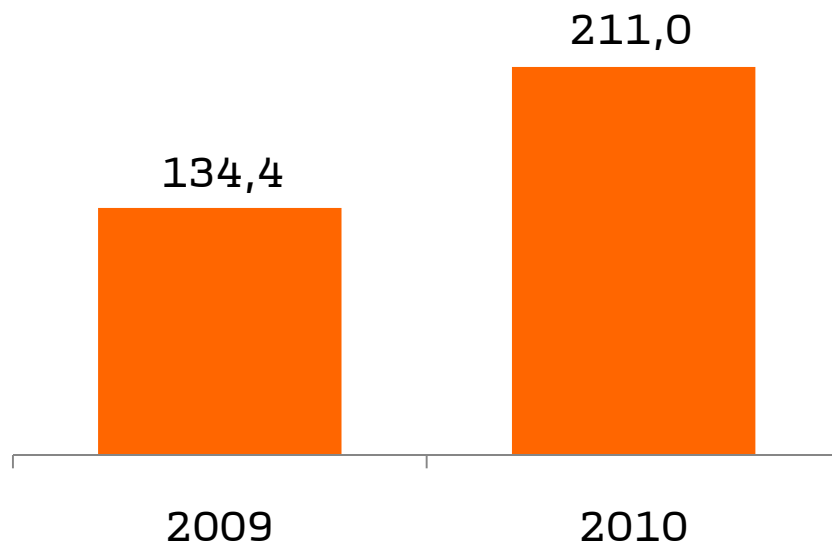
Net fees ex unpayment fees(in million €)



Ibex 35 -17,4%

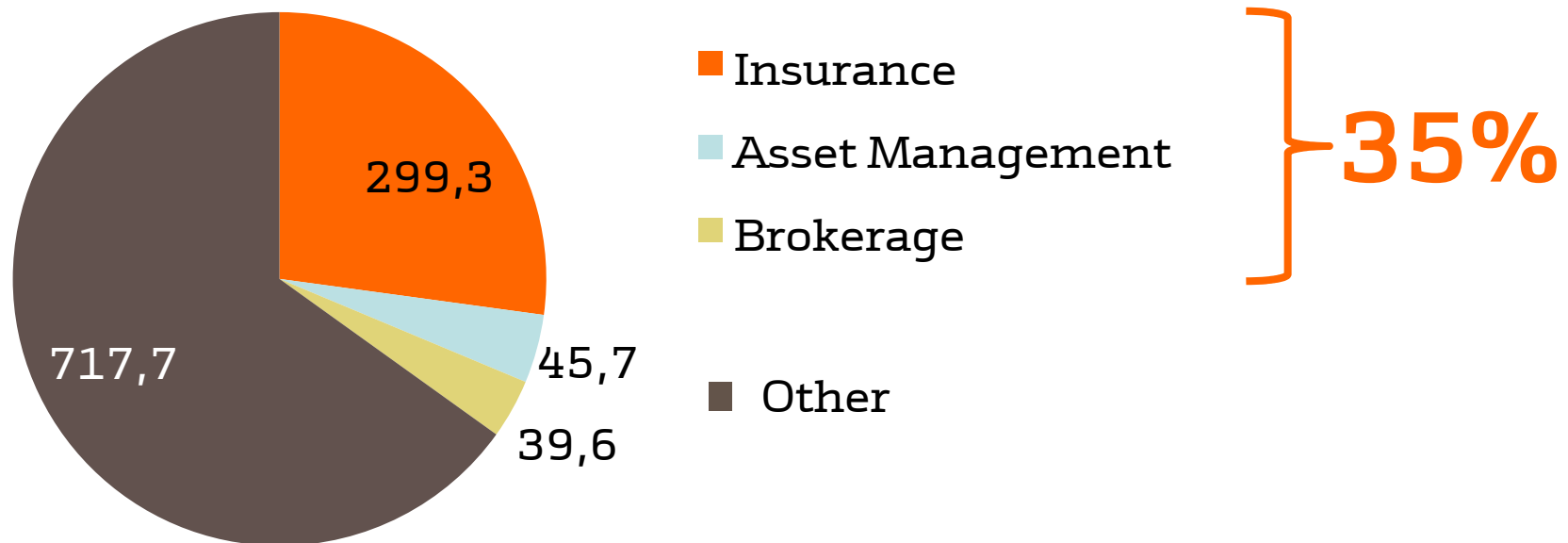
Other operating results reflect the contribution of LDA insurance business

Other operating results (million €)



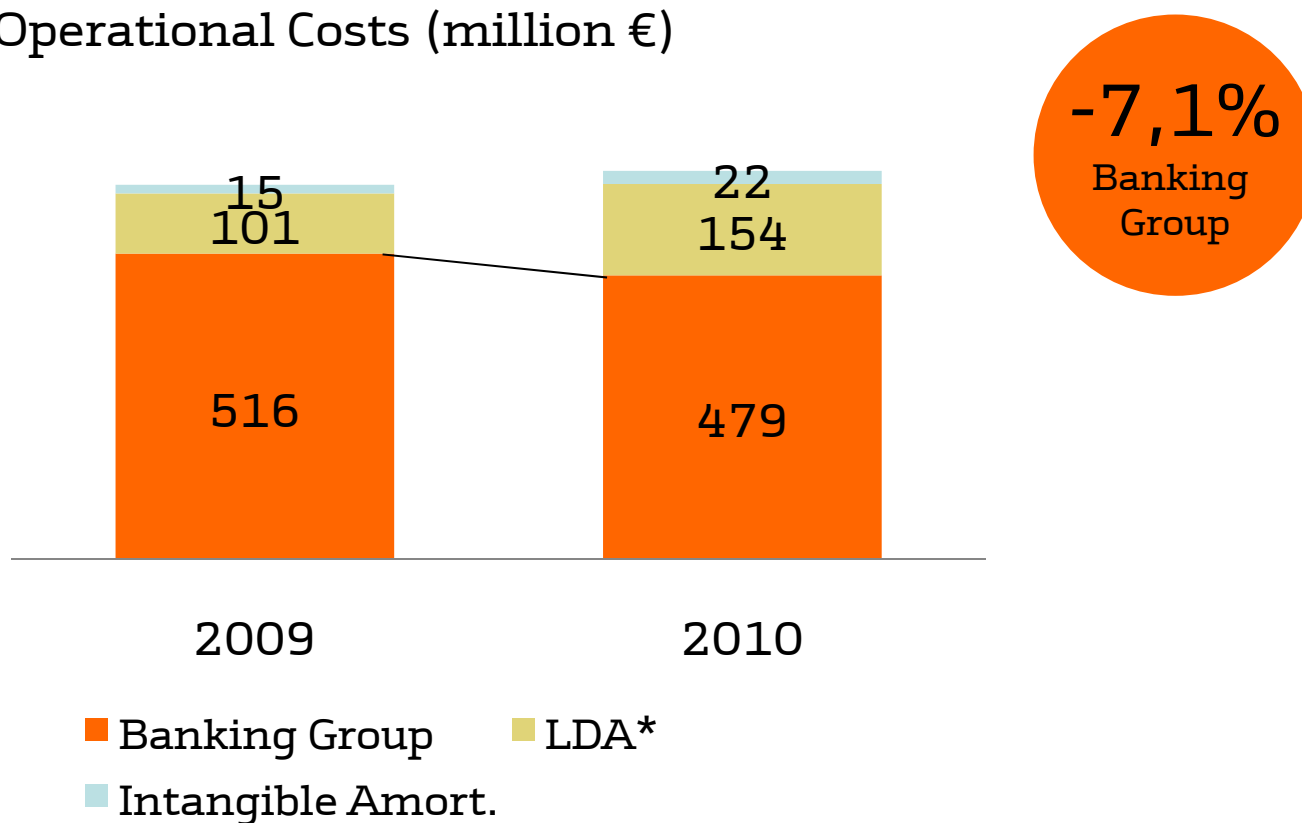
Gross operating income shows greater diversification

Gross operating income breakdown (million €)



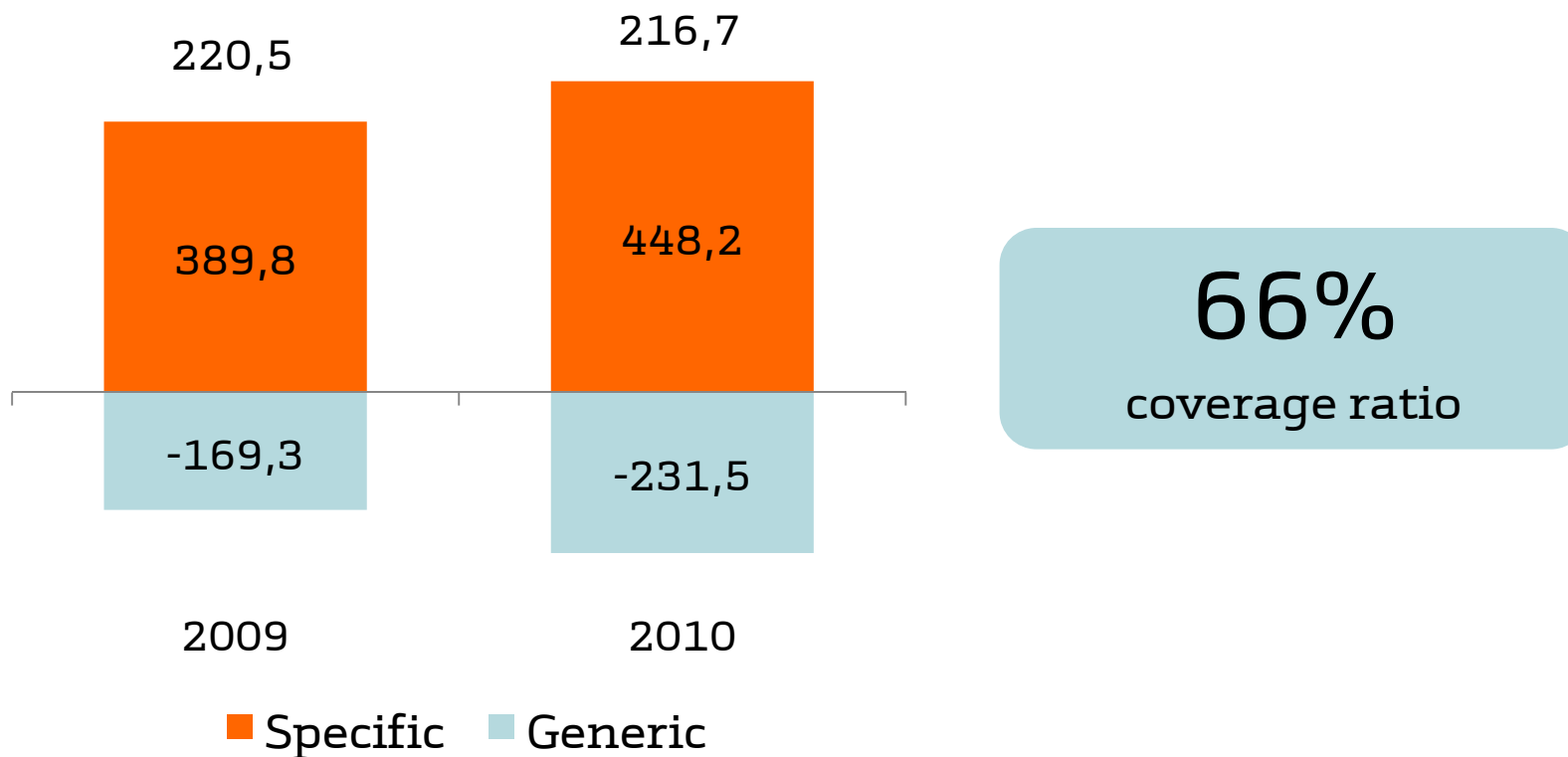
Supported by **cost contention** efforts and efficiency gains

Operational Costs (million €)



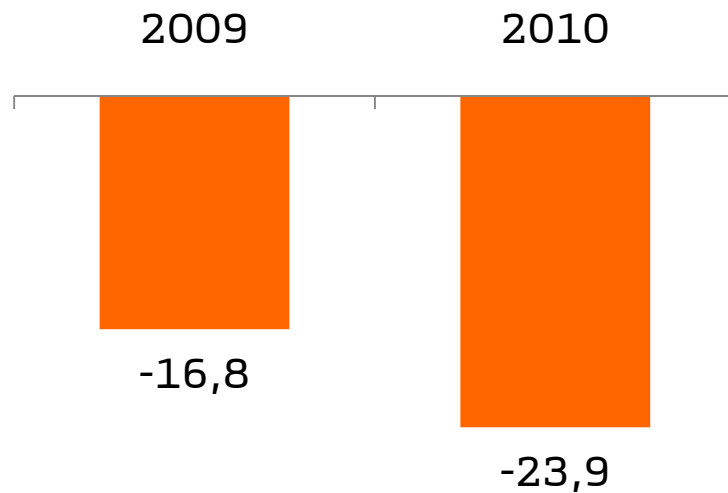
Maintaining high levels of **NPL coverage** and accelerating provisions

Break down by type of provision (in million€)

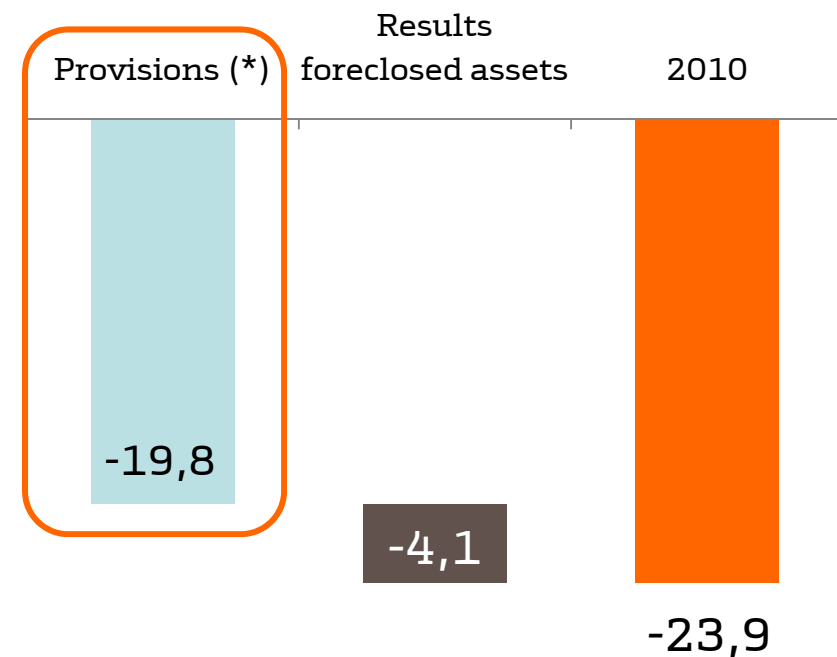


Results from foreclosed assets show a good pattern

Results on the disposal of assets (in million€)



Breakdown of results on the disposal of assets (in million€)



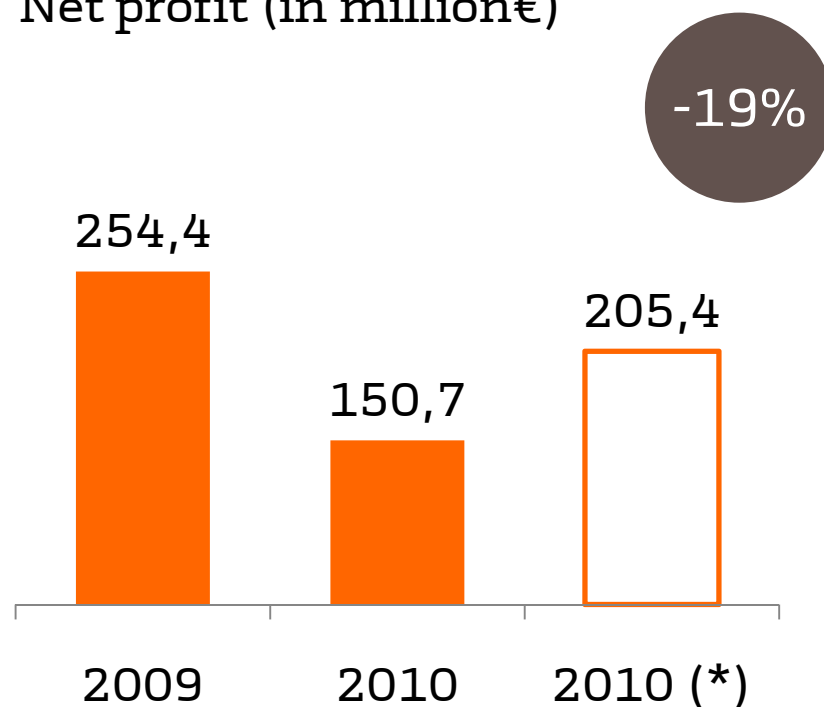
(*) Extraordinary provisions

2010 a year marked by

1. Base effect due to a significant **mortgage repricing** impact in 2009
2. The **deposit war and the sovereign** crisis have put pressure on funding costs
3. **Market volatility** has impacted fee income from AUM and brokerage services
4. Significant recognition of **extraordinary charges** in the year.

Despite headwinds **recurrent results** continue to show stability

Net profit (in million€)



-19%

1.- Diversification of sources of income

2.- Boosting client profitability

3.- Cost contention, efficiency and productivity gains

4.- Unrealized capital gains intact

(*) 2010 net income ex extraordinary items

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Best Asset Quality

1/3

Peers
Problematic
Assets

-57%

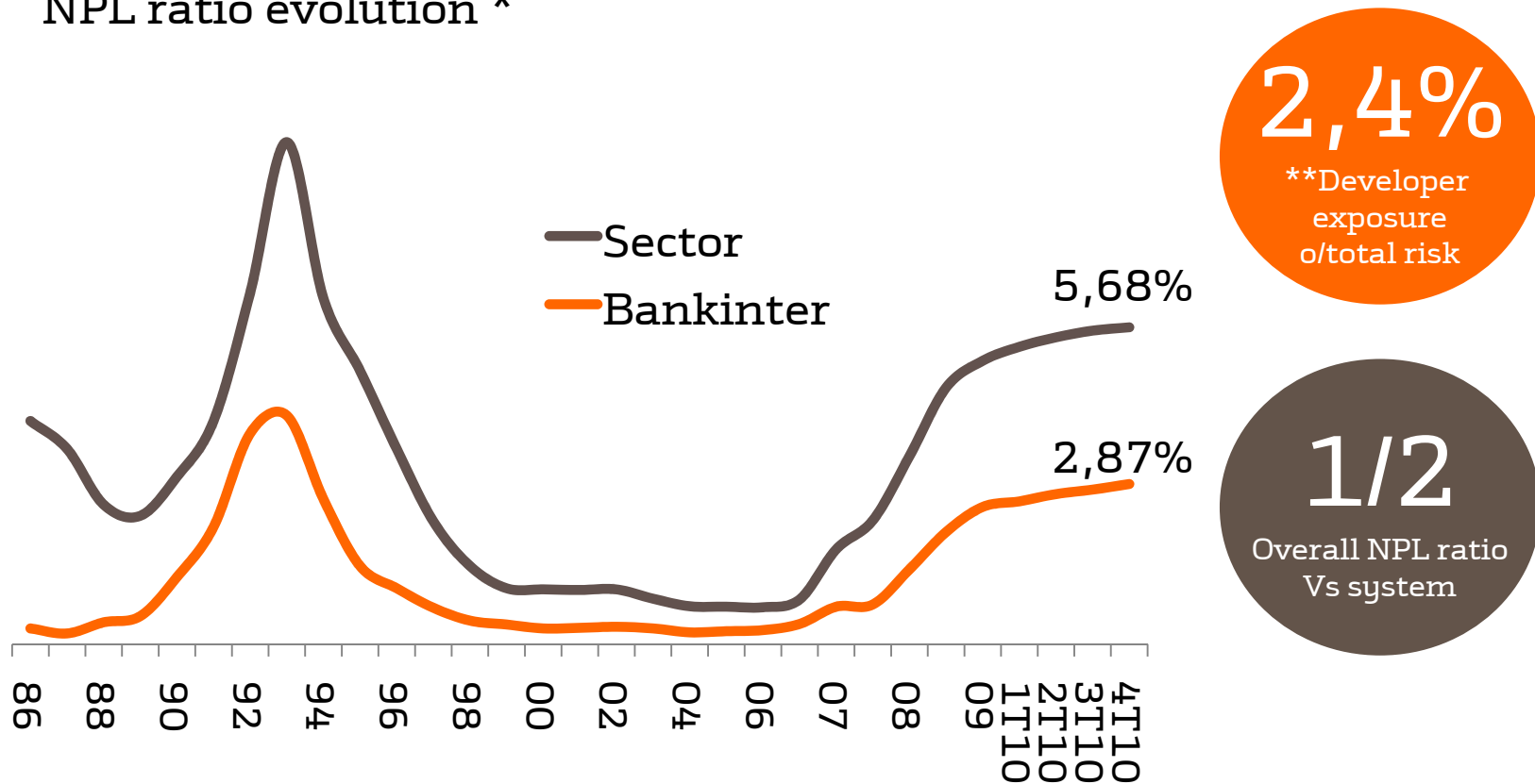
NPL net
entries in 2010

0,6%

Real estate
assets in the
system

Outperforming the system in **NPLs** over the cycle

NPL ratio evolution *



2,4%

**Developer exposure o/total risk

1/2

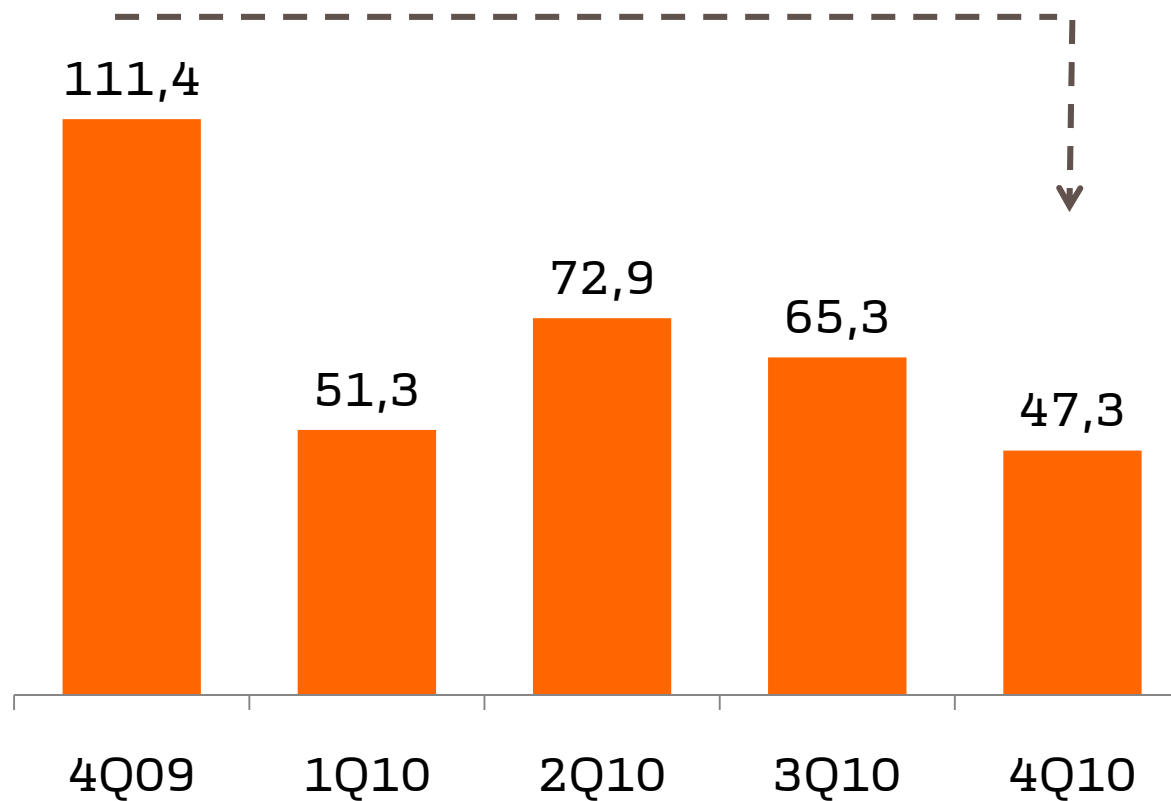
Overall NPL ratio Vs system

* Sector data : November 2010. Source: Bank of Spain

** Calculated according to new BdE reporting requirements

NPL entries show a declining trend

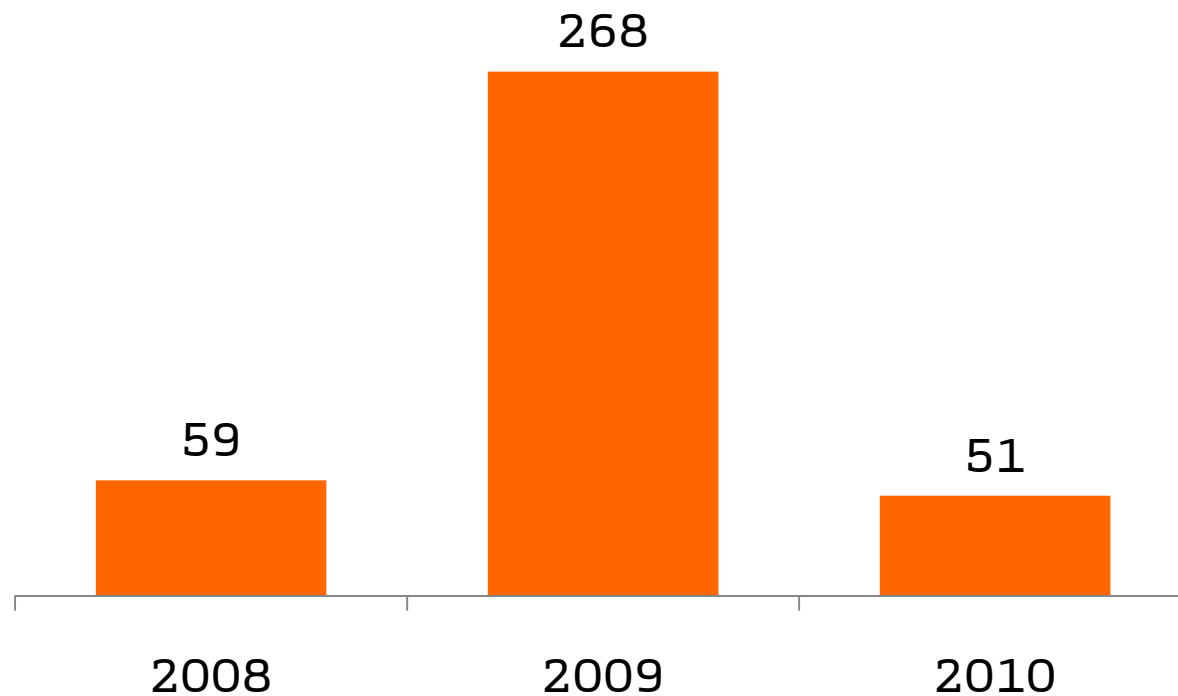
Quarterly net NPL entries (million €)



-57%

Foreclosed assets are low compared to system levels

- Annual gross additions of foreclosed assets (million €) -



378M€

0,6%
market share

28%

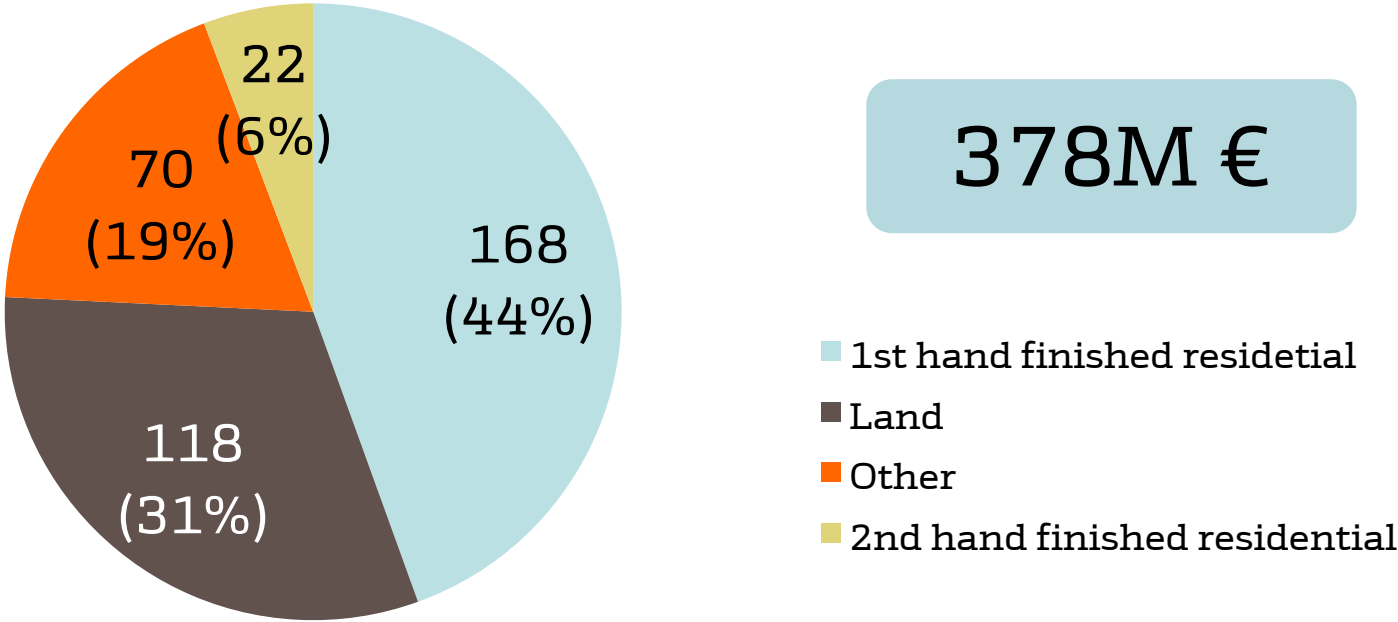
Coverage
of accounting
value

42%

Coverage
of appraisal
value

and show **no concentration**

Foreclosed assets by asset class * (in million € and %)



378M €

- 1st hand finished residential
- Land
- Other
- 2nd hand finished residential

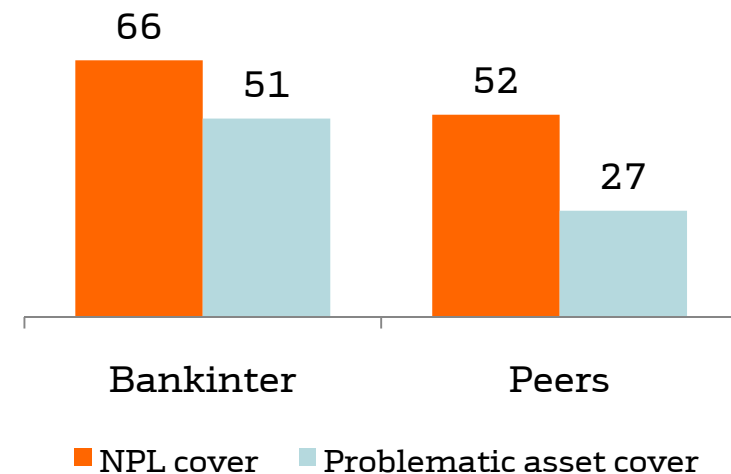


An outstanding asset quality further reinforced when adding up other problematic assets

- "Problematic assets" (in mill €)-

	Bankinter	Peers*
NPL	1.330	14.426
Substandard	228	9.050
Foreclosures**	386	14.580
TOTAL	1.944	38.056
Adjusted ratio	4,2%	11,7%

- Coverage ratios (in %)-



1/3
Problematic assets

X2
cover



Adequate solvency levels

66%

NPL
Coverage
Ratio

51%

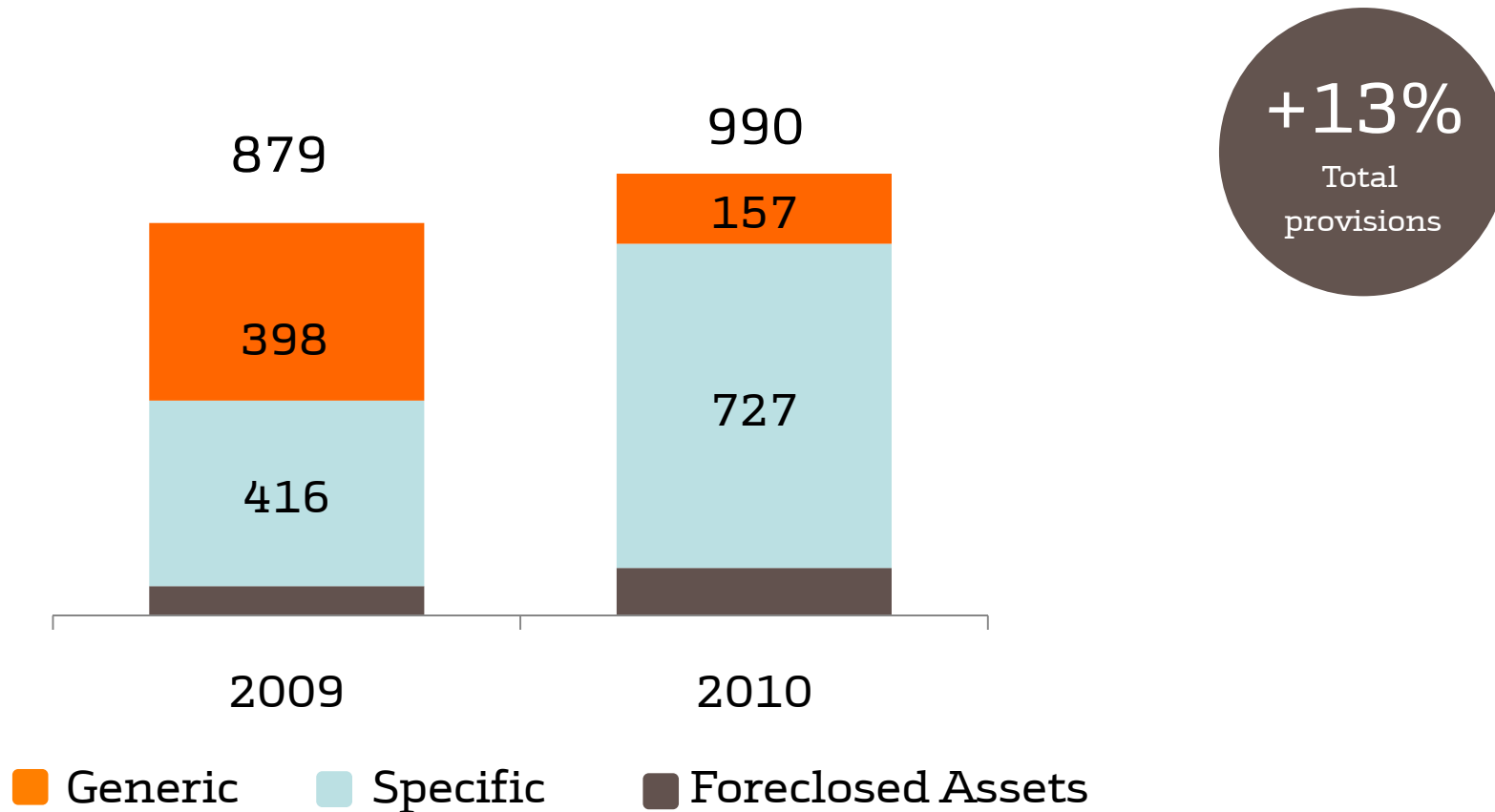
Problematic
assets cover

2/3

Of 2011
maturities
pre financed

We continue to reinforce provisions

Total provisions evolution (million €)



Highest **coverage ratios** in all asset classes

66%

NPL coverage
Vs 52% Peers

28%

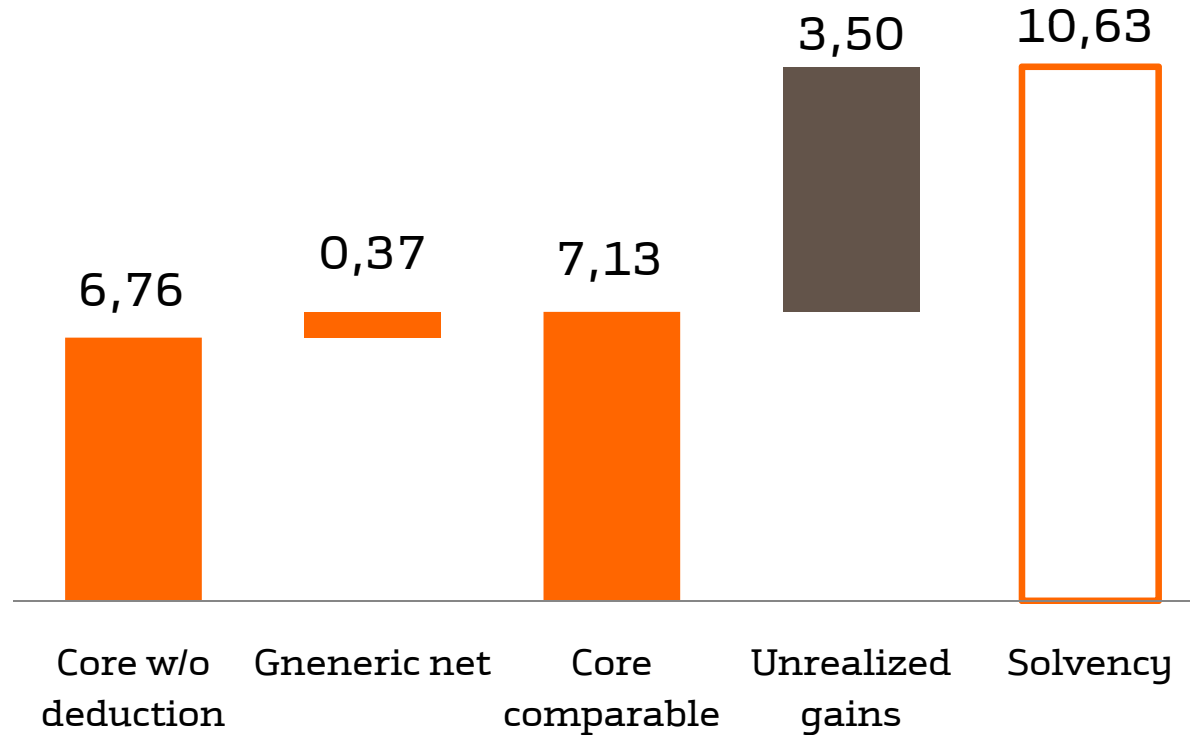
Real estate
assets cover
vs 18% Peers

51%

Problematic
assets cover vs
27% Peers

Solvency levels are adequate to the business profile

Comparable core capital ratio (%)



2010 maturities **fully financed** and working ahead 2011

Annual wholesale maturities vs issues (in bn€)

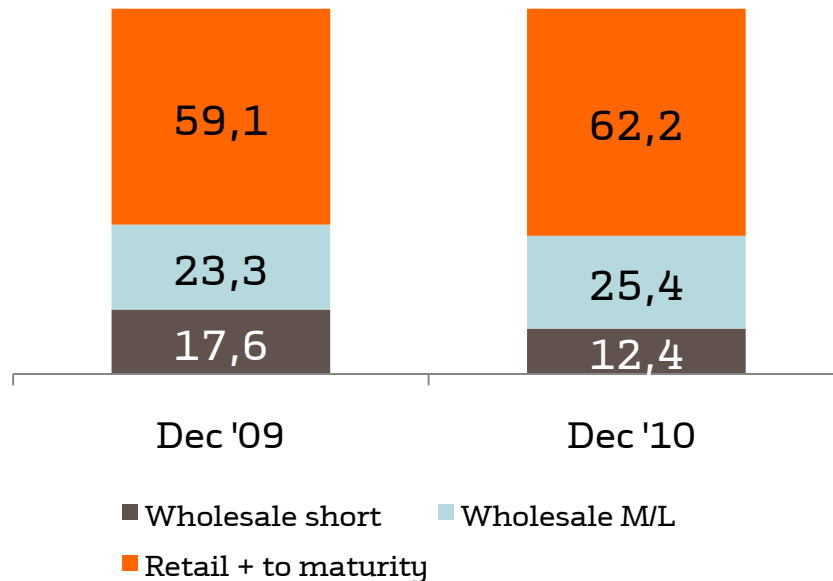


2/3
2011 maturities
financed

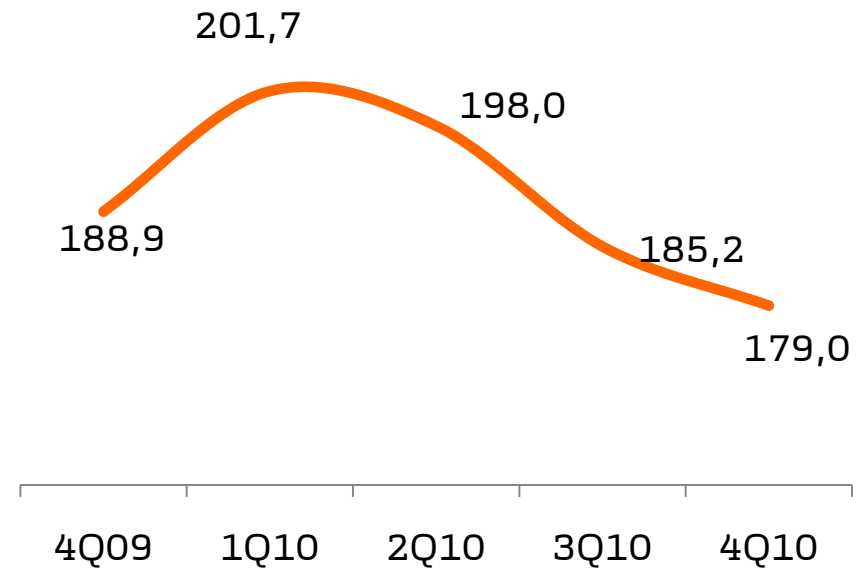
9bn€
Liquid assets

Leading to a significant improvement in the **financing structure**

Financing structure of the loan book (in %)



Evolution of the loan to deposit ratio (in %)



+2,4Bn€
Retail funds
in 2010

-16,2%
Loan to deposit ratio
in 2010

A strong business model

+7,3

Quality differential

61.585

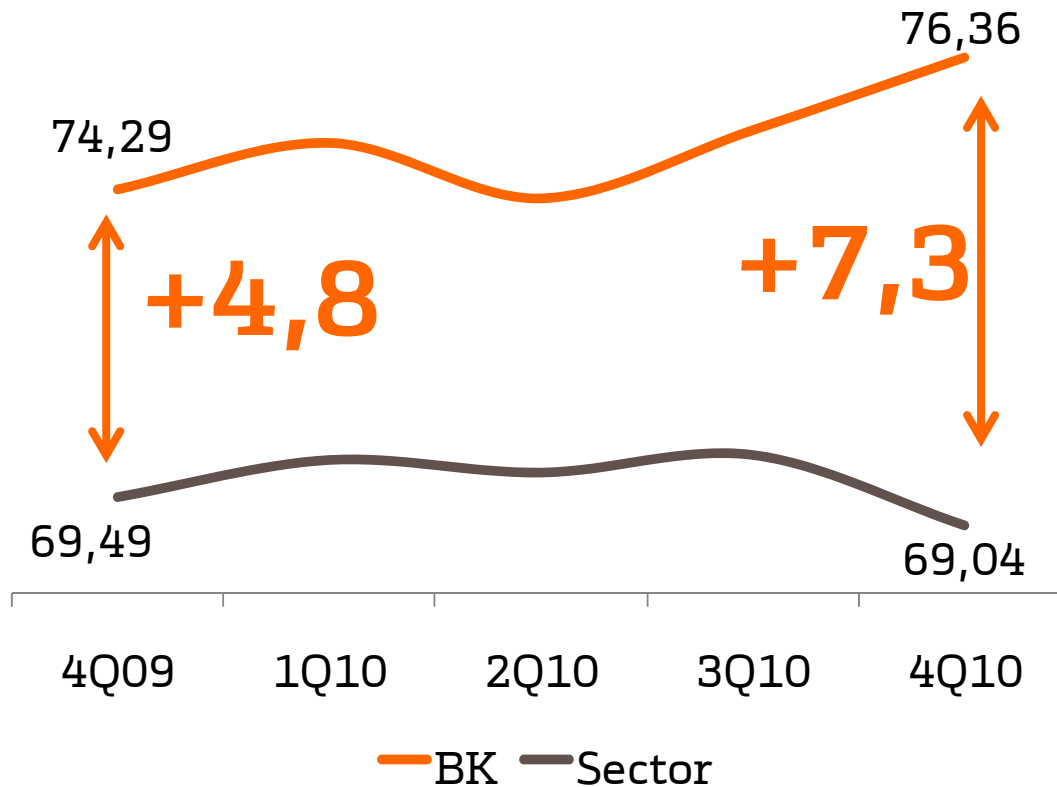
New Clients

LDA

+3,6%
Premiums

Clear strategic focus on **quality of service**

Evolution of quality ISN indicator

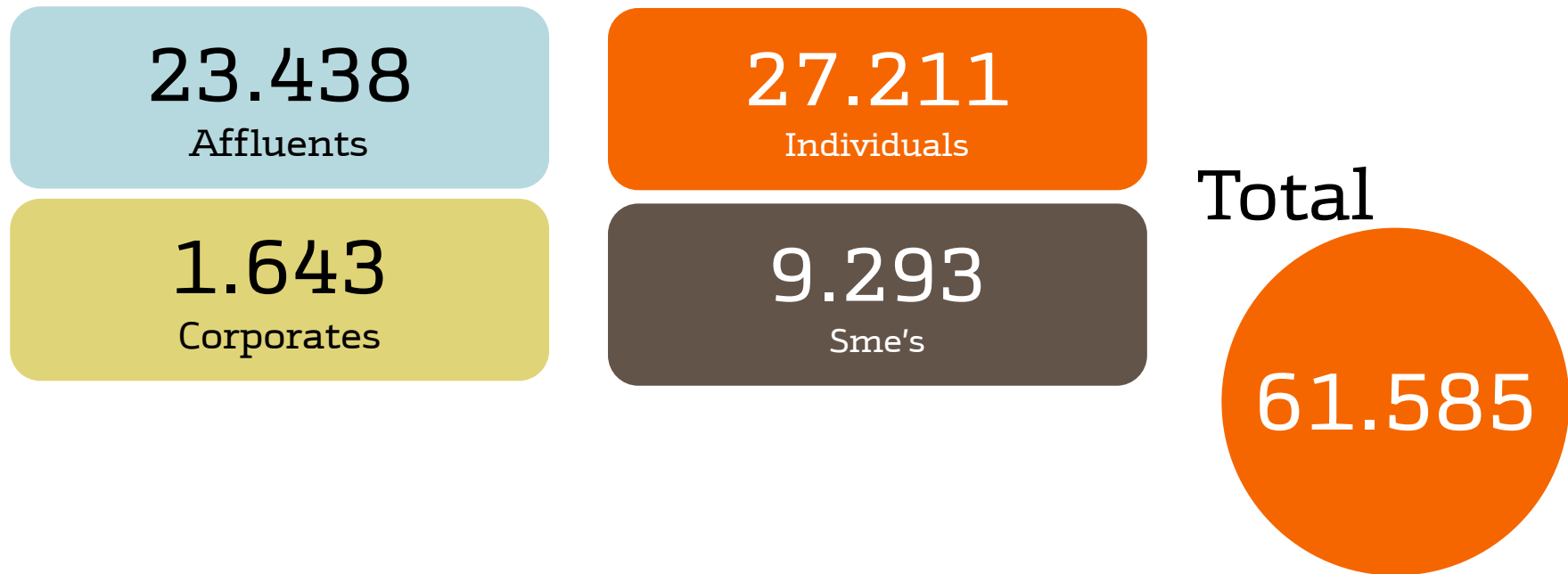


6,8
Products per client
in affluent segments

6,64%
Churn rate

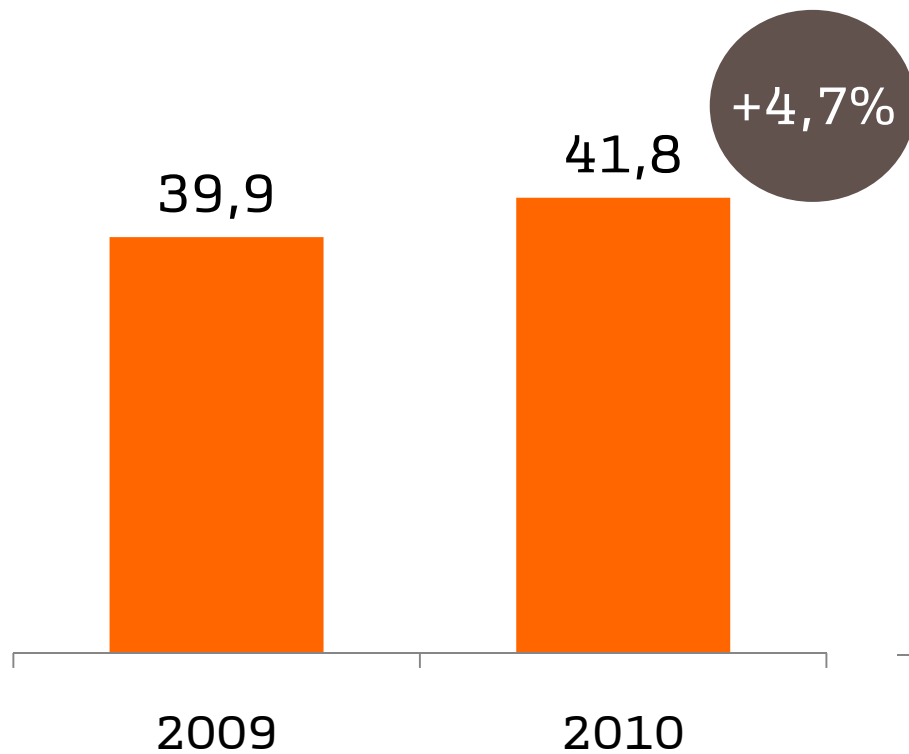
We continue investing in **client acquisition** in target segments

Number of clients acquired 2010

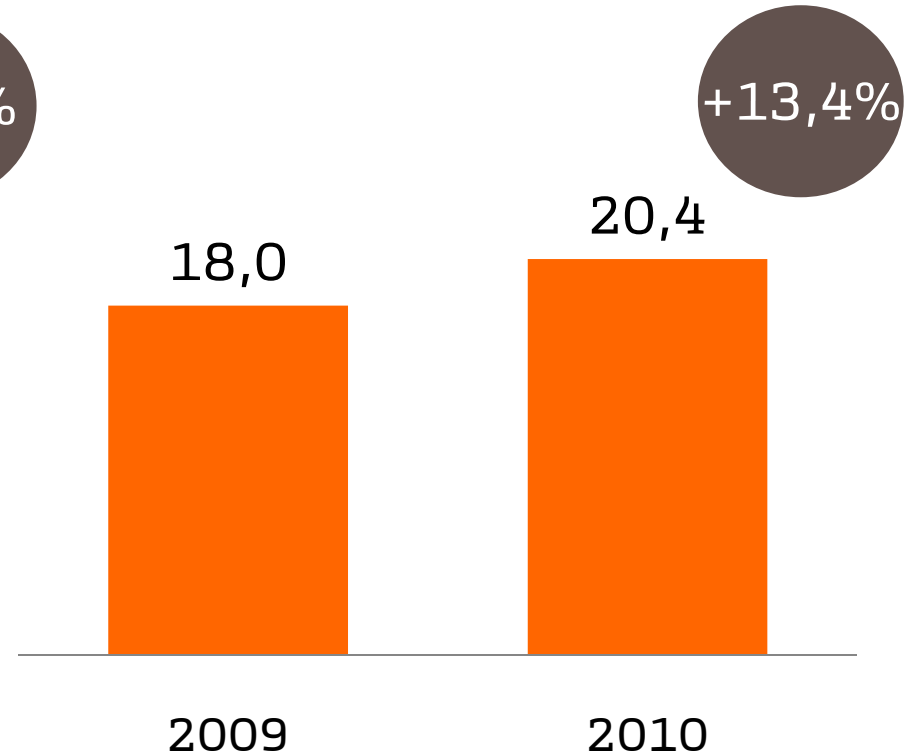


as is shown in **volume** performance

Credit and loans (billion €)

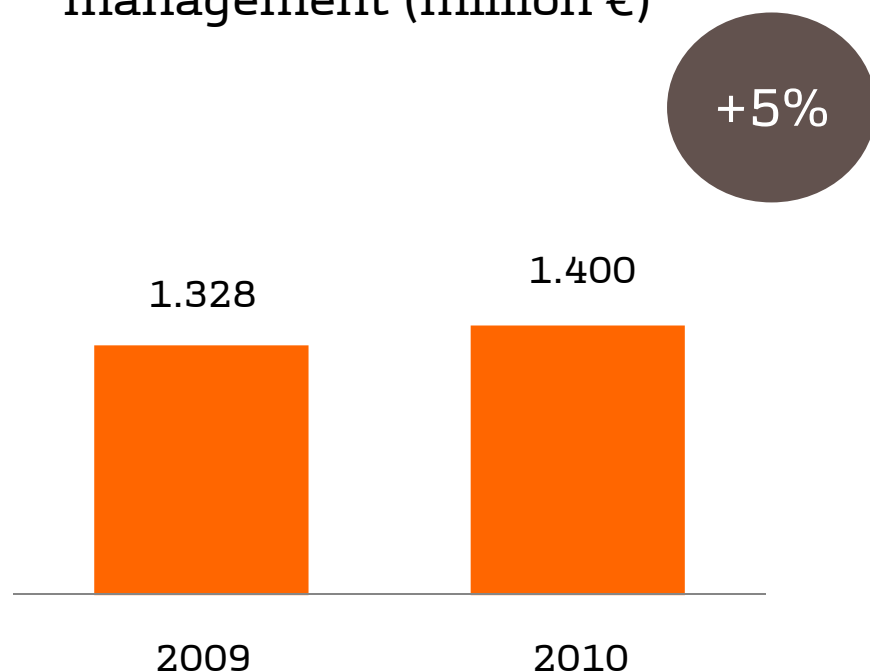


Retail funds (billion €)



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

SICAVS assets under management (million €)



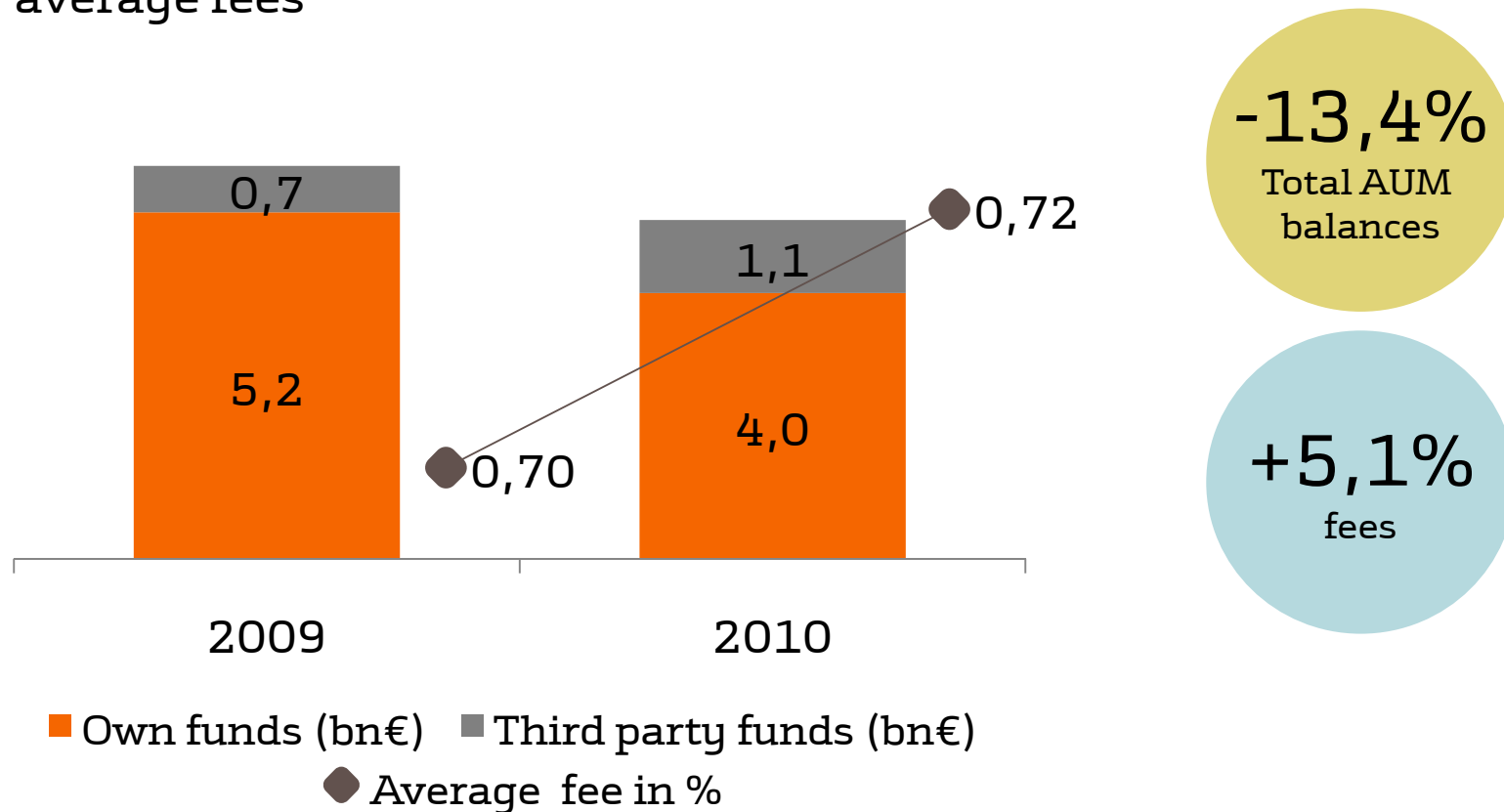
Ranked 3^o
In number of SICAVs

8,1%
Market share

+4%
Number of sicavs

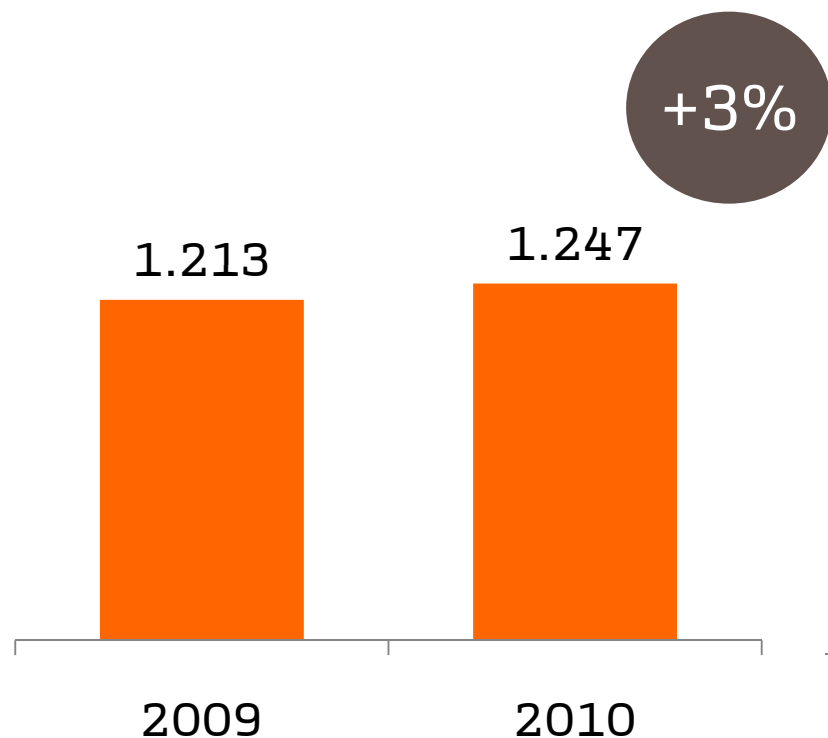
AUM business is strong and the mix improvement continues

Evolution of Investment funds balances and average fees

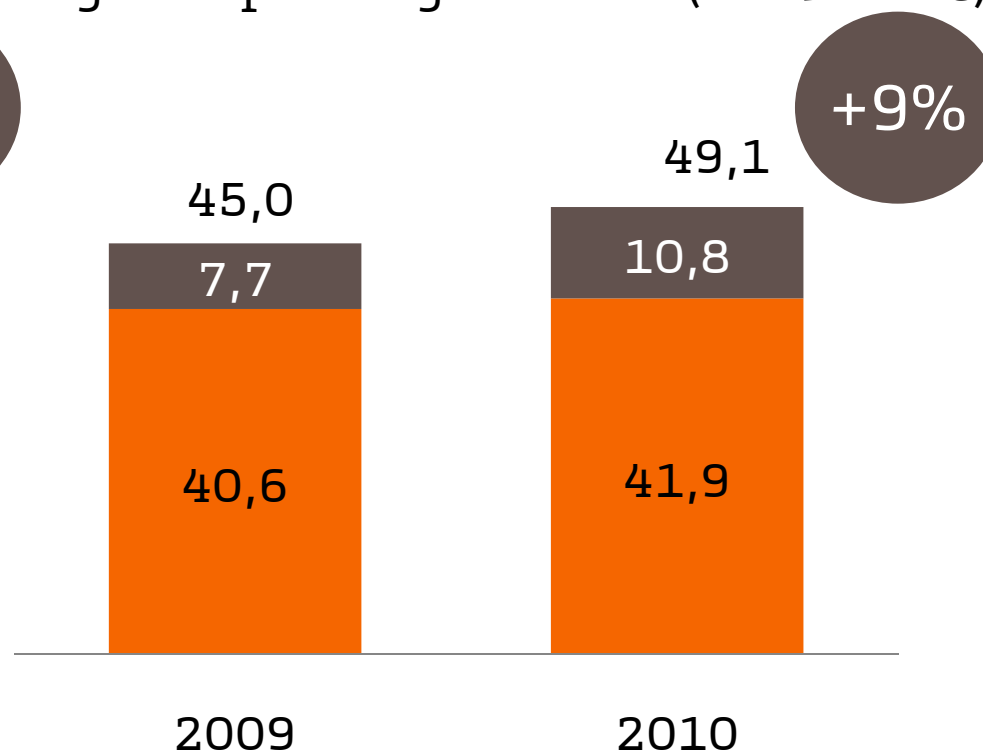


Distribution of **life insurance** products keeps on supporting business results

Pension funds (in million €)



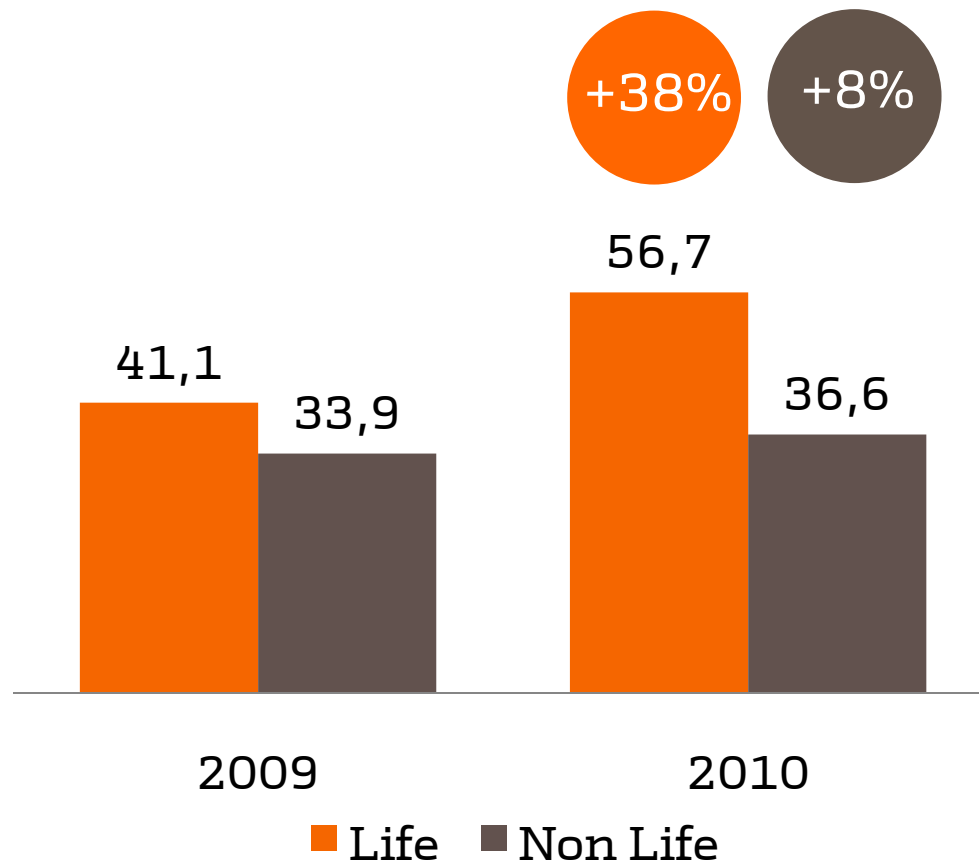
Insurance business contribution to gross operating income * (thousand €)



■ Fee income ■ Equity Method

and shows sustainable **growth**

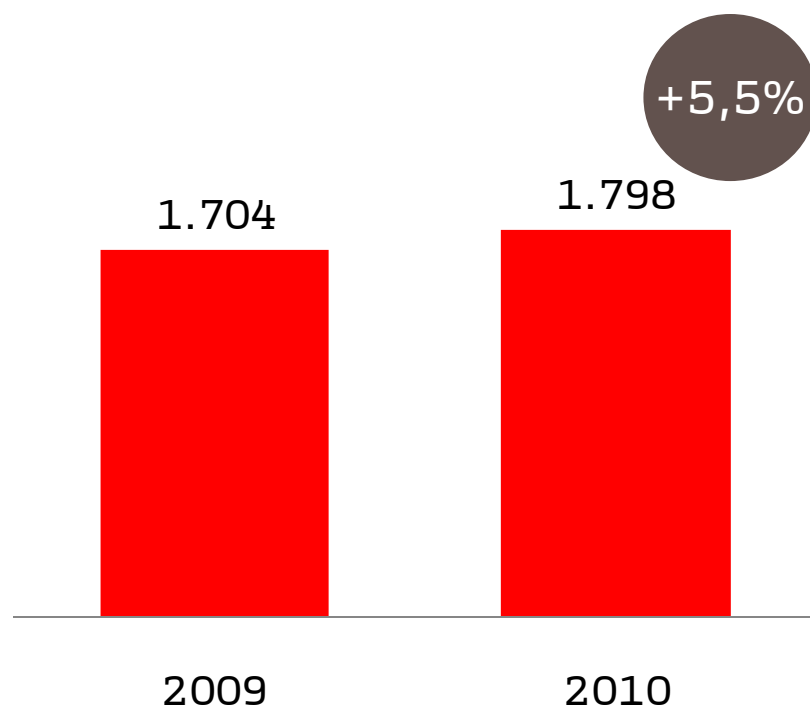
Premiums evolution (in million €)



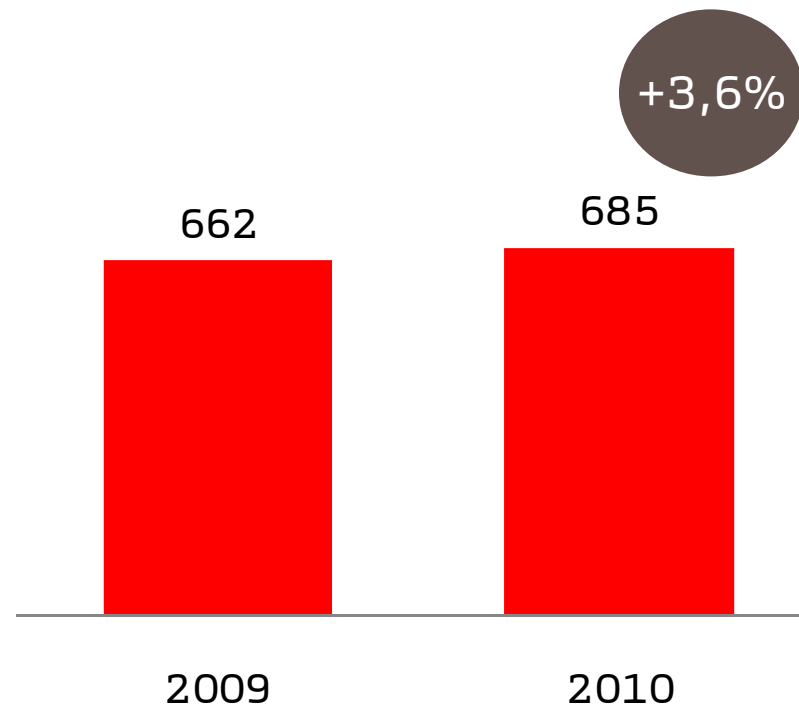
LDA continues outperforming the sector in policy acquisitions and premiums



Insurance policies (in thousand)



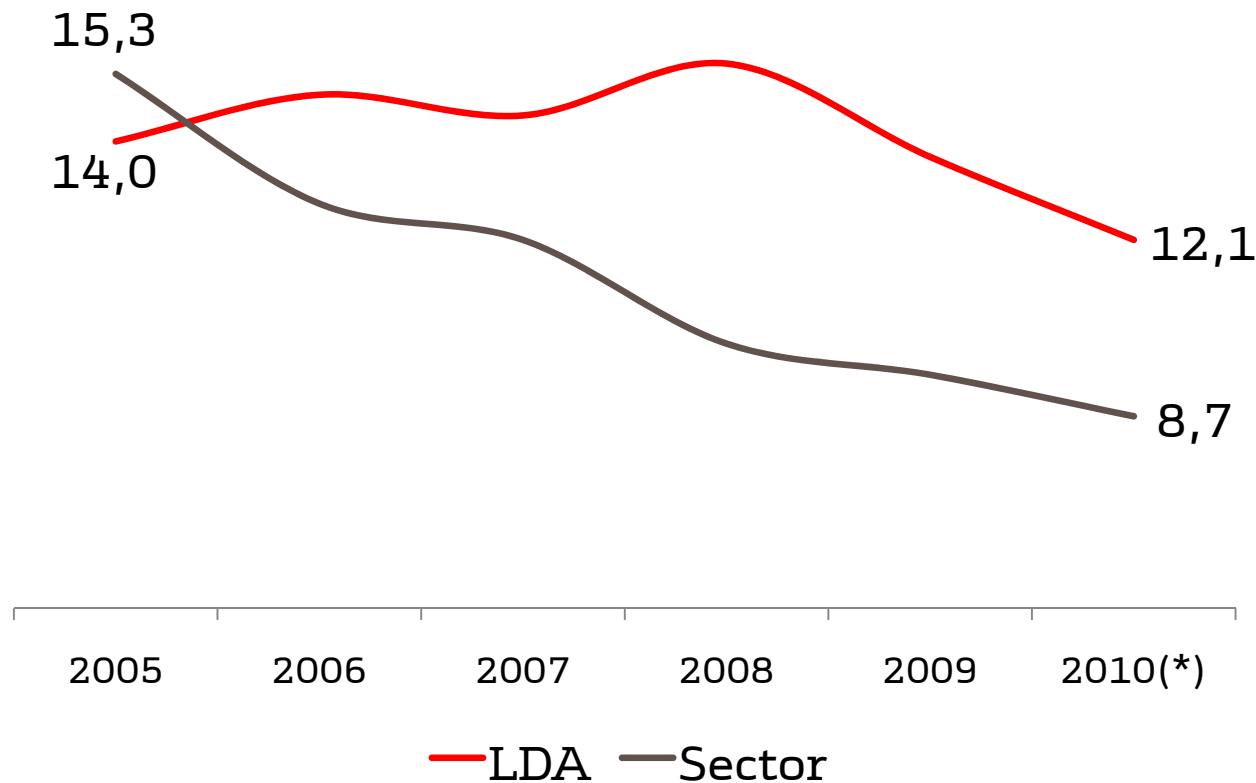
Net premiums (in million €)



And also shows **strong resilience** economic conditions



Technical results ** (in %)



94,4M€
Profit before taxes

In summary

1
Improved
financing
structure

2
Best in class
asset quality

3
Highest
coverage levels
for all asset
classes

4
Business shows
strength and
clear focus