

EARNINGS PRESENTATION

23 July 2020

bankinter.

Bankinter Results 1H20

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.

Summary

	1H20	YoY
Loan book	€64bn	+7%
Gross operating income	€863M	+8%
Pre-Provision Profit	€470M	+10%
NPL ratio	2,50%	-21bps
Macro scenario provisioning impact	-€192M	n.a.
Group net profit	€109M	-65%
CET1 FL	11,8%	+25bps
ROE	7,6%	-5,3p.p.

Content

- Results
- Risk Management
- Businessess
- Summary



R

Results

1H20

P&L 1H2020

in millions of euros	Bankinter group				Bankinter group ex- EVO	
	1H2020	1H2019	Dif. € 20/19	Dif. % 20/19	1H2020	Dif. % 20/19
Net interest income	612,4	556,5	56,0	10,1%	574,4	4,3%
Net fees and commissions	243,9	231,2	12,7	5,5%	238,8	3,7%
Other income/expenses	6,9	14,4	-7,5	-52,1%	7,0	-51,8%
Gross operating income	863,2	802,1	61,2	7,6%	820,1	3,1%
Operating expenses	-393,5	-374,4	-19,2	5,1%	-346,6	-4,1%
Pre-provision profit	469,7	427,7	42,0	9,8%	473,5	9,1%
Cost of risk and other provisions	-215,4	-140,1	-75,3	53,7%	-208,4	62,0%
Profit of recurrent Banking activity	254,3	287,6	-33,2	-11,6%	265,1	-13,2%
Extraord. macro scenario provision	-192,5	n.a.	-192,5	n.a.	-192,0	n.a.
Negative goodwill recognised in P&L	n.a.	57,3	-57,3	n.a.	n.a.	n.a.
Profit before taxes Banking activity	61,8	344,8	-283,0	-82,1%	73,1	-76,1%
Profit before taxes Línea Directa	78,5*	70,2*	8,3*	11,8%	78,5*	11,8%
Group Net Income	109,1	309,0	-199,9	-64,7%		

*LDA PBT does not include business discontinuity adjustments, accounting those effects 1H20 PBT will be €82mn, and of €62mn for 1H19 PBT. These adjustment relates to assets amortizations at LDA.

P&L 2Q2020

in millions of euros

	Bankinter group				
	2Q20	1Q20	2Q19	Dif. % 2Q20/1Q20	Dif. % 2Q20/2Q19
Net interest income	304,6	307,8	286,7	-1,0%	6,2%
Net fees and commissions	120,9	123,0	116,9	-1,6%	3,5%
Other income/expenses	1,4	5,5	-4,8	-74,8%	-128,9%
Gross operating income	426,9	436,3	398,8	-2,1%	7,1%
Operating expenses	-204,5	-189,0	-195,3	8,2%	4,7%
Pre-provision profit	222,4	247,3	203,5	-10,0%	9,3%
Cost of risk and other provisions	-123,1	-92,3	-85,0	33,5%	44,9%
Profit of recurrent Banking activity	99,3	155,0	118,5	-35,9%	-16,2%
Extraord. macro scenario provision	-177,5	-15,0	0,0	n.a.	n.a.
Negative goodwill recognised in P&L	0,0	0,0	57,3	n.a.	n.a.
Profit before taxes Banking activity	-78,2	140,0	344,8	-155,8%	-122,7%
Profit before taxes Línea Directa	39,9*	38,6*	34,8*	3,6%	14,9%
Group Net Income	-21,2	130,3	164,1	-116,2%	-112,9%

*LDA PBT does not include business discontinuity adjustments, accounting those effects 1H20 PBT will be €82mn, and of €62mn for 1H19 PBT. These adjustment relates to assets amortizations at LDA.

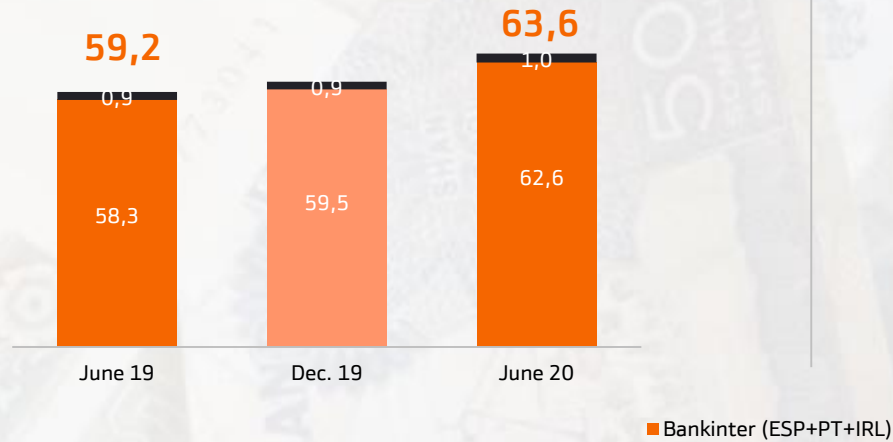
Balance sheet

L Loan book

- In billions of euros -

+4,4bn +7,4%

+6,9% Spain ex-EVO / Sector* +2,3%

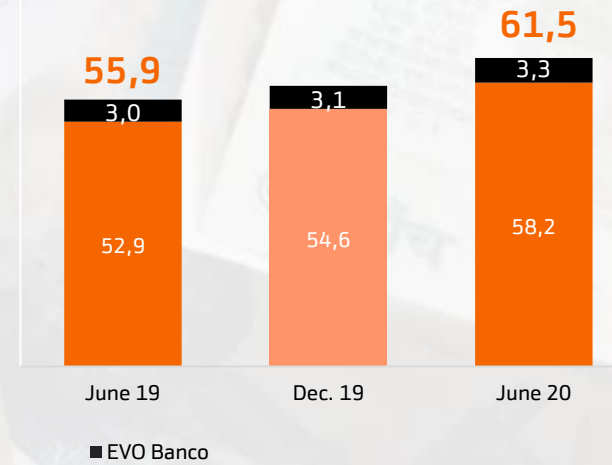


R Retail funds

- In billions of euros -

+5,6bn +10,0%

+11,5% Spain ex-EVO / Sector* +8,5%

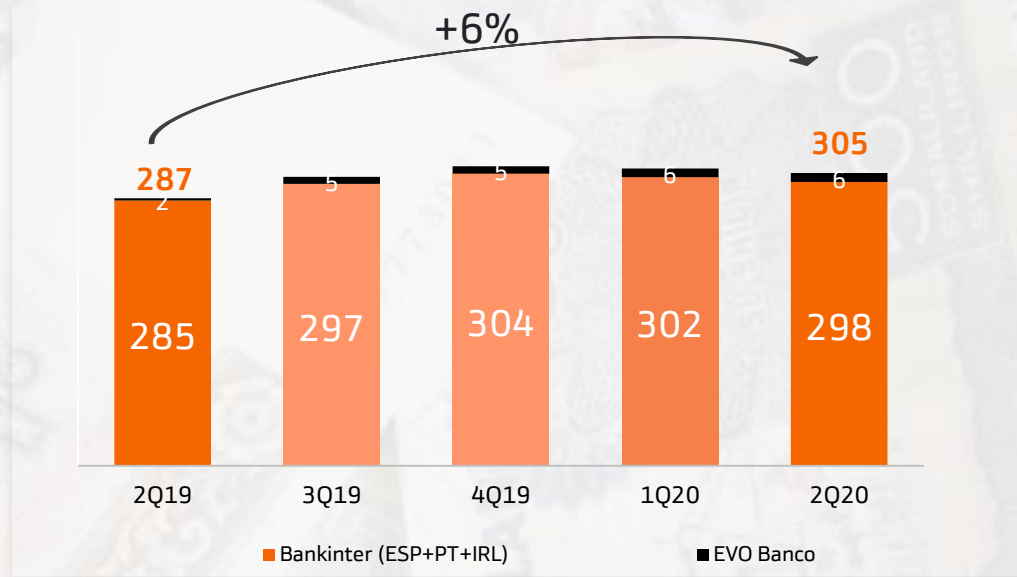


* BdE May-20

Net Interest Income

Quarterly NII

- in millions of euros -



Customer margin

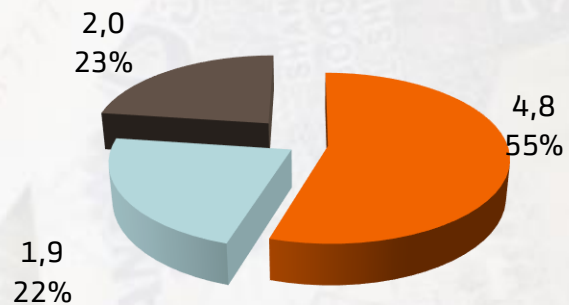
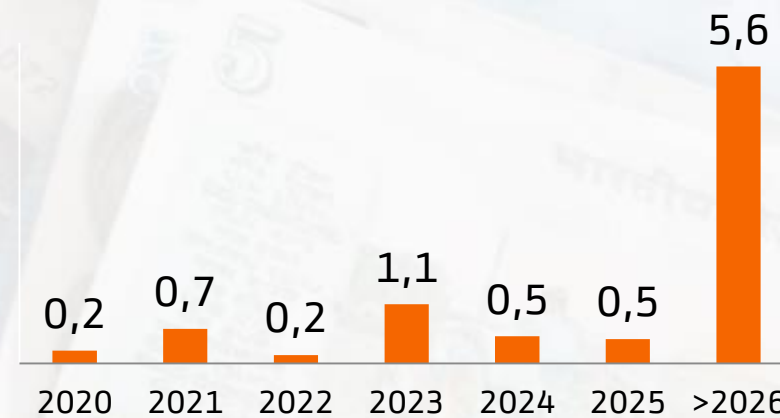
- in %-



ALCO portfolio

ALCO portfolio	Amort.	Fair Value	Total
Nominal amount (€bn)	5,9	2,8	8,7
Duration (years)	5,5	2,7	4,6
Average maturity (years)	10,2	4,3	8,3
Yield (%)	1,2	2,4	1,6
Unrealised gains (€bn)	0,31	0,1	0,41

Maturities (bn €)



■ Spanish sovereign
 ■ Other sovereign
 ■ Other

Fee Income

Net Fee Income

244M€

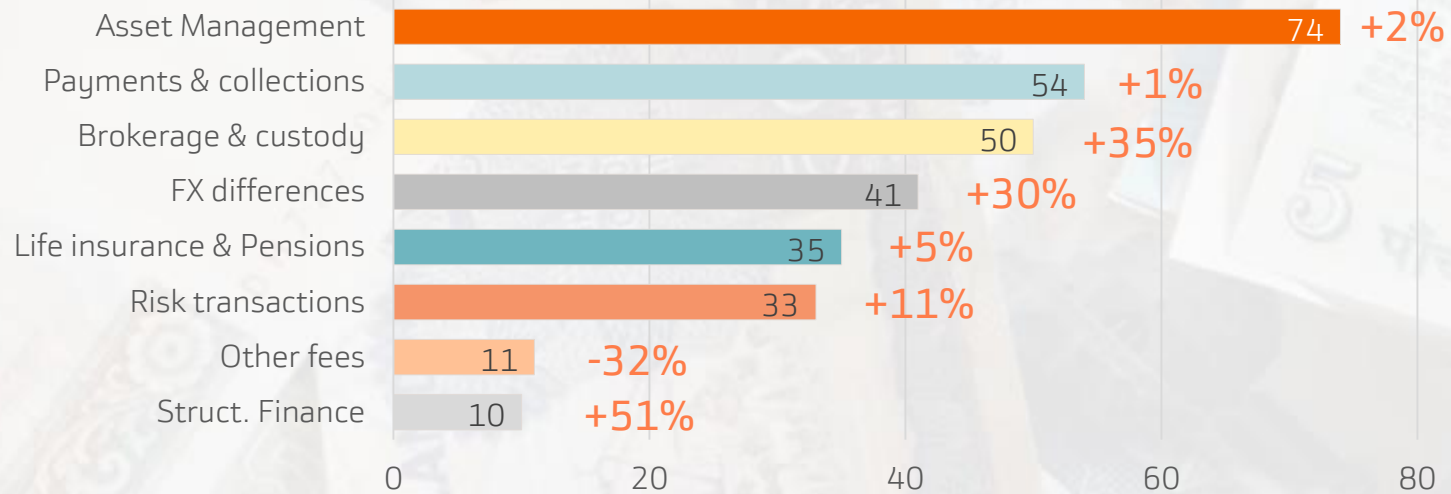
YoY

+6%

Contribution to Total Income

28%

- Breakdown of fees received in millones of euros -



Other Income / Expenses

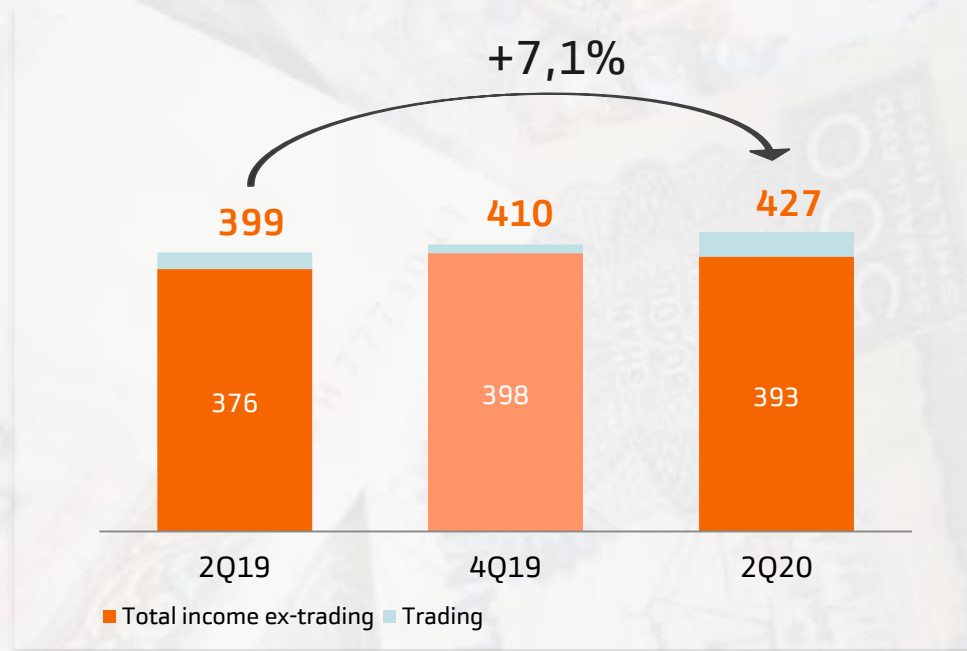
- en millones € -

	1H20	1H19	Dif. €	% Dif.
Equity method	14,7	14,5	0,2	1,1%
Dividend income	15,2	4,6	10,6	228,5%
Trading income	25,6	38,5	-12,8	-33,3%
Regulatory expenses	-49,4	-36,8	-12,6	34,2%
Other operating income/expenses	0,8	-6,4	7,1	-112,5%
Total	6,9	14,4	-7,5	-52,1%

Total Operating Income

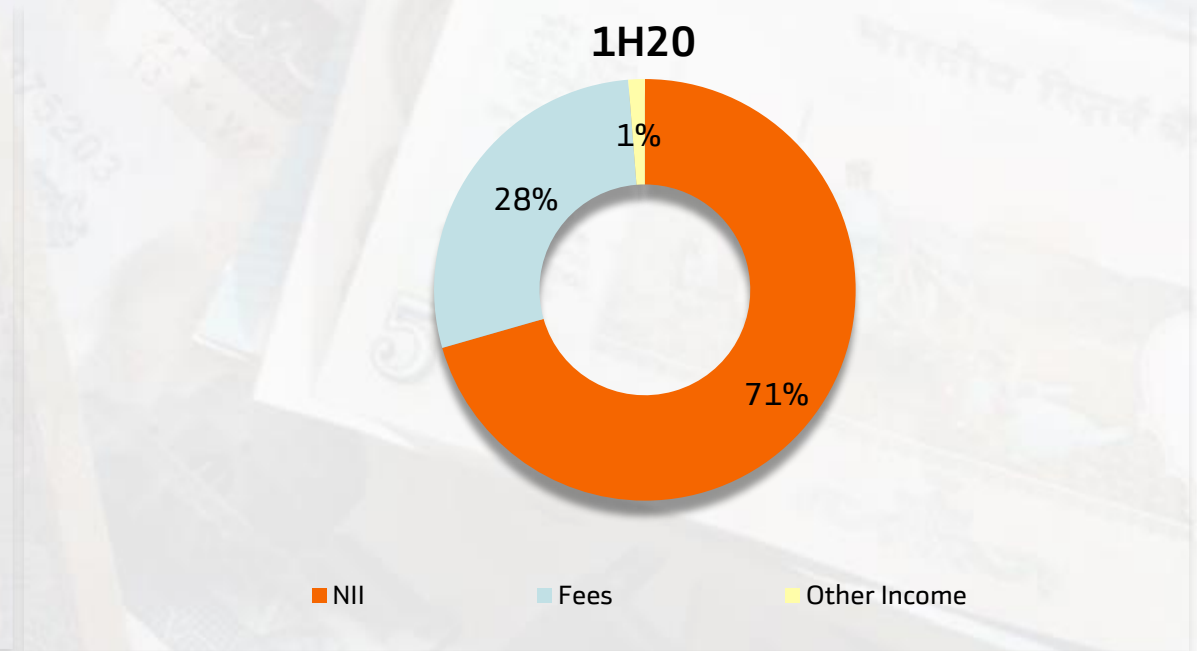
Total Income

- In millions of euros -



Breakdown by income type

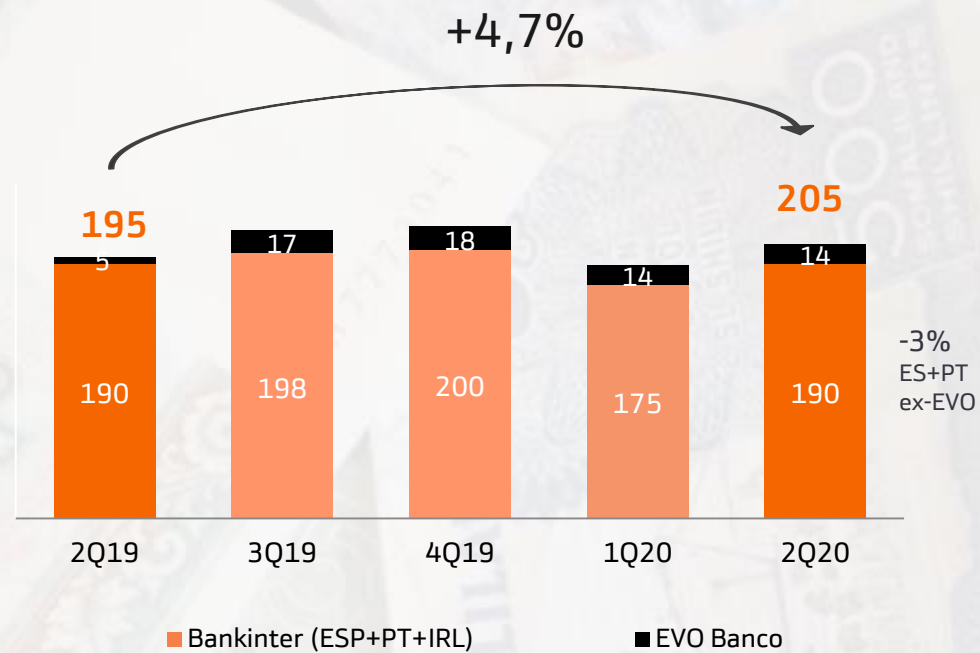
- en % -



Operating expenses

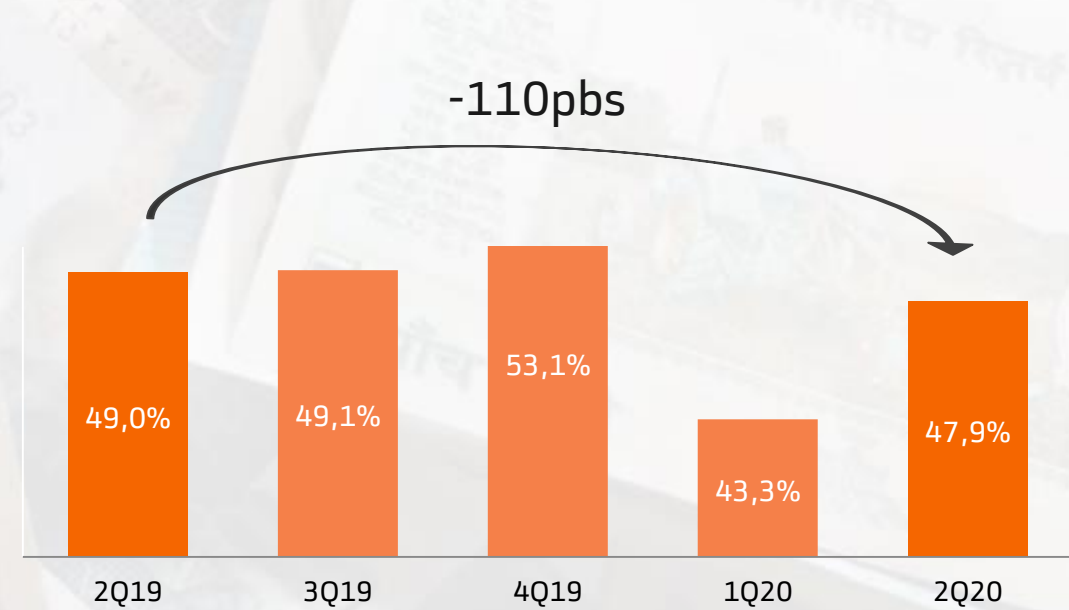
Total expenses

In million euros and differences in % -



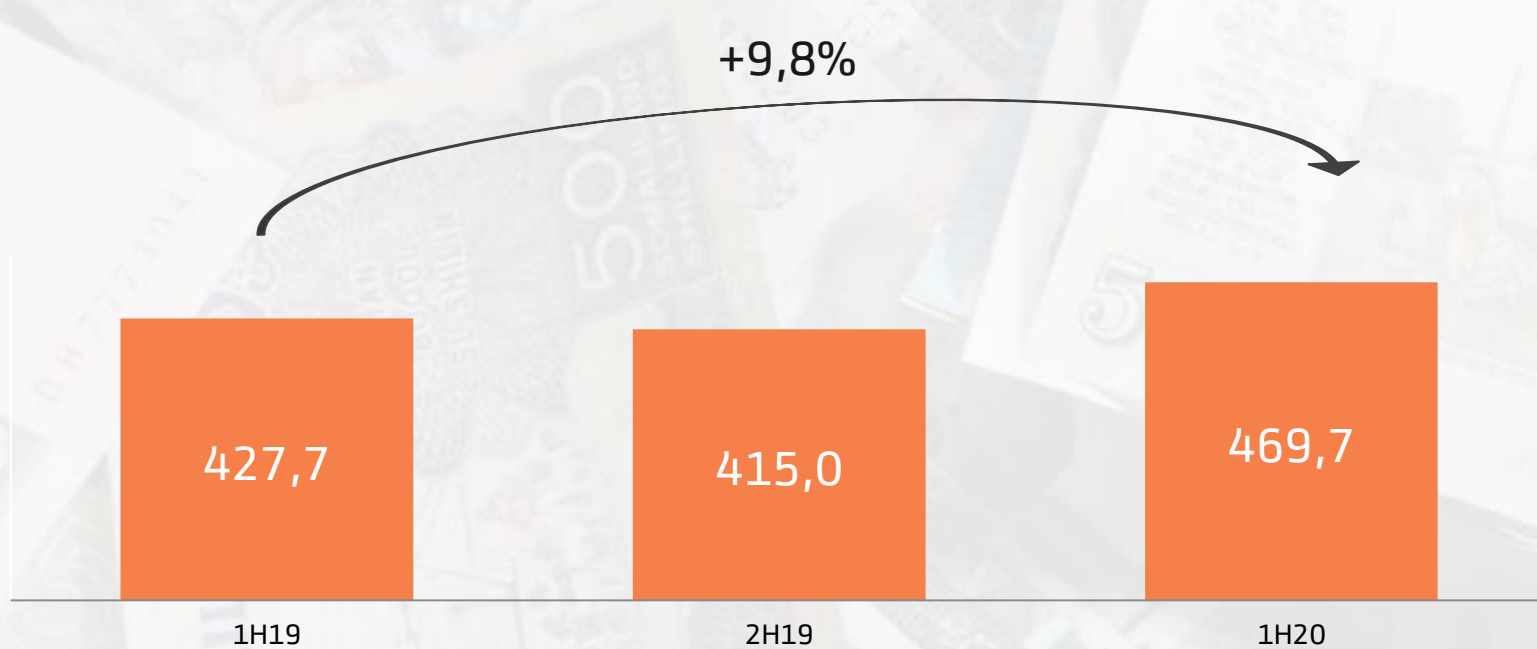
Cost to Income

- Banking group cost to income in % (incl. D&A) -



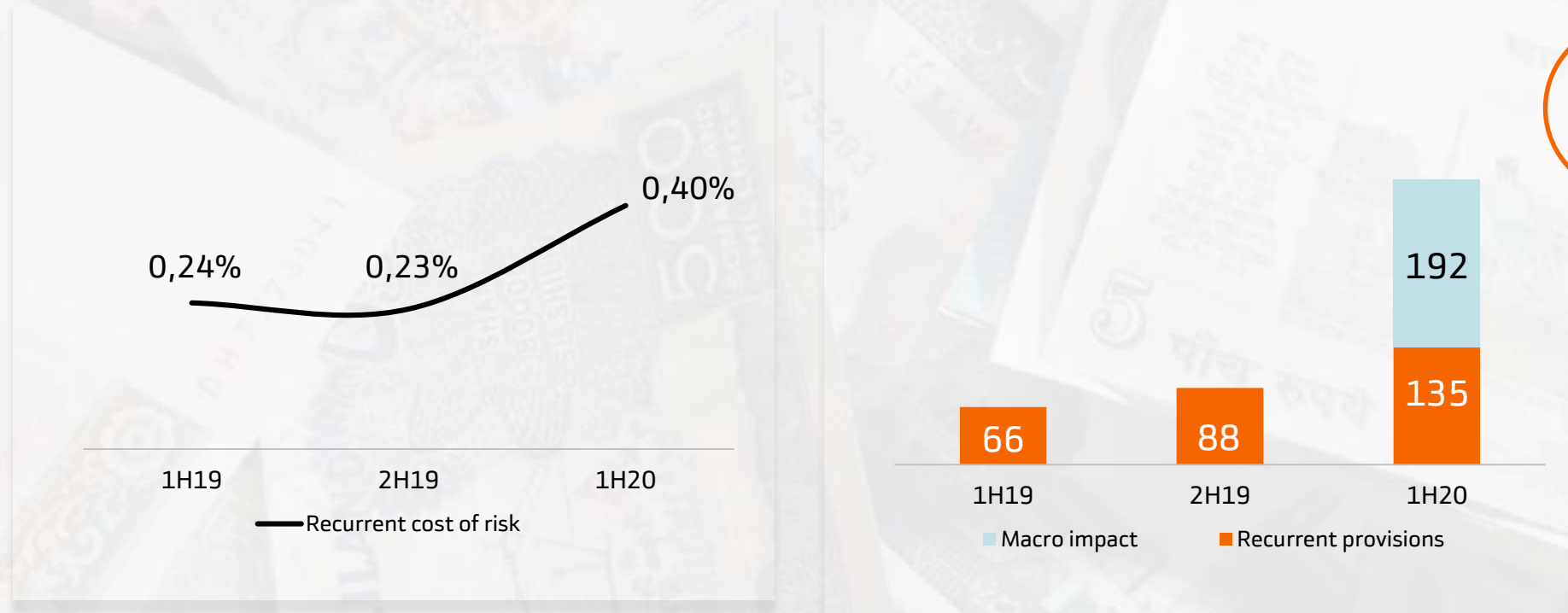
Pre-provision profit

- in millions of euros and dif. in % -



Cost of credit risk (Recurrent)

- in % of total risk exposure and in millions of euros -



* CoR includes impairments & gains/losses on asset disposals

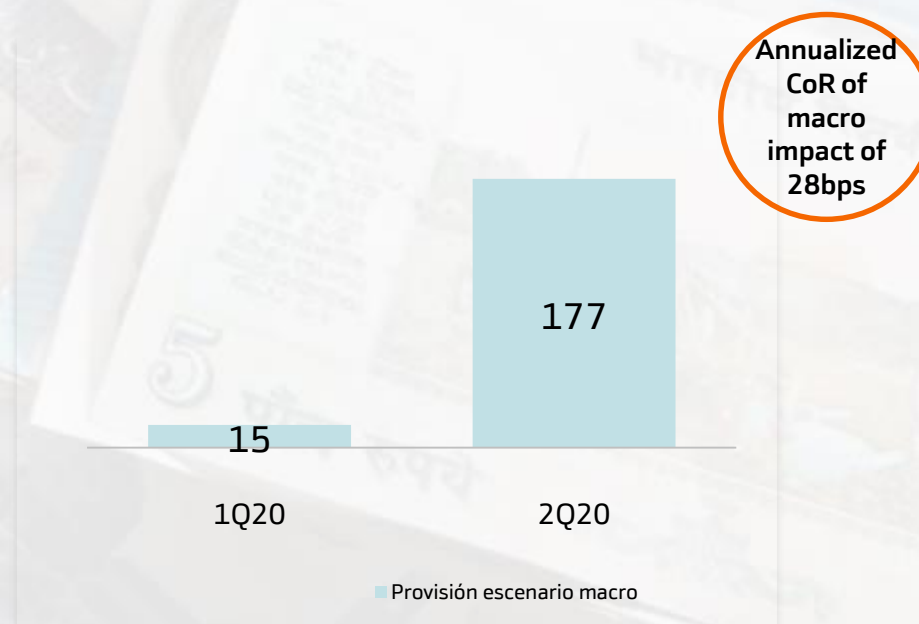
Cost of credit risk (Extraordinary)

Macro assumptions

Extraordinary cost of risk

- in millions of euros -

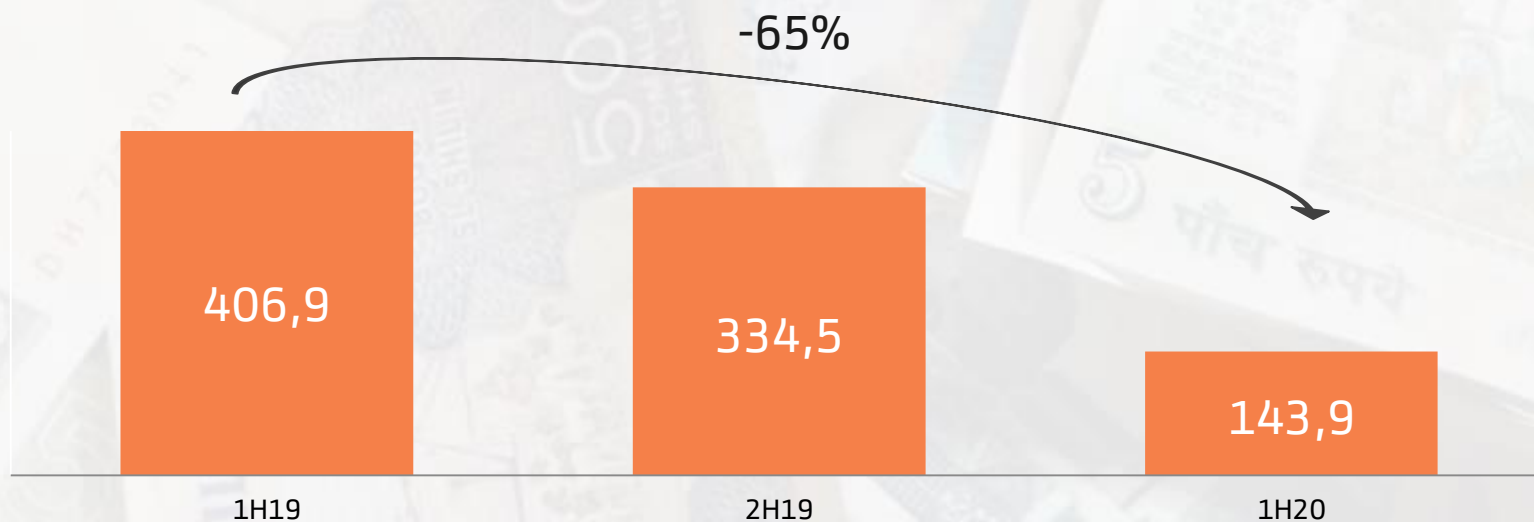
	Bank of Spain			Bank of Portugal		
(base scenario)	2020e	2021e	2022e	2020e	2021e	2022e
GDP	-11,6%	9,1%	2,1%	-9,5%	5,2%	3,8%
Unemployment	19,6%	18,8%	17,4%	10,1%	8,9%	7,6%



Profit before taxes

Profit before taxes total Group

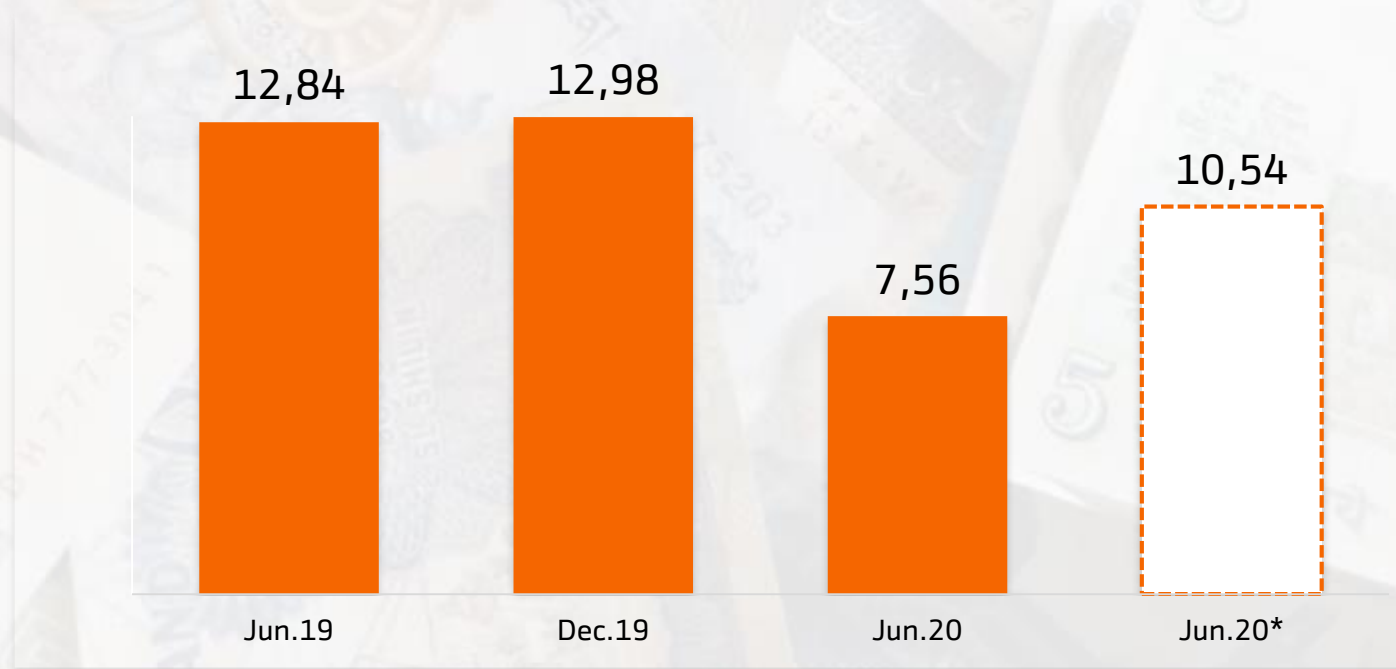
- in millions of euros -



Profitability

R O E

- in % -



*ROE excluding macro scenario impact



R

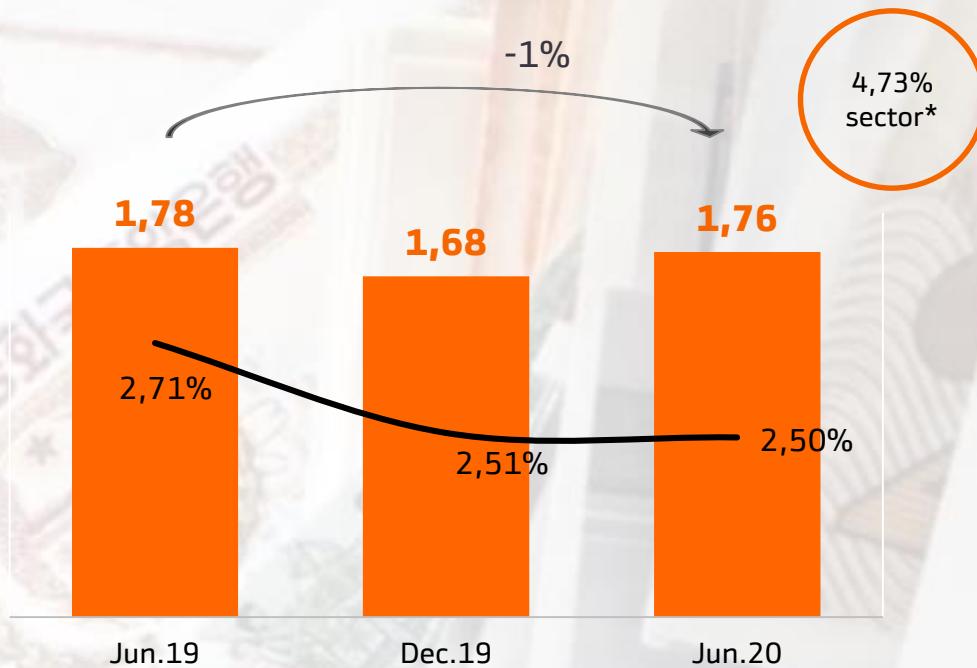
Risk, Solvency & Liquidity management



Credit risk

Non-performing loans

- In billions of euros and ratio in % -



*BdE as of may-20

NPL ratio by segment

- in %-

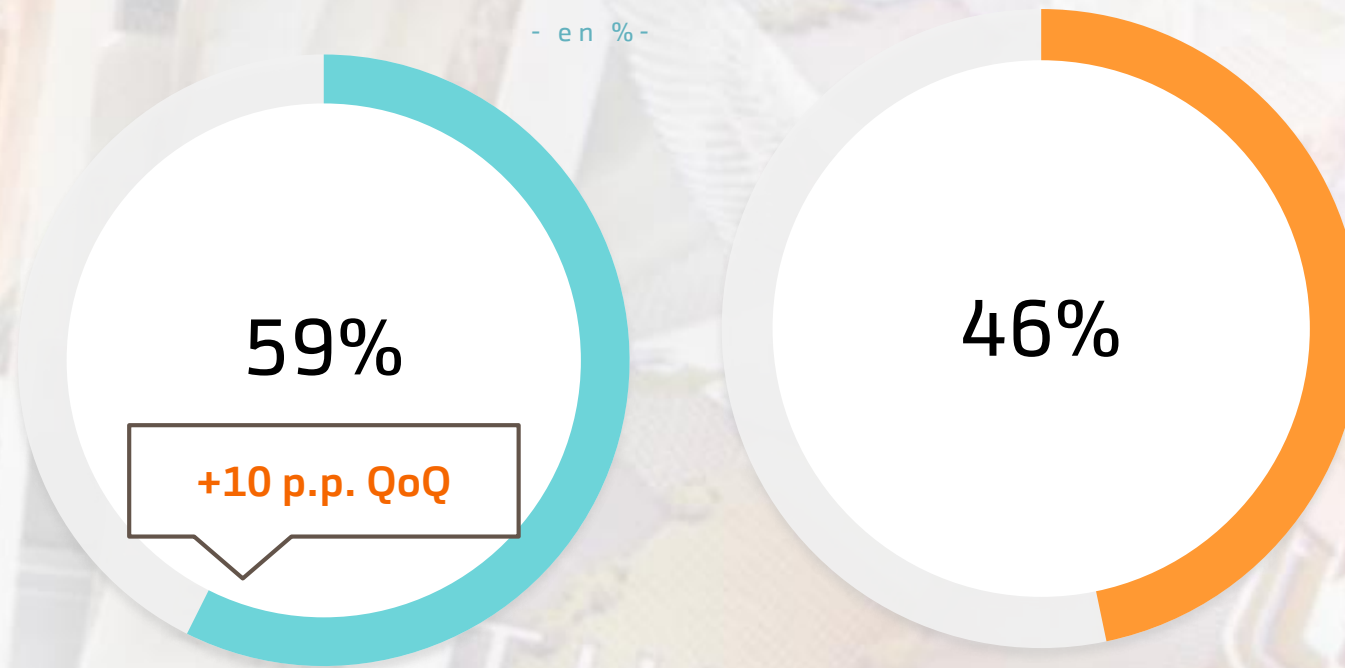
Bankinter	
Households	2,37%
Corporates/SME's	2,74%
Total	2,50%

Credit Risk Portfolio

Risk exposure evolution

	June 2020			January 2018		
	% of total risk exposure	NPL balance (€ millions)	Npl ratio %	% of total risk exposure	NPL balance (€ millions)	Npl ratio %
Households	41%	681	2,37	44%	694	2,71
<i>of which BKConsumer</i>	<i>4%</i>	<i>198</i>	<i>7,55</i>	<i>3%</i>	<i>111</i>	<i>7,62</i>
Corporate/SME's	46%	896	2,74	46%	935	3,52
<i>of which Small SME's</i>	<i>8%</i>	<i>453</i>	<i>7,73</i>	<i>8%</i>	<i>425</i>	<i>9,11</i>
<i>of which Large SME's</i>	<i>11%</i>	<i>285</i>	<i>3,55</i>	<i>10%</i>	<i>248</i>	<i>4,09</i>
<i>of which Corporates</i>	<i>25%</i>	<i>112</i>	<i>0,64</i>	<i>25%</i>	<i>187</i>	<i>1,28</i>
Total Spain	88%	1.580	2,54	91%	1.633	3,09
Total Portugal	10%	162	2,38	9%	386	7,51
Evo Banco	2%	16	1,45	n.a.	n.a.	n.a.
Total credit risk exposure		1.764	2,50		2.019	3,48

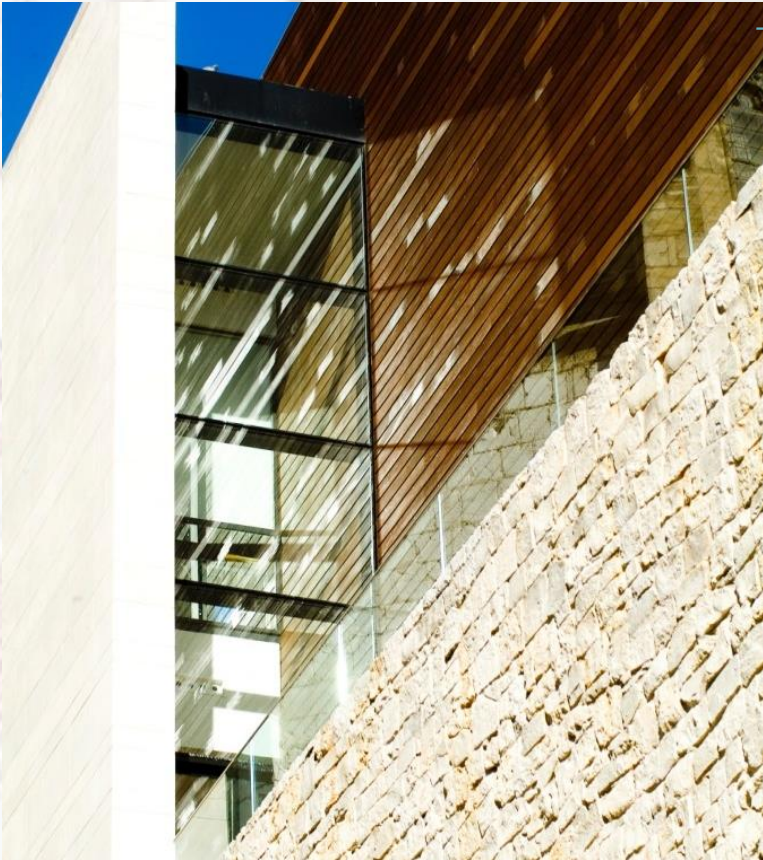
Provision coverage



NPL coverage

Foreclosed asset coverage

Foreclosed assets



In millions of euros -

June -20

Total outstanding balance: 259M€

-18%

Book value of sold assets

€47M

Total price of sold assets

€29M

Average discount on sold assets

-37%

Average coverage on sold assets

38%

Solvency

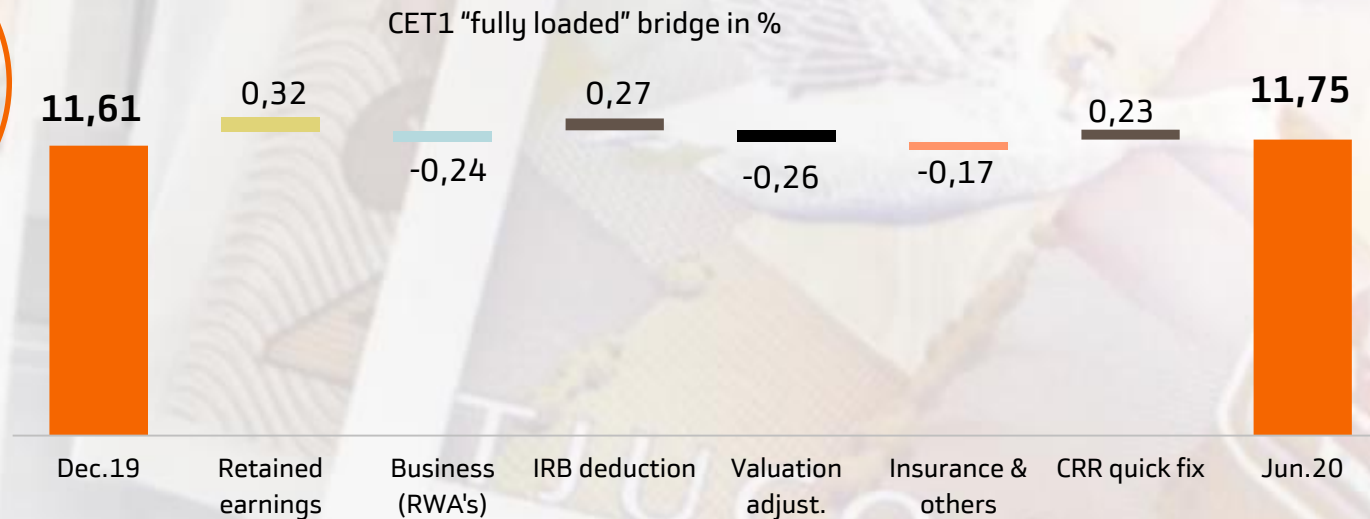
CET 1 "fully loaded"
11,8%

€1,4bn
excess of
7.675%
SREP
requirement

Leverage ratio
4,6%

Solvency ratio
14,1%

Solvency ratio
including the
latest AT1*
issuance
14,5%



*AT1 issued in July 2020 for € 350mn

Liquidity

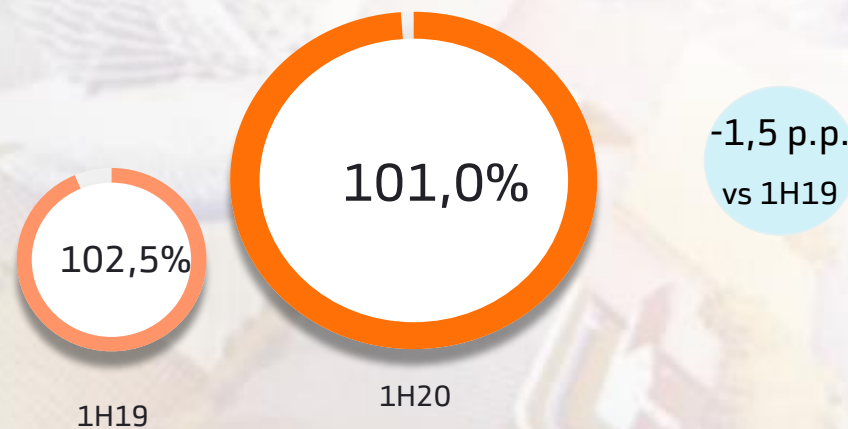
Commercial gap

- in billions of euros -



Loan-to-deposit ratio

- in % -



Wholesale funding maturities

- In millions of euros -

Liquid assets

16.900

	2020	2021	2022
Maturities	800	200	1.000
Cost	0,7%	8,6%	0,2%

Covered bond issuance capacity

2.600

The background is a collage of four images of sailing ships overlaid on different banknotes. Top-left: A blue-toned image of a small boat with a large sail on a blue banknote. Top-right: A brown-toned image of a three-masted sailing ship on a brown banknote. Bottom-left: A red-toned image of a large multi-masted sailing ship on a red banknote. Bottom-right: A green-toned image of a three-masted sailing ship on a green banknote. The word "Businesses" is written in a bold, black, sans-serif font, with the letter "B" being significantly larger and colored orange. A horizontal line of small orange dots is positioned above the list items.

Businesses

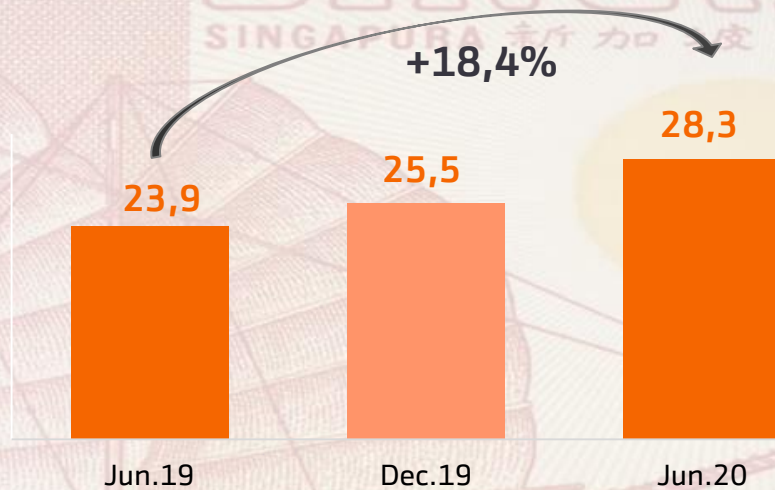
- 1. Banking activity (Spain & Portugal)**
- 2. Consumer Finance activity (Spain, Portugal & Ireland)**
- 3. EVO Banco**
- 4. Linea Directa**

Volumes & Activity

Corporate & SME banking

Loan book
- In billions of euros -

+16,9% Spain / Sector* +8,0%



*Datos BdE Mayo-20

Corporate banking drivers

Total income
in Trade
Finance +9%

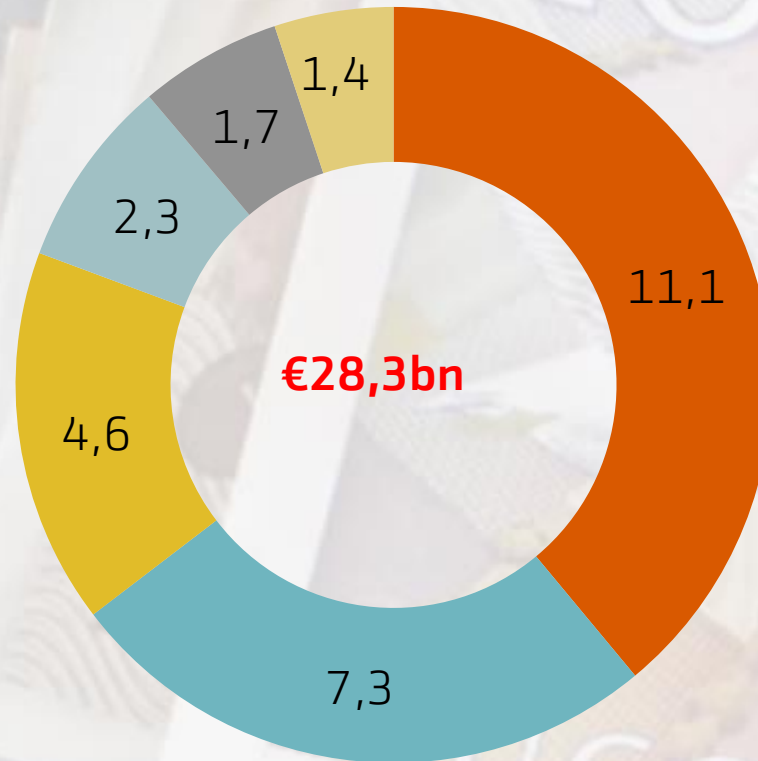
Total
income in
Investment
Banking
+11%

Fee income
in
transactional
business
+3%

Loan book breakdown

Corporate & SME's

Loan book
- In billions of euros -



- Large corporates >€50mill. Sales
- Small SME's (<€5mill. sales)
- Trade Finance

- Large SME's (<€50 mill. & >€5 mill. sales)
- Property & housing activities
- State owned corporates & other

Covid-19 measures

ICO lines

New loan production
€3,9bn

Mkt. share of 5,9% in first 5 tranches



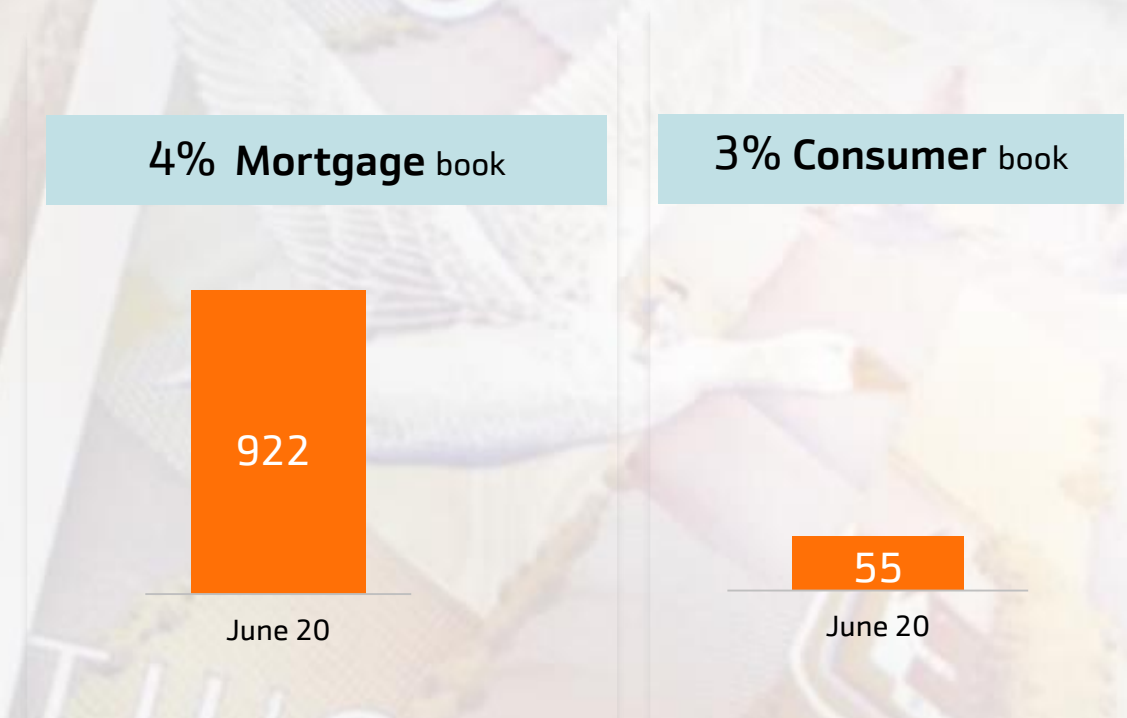
Mkt. share of 7,1% in 1st tranche

Government guaranteed loans confirmed for **€4,6bn**

Government guaranteed loans assigned for **€6,6bn**

Commercial banking moratorium in Spain

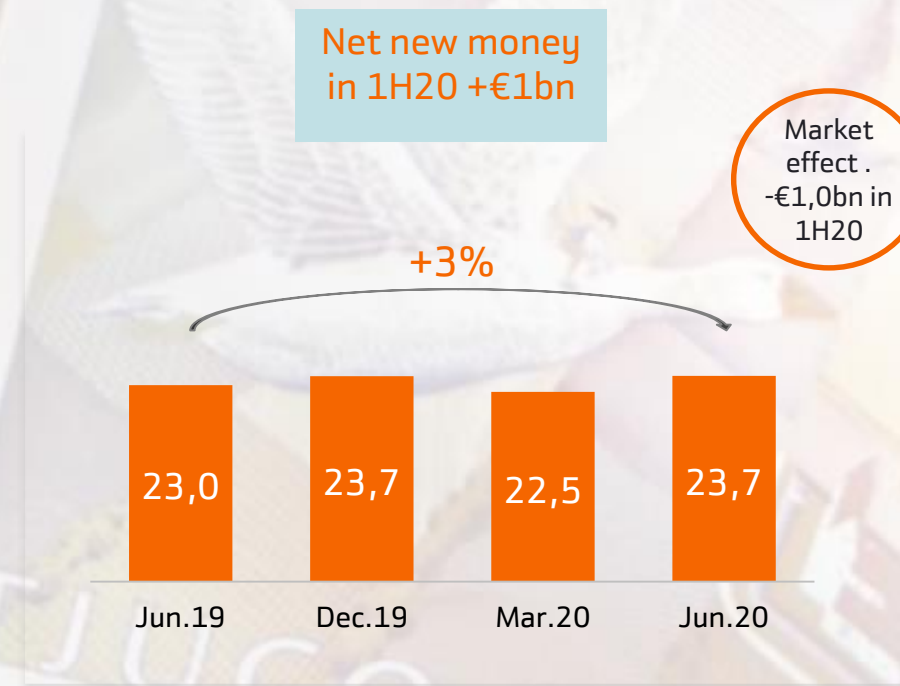
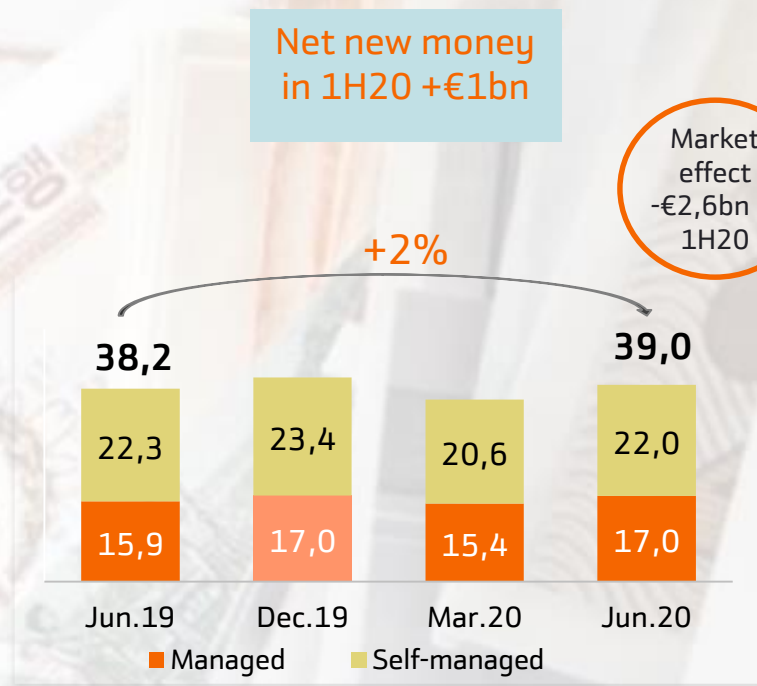
- in millions of euros



Customer assets

Private banking & Personal banking (Spain)

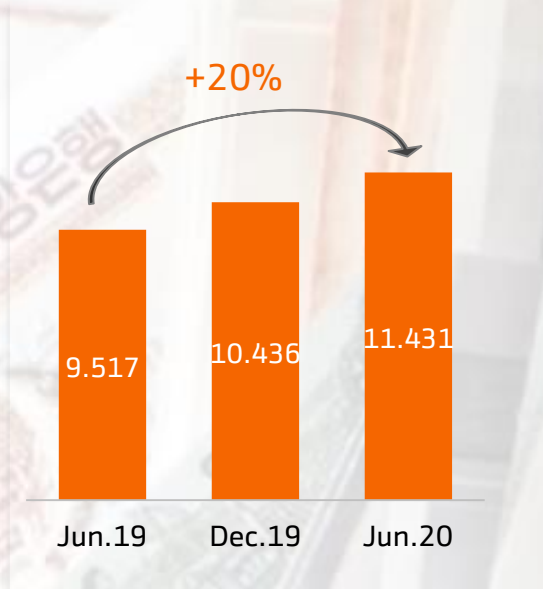
- In billions of euros -



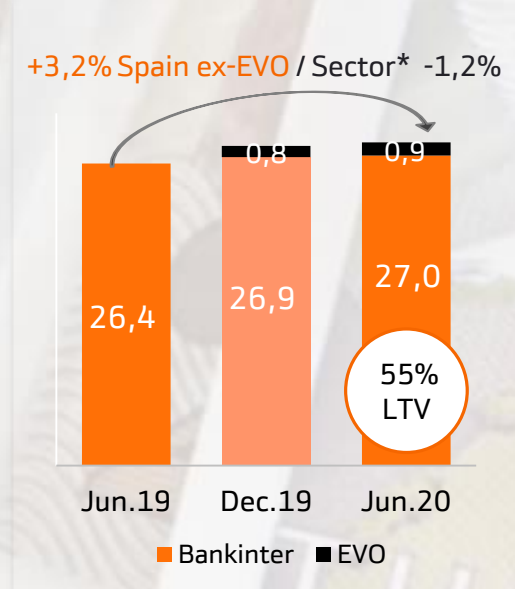
Retail banking

Customer deposits & loans -in millions of euros-

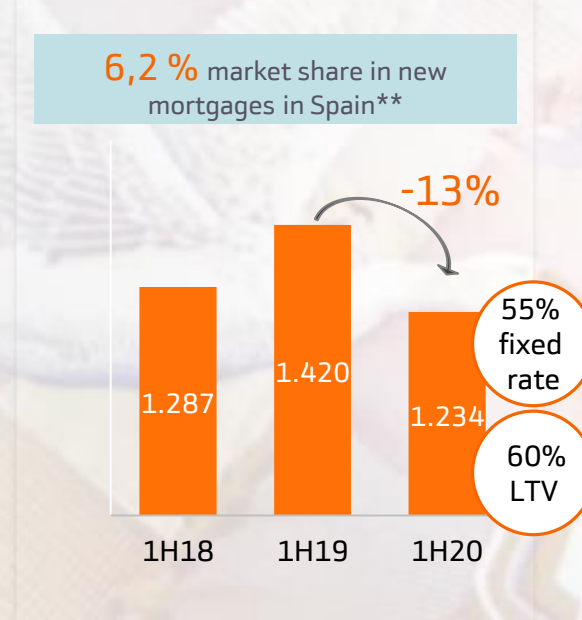
Salary account balances



Mortgage back book
(in billions of euros)



New mortgage production



*BdE may-20

**INE last 12 months as of apr-20

Bankinter Portugal

Business indicators

€6,4bn

Loan book **+10%** YoY

Retail banking
€4,5bn +7%

Corporate/ SME
€1,9bn +19%

€4,6bn

Retail funds
-2% YoY

Off-balance sheet funds
+1% YoY

1H20 P&L account -in millions of euros -

	1H20	1H19	Dif. %
Net Interest Income	46	41	12%
Net fees and commissions	23	22	4%
Other income/expenses	-4	-5	-19%
Gross operating income	65	58	11%
Operating expenses	-40	-43	-6%
Pre-provision profit	25	15	60%
LLP and other provisions	-5	19	-124%
Macro scenario impact	-3	n.a.	n.a.
Earnings before tax	17	35	-50%

Bankinter Consumer Finance

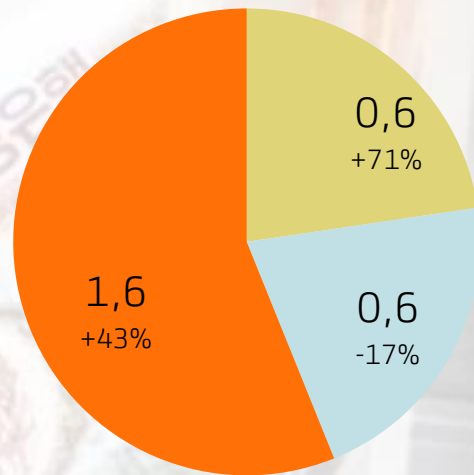


€2,8bn

Loan book
+8% vs 1H19

Gross new loans

-16% vs 1H19



Rest of cards Revolving cards Spain Personal loans

Risk-adjusted return
6,6%

NPL ratio
7,2%

Cost of risk
4,9%

	1H20	1H19	Dif. %
Net Interest Income	160	139	15%
Net fees and commissions	10	7	47%
Other income/expenses	-8	-13	-33%
Gross operating income	162	133	21%
Operating expenses	-41	-32	28%
Pre-provision profit	121	101	19%
LLP and other provisions	-71	-41	72%
Macro scenario impact	-17	0	n.a.
Earnings before tax	34	60	-44%



EVO Banco

KEY INDICATORS

508.000
TOTAL CUSTOMERS

927 (+22% LTM)
MILLION EUROS
MORTGAGE BOOK

3.300
MILLION EUROS
CUSTOMER DEPOSITS

252
MILLION EUROS
OFF- BALANCE SHEET

1,5%
NPL RATIO

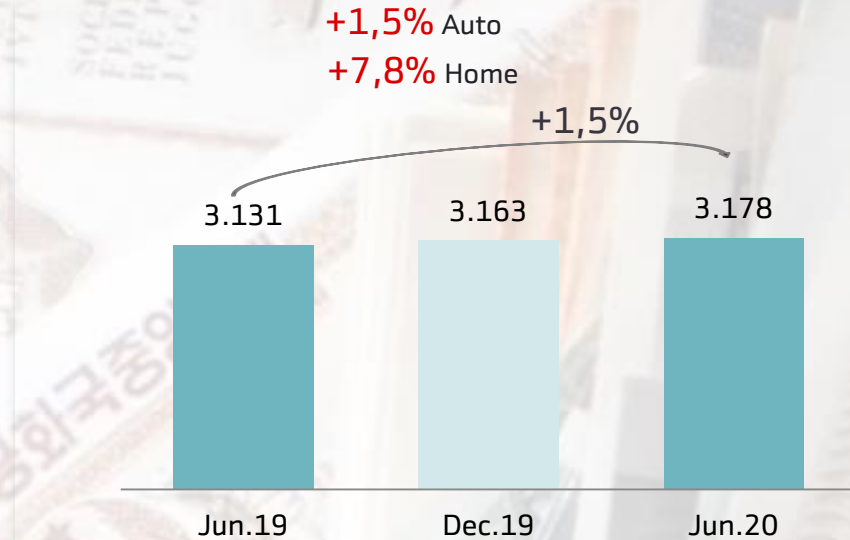
BUSINESS 1H 2020

36.500
NEW CUSTOMERS

156
MILLION EUROS NEW
MORTGAGES

Linea Directa

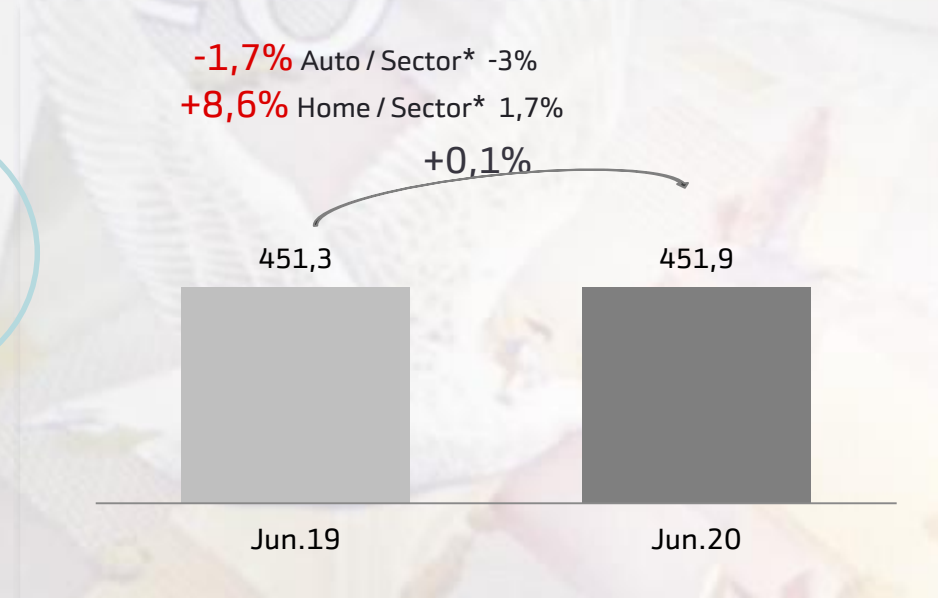
Number of insured risks
- in thousands -



vivaz

75k Health policies
+51% YoY

Issued premiums
- In millones of euros -

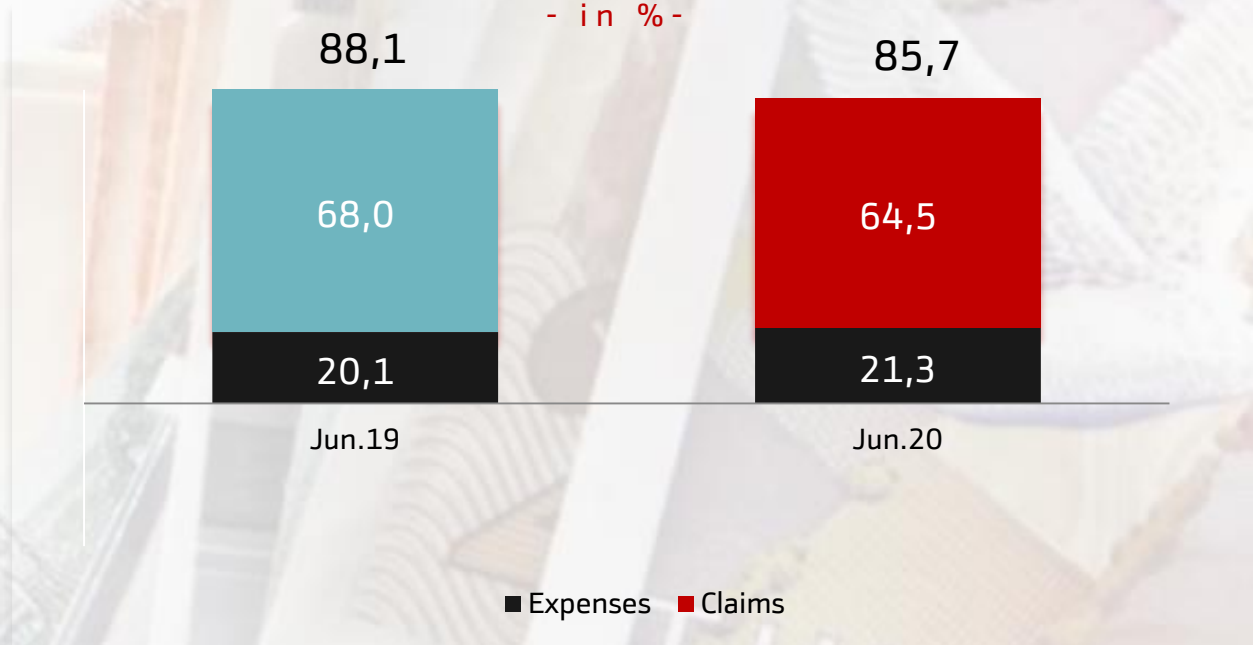


*sector data as of May-20

Linea Directa

Combined ratio

- in % -



■ Expenses ■ Claims



Linea Directa

P&L account 1H20

- In millions of euros -



linea directa

	1H20	1H19	Dif. %
Net written premium	452	451	0%
Net earned premium	434	423	3%
Net claims cost	-280	-288	-3%
Operating expenses and other	-92	-85	9%
Technical result	62	50	23%
Net investment income	13	16	-16%
Underwriting result	75	66	14%
Other income/expenses	3	4	-19%
Earnings before tax	79	70	12%
Net profit	59	53	12%

ROE

34%

Solvency II ratio

238%



linea directa



penelope
SEGUROS
Pensado por mujeres



vivaz



APRECIO
seguros



S

Summary

1H20

Summary

863M€

Total Income

+ 8%

NII

+ 10%

Fees

+ 6%

470M€

Pre-Provision
Profit

+ 10%

109M€

Net Income

- 65%

Balance Sheet

64MM€

Loan book

+ 7%

62MM€

Retail funds

+ 10%

ROE

7,6%

NPL ratio

2,50%

CET1 ratio "FULLY LOADED"

11,8%

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

EARNINGS PRESENTATION

23 July 2020

bankinter.

Bankinter Results 1H20

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


FTSE4Good

