

EARNINGS PRESENTATION

22 october 2020

bankinter.

Bankinter Results 9M20

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

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	9M20	YoY
Loan book	€63bn	+7%
Gross operating income	€1,296M	+5%
Pre-provision profit	€695M	+7%
NPL ratio	2.51%	-22bps
Coverage ratio	62%	+11p.p.
Group net profit	€220M	-50%
CET1 FL	12%	+40bps
ROE	7.1%	-5,6p.p.

Content

- **Results**
- **Risk Management**
- **Businesses**
- **Summary**



R

Results

9M20

P&L 9M2020

- in million of euros -

	Bankinter group				Bankinter group ex- EVO	
	9M2020	9M2019	Dif. € 20/ 19	Dif. % 20/ 19	9M2020	Dif. % 20/ 19
Net interest income	927,0	858,5	68,4	8,0%	870,4	4,2%
Net fees and commissions	358,5	346,3	12,2	3,5%	351,3	2,7%
Other income/expenses	10,8	34,7	-23,9	-68,9%	11,0	-70,0%
Gross operating income	1.296,3	1.239,5	56,7	4,6%	1.232,6	1,5%
Operating expenses	-601,6	-589,2	-12,4	2,1%	-530,9	-1,9%
Pre-provision profit	694,6	650,3	44,3	6,8%	701,7	4,3%
Cost of risk and other provisions	-297,9	-220,8	-77,0	34,9%	-287,4	39,6%
Profit of recurrent Banking activity	396,8	429,5	-32,7	-7,6%	414,3	-11,2%
Extraordinary "macro scen." provision	-243,5	0,0	-243,5	n.a.	-243,0	n.a.
Negative goodwill from business comb.	0,0	57,3	-57,3	n.a.		
Profit before taxes Banking activity	153,3	486,7	-333,5	-68,5%	171,3	-63,3%
Profit before taxes Línea Directa*	132,9	108,1	24,8	22,9%	132,9	22,9%
Group Net Income	220,1	444,4	-224,3	-50,5%		

*LDA PBT does not include business discontinuity adjustments, accounting those effects 9M20 PBT will be €139,7mn, and €101,1mn for 9M19 PBT. These adjustments relate to asset amortizations at LDA.

P&L 3Q2020

-in million of euros-

	Bankinter group				
	3Q20	2Q20	3Q19	Dif. % 3Q20/2Q20	Dif. % 3Q20/3Q19
Net interest income	314,5	304,6	302,1	3,3%	4,1%
Net fees and commissions	114,6	120,9	115,1	-5,3%	-0,5%
Other income/expenses	3,9	1,4	20,3	181,2%	-80,8%
Gross operating income	433,0	426,9	437,5	1,4%	-1,0%
Operating expenses	-208,1	-204,5	-214,8	1,8%	-3,1%
Pre-provision profit	224,9	222,4	222,6	1,1%	1,0%
Cost of risk and other provisions	-82,5	-123,1	-80,7	-33,0%	2,2%
Profit of recurrent Banking activity	142,4	99,3	141,9	43,4%	0,4%
Extraordinary "macro scen." provision	-51,0	-177,5	0,0	-71,3%	n.a.
Negative goodwill from business comb.	0,0	0,0	0,0	n.a.	n.a.
Profit before taxes Banking activity	91,4	-78,2	141,9	-217,0%	-35,6%
Profit before taxes Línea Directa*	54,5	40,2	38,6	32,7%	47,7%
Group Net Income	110,9	-21,2	135,4	-624,5%	-18,0%

*LDA PBT does not include business discontinuity adjustments, accounting those effects 3Q20 PBT will be €58mn, 2Q20 €43mn and €39mn for 3Q19 PBT. These adjustments relate to asset amortizations at LDA.

Balance sheet

L Loan book

- In billion of euros -

R Retail funds

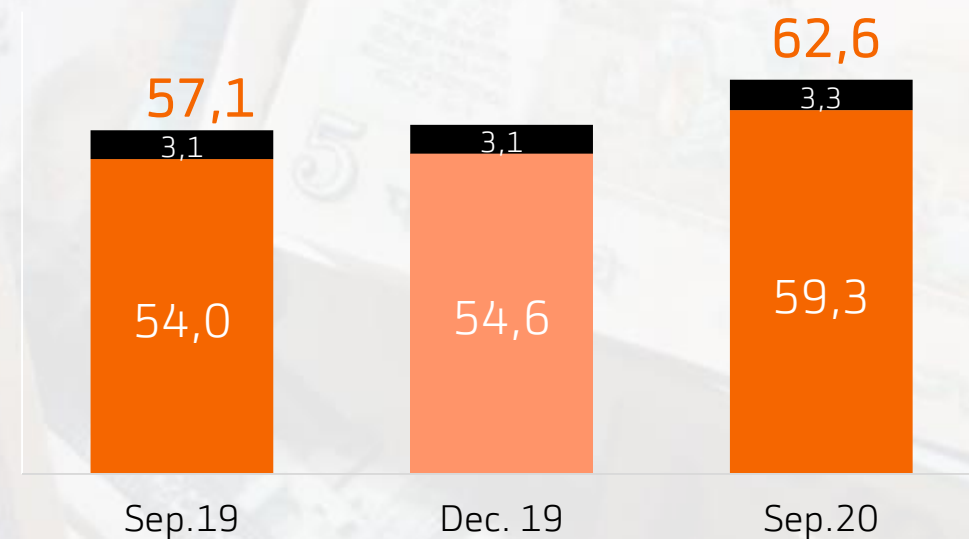
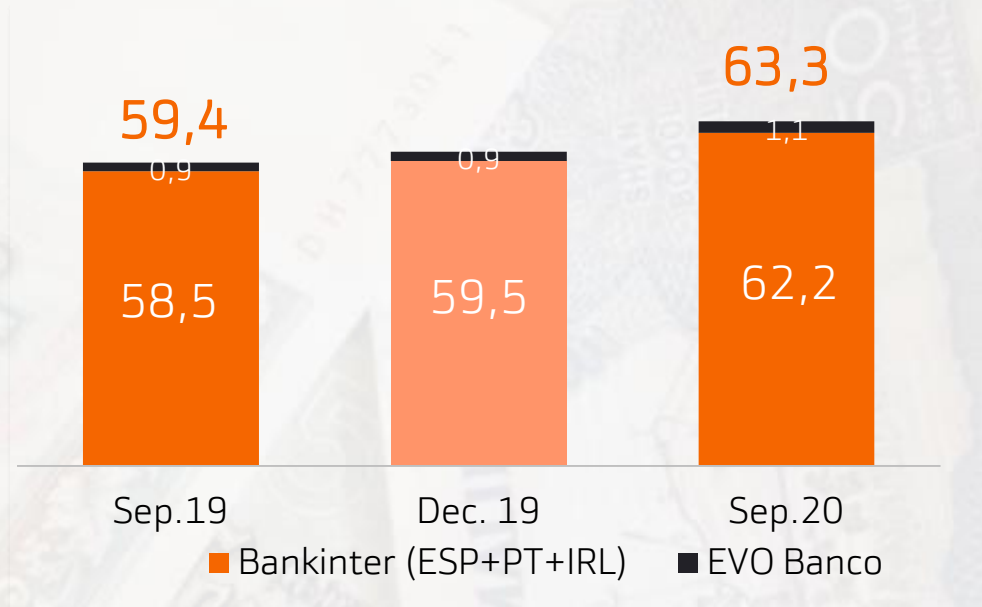
- In billion of euros -

+4,0bn +6,7%

+5,5bn +9,6%

+6,2% Spain / Sector* +2,2%

+10,9% Spain / Sector* +8,7%

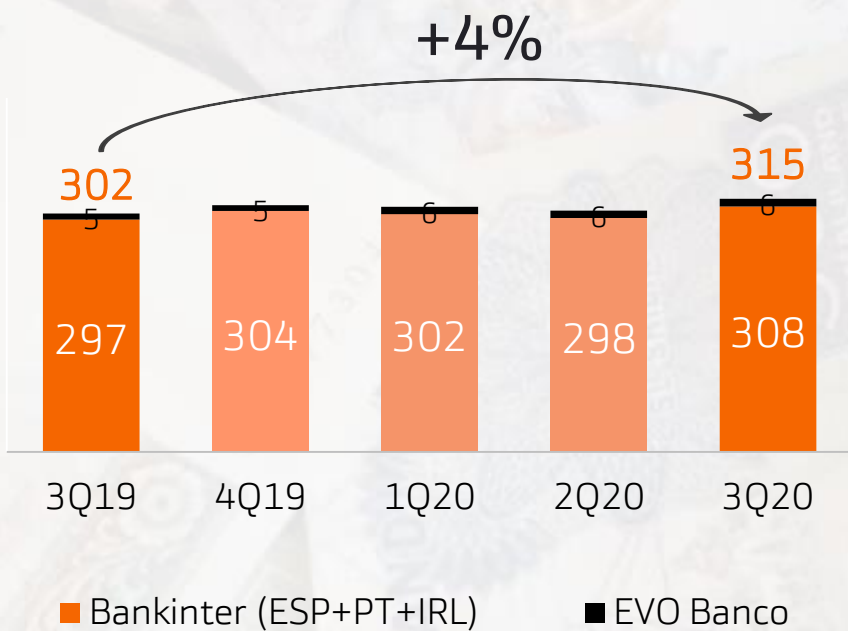


* BdE August-20

Net Interest Income

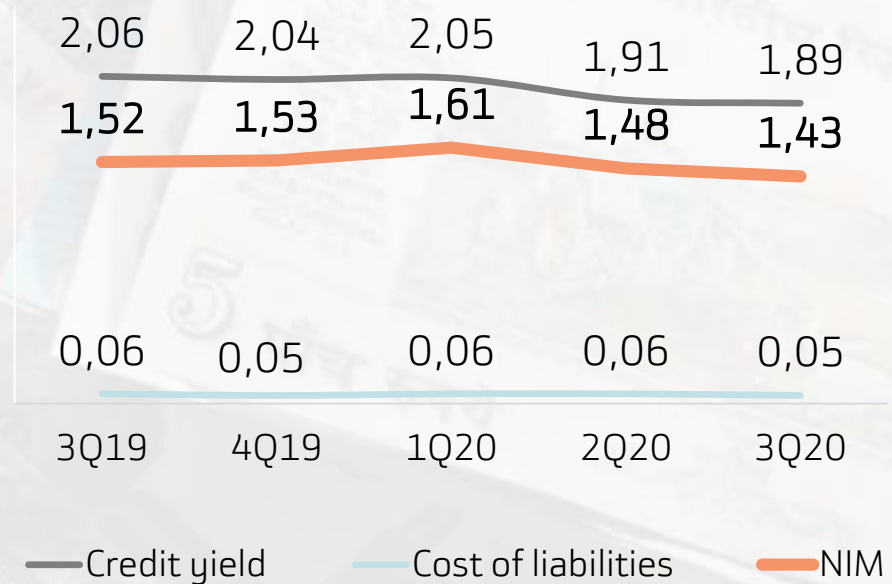
Quarterly NII

- In million of euros -



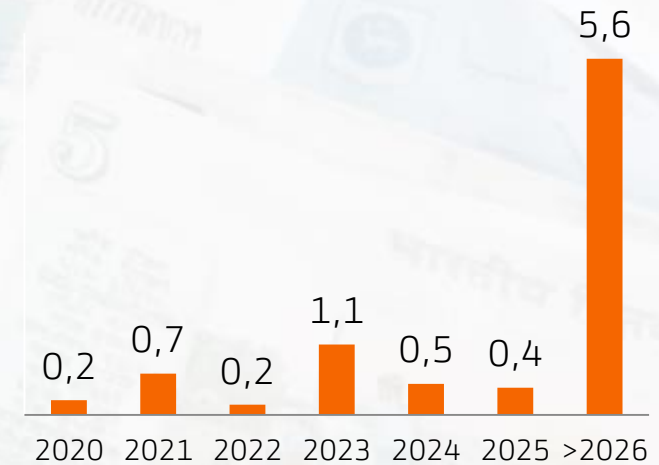
Net Interest Margin

- in %-

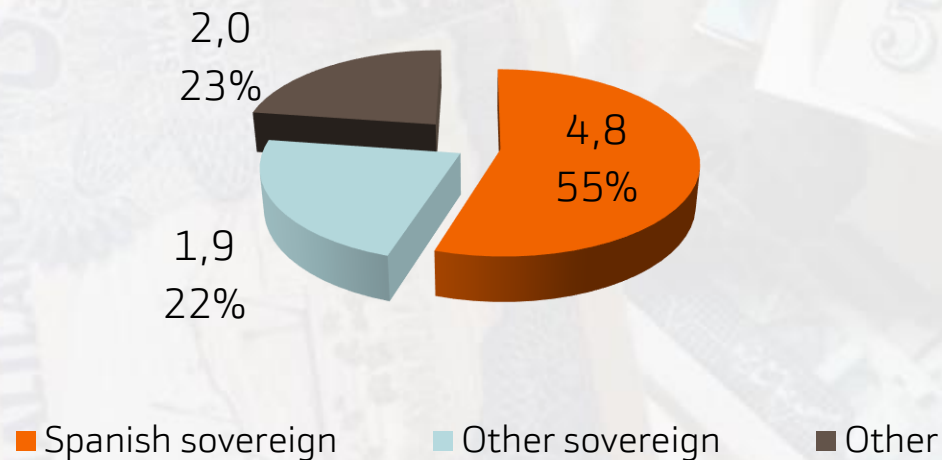


Alco portfolio

Maturities (bn €)



ALCO portfolio	Amort.	Fair Value	Total
Nominal amount (€bn)	6,3	2,4	8,7
Duration (years)	5,1	2,5	4,4
Avg. maturity (years)	9,8	3,5	8,1
Yield (%)	1,1	2,7	1,6
Unrealised gains (€bn)	0,46	0,12	0,58



Fee income

Net Fee Income

359M€

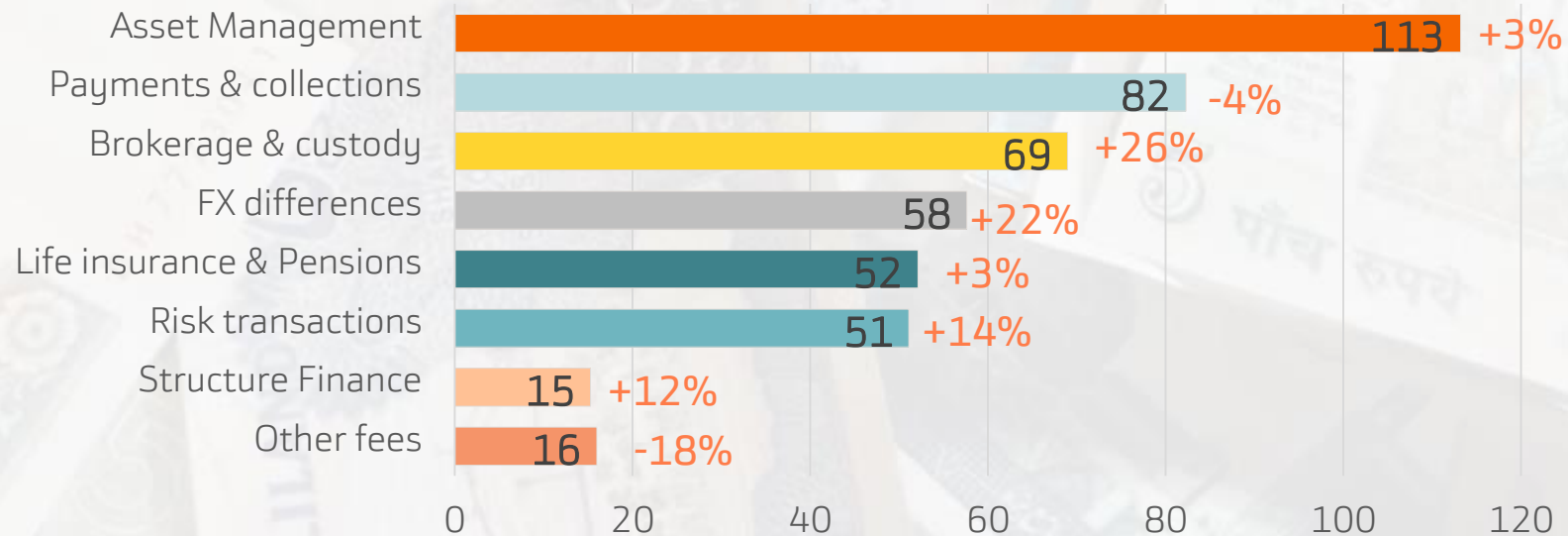
YoY

+4%

Contribution to Total Income

28%

- Breakdown of fees received in million of euros-



Other Income/ Expenses

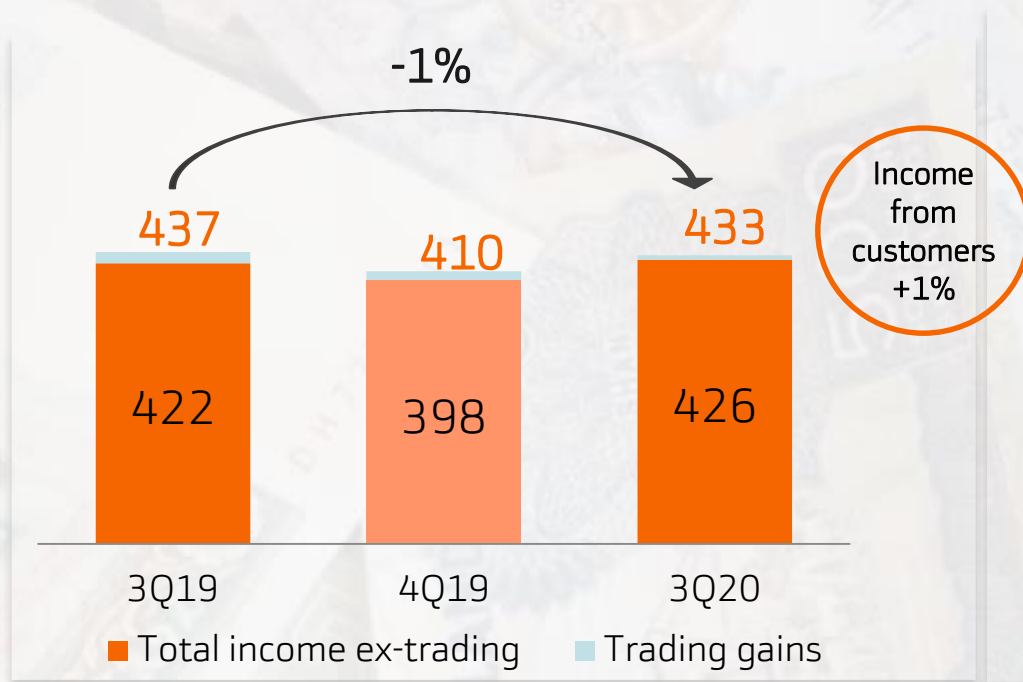
- In million of euros -

	9M20	9M19	Dif. €	% Dif.
Equity method	22,2	22,7	-0,5	-2,1%
Dividend income	17,2	7,4	9,8	131,7%
Trading income	32,3	54,4	-22,1	-40,6%
Regulatory expenses	-55,5	-43,6	-11,9	27,3%
Other operating income/expenses	-5,5	-6,3	0,8	-12,8%
Total	10,8	34,7	-23,9	-68,9%

Total operating income

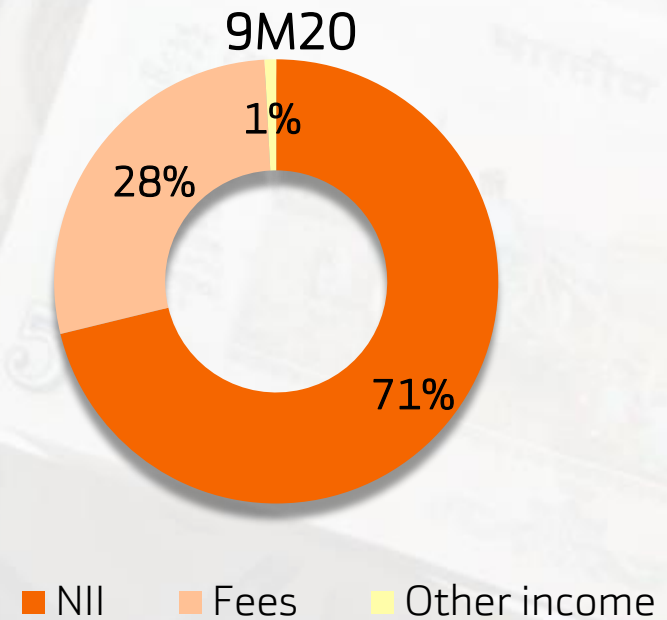
Total Income

- In million of euros -



Breakdown by income type

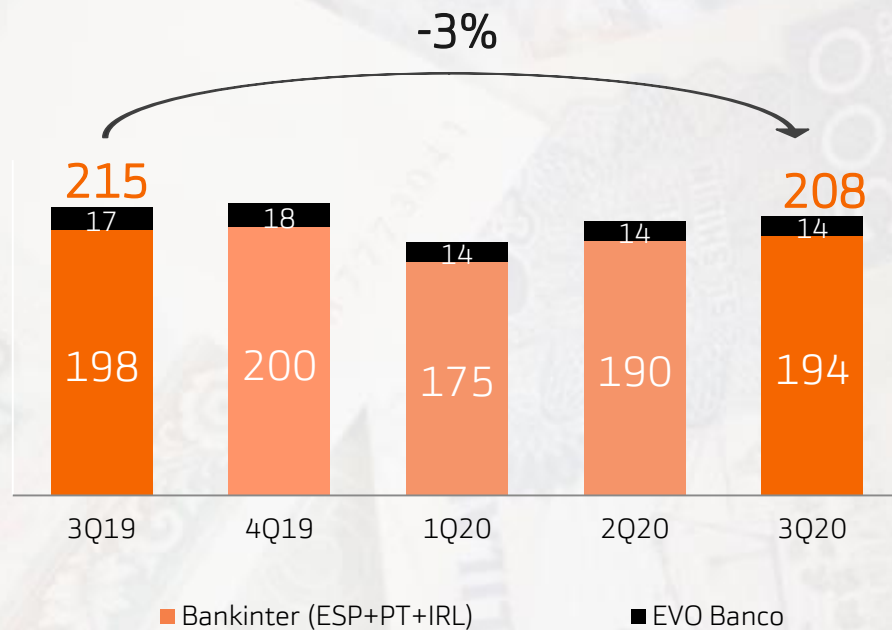
- in % -



Operating expenses

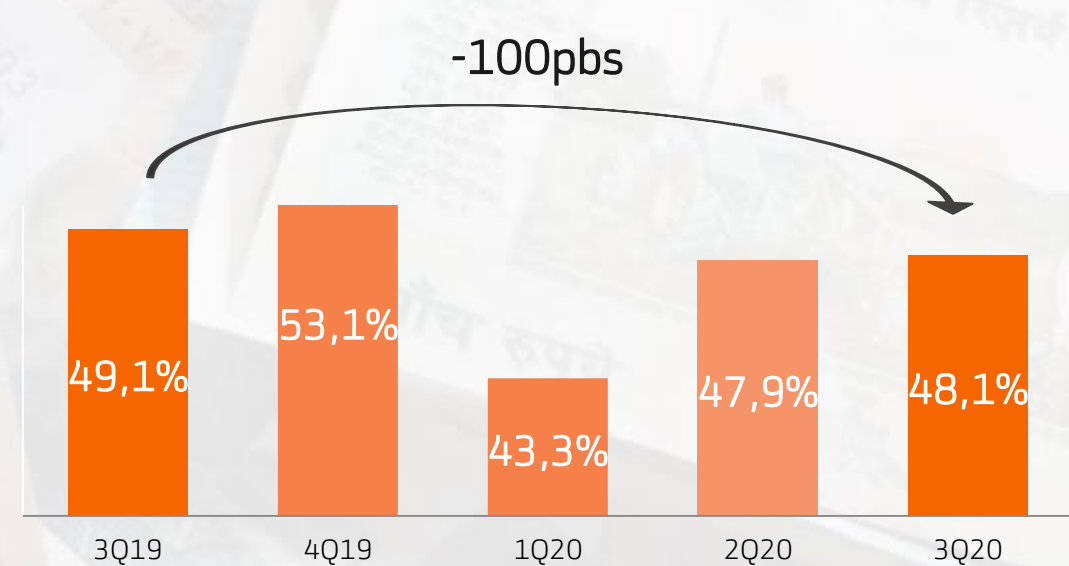
Total expenses

- In million of euros-



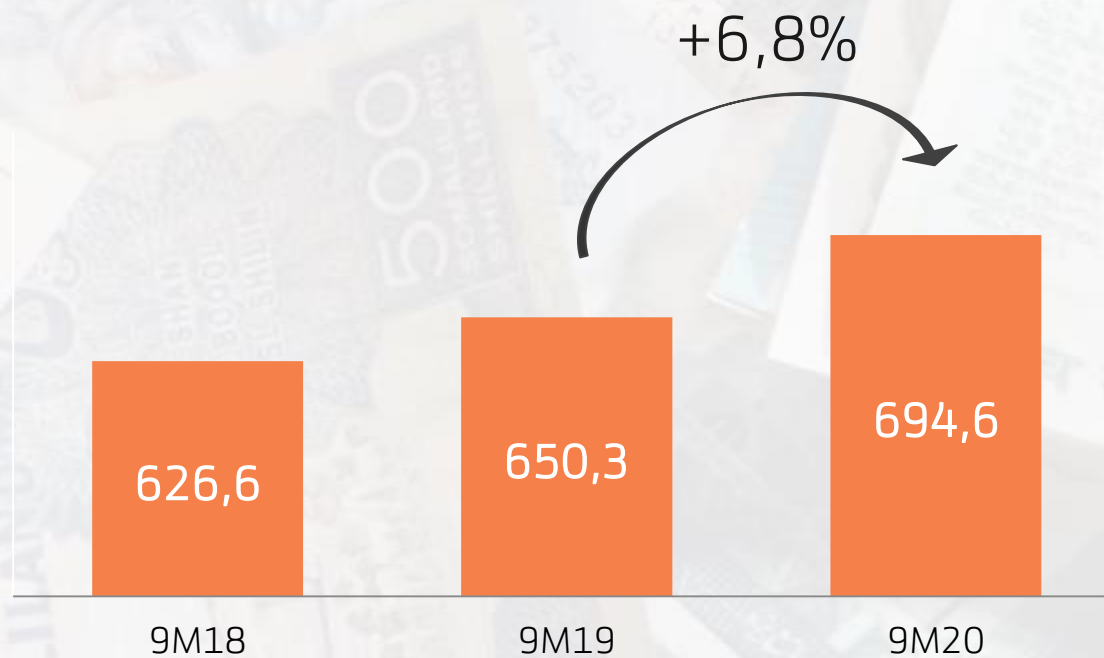
Cost to income

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



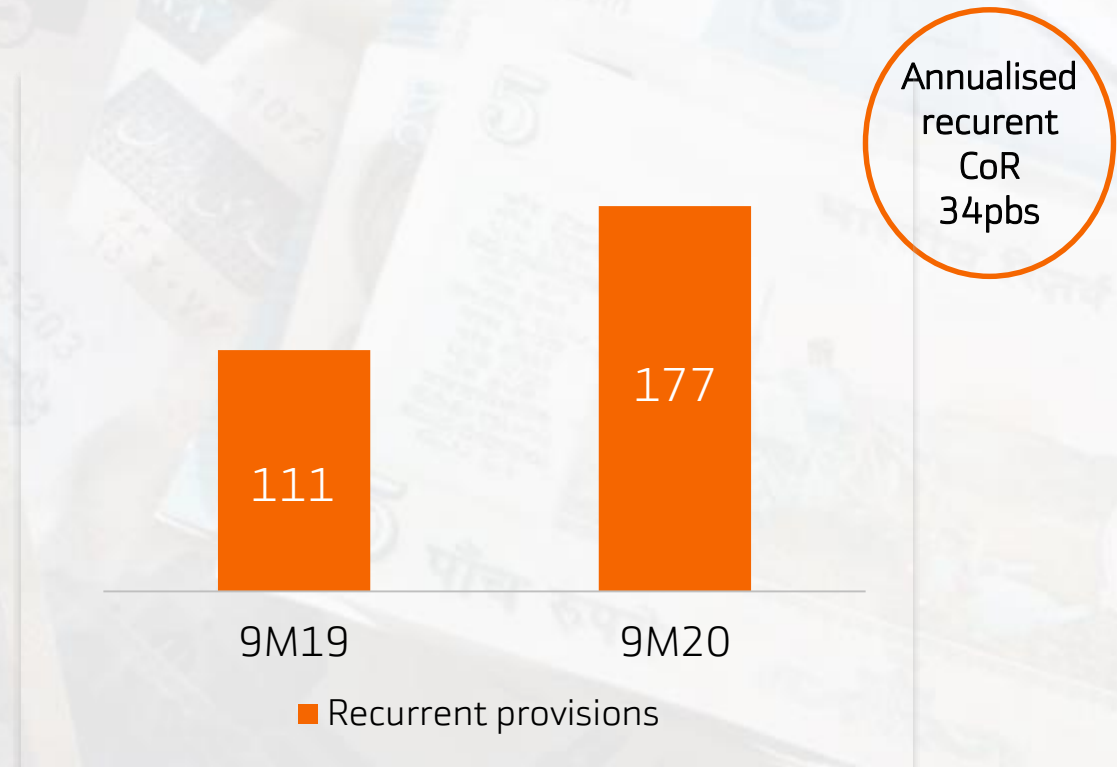
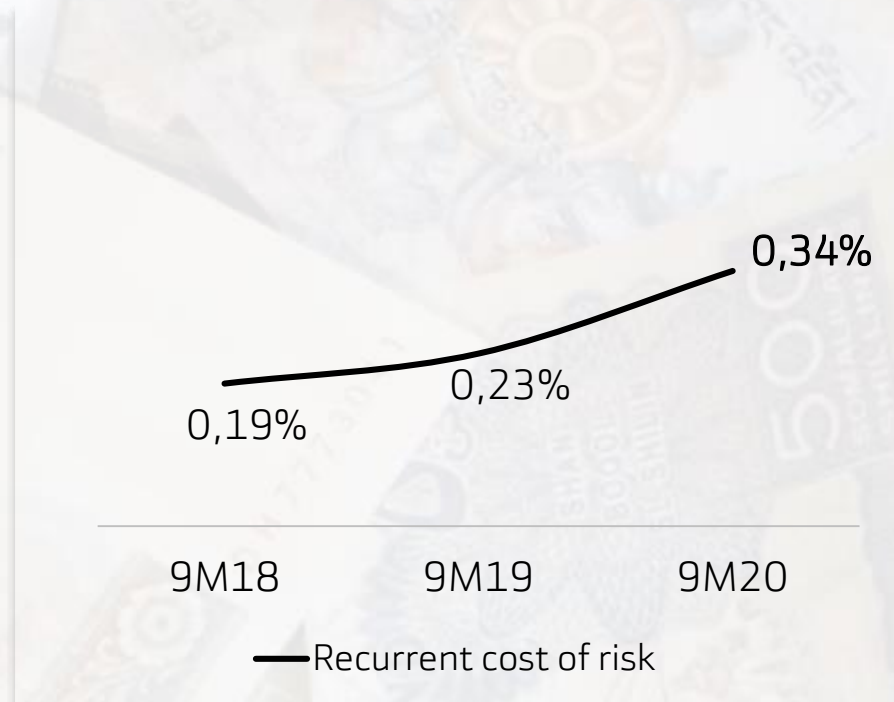
Pre-provision profit

- In million of euros -



Cost of Credit risk (recurrent)

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



* CoR includes impairments & gains/losses on asset disposals

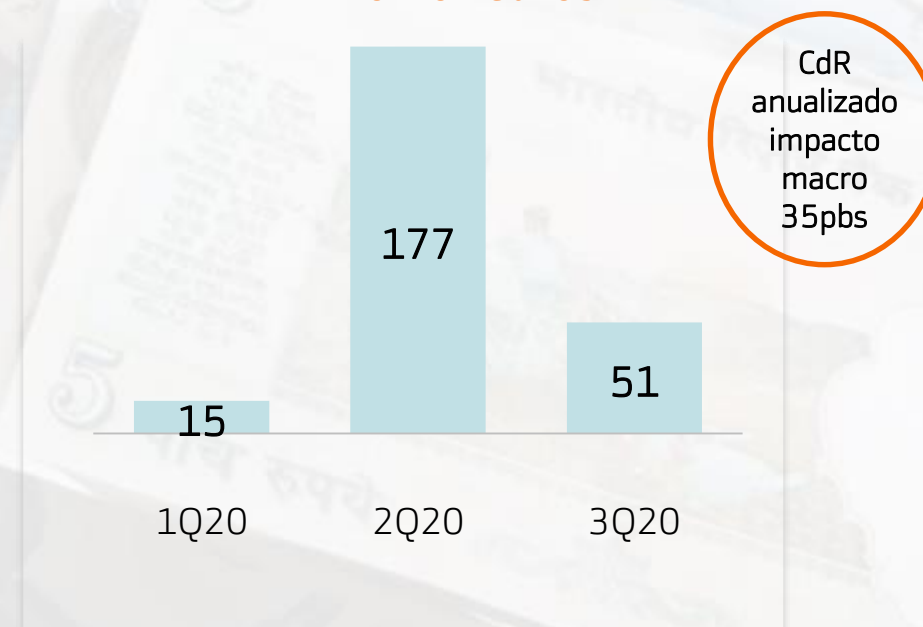
Cost of credit risk (Extraordinary)

Macro assumptions

	Bank of Spain			Bank of Portugal			Central Bank of Ireland		
	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e
GDP	-10,5%	7,3%	1,9%	-8,1%	5,2%	3,8%	-0,4%	3,4%	4,7%
Unemployment	17,1%	19,4%	18,2%	8,5%	9,5%	8,8%	5,3%	8,0%	7,5%

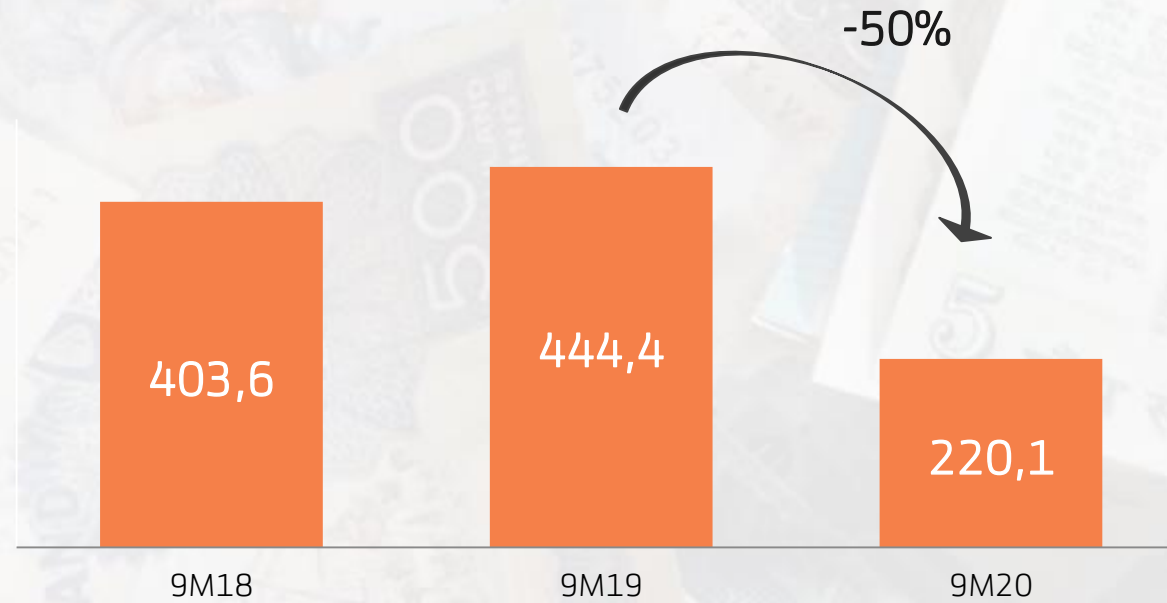
Extraordinary cost of risk

- In million of euros -



Net Income

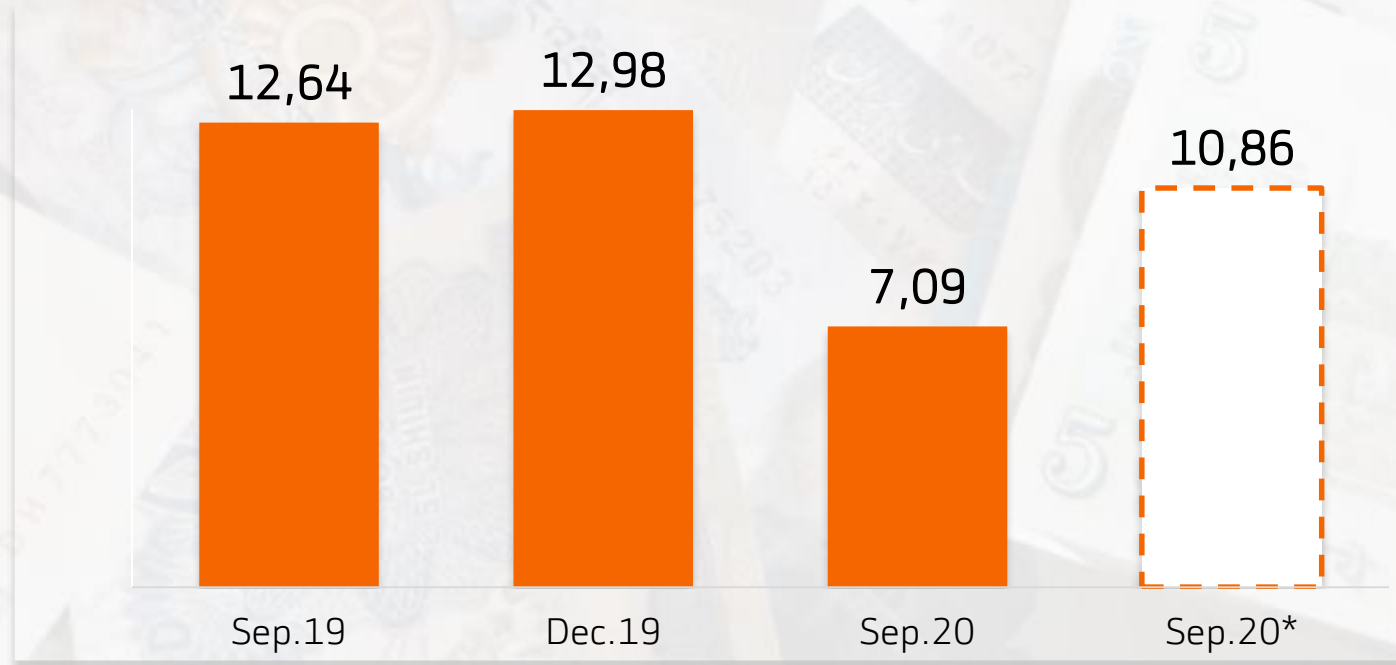
- In million of euros -



Profitability

R O E

- in % -



*ROE excluding extraordinary macro provisions impact



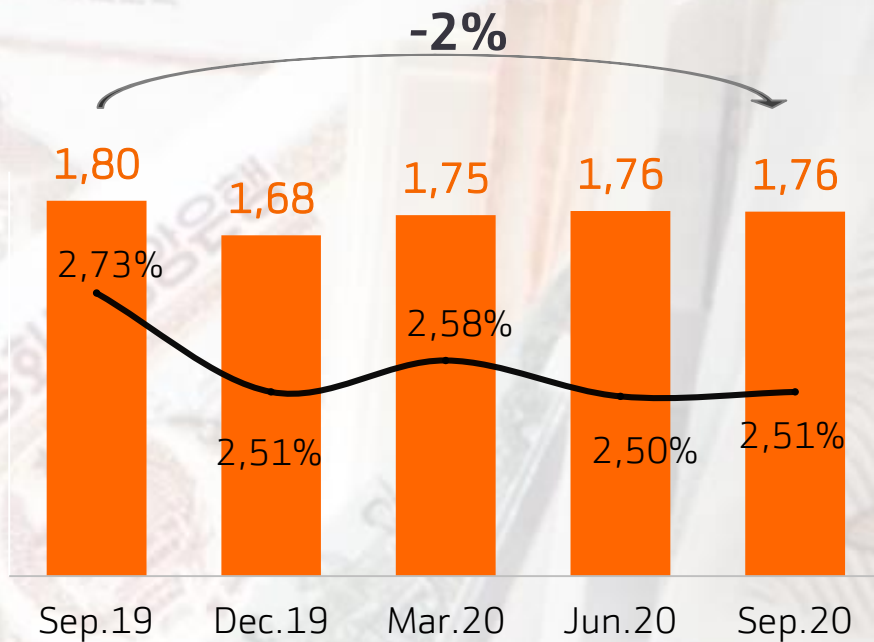
R Risk, Solvency & Liquidity management



Credit Risk

Non-performing loans

- In billion of euros and ration in %-



NPL ratio by segment

- in %-

4,72%
Sector*

	Bankinter Jun'20	Bankinter Sep'20
Households	2,37%	2,27%
Corporates/ SME's	2,74%	2,83%
Total	2,50%	2,51%

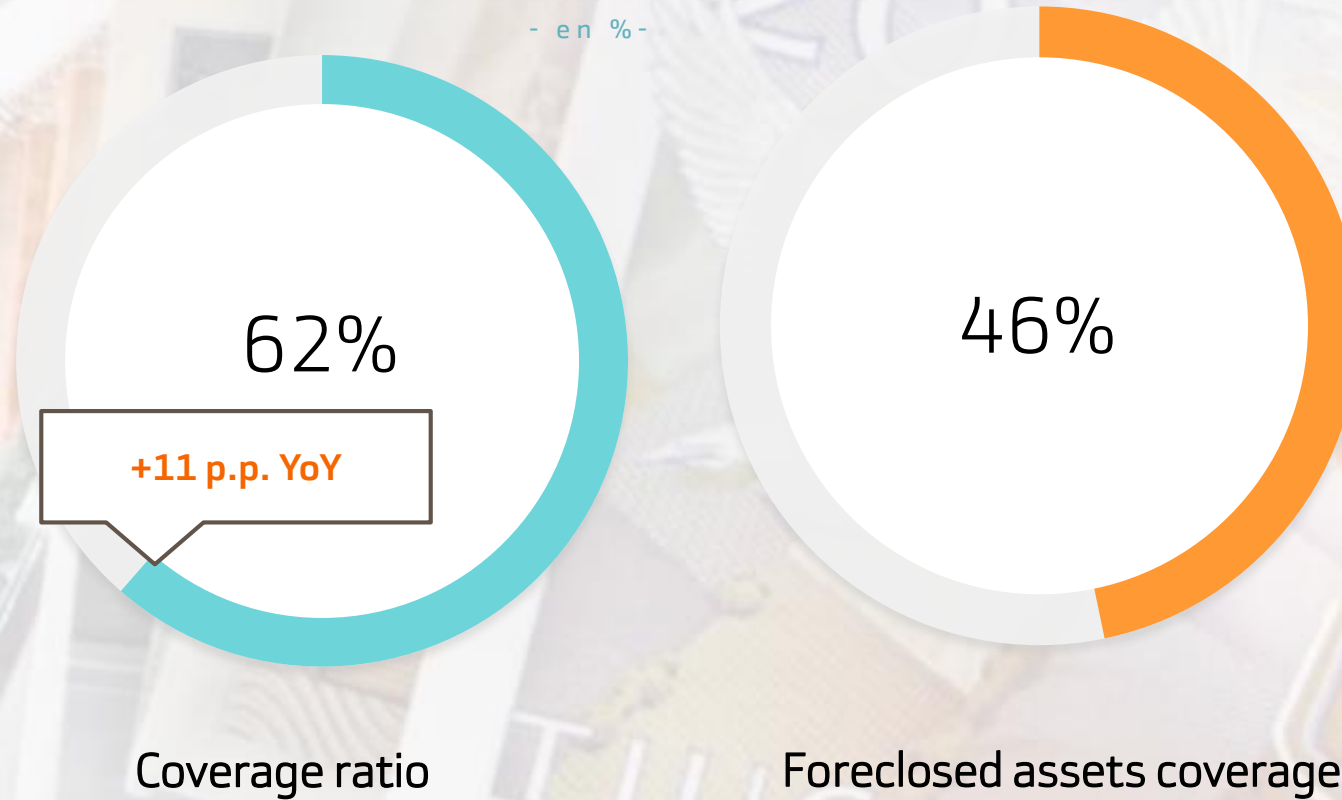
* BdE July 20

Credit Risk Portfolio

Risk exposure evolution

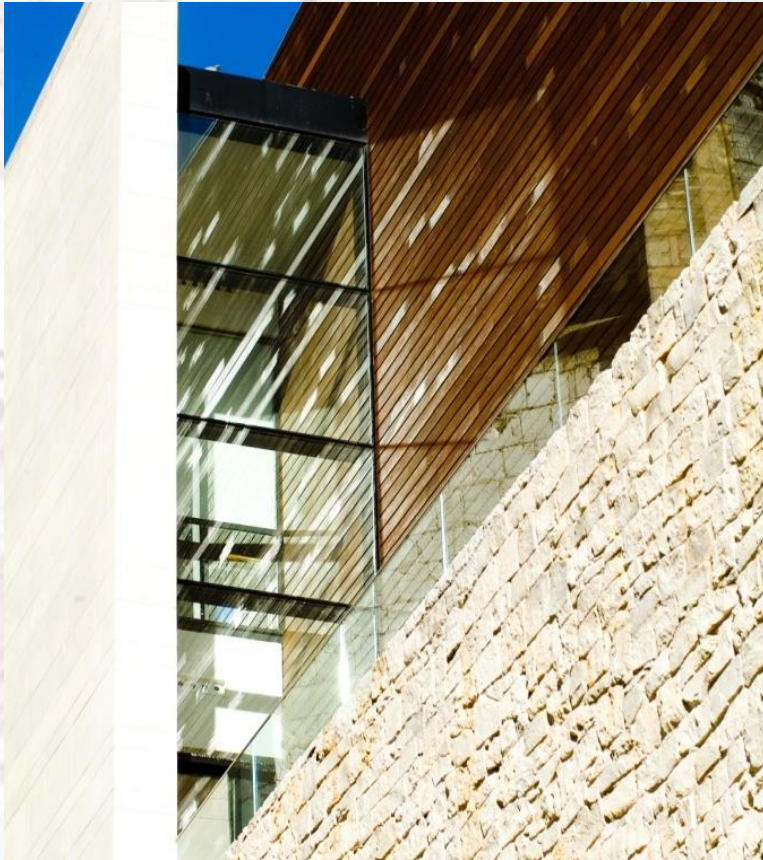
	September 2020			January 2018		
	% of total risk exposure	NPL balance (€ millions)	Npl ratio	% of total risk exposure	NPL balance (€ millions)	Npl ratio
Households	41%	703	2,52%	44%	694	2,71%
<i>of which BKConsumer</i>	4%	226	8,59%	3%	111	7,62%
Corporate/SME's	46%	879	2,70%	46%	935	3,52%
<i>of which Small SME's</i>	8%	445	7,56%	8%	425	9,11%
<i>of which Large SME's</i>	11%	279	3,53%	10%	248	4,09%
<i>of which Large Corporates</i>	24%	111	0,65%	25%	187	1,28%
Total Spain	88%	1.585	2,57%	91%	1.633	3,09%
Total Portugal	10%	156	2,26%	9%	386	7,51%
Evo Banco	2%	16	1,41%	n.a.	n.a.	n.a.
Total credit risk exposure		1.762	2,51%		2.019	3,48%

Provision coverage



Foreclosed assets

- In million of euros -



September -20

Total outstanding balance: 251M€

-19%

Book value of sold assets

€65M

Total price of sold assets

€41M

Average discount on sold assets

-37%

Average coverage on sold assets

35%

Capital

CET 1 "fully loaded"
12,0%

Min. 7,675%

MREL
22,0%

Min. 18,85%

Leverage ratio

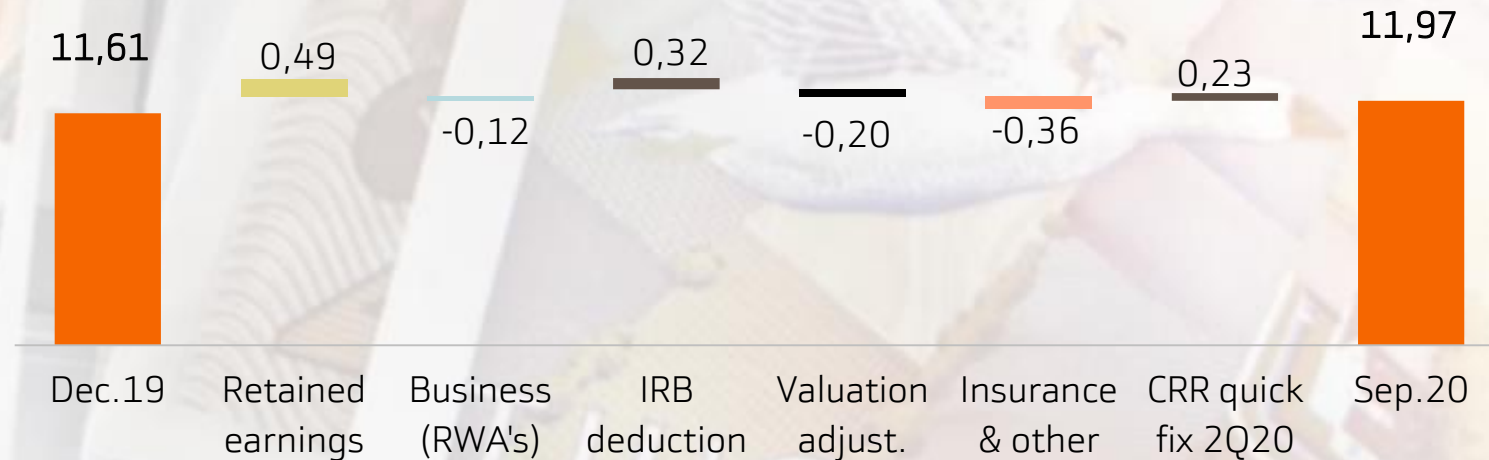
4,6%

Total capital

14,3%

Total capital including last AT1* issuance
14,8%

CET1 "fully loaded" breakdown in %



* AT1 issued in July 2020 for €350mn

Liquidity

Commercial gap

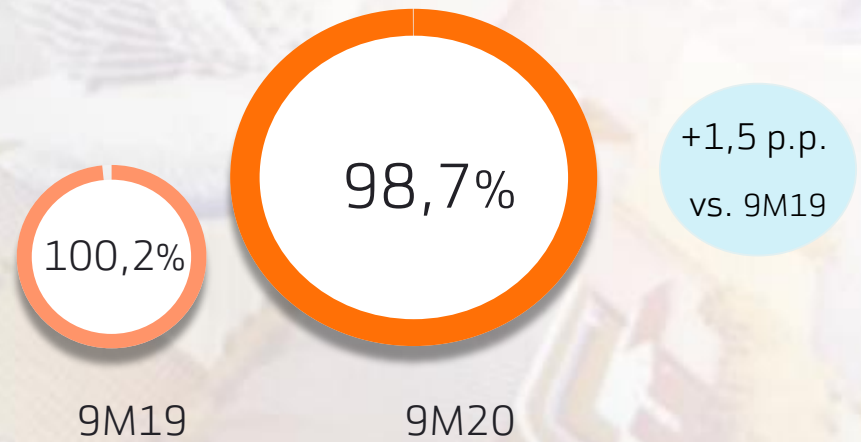
- in billion of euros -



LCR
198%

Loan-to-deposit ratio

- in %-



Wholesale funding maturities

- In million of euros -

Liquid assets

20.300

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

Covered bond issuance capacity

2.300

The background is a collage of various banknotes and sailing ships. The top left shows a blue banknote with a sailing ship. The top right shows a yellow banknote with a sailing ship. The bottom left shows a red banknote with a sailing ship. The bottom right shows a green banknote with a sailing ship. The word "Businesses" is written in a large, bold, black font, with the letter "B" being a large, orange, stylized letter.

Businesses

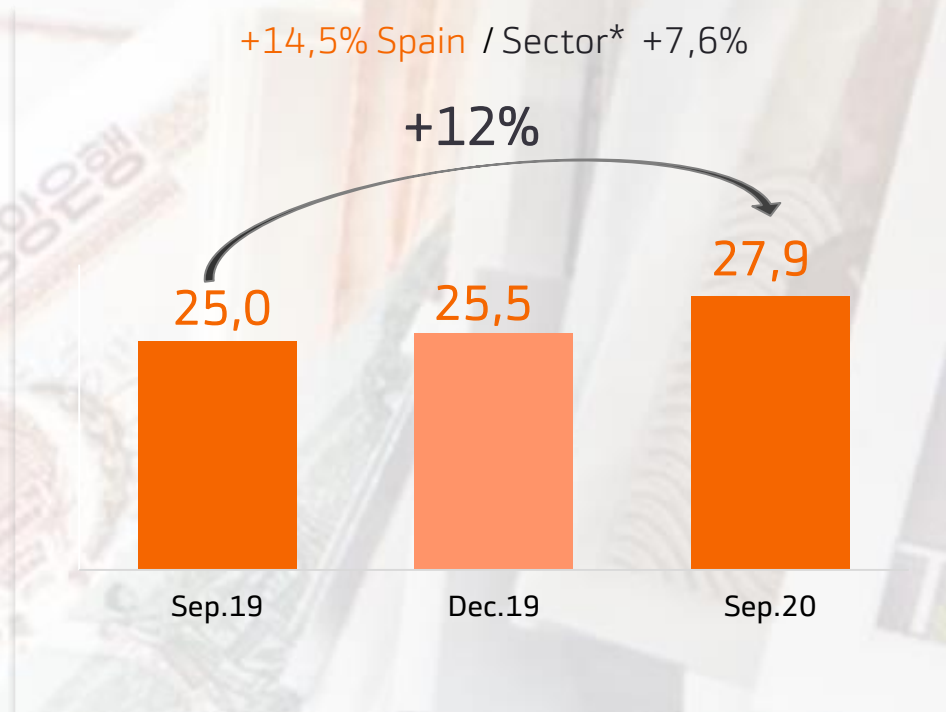
- 1. Banking activity (Spain & Portugal)**
- 2. Consumer Finance activity (Spain, Portugal & Ireland)**
- 3. EVO Banco**
- 4. Línea Directa Aseguradora**

Volumes & activity

Corporate & SME banking

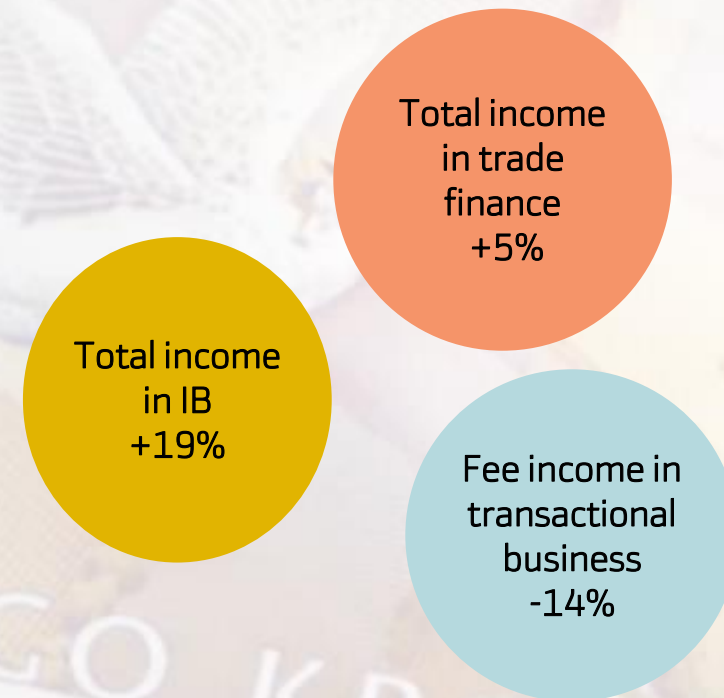
Loan book

- In billion of euros -



*Datos BdE Agosto-20

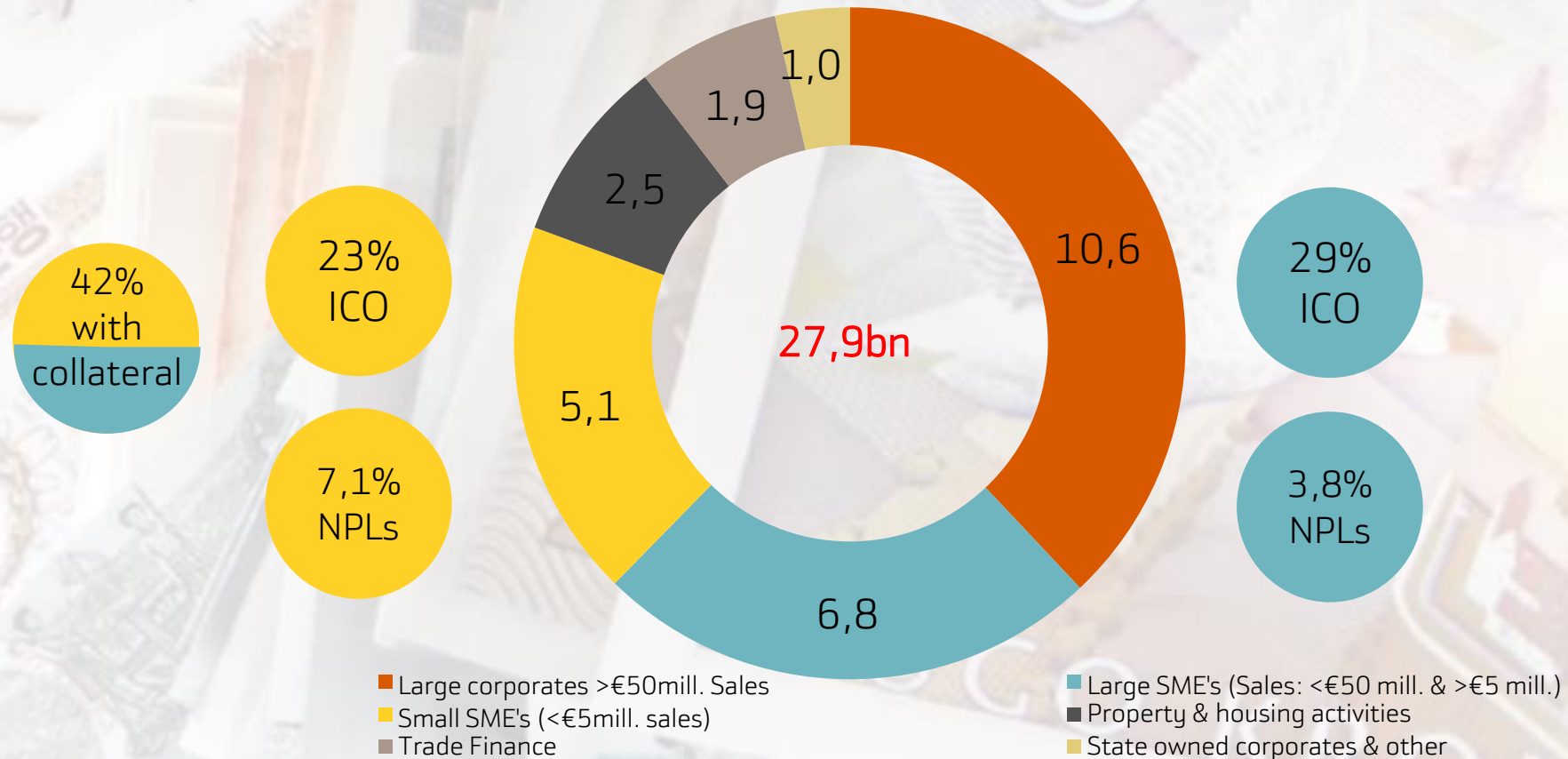
Corporate banking drivers



Loan book breakdown

Corporate & SME's

Loan book
- In billions of euros -



Covid-19 financing measures

ICO Credit Lines (as of september 20)

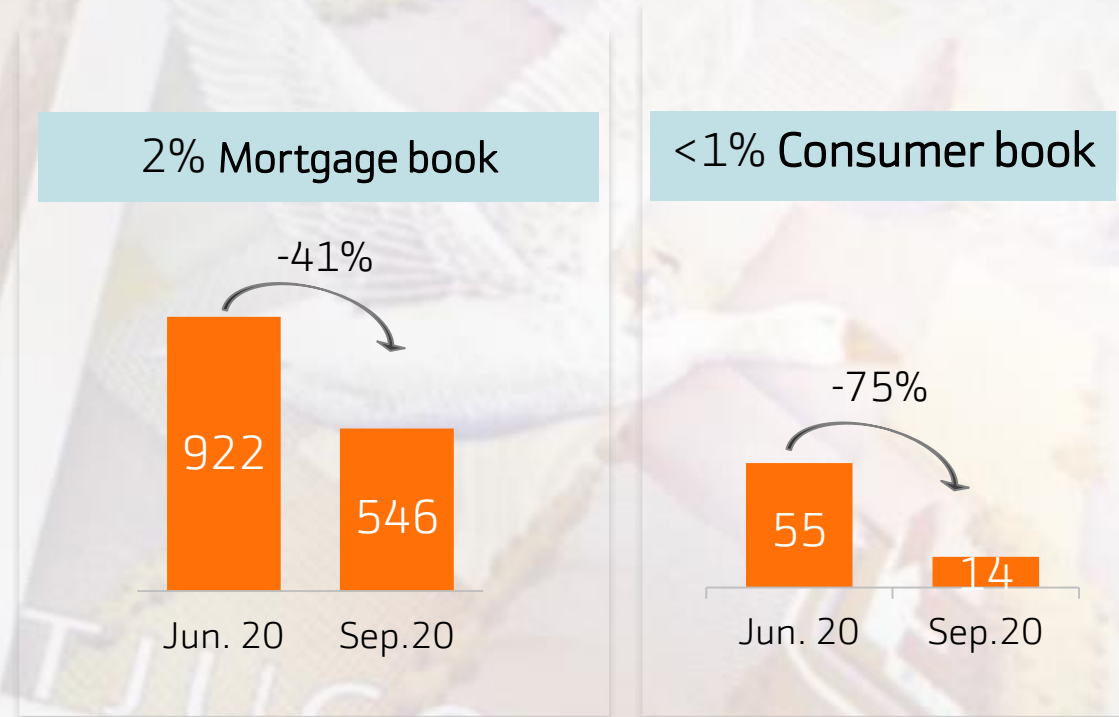
Total ICO
loans
7,2MM €

Disburse
amount
5,0MM €

Pipeline
1,5MM €

Commercial banking moratorium in Spain

- in million of euros -



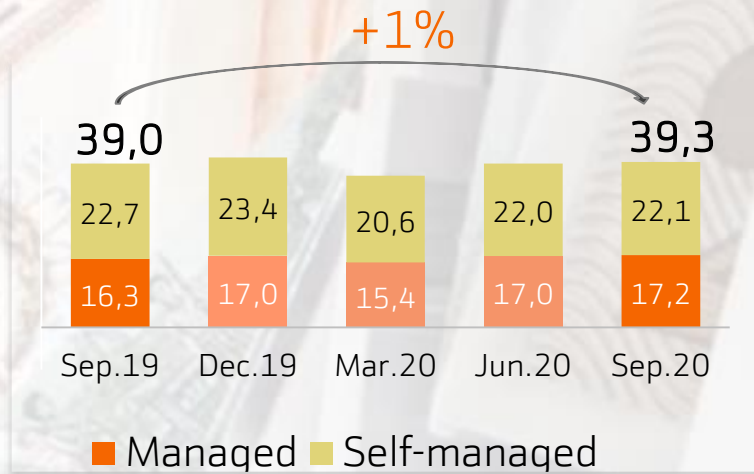
Customer assets

Private banking & Personal banking (Spain)

- in billion of euros -

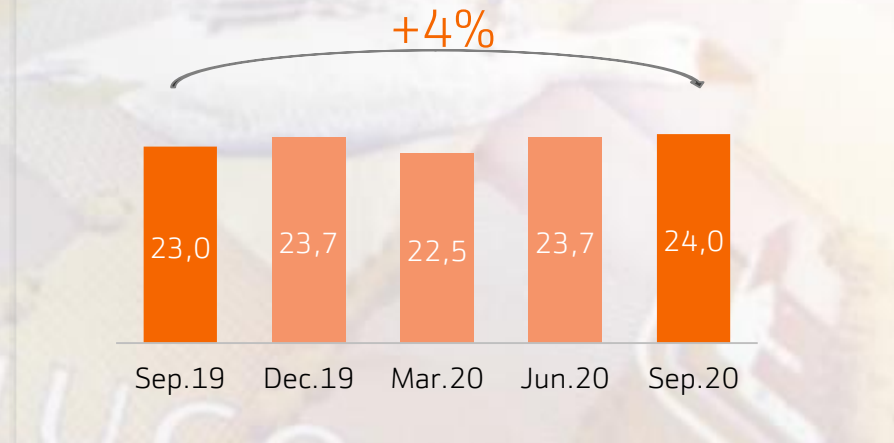
Net new money
in 9M20
+€1,5bn

Market effect
in 9M20
-€2,8MM



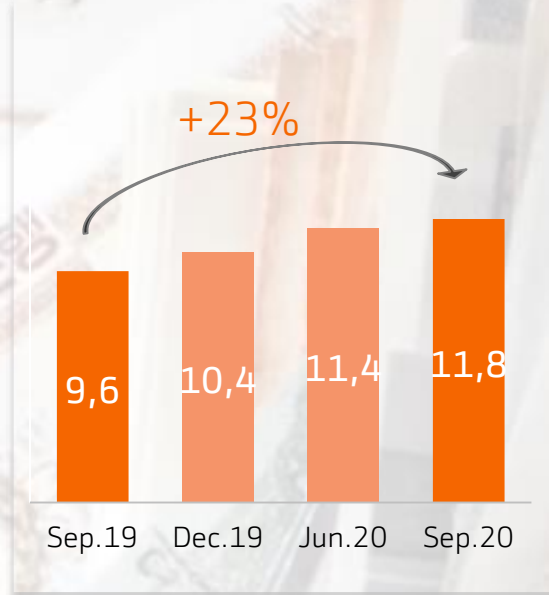
Net new money
in 9M20
+€1,3bn

Market effect
in 9M20
-€1,1MM

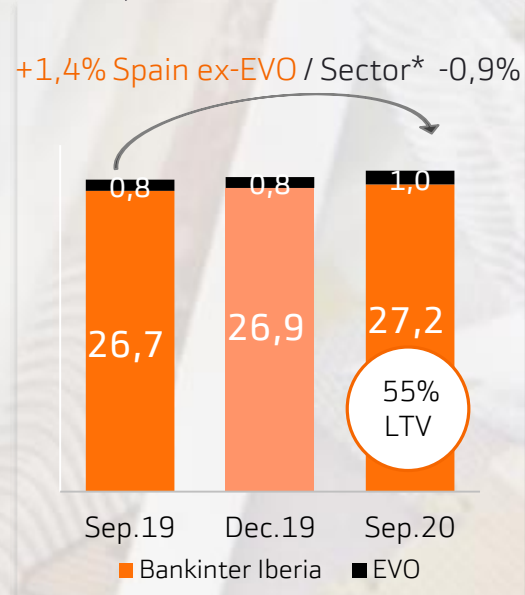


Retail banking

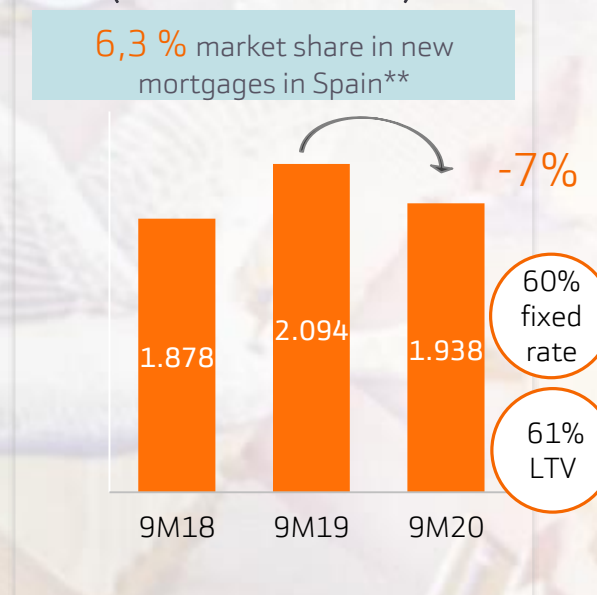
Salary account balances in Spain
(in billion of euros)



Mortgage back book
(in billion of euros)



New mortgage production in Spain
(in million of euros)



*BdE Aug-20

**INE Jul-20

Bankinter Portugal

Business indicators

€6,5bn

Loan book **+8%** YoY

Retail banking
€4,6bn +5%

Corporate/SME
€1,9bn +16%

€4,7bn

Retail funds
-1% YoY

€3,5bn

Off-balance sheet funds
-2% YoY

9M20 P&L account

-in million of euros-

	9M20	9M19	Dif. %
Net Interest Income	70	63	10%
Net fees and commissions	36	33	7%
Other income/expenses	-3	-4	-39%
Gross operating income	103	92	11%
Operating expenses	-61	-66	-8%
Pre-provision profit	42	26	60%
LLP and other provisions	-6	25	-126%
Macro scenario impact	-3	n.a.	n.a.
Earnings before tax	33	51	-36%

Bankinter Consumer Finance



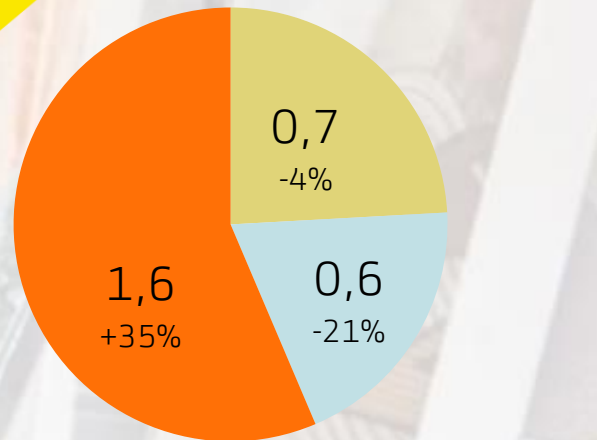
bankinter
consumer
finance

€2,9bn

Loan book
+4% vs 9M19

Gross new
loans
-21% vs 9M19

(in billion)



Rest of cards

Personal loans

Revolving cards Spain

Risk-adjusted return

6,7%

NPL ratio

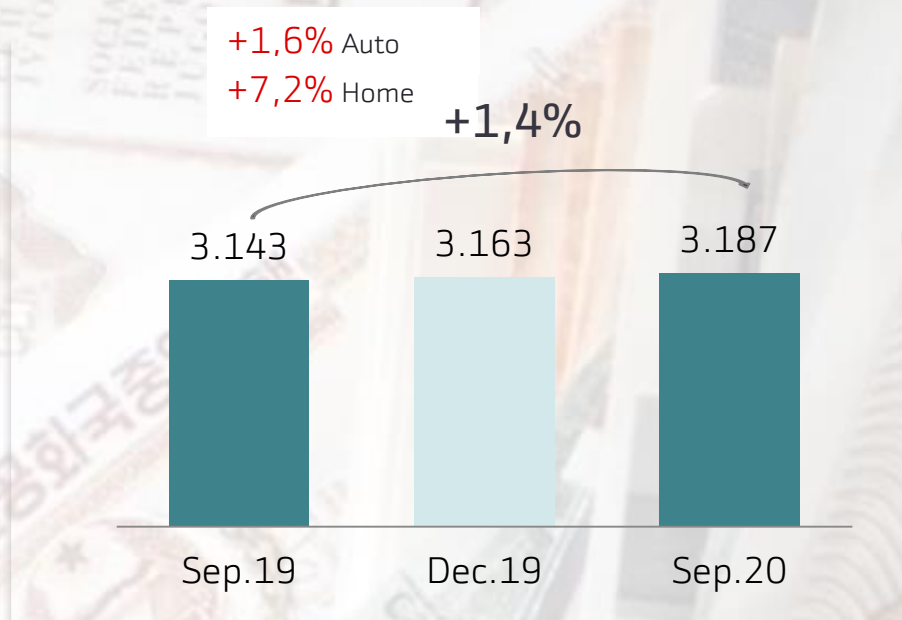
8,2%

Cost of risk

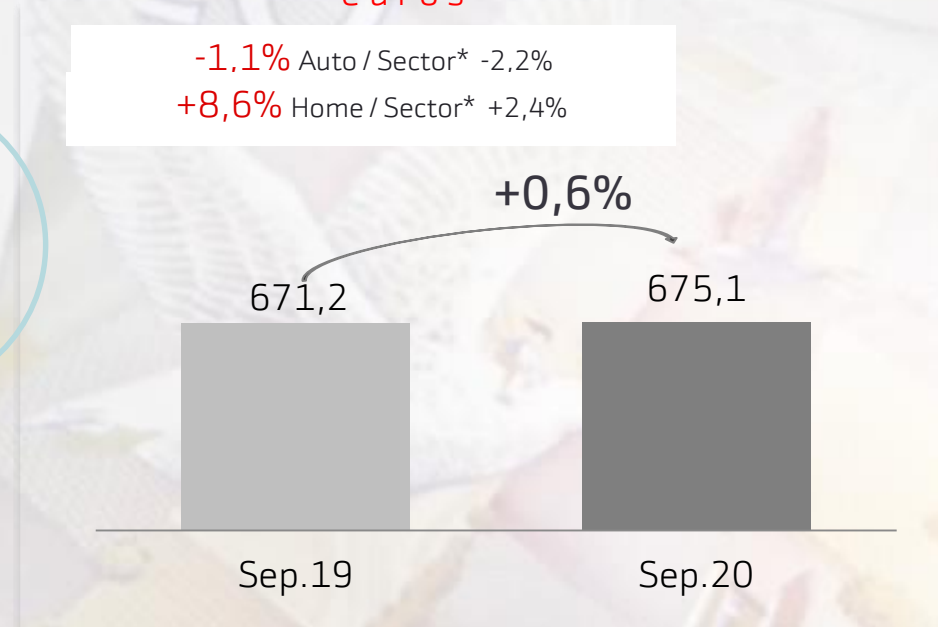
4,4%

Línea Directa Aseguradora

Number of insured risk
- In thousands -



Issued premiums
- In million of euros -



vivaz

80k Health policies
+39% YoY

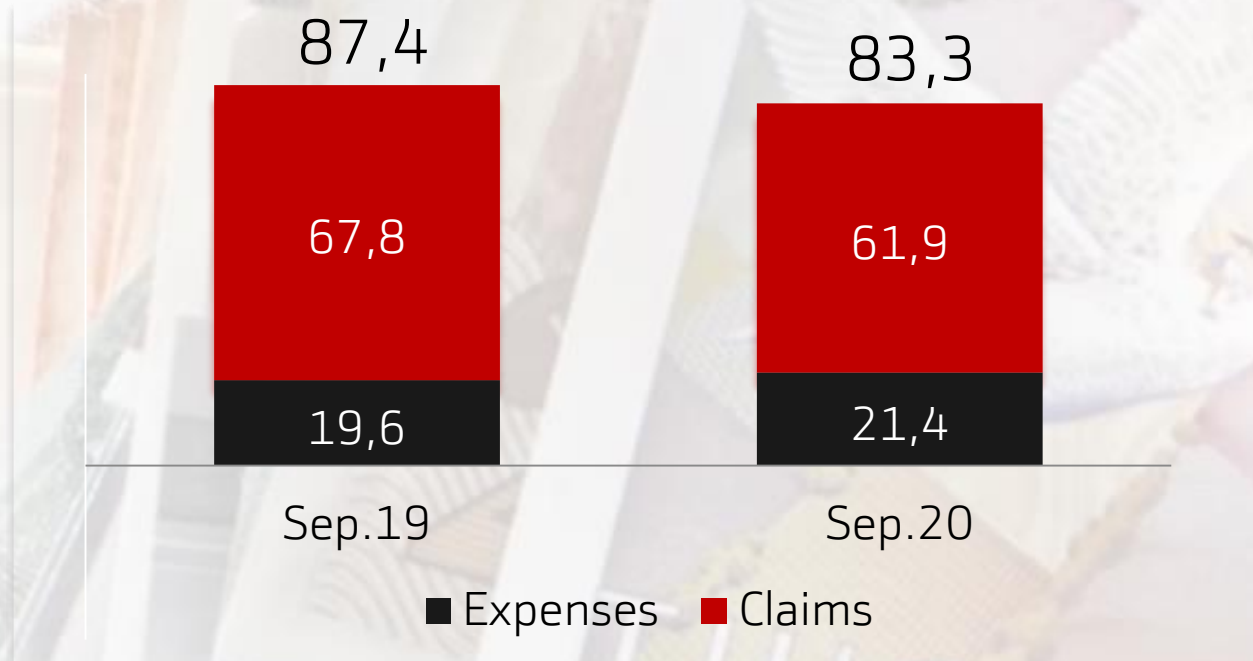


* Sector data as of Aug-20

Línea Directa Aseguradora

Combined ratio

- in %-



Línea Directa Aseguradora

P&L account 9M20

- in million of euros -



	9M20	9M19	Dif. %
Net written premium	675	671	1%
Net earned premium	654	641	2%
Net claims cost	-405	-435	-7%
Operating expenses and other	-140	-126	11%
Technical result	110	81	36%
Net investment income	18	22	-16%
Underwriting result	128	102	25%
Other income/expenses	5	6	-12%
Earnings before tax	133	108	23%
Net profit	100	82	22%

ROE

35%

Solvency II ratio

264%



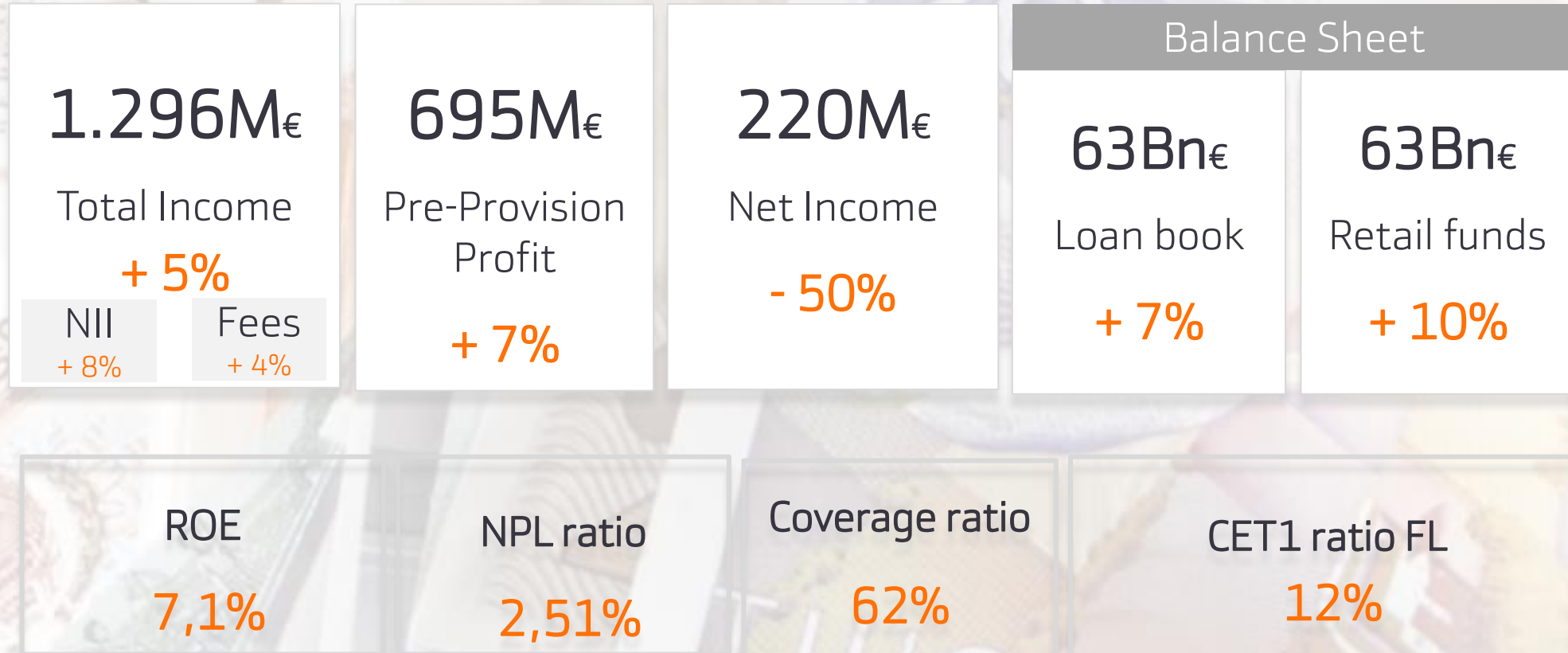


S

Summary

9M20

Summary



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
MREL	Minimum requirement for own funds and eligible liabilities. Calculated over Risk Weighted Assets
LCR	Liquidity Coverage ratio

EARNINGS PRESENTATION

22 october 2020

bankinter.

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