

Results Presentation 1Q 2016

21st April 2016

bankinter.



Bankinter presents its financial statements in accordance with the regulatory framework applicated to the Group, which is that established in the Code of Commerce and other company law and in the International Financial Reporting Standards adopted by the European Union, and taking in consideration Circular 4/2004 of the Banco de España.

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 other counterparties.

Agenda

1. Results

2. Risk management

3. Businesses



R

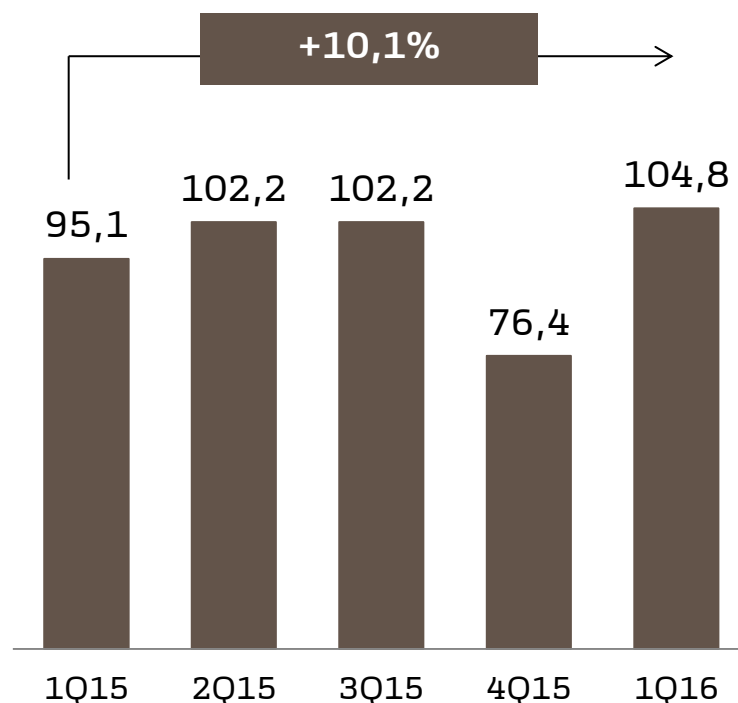
Results

P&L account 1Q16

P&L account (€ millions)

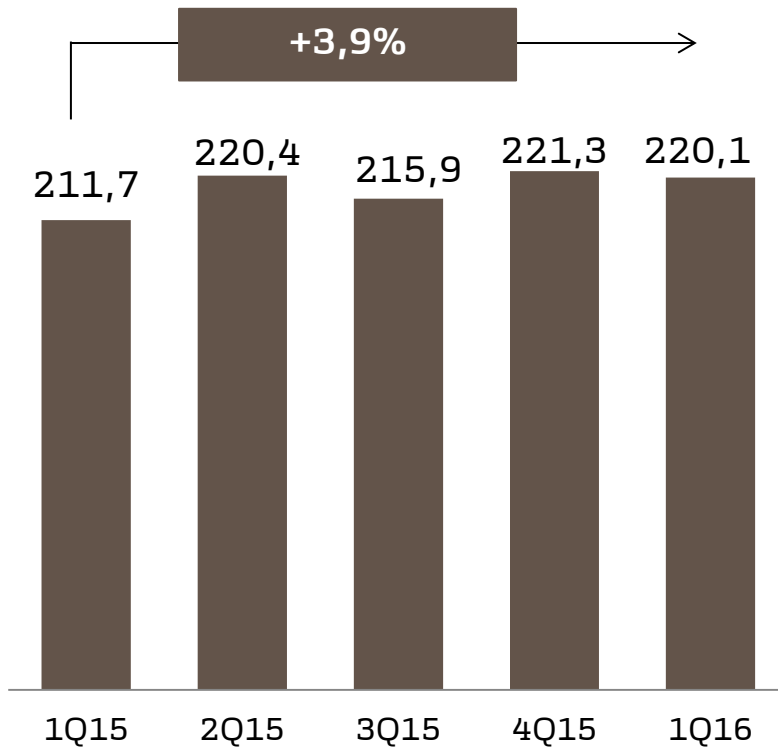
	1Q16	1Q15	Dif. %
Net Interest Income	220,1	211,7	3,9%
Other Client related business	173,4	169,5	2,3%
Trading Income	17,3	22,0	-21,6%
Gross Operating Income	410,8	403,3	1,9%
Operating Expenses	-198,9	-192,1	3,6%
Pre Provision Profit	211,8	211,2	0,3%
Other Provisions	-8,0	-8,2	-2,8%
Cost of Risk	-56,3	-67,1	-16,1%
Profit Before Tax	147,6	135,9	8,6%
Net Income	104,8	95,1	10,1%

Quarterly Net Income (€ millions)

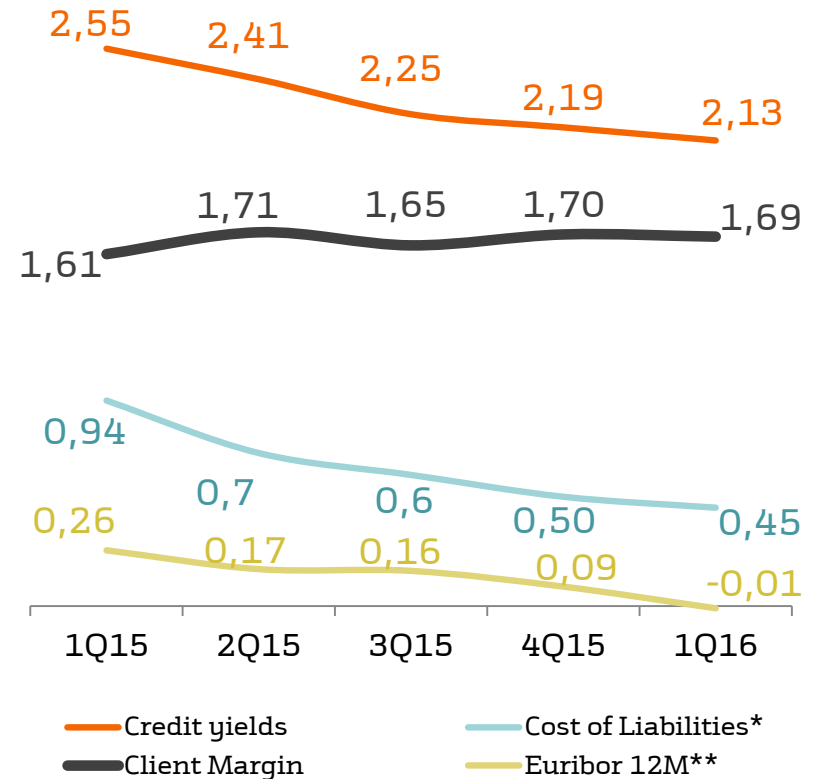


Net Interest Income evolution

Quarterly Net Interest Income
(€ millions)

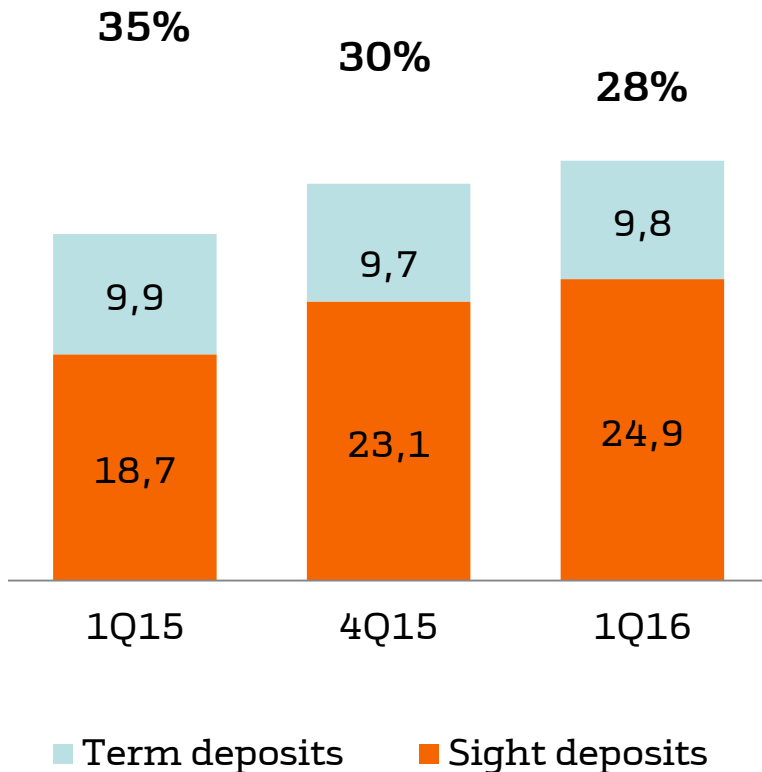


Quarterly client margin & cost of funding
(in %)

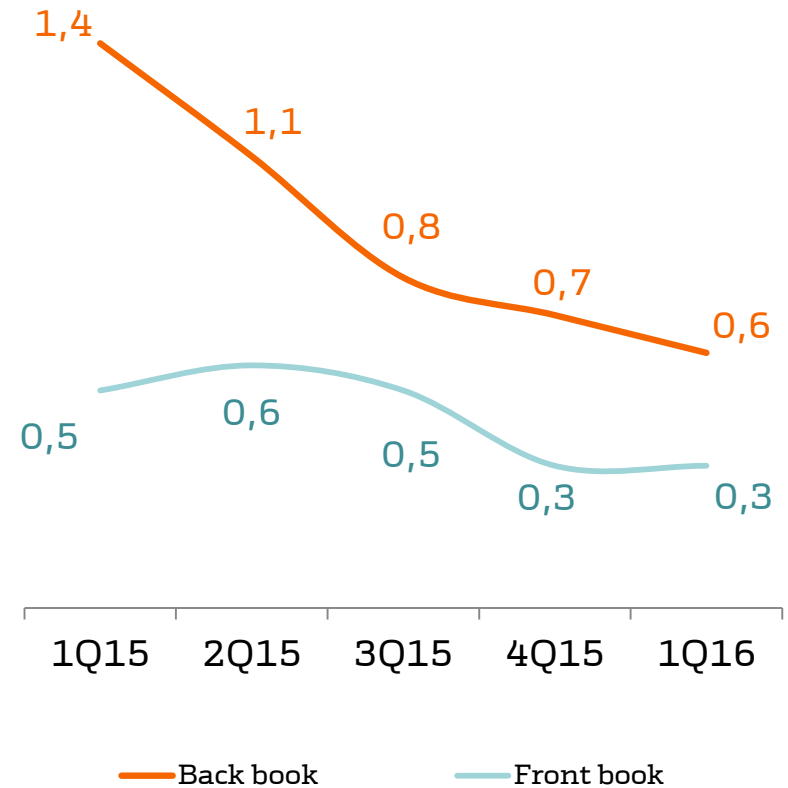


Retail funding trends

Term deposits over total retail deposits
(in % of total and balances in €bn)

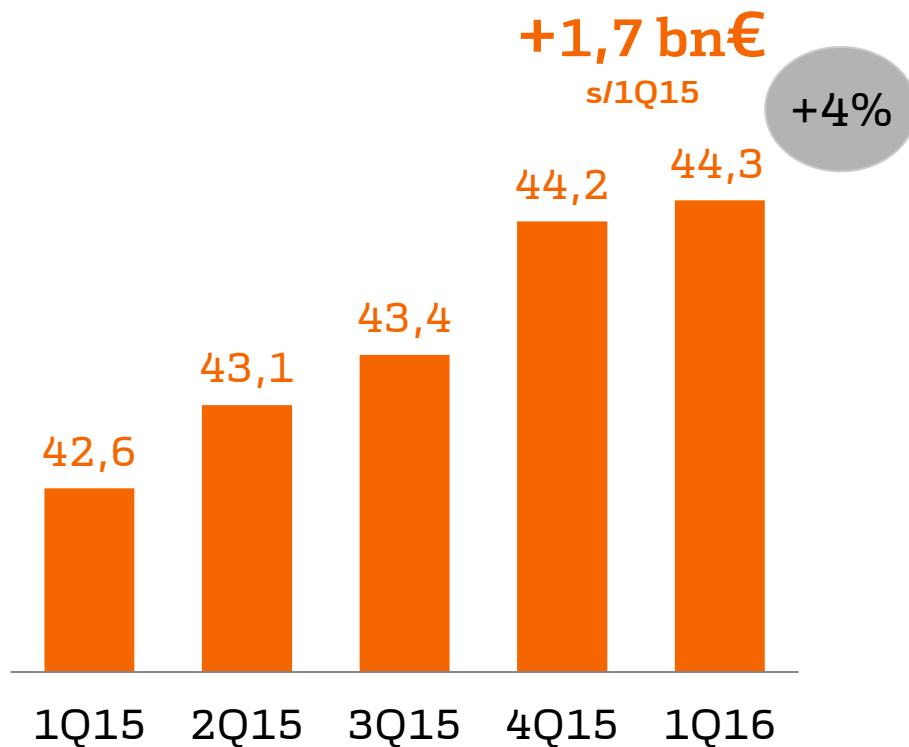


Quarterly cost of term deposits (in %)

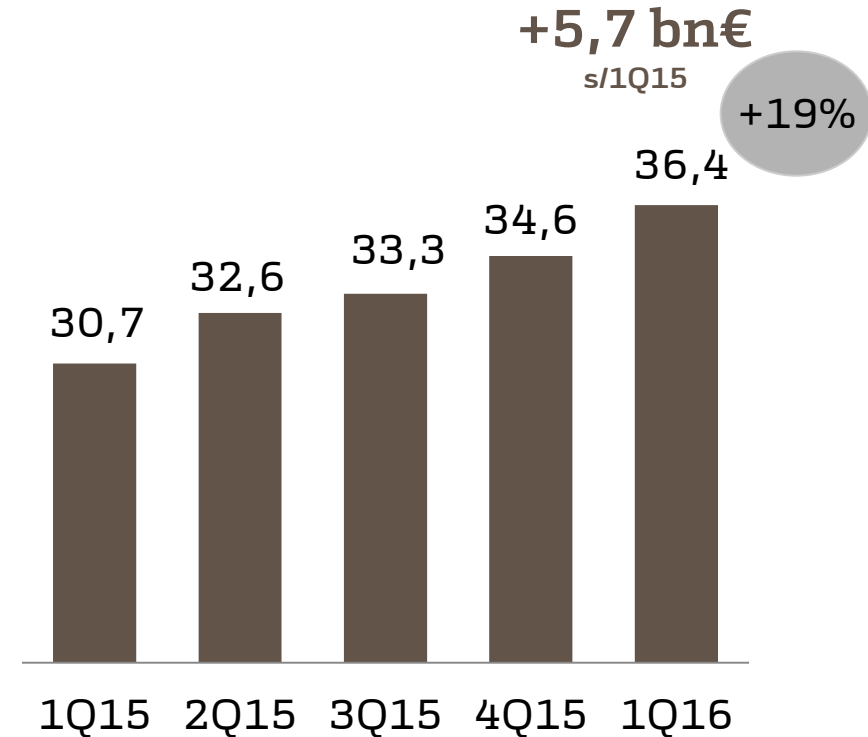


Loan book and Retail funding trends

Loan book quarterly evolution (€bn)

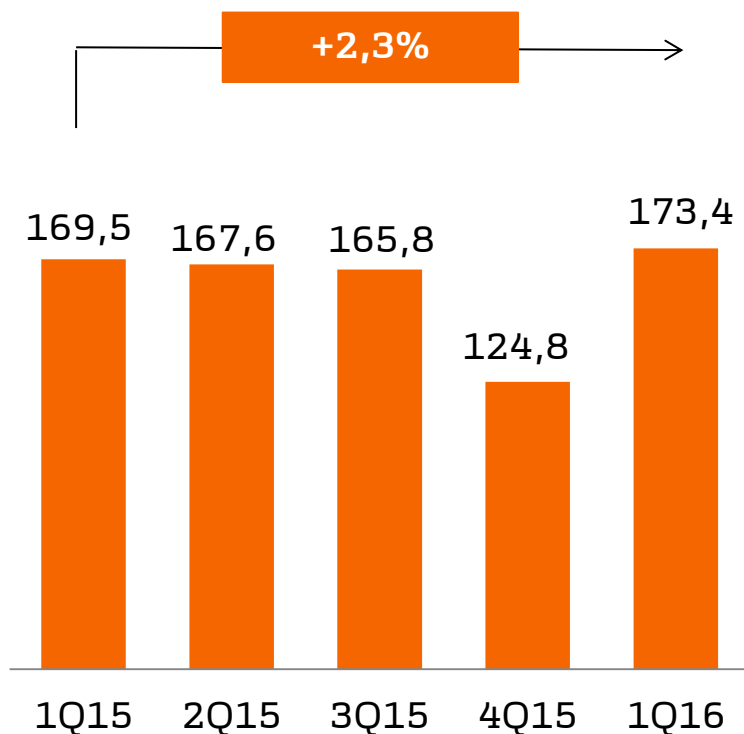


Retail deposits quarterly evolution (€ bn)



Other client related income Breakdown

Quarterly evolution of other client related income (€ millions)



Breakdown of other client related income (€ millions)

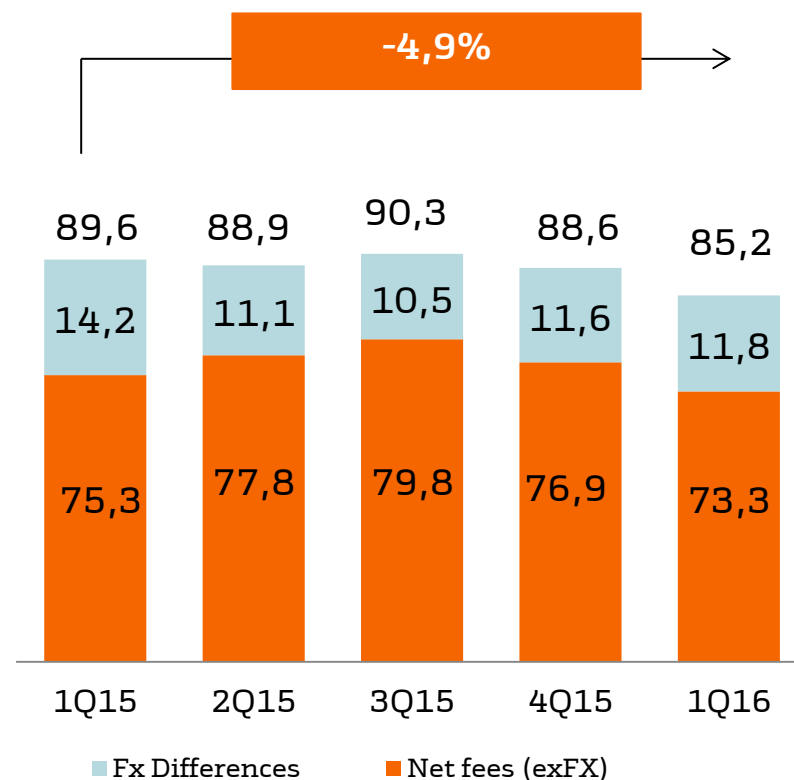
	1Q16	1Q15	% Dif.
Net fees	85,2	89,6	-4,9%
of wich client FX differences	11,8	14,2	-16,8%
Insurance technical margin	80,1	79,2	1,2%
Other income/expenses	8,1	0,7	n.r.
Other client related income	173,4	169,5	2,3%

Net fee income Breakdown

Breakdown of net fee income
(€ millions)

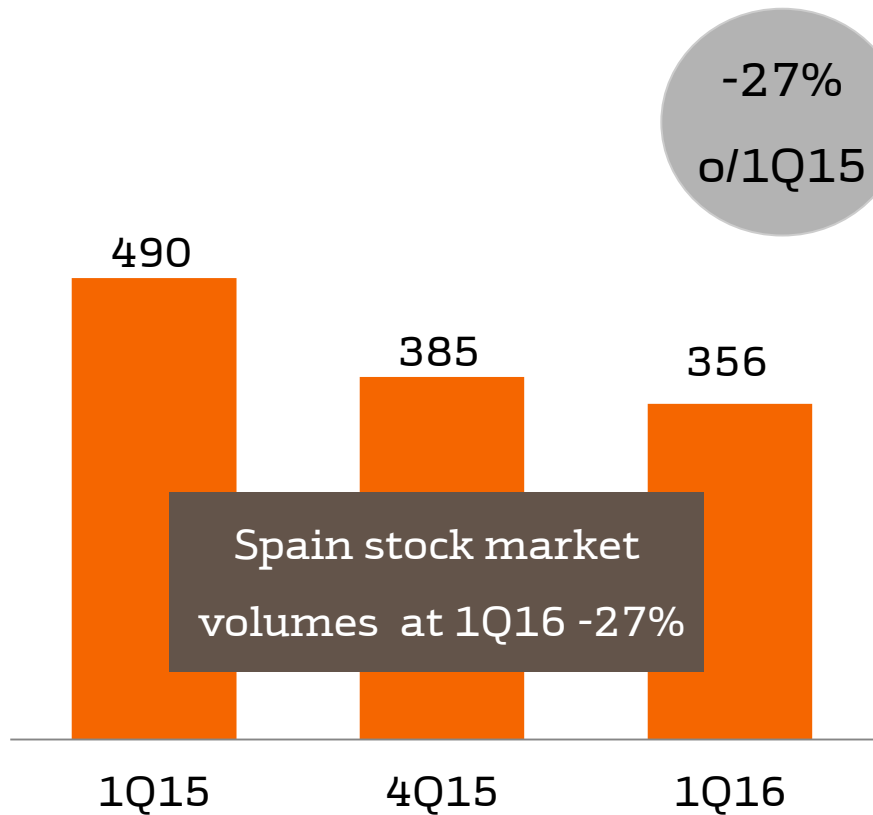
	1Q16	1Q15	Dif. %
Asset management	30,8	27,7	11,2%
Payments & collections	17,7	14,7	20,1%
Brokerage	15,3	18,5	-17,2%
FX Differences	11,8	14,2	-16,8%
Fees on contingent risks	11,5	12,3	-6,4%
Life insurance	11,1	10,9	2,3%
Other	8,7	9,3	-7,1%
Fees received	106,9	107,6	-0,7%
Fees paid	21,7	18,0	20,5%
Net fees	85,2	89,6	-4,9%

Quarterly evolution of net fee income
(€ millions)

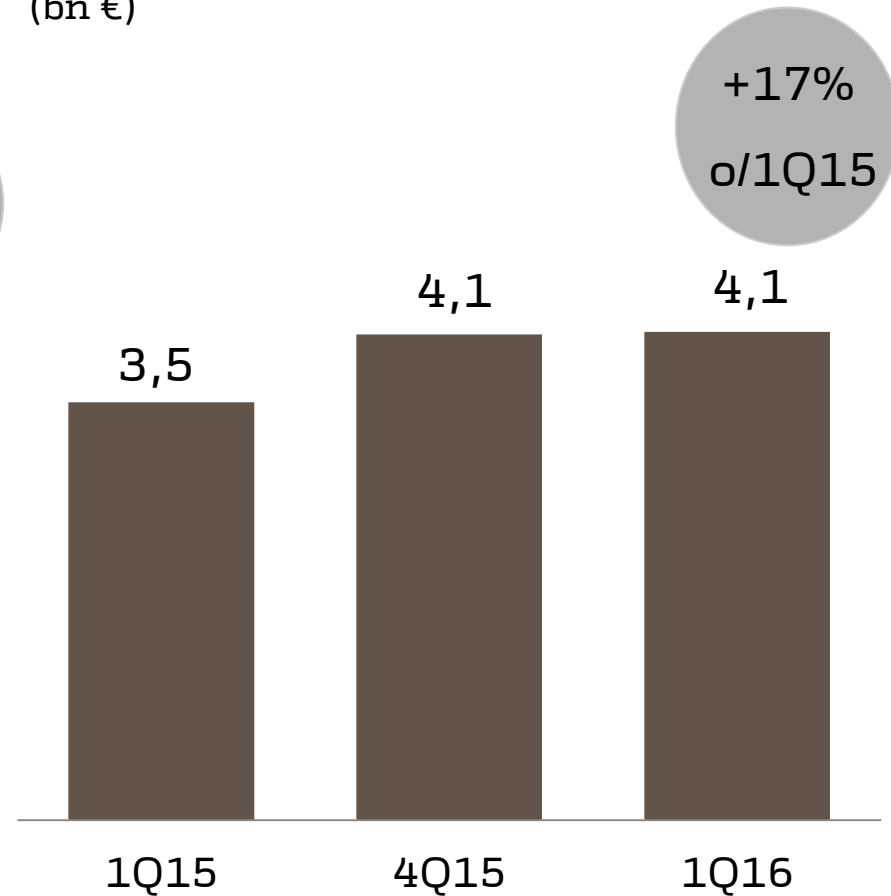


Brokerage Activity & Custody

No. of buy/sell orders (in thousands)



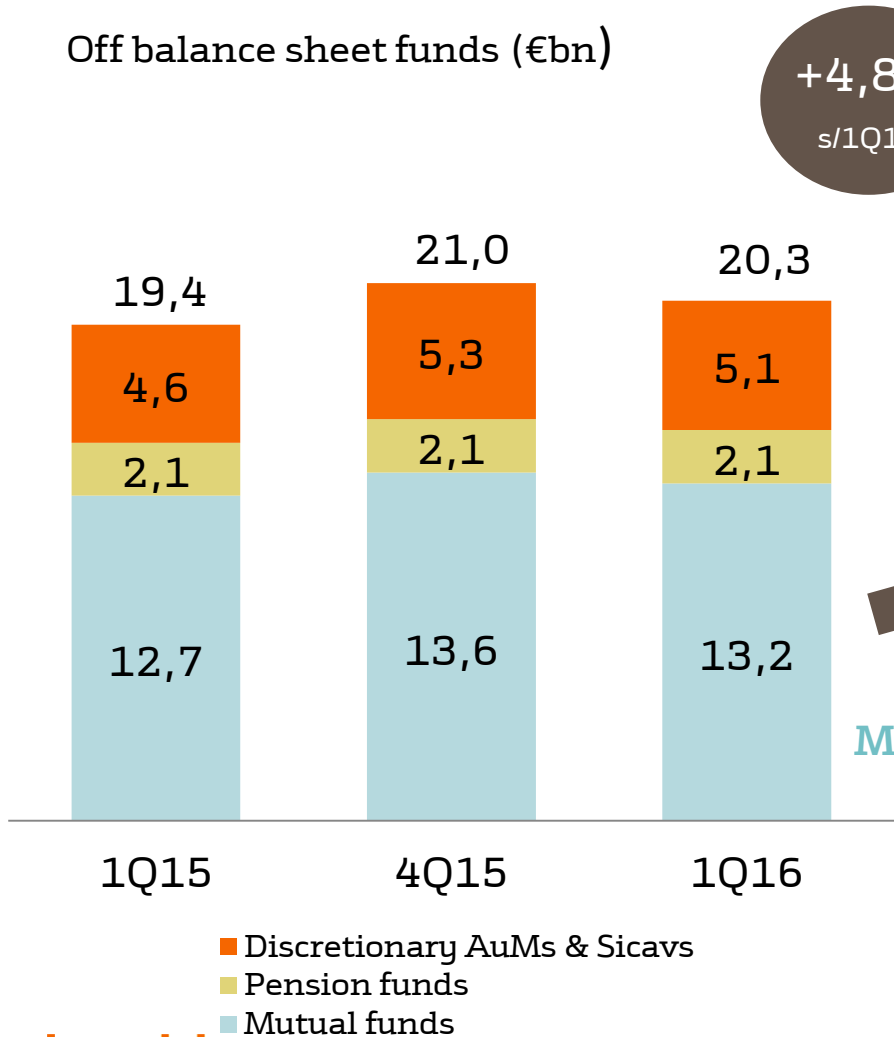
Assets under custody at Nominal value*
(bn €)



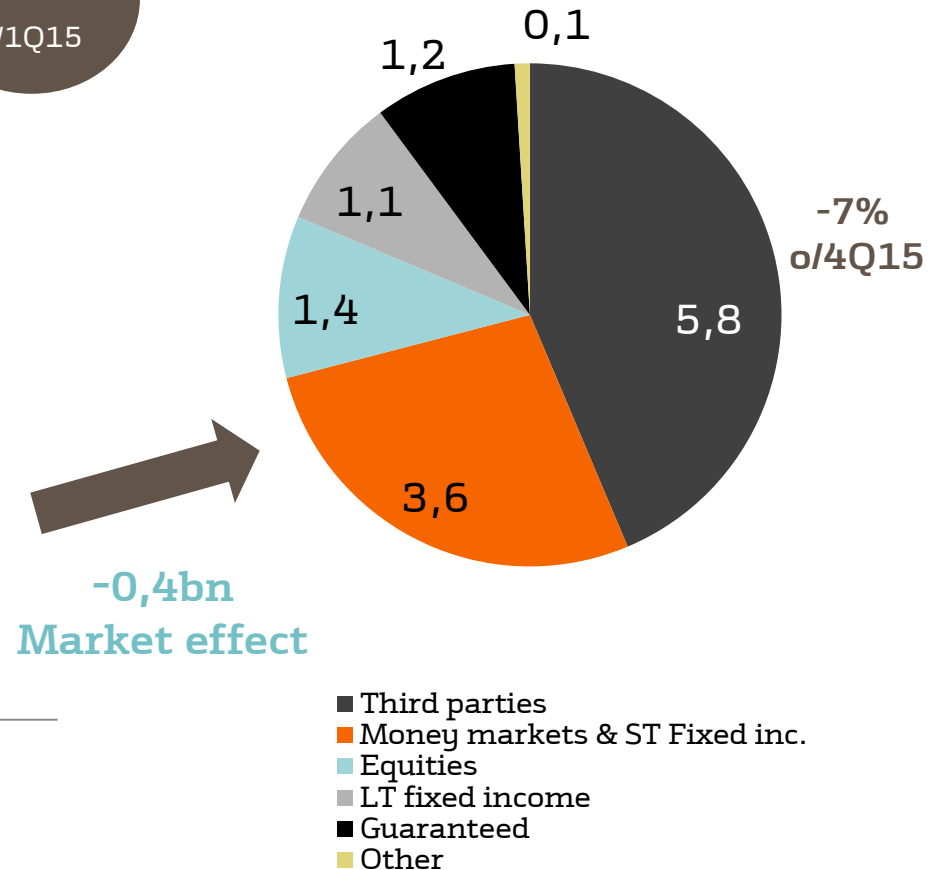
*excluding BK shares and IIC's

Assets under Management Mutual funds & other OBF

Off balance sheet funds (€bn)

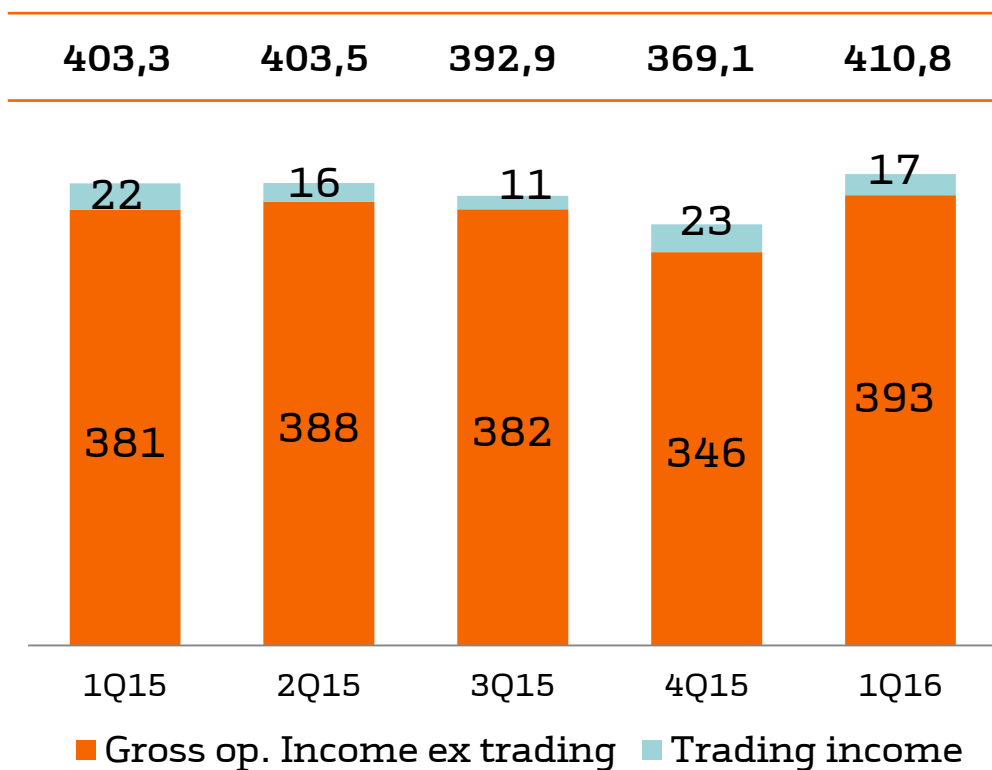


Breakdown by mutual fund type (€bn)



Gross operating income

Gross operating income quarterly evolution
(€millions)

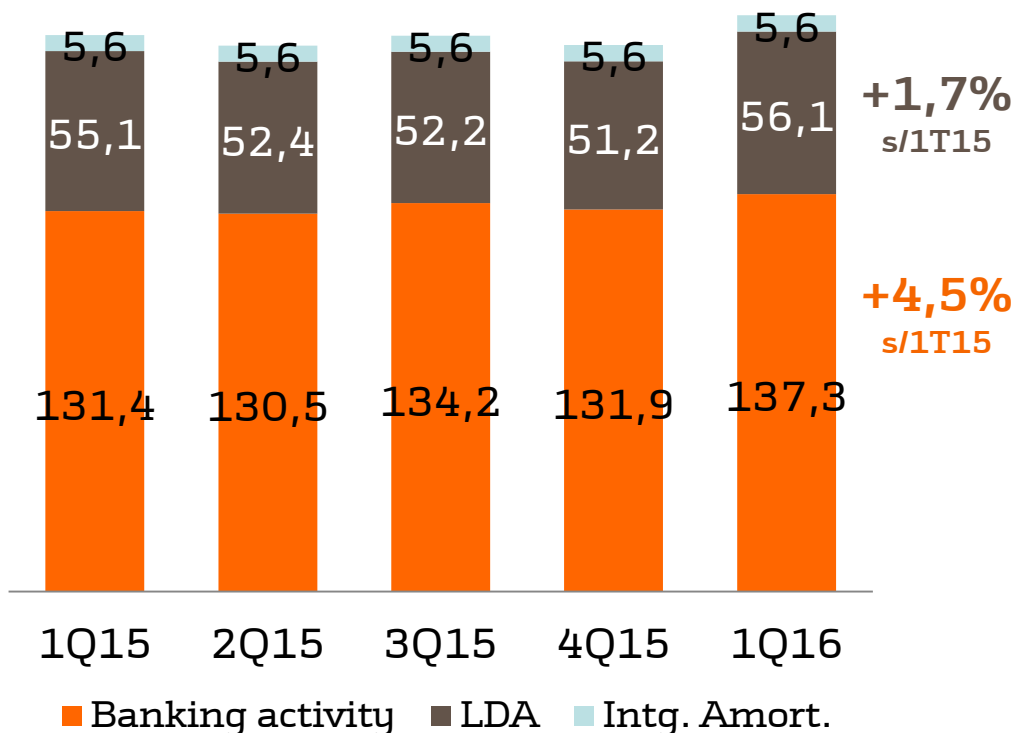


+1,9%
o/1Q15

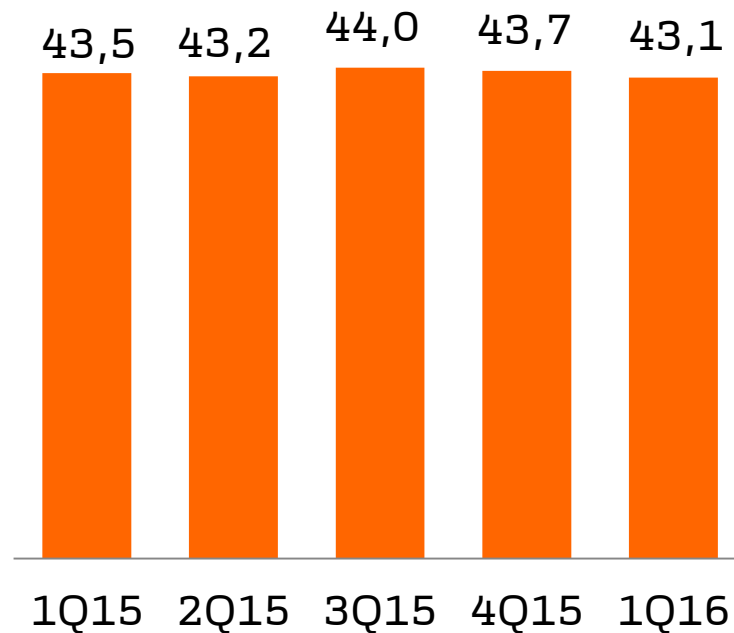
Costs & Expenses

Evolution and breakdown

Quarterly evolution of total operating expenses (€ millions)



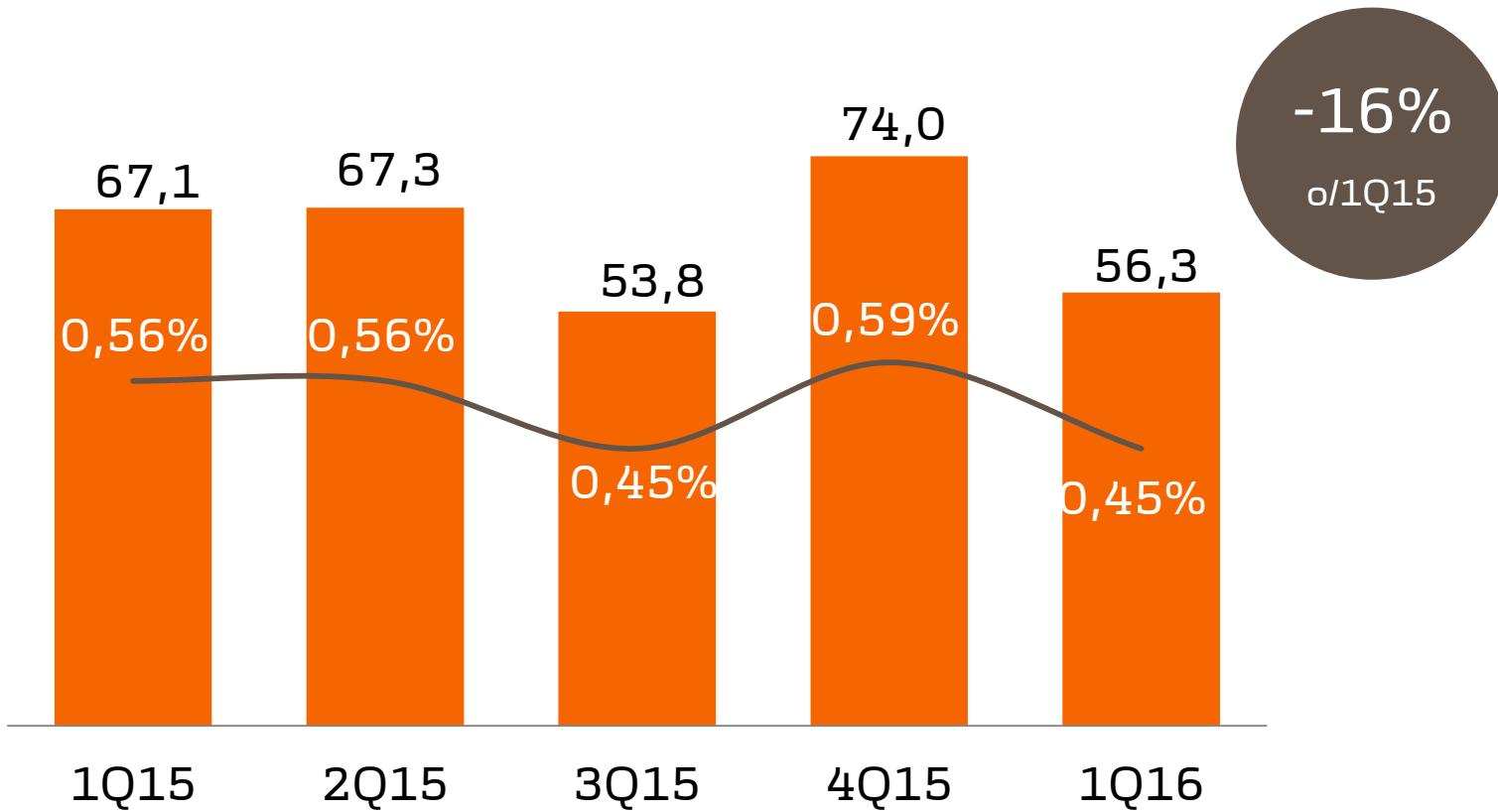
Cost to income for the banking activity (%)*



*adjusted for comparative purposes for the contribution to the FGD and SRF

Cost of Risk

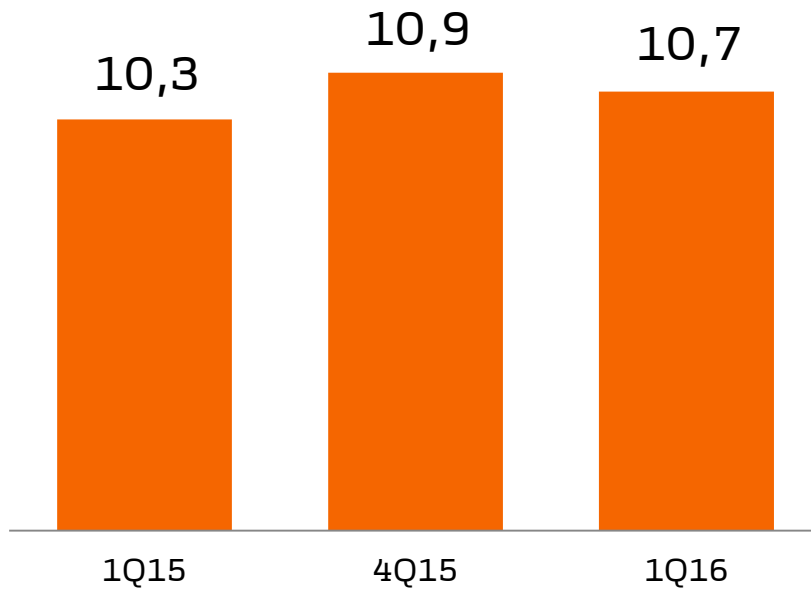
Cost of risk * (€ millions and in % o/ total risk exposure)



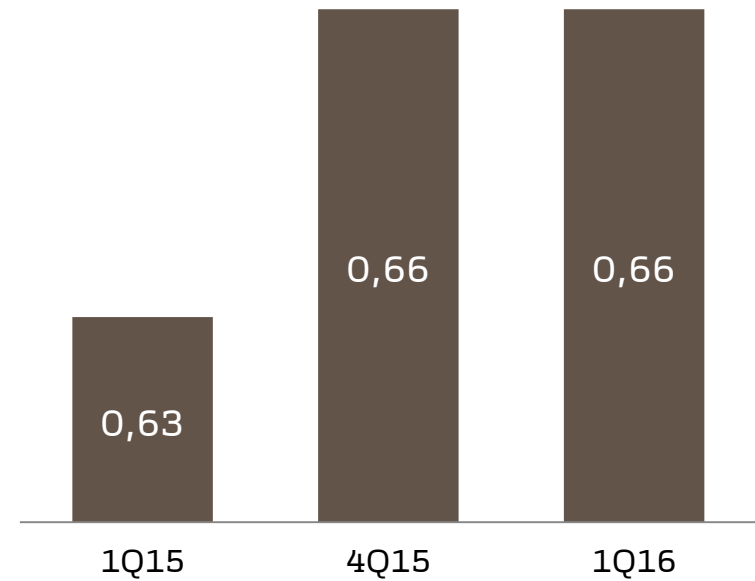
* CoR includes provisions and sale of RE assets

Profitability ratios

ROE* (%)



ROA* (%)



*adjusted for comparative purposes for the contribution to the FGD and SRF



2.-

Risk

Management

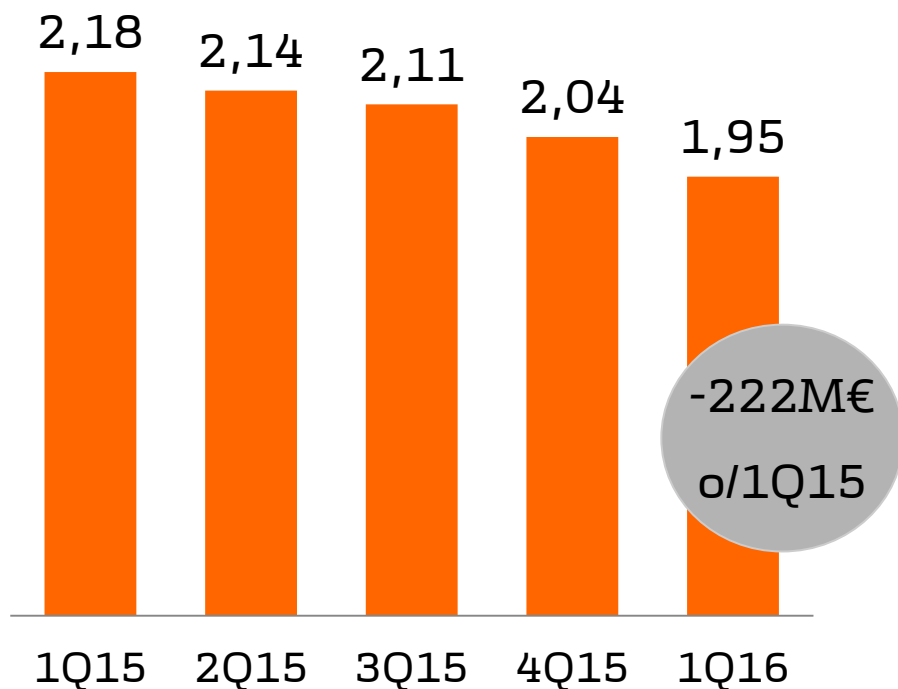
Credit risk management

NPLs and problematic assets

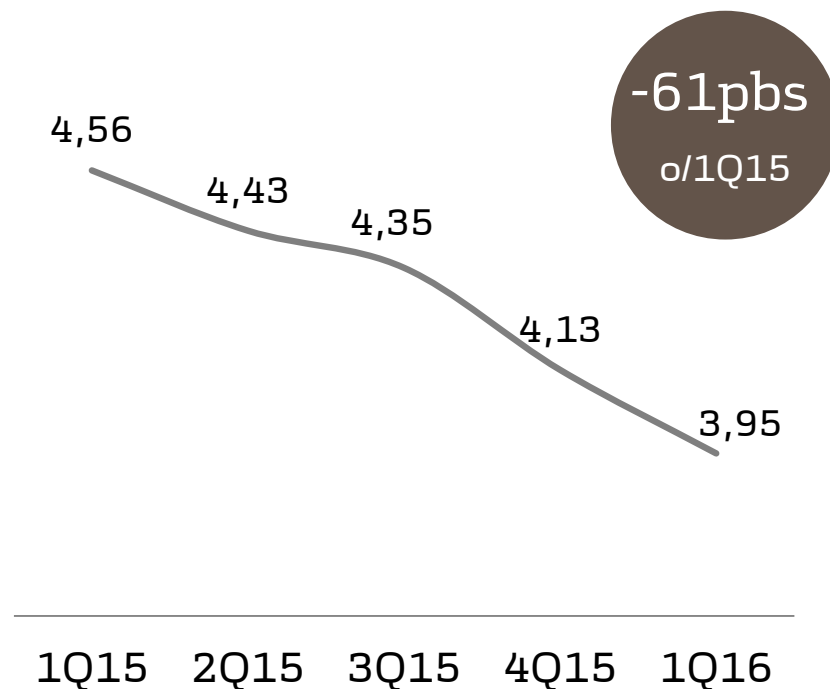
525,6M€ Foreclosed Assets

-74M€ o/1Q15 -12%

Evolution of NPL balances (€bn)



NPL ratio (%)



Credit risk management

Provision coverage

42%

NPL coverage

41%

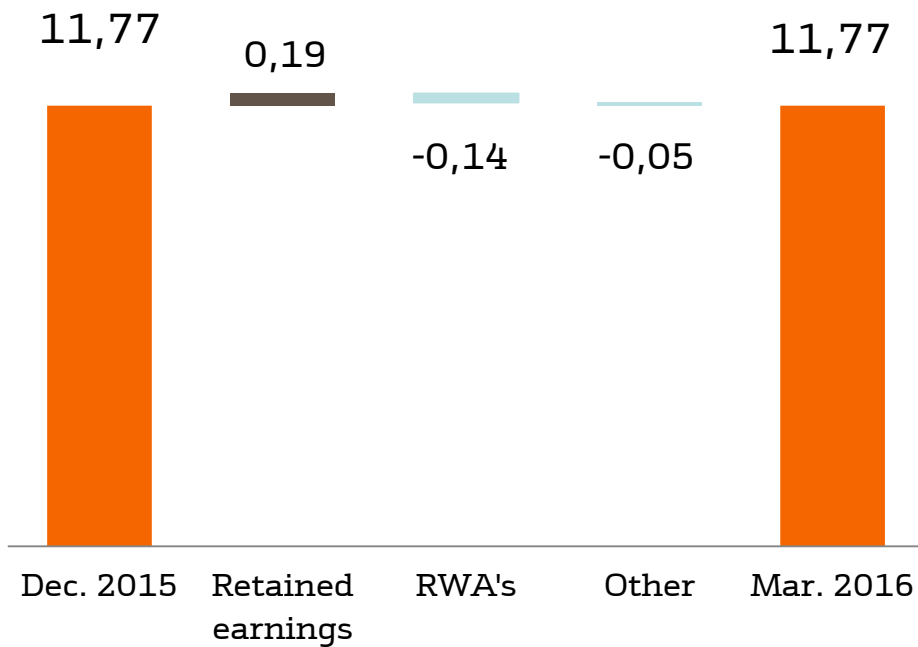
Foreclosed asset
coverage

42%

NPA coverage

Solvency CET1 evolution

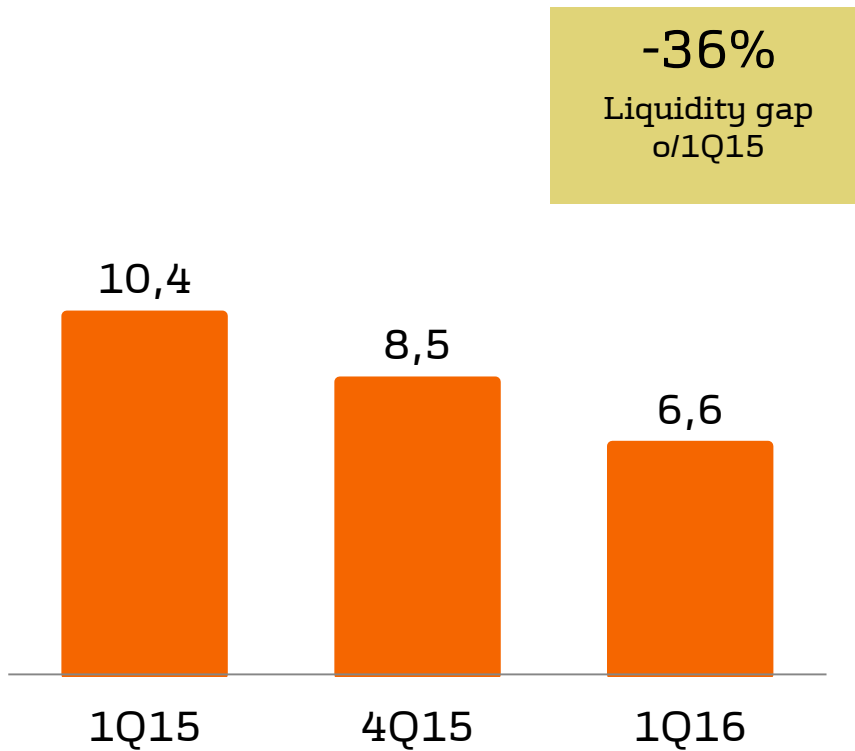
Breakdown of CET1 ratio evolution* (in %)



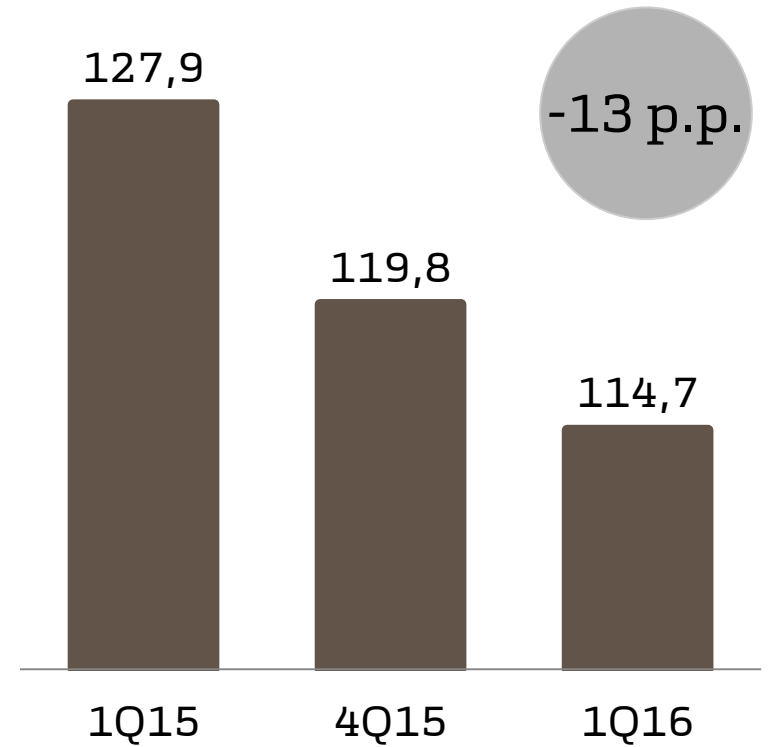
11,6%
CET1 Fully Loaded
AFS unrealized gains
not included

Liquidity management

Liquidity gap (€bn)



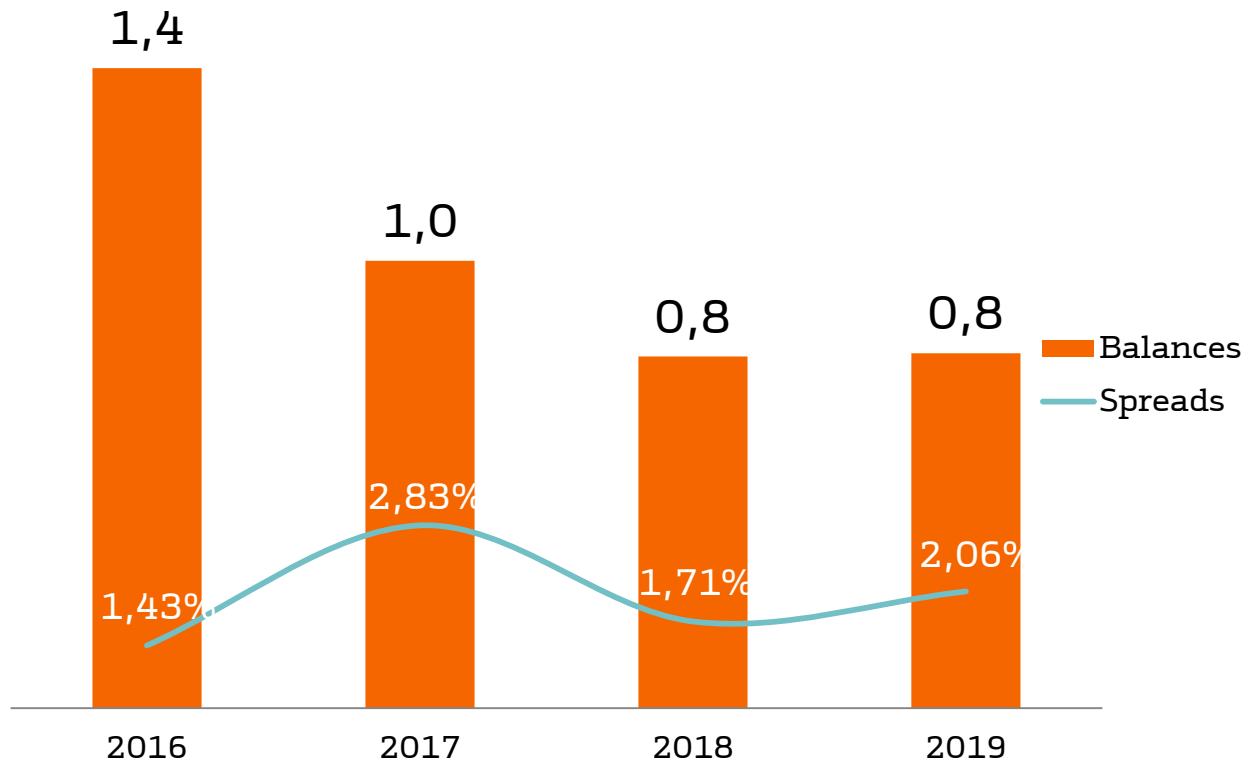
Loan to deposit ratio (in %)



Liquidity management

Wholesale funding maturities and Liquid assets

M/T wholesale funding maturities (€bn)



€8,3 bn

Liquid assets

€5,5 bn

Covered bond
issuance capacity

Summary 1Q2016

Key financial indicators

	1Q16	1Q15	Dif. / Var
Gross Op. Margin	410,8M€	403,3M€	1,9%
Cost to income banking activity*	43,1%	43,5%	-40bps
NPL ratio	3,95%	4,56%	-61bps
Cost of Risk	56,3M€	67,1M€	-16,1%
Net income	104,8M€	95,1M€	10,1%
ROE*	10,7%	10,3%	38bps
CET1 FL	11,6%	11,6%	0
Loan to Deposits	114,7%	127,9%	-13,2p.p.



3.-

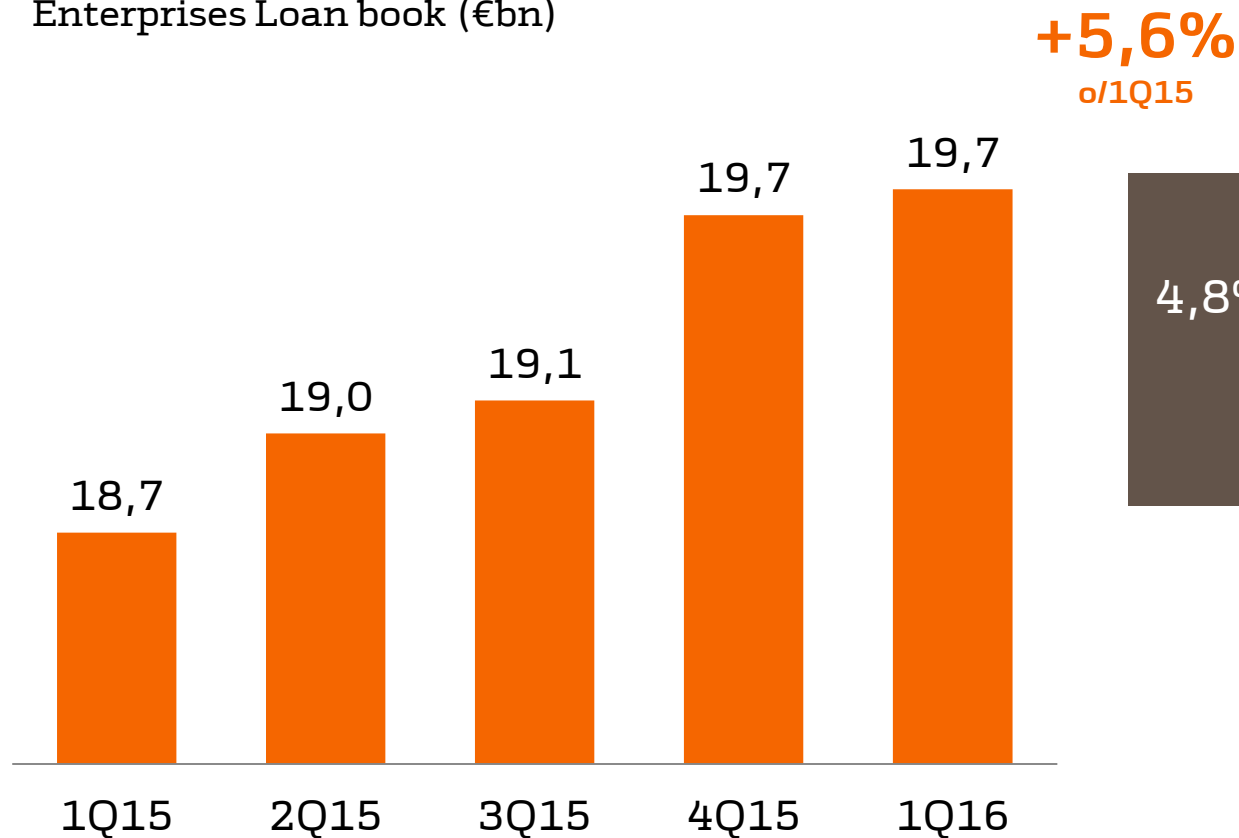
Businesses

bankinter.

Corporate/ SME banking

Lending volumes

Enterprises Loan book (€bn)

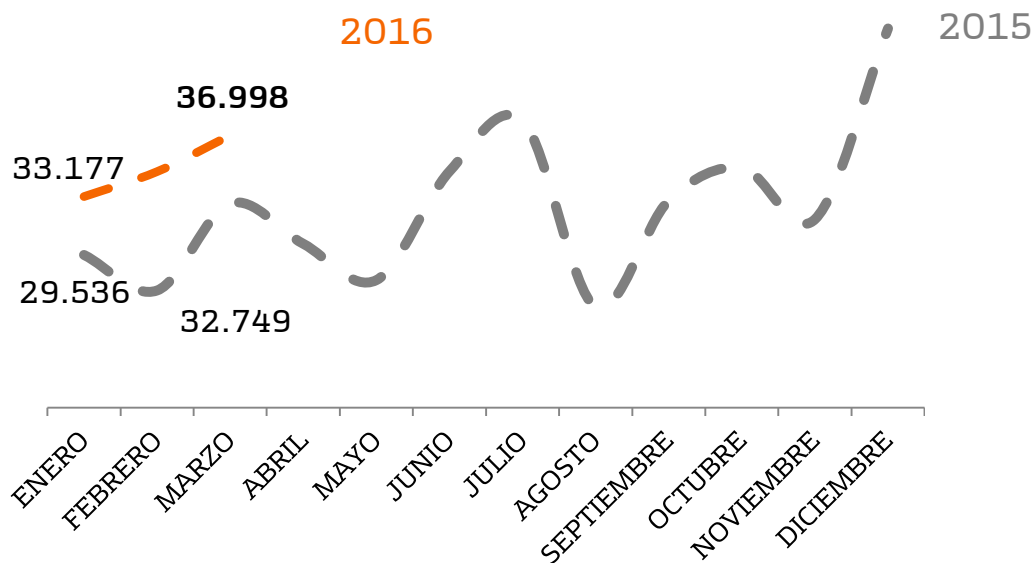


4,8% new production market share

Corporate/SME banking Collateral business

Evolution of transactional business (€millions)

+17%
o/1Q15



+27%
Gross margin
Interntaional
business

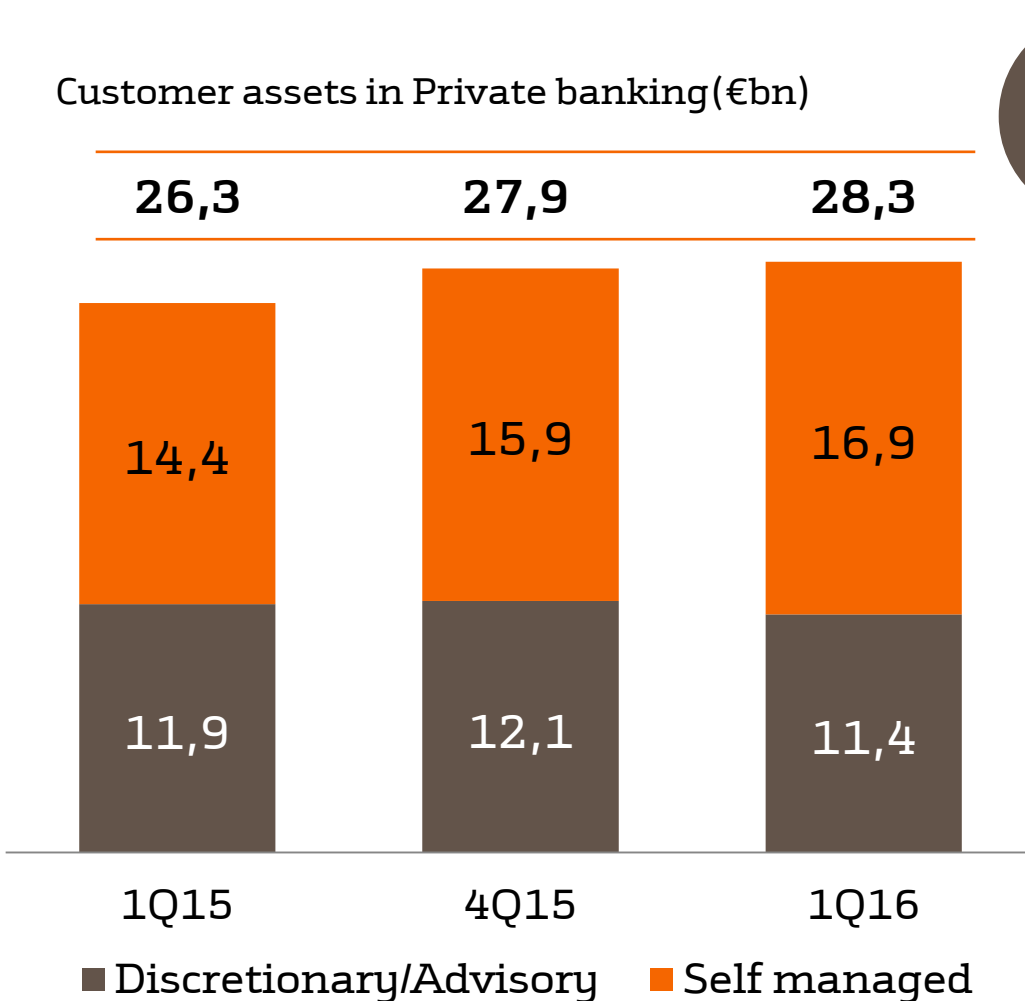
6,2%*
Market share
Domestic factoring
vs 6,1% in 1Q15

7,9%*
Market share
Confirming

*Source: AEF as of Feb.-16

Private Banking Managed assets

Customer assets in Private banking (€bn)



+7,5%
o/1T15

466 SICAVs

(+18% o/1Q15)

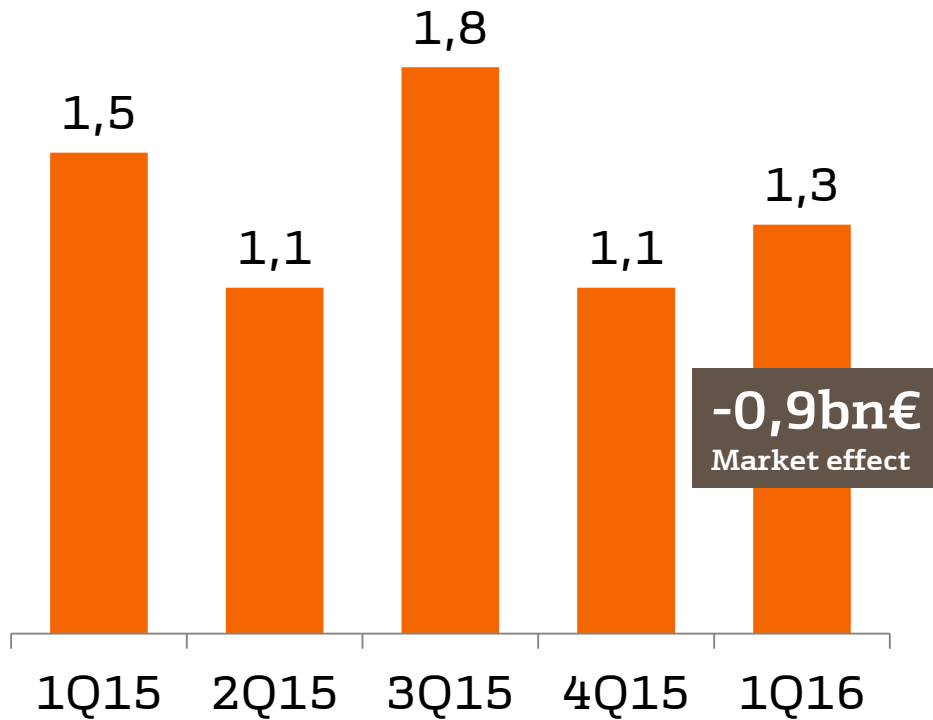
13,8%

Market share

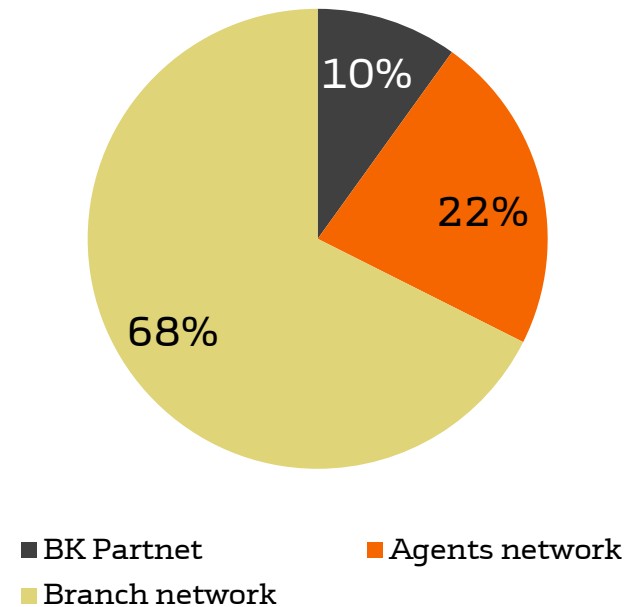
(in no. of SICAVs)

Private banking Net New Money

Net New Money in Private Banking (€bn)

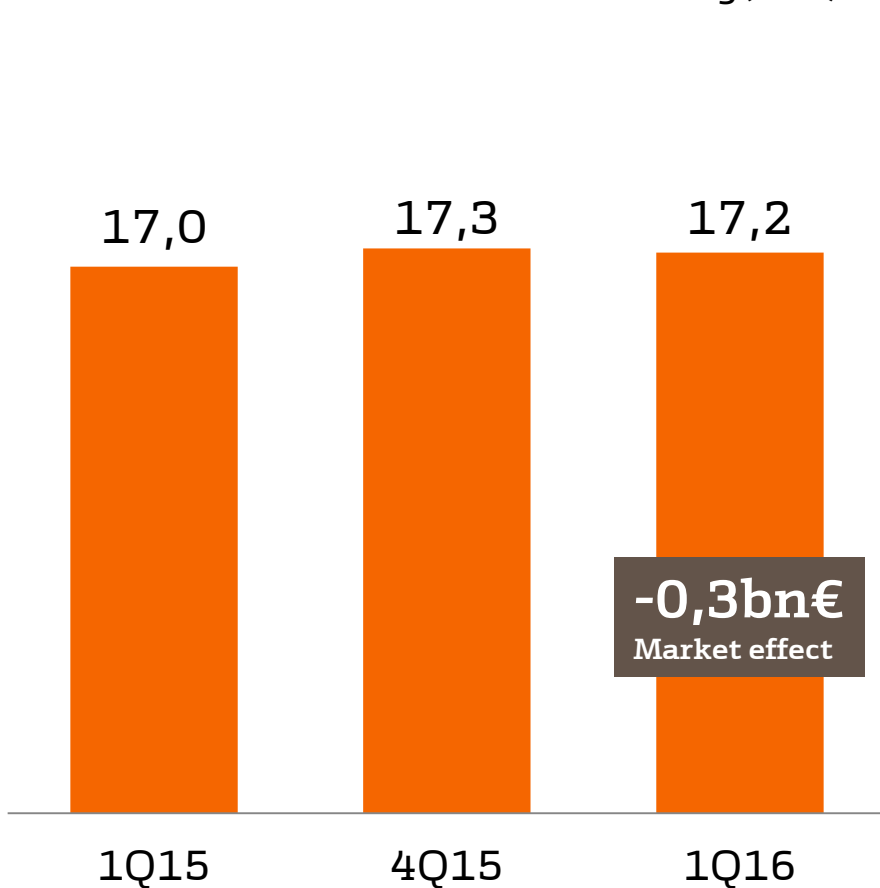


New money by commercial networks (%)

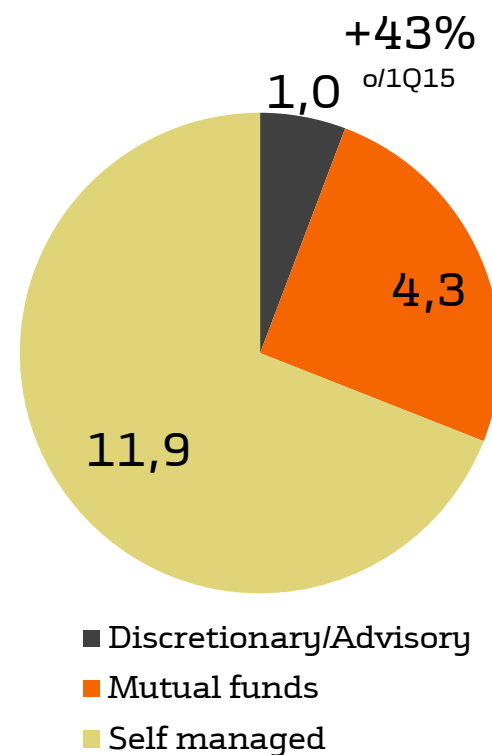


Personal banking Managed assets

Customer assets in Personal banking (€bn)



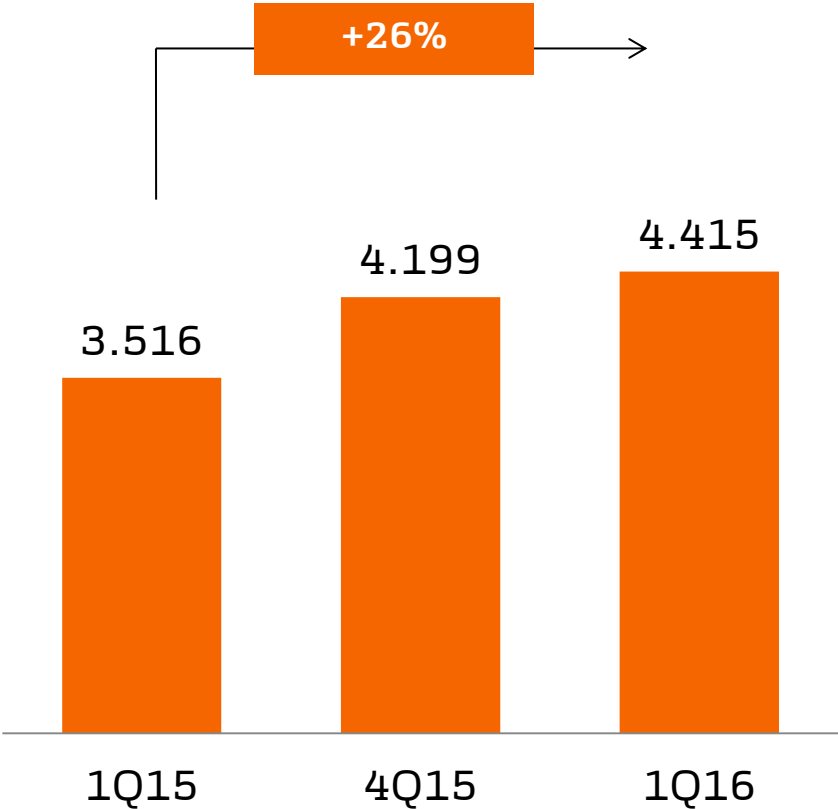
Breakdown by asset type (€bn)



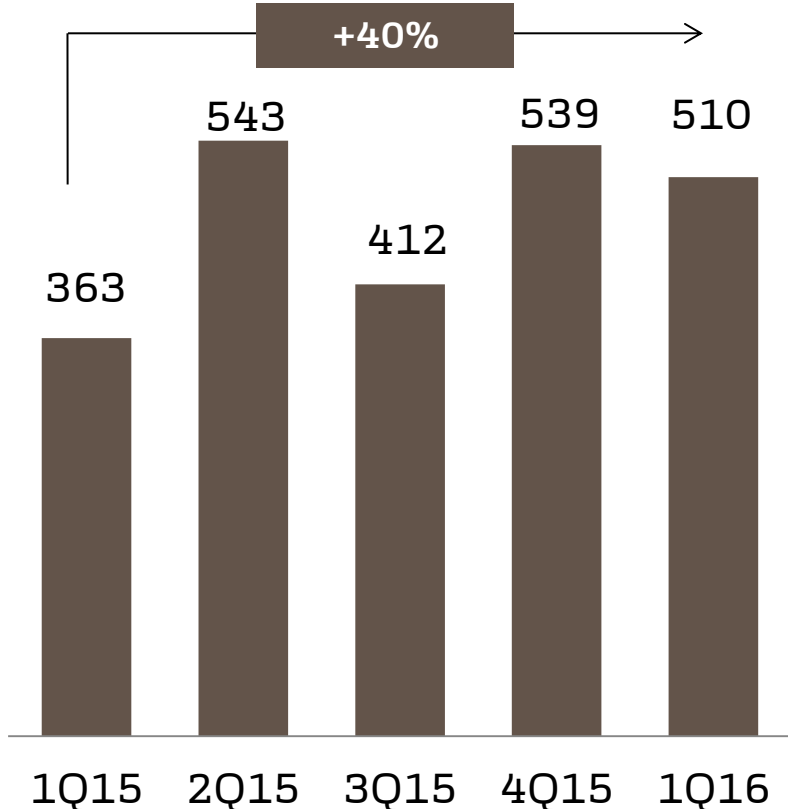
Retail & Affluent banking

Business volumes

Total balances payroll accounts (€millions)



New mortgage production in Retail & Affluent banking (€millions)



Digital banking Leadership & Innovation

Saving acc. balances in Coinc

1,1bn. €

+58%
vs.
1Q15

Num. of clients in Coinc

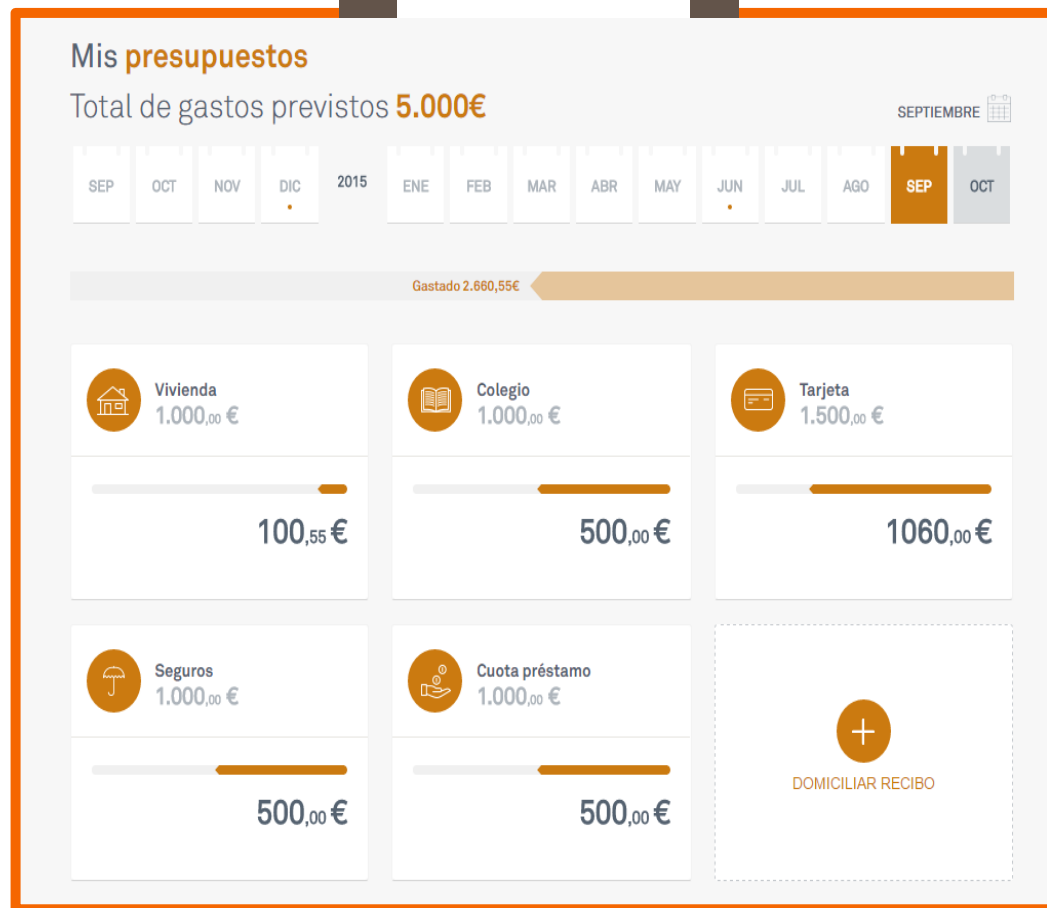
90 mil
60 mil active

+38%
vs.
1Q15

bankinter.

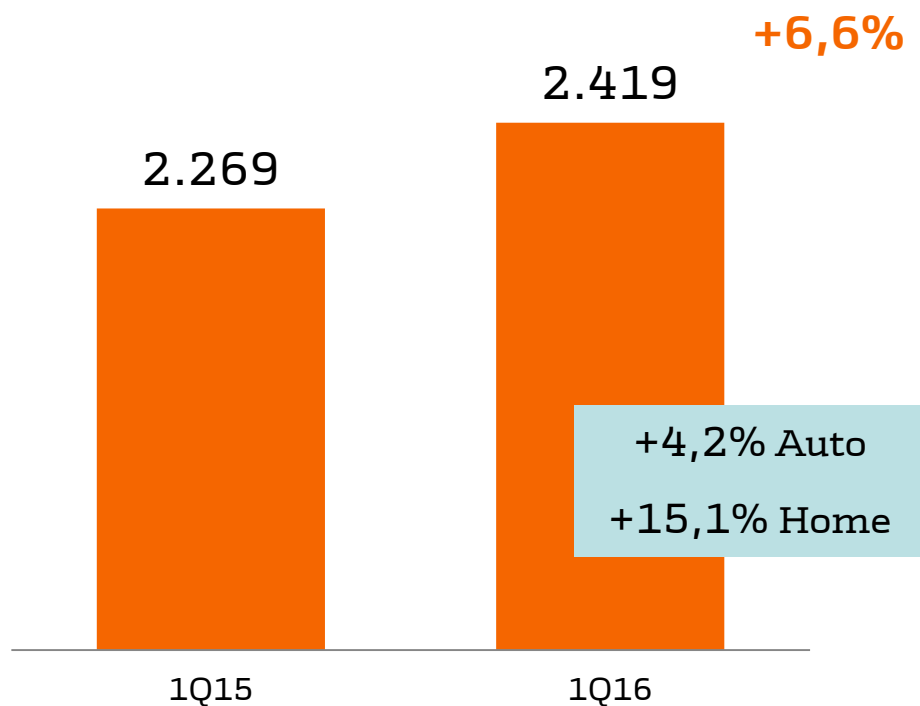
New cost
planning tool

COINC



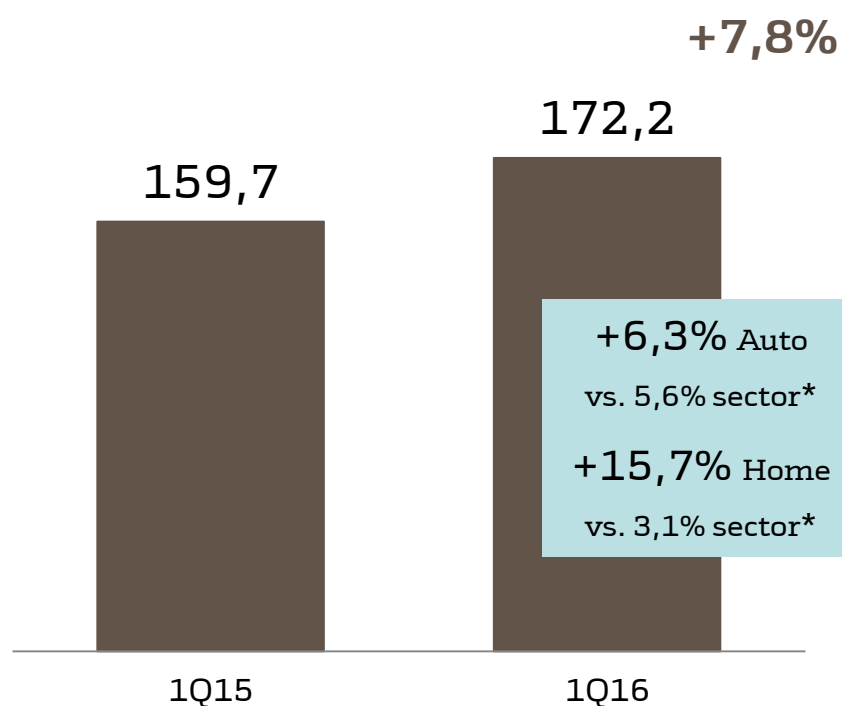
Linea Directa Policies & Premiums

Total policies (in thousands)



Insured vehicles total park
as of mar. 16 +1,7%

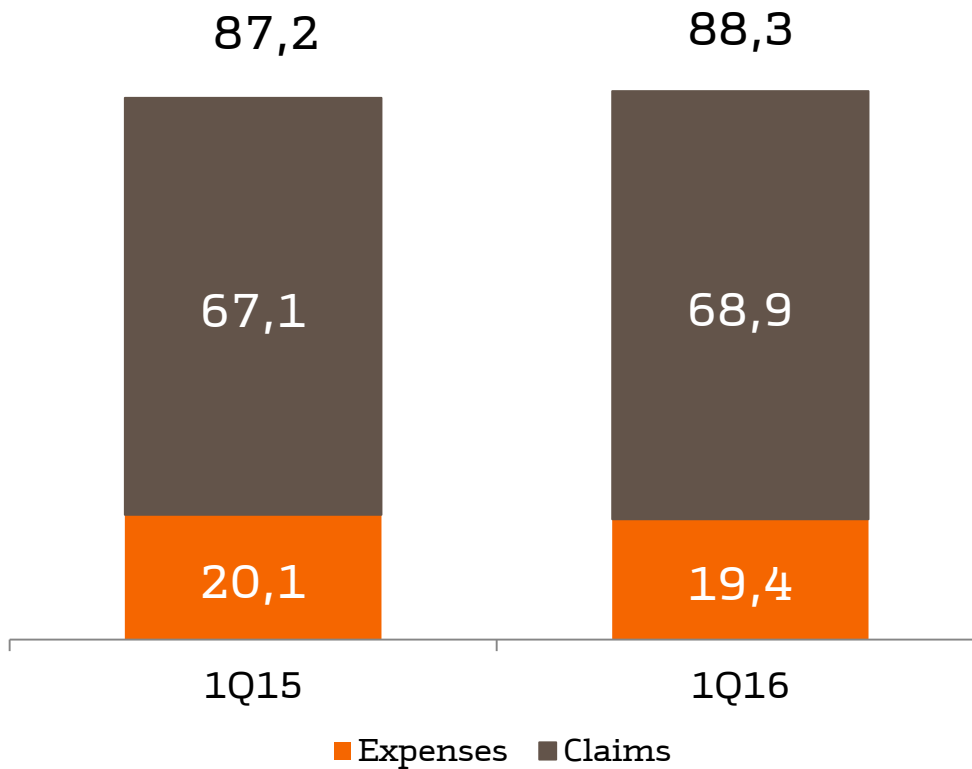
Premiums (€millions)



*figures as of feb-16

Línea Directa Efficiency

Combined ratio (in %)



Linea Directa Results

LDA standalone P&L account (€ million)

	1Q16	1Q15	Dif. %
Net written premium	172,2	159,7	8%
Net earned premium	169,1	160,7	5%
Net claims cost	-114,4	-105,9	8%
Operating expenses and other	-32,5	-32,2	1%
Underwriting result	22,1	22,6	-2%
Net Investment income	9,5	10,1	-6%
Technical result	31,6	32,7	-3%
Other income/expenses	1,5	1,2	23%
Profit Before Tax	33,2	33,9	-2%
Net Income	25,2	24,5	3%

30,3%

ROE

146%

Technical provision
coverage

207%

Solvency II ratio

Consumer Finance

key business indicators

760K

Active clients
+ 48% o/1Q15

53K

New clients
+80% o/ 1Q15

779M€

Loan book
+75% o/ 1Q15

12%

Risk adjusted margin

7,3%

NPL ratio
vs. 9,1% 1Q15

1,8%

Cost of risk
vs. 2,2% 1Q15

Acquisition of Barclays Portugal

Transaction schedule



- Acquisition - Sept. 2015
- Closing - 1st April 2016
- Separation - IT/back office migration Dec. 2016
- Integration - on going

Key financial conditions

Value of the transaction

Price of the retail banking business ⁽¹⁾	≈ 86M€
Implied P/BV multiple as of Feb. 2016	0,4X
Insurance & Pension businesses ⁽²⁾	≈ 75M€
PER	5,9X

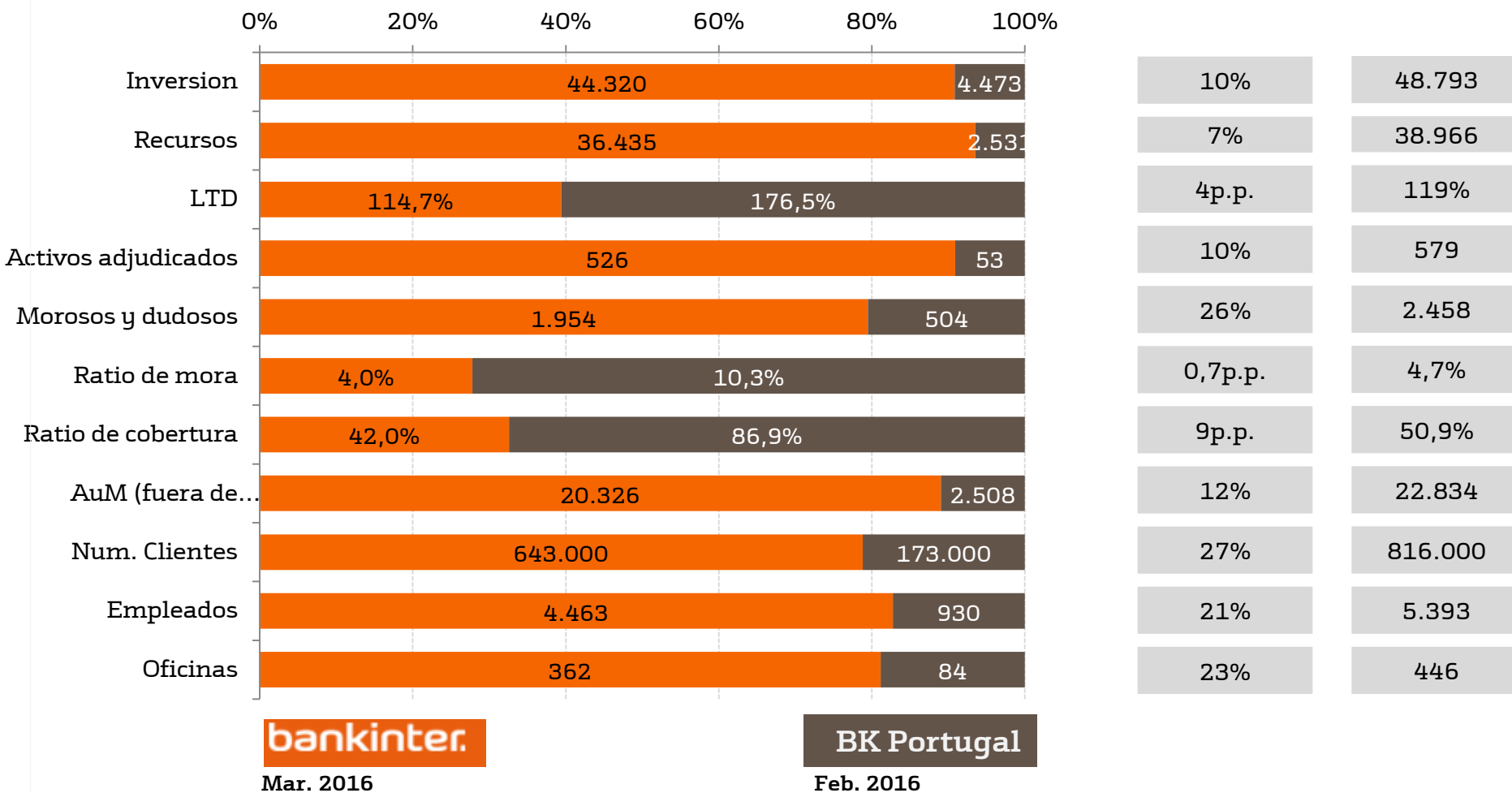
- Positive impact from first year
- Sustainable ROIC over 10% medium term
- Estimated impact on CET1 FL -50pbs

(1) Final price and fair value adjustments to be determined with closing balances as of March-16

(2) Acquisition agreed through Bankinter Seguros de Vida, 50% joint venture with Mapfre.

Key indicators of the combined business

Pro-forma ratios (€ millions)



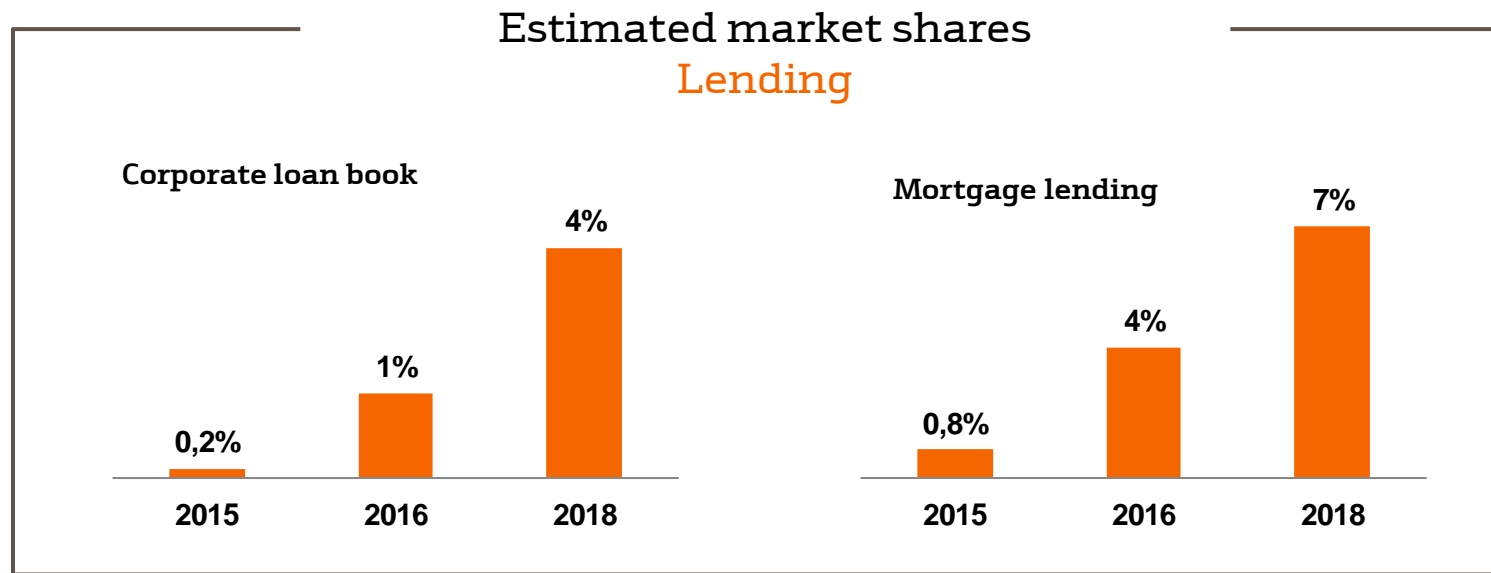
bankinter.

Mar. 2016

BK Portugal

Feb. 2016

Business Target: growth outperforming market average and sustainable market share gains



2016 targets:

- 15.000 new Clients
- €700m new loan production
- €900m growth in deposits and AuM's

Summary of 1Q2016

Key business indicators

	1Q16	1Q15	Dif. %
No. of active clients	643k	617k	4%
New mortgage production	€510M	€363M	40%
Market share new mortgage production*	7,3%	7,3%	0bps
Consumer finance	€779M	€444M	75%
Market share consumer*	1,3%	0,8%	50bps
Payroll accounts	€4.415M	€3.516M	26%
AuMs	€45,5MM	€43,3MM	5%
- Of which Private banking	€28,3MM	€26,3MM	8%
Total loan book	€44,3MM	€42,6MM	4%
- Of which Corporate/SME banking	€19,7MM	€18,7MM	6%
Total Retail funding	€36,4MM	€30,7MM	19%
Market share retail funding*	3,2%	2,6%	60bps
LDA:			
- Policies (in thousands)	2.419	2.269	7%
- Premiums	172,2	159,7	8%

x2 our natural market share for mortgages in Spain



Recap

Recap 1Q16

1. Results

- Net income 10% up in the quarter to 104,7 millions.
- Client recurrent business represents 87% of total income.
- Maintaining high profitability, quarterly **ROE 10,7%**, 40bps over 1Q15.
- Resilient net interest income **+4%** thanks to volume growth and asset mix change
- Fee income impacted by market volatility in the quarter
- Good efficiency maintained despite increasing investments in client business growth.
- Cost of risk continues to normalize towards **45pbs**.

2. Risk management

- Top quality with a **3,95%** npl ratio
- Solvency levels maintained well above regulatory requirements at **11,6%** CET1 FL.
- Loan to Deposits improves to **114,7%**.

3. Business

- Market share gains continue in all strategic business segments
- Auto & Home confirms growth trends in policies and premiums preserving a **+30% ROE**.

Results Presentation 1Q 2016

THANKS

