

# Acquisition of certain EVO Group assets in Spain and Ireland

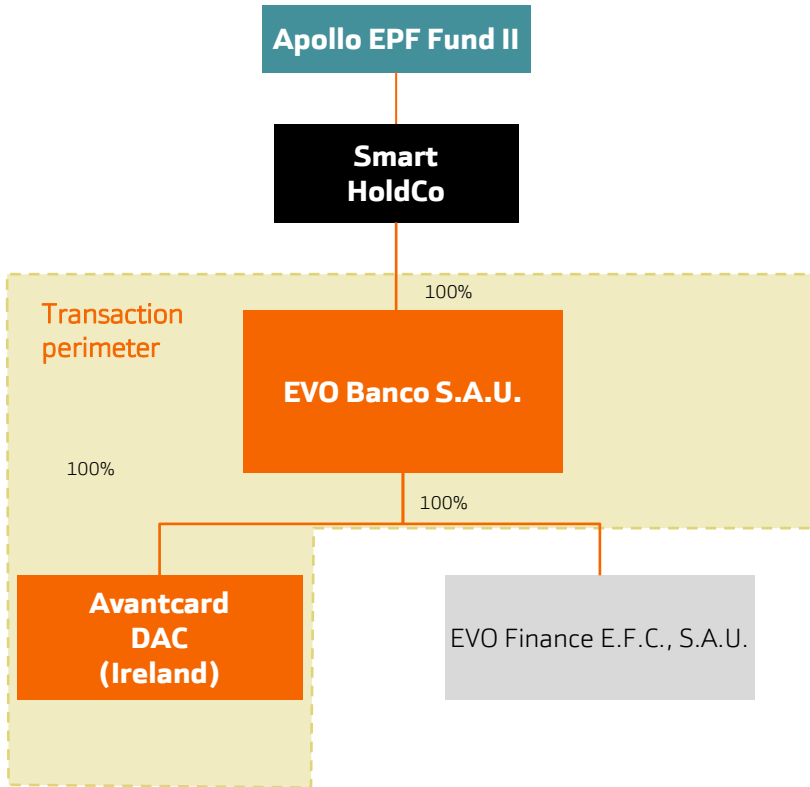
26 September 2018



# Agenda

1. Transaction highlights
2. Strategic rationale
3. Financial considerations
4. Transaction timetable
5. Final remarks

# Transaction summary



- Bankinter to **acquire 100% EVO BANCO, SAU shares and its fully owned subsidiary Avantcard Ireland**
- **Perimeter includes EVO Banco Spanish retail banking operations and EVO's Irish subsidiary Avantcard**. It excludes the point-of-sale financing and credit card businesses carried out by EVO Finance, EFC in Spain and other ancillary subsidiaries
- The Transaction is subject to regulatory approvals by Spanish and Irish authorities
- Expected **closing before April 30<sup>th</sup> 2019**

# Transaction highlights

1. Bankinter acquires **two specific businesses**:
  - a. The retail banking business operating in Spain, EVO Banco
  - b. The consumer finance business operating in Ireland, Avantcard Ireland DAC
2. Both businesses represent an excellent opportunity for Bankinter to continue developing **its growth strategy** in key businesses: **consumer finance and new digital banking**
3. The acquisition of the operations of EVO Banco in Spain imply an acceleration of the implementation of our **digital strategy**, with the potential benefit of joining forces with COINC, to remain a leading digital banking player
4. Avantcard Ireland's acquisition represents an opportunity of **growth and diversification out of Spain for our consumer finance business**, and it's a further step in Bankinter's international expansion, following Barclays Portugal acquisition. As a result, consumer finance becomes Bankinter's activity with the greater international footprint, being present in Spain, Portugal and Ireland
5. The Transaction builds shareholder value: **EPS accretive from 2019 onwards and sustainable** double digit ROIC in the medium term
6. Limited impact in balance sheet and solvency, and positive in terms of liquidity

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# Strategic Rationale

1. The acquisition of EVO Banco will reinforce the development of a **leading digital proposition** for the Spanish retail banking customers, and enlarges our value proposition to younger, digital native, or self-service customers
2. In addition to the expansion of its digital capabilities into the Spanish market, Bankinter has made a further step into its **international expansion** acquiring Avantcard Ireland, following the acquisition of Barclays operations in Portugal in 2016 and the set up of a new bank in Luxembourg in 2012
3. The acquisition of Avantcard Ireland is an opportunity of **growth and expansion of our consumer finance business** (+20% of the new Bankinter's consumer finance business will be abroad)
4. The very favorable financial terms of the transaction ensures **shareholder value creation from the first year** and recurrent double digit ROIC in the medium term

# Acquired businesses' contribution to Bankinter



## Digital banking initiative:

- Rapid growth and market share gains
- Acceleration of actual business plans
- Development of new capabilities and value propositions

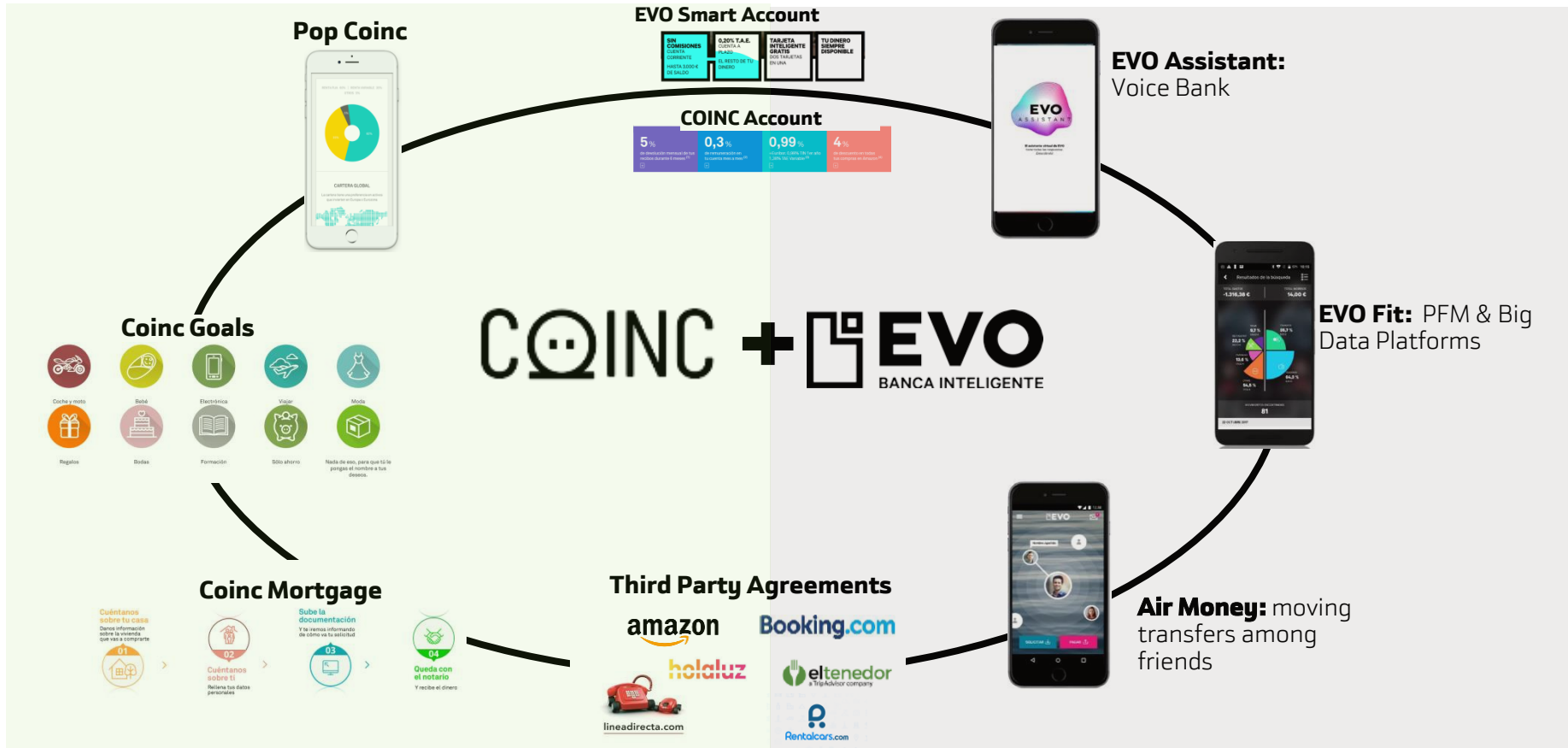


## Consumer Finance Business:

- Profitable and sound portfolio
- High potential for sustainable growth
- Improved geographical diversification

**Overall, very positive financial transaction conditions**

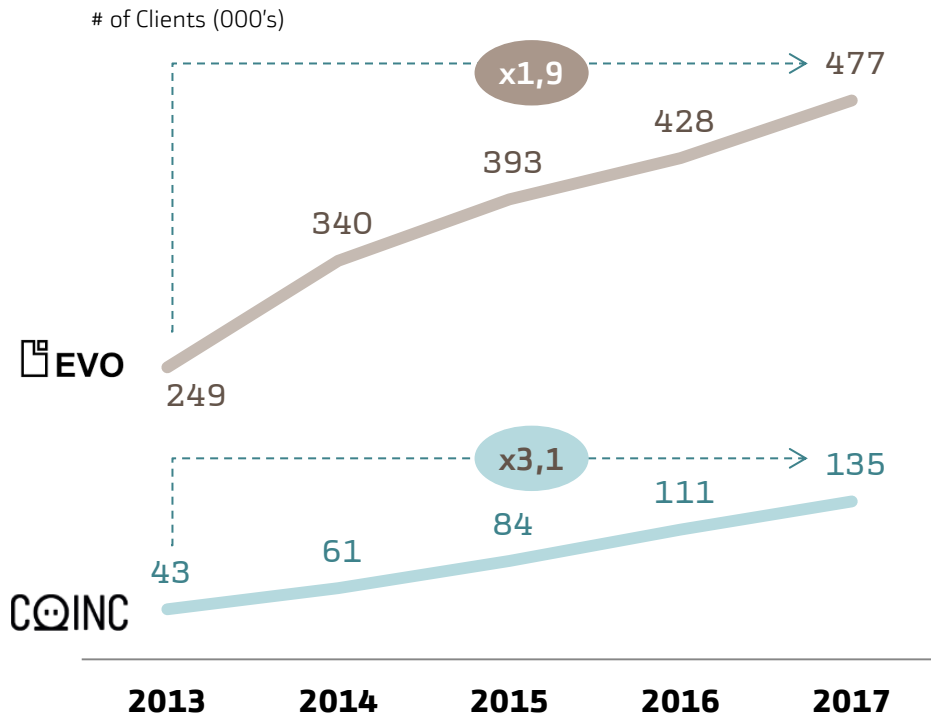
# Digital banking model: combining the best of both business models



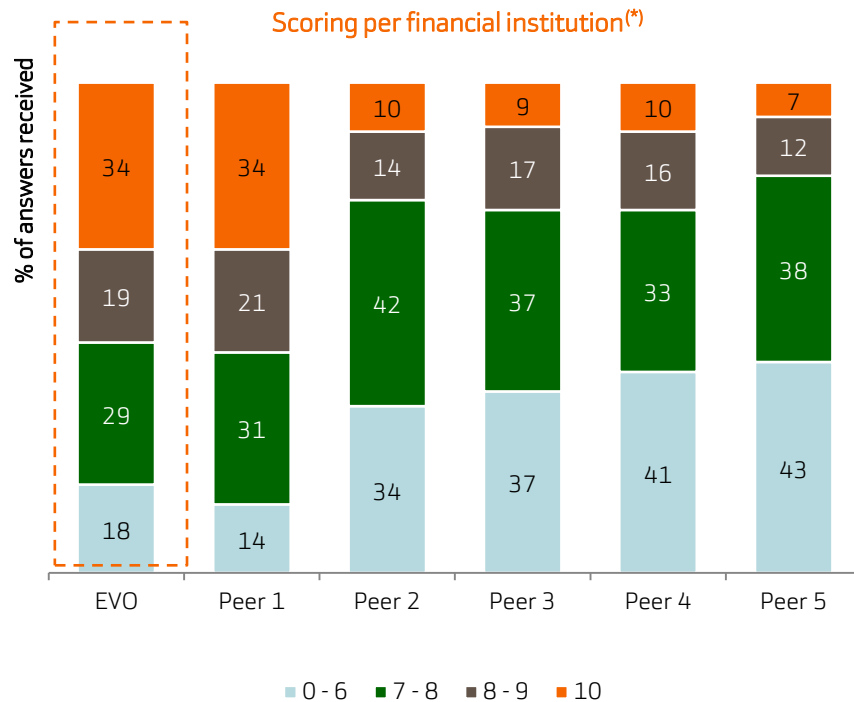


# Digital banking model: strong acquisition capability

EVO Banco and COINC customer base recent Evolution



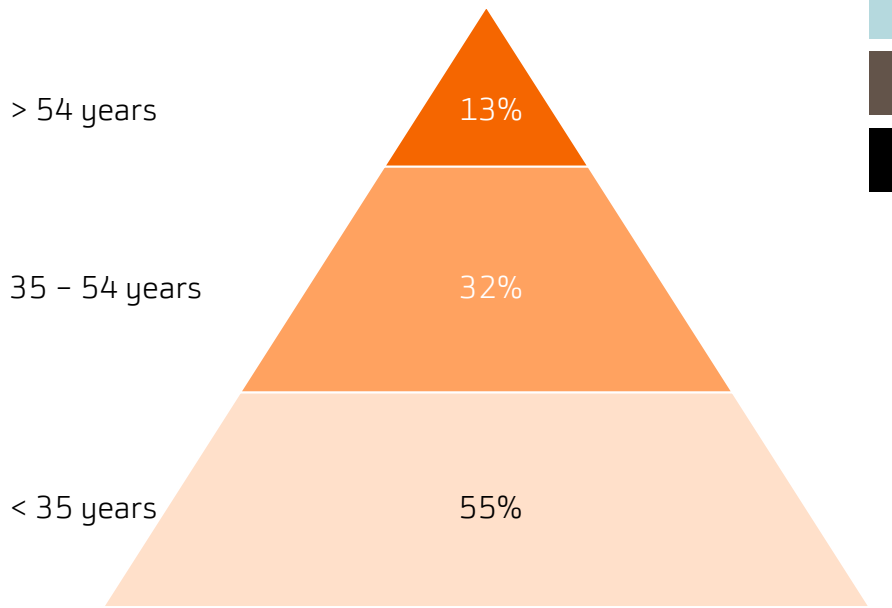
EVO Brand – NPS



(\*) Peers include ING Direct, Sabadell, BBVA, Santander and CaixaBank

# Digital banking model: targeted client base

EVO Banco's Clients profile



Total: 455,831<sup>(\*)</sup>

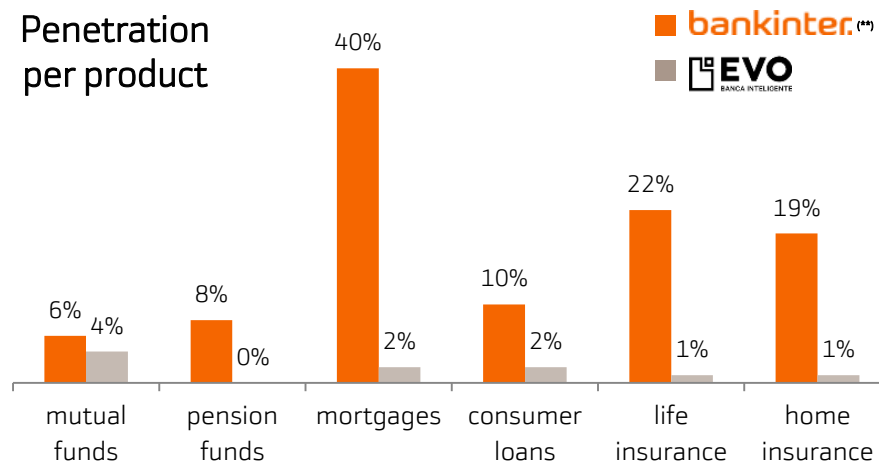
- 70% located in Madrid, Andalusia, Valencia and Catalonia
- 158.000 payrolls

<sup>(\*)</sup> Total refers to First account holders and % based on Bankinter's criteria for first account holders with balances > €0 as of May 2018

bankinter.

	EVO	Sector average
Use of Smartphone as the main channel	83%	51%
% of Weekly use	71%	31%
"Score" Google Play Store	4.5	4.3
"Score" Apple Store	4.5	4.4

Penetration per product

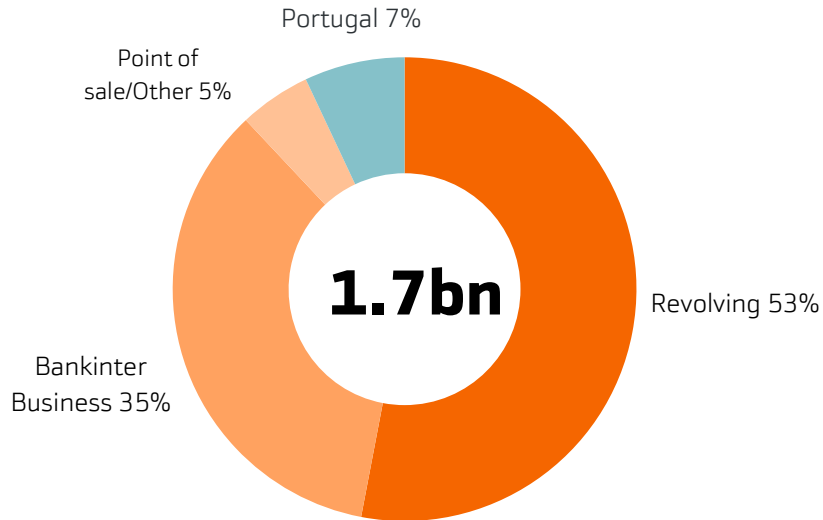


<sup>(\*\*)</sup> Refers to Individual Retail Banking segment

# Consumer finance business: Geographical and product diversification

BKCF 'stand alone' credit card and loan portfolio

bankinter  
consumer  
finance



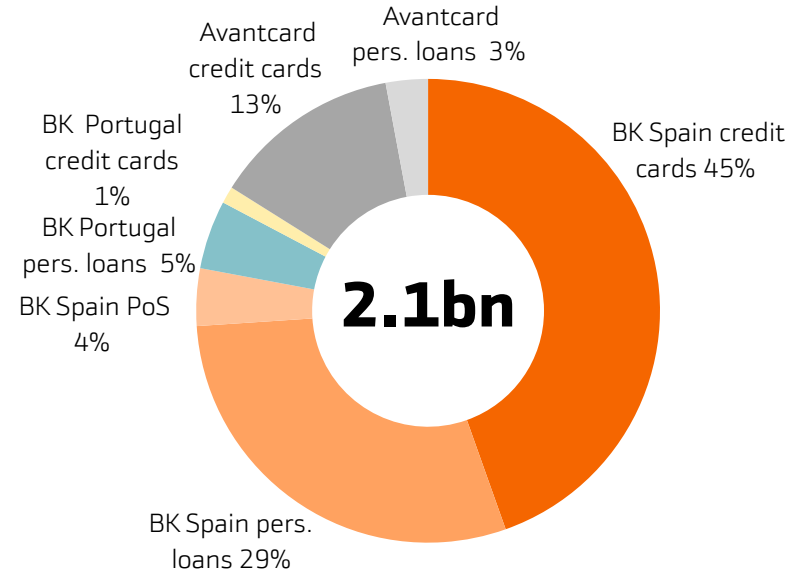
As of June-2018

BKCF + Avantcard proforma credit card and loan portfolio

bankinter  
consumer  
finance



Avantcard  
Your money. Your way.



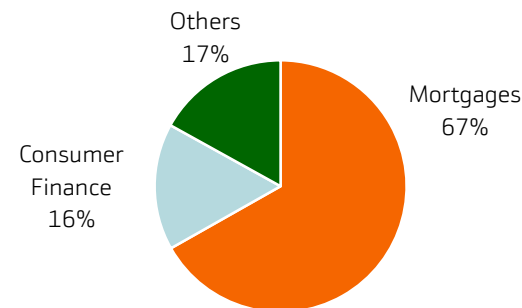
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# Key figures EVO Banco

EVO Banco highlights (a)	1H2018	P&L	€mn	1H2018
Total assets	€3.4bn	NII		29
Gross loans	€1.2bn	Gross op. income		34
Customer deposits	€3.0bn	Operating expenses		-31
Mutual Funds	€0.4bn	<b>Earnings before tax</b>		<b>5</b>
Branches	5			
Customers <sup>(b)</sup>	456,000			
FTEs	229			

## Loans breakdown



Total: €1.2 billion

(a) Figures of the acquired assets (ex EVO Finance and other subsidiaries)

(b) First account holders as of June 2018

Source: EVO Banco

# Key figures Avantcard

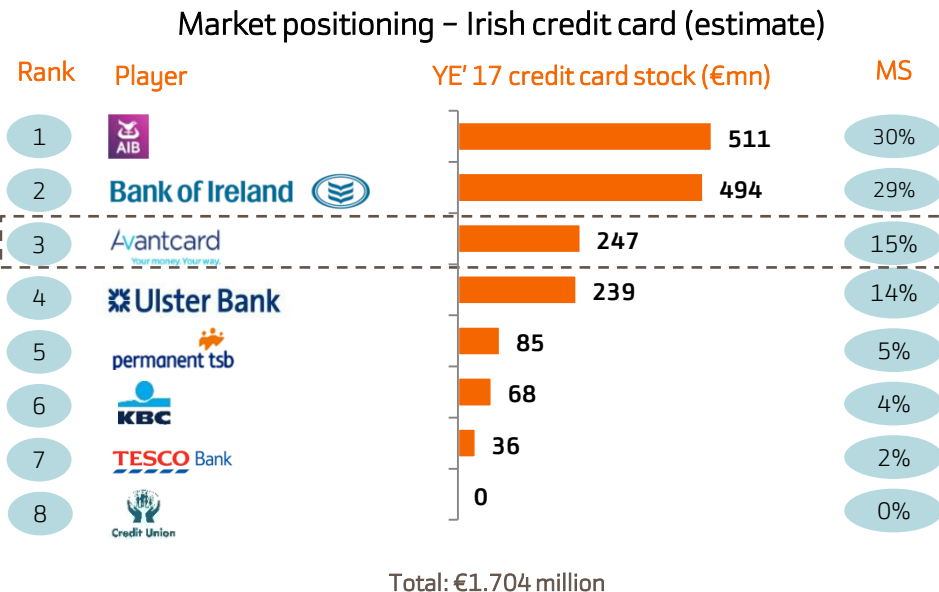
The market's #1 specialised consumer finance player  
(formerly MBNA Ireland)

## Avantcard highlights 1H2018

Total assets	€382mn
Credit card receivables	€273mn
Personal loans	€61mn
RoE 1H2018*	39%
NPL ratio	2.2%
Customers	151,000
FTEs	145

## P&L €mn 1H2018

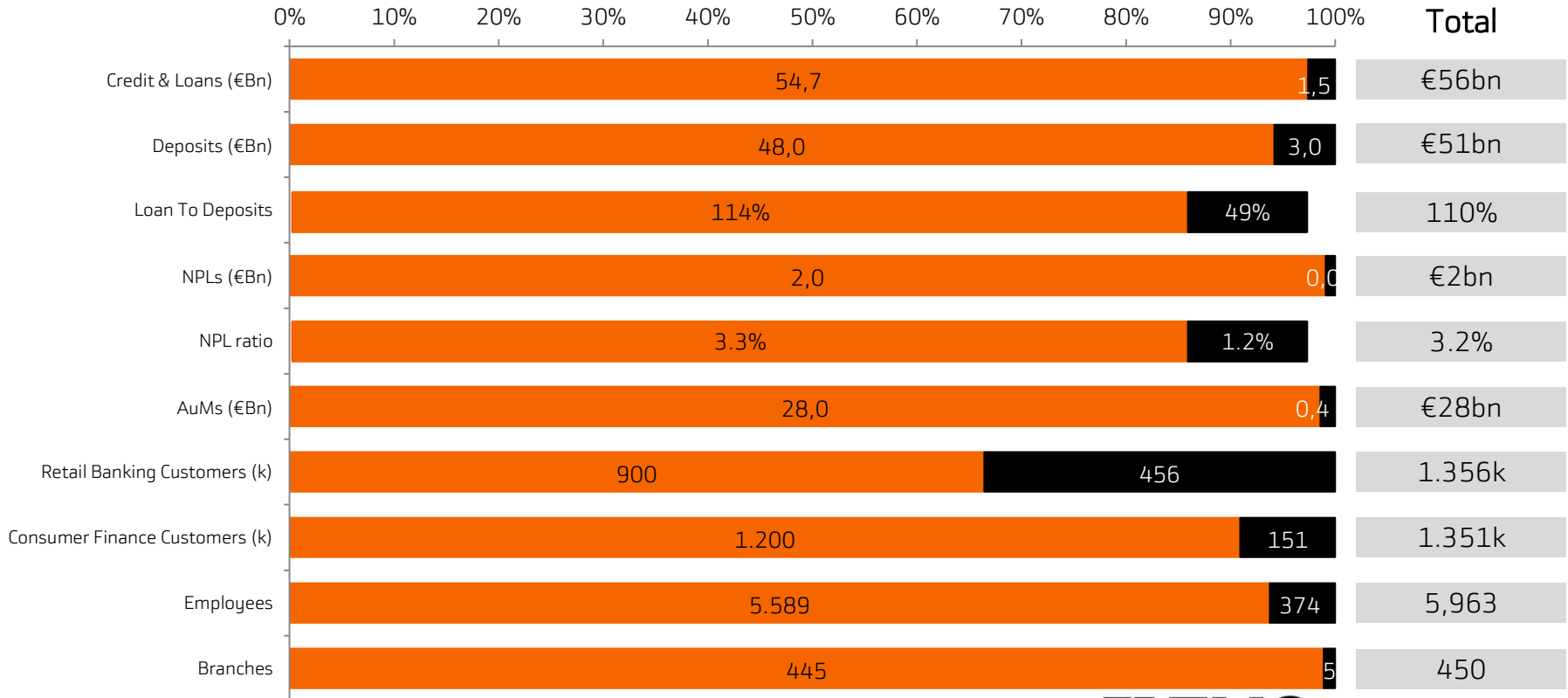
NII	19
Gross op. income	24
Operating expenses	-13
<b>Earnings before tax</b>	<b>7</b>



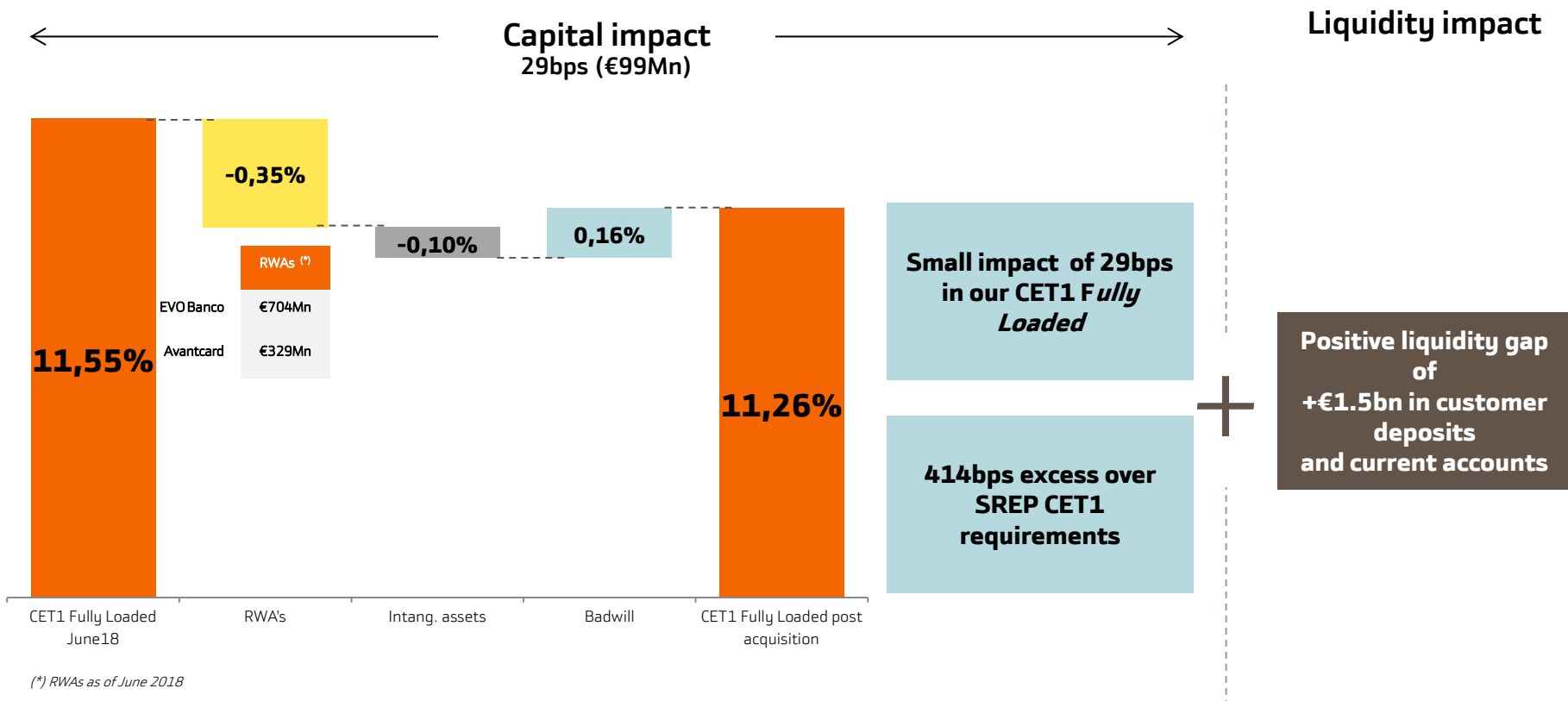
\*annualized as of June 2018

Source: CBI, Avantcard market share estimates

# Key ratios in the combination



# Solvency and Liquidity





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# Timetable



- Signing and announcement

← ○ Regulatory approvals →

- Carve-out EVO Finance

- Closing

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# Final Remarks

1. Bankinter has taken another step in its **international expansion** by acquiring Avantcard since its acquired Barclays' operations in Portugal in 2016 and created a new bank in Luxemburg in 2012.
2. In addition to **extending its efficient consumer finance capabilities** to the Irish market, the transaction with EVO Banco will allow Bankinter to further develop a **leading digital offering** for the large Spanish banking customer market, while increasing its value proposition to younger, naturally digital or self-service customers.
3. Bankinter recently demonstrated its **integration capabilities** after successfully incorporating retail banking operations acquired in Portugal, which created value and growth potential from day one.
4. Acquiring this digital-oriented business and its tools reinforces our strategic focus on **efficient growth** and increases our value proposition to younger, naturally digital or self-service customers.
5. The very positive financial terms of the transaction assure that Bankinter will **create shareholder value from year one** and sustainable double digit ROIC in the medium term.
6. The **expected impact** of the transaction on Bankinter's balance sheet, earnings, and solvency ratios will be **very limited**. With a **positive** impact in liquidity