

Bankinter, S.A. ('Bankinter'), under the provisions of the Spanish Securities Market Act, discloses

## OTHER IMPORTANT INFORMATION

That it has received a communication from the European Central Bank containing the European banking supervisor's authorisation for the distribution to the shareholders of Bankinter, S.A. ('Bankinter' or the 'Bank') of the Bank's entire share premium through shares of its subsidiary, Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros ('LDA' or 'Línea Directa').

Following this authorisation, the only remaining outstanding matters regarding the execution of the transaction agreed at Bankinter's annual general meeting on 19 March 2020 are non-opposition from the Directorate-General of Insurance and Pension Funds to the changes that this transaction produces in the significant shareholders of the LDA share capital and the registration by the Spanish Securities and Exchange Commission ('CNMV') of the prospectus for the admission to trading of LDA shares. On confirmation of both of these matters, Bankinter's board will adopt the necessary resolutions to execute this distribution of shares.

The Bank hereby declares that at 10.00 a.m. today, 23 March 2021, it will announce the transaction to analysts and investors, followed by a press conference at 11.00 a.m. The announcement can be followed via webcast (in English) on the Bank's corporate website ([www.bankinter.com/webcorporativa](http://www.bankinter.com/webcorporativa)). The recording will be available to watch on the website for at least one month. The announcement may also be followed by telephone as per the information available on the corporate website. At 11.00 a.m. the Bank's chief executive officer, María Dolores Dancausa, will announce the transaction to the media via streaming.

Bank of America Europe Designated Activity Company is acting, through its Spanish branch, as lead financial advisor to Bankinter and Línea Directa in connection with the potential spin-off by Bankinter of Línea Directa (the "Transaction").

Alantra Partners, S.A. and Banco Santander, S.A. are also acting as financial advisors to Bankinter and Línea Directa in connection with the Transaction.

Madrid, 23 March 2021

## Bankinter receives authorisation from the ECB to carry out its stock market flotation of Línea Directa

-The European regulator authorises the distribution of the share premium (€1,184 million) between the Bank's shareholders through the delivery of 82.6% of the insurance company's share capital and its subsequent stock market flotation.

-Línea Directa will start trading at a theoretical price of €1.318 per share, the result of dividing the independent valuation of the company (€1,434 million) between the number of shares.

**23.03.2021.** Bankinter has received authorisation from the European Central Bank for the in-kind distribution among its shareholders of the entire share premium (€1,184 million) through the delivery of Línea Directa shares, as the preliminary step for the insurance company's flotation on the stock market.

The transaction was approved at the last annual general meeting and initially planned for the second half of 2020 but had to be postponed in line with the general recommendations from the ECB on prudence and capital conservation following the impact of the coronavirus pandemic on the macroeconomic landscape.

The theoretical price of Línea Directa is €1.434 million, based on analysis conducted by independent experts. Based on this valuation, the distribution of the share premium (€1,184 million) will translate into the delivery of 82.6% of the company's share capital to shareholders, while Bankinter will retain as a minority shareholding the remaining 17.4%, with an estimated value according to this same analysis of €249.7 million.

The shares will be distributed at the ratio of one insurance company share per Bankinter share, which will mean distributing a number of shares equivalent to the current number of Bank shares: 898,866,154, representing 82.6% of the capital. This puts the total number of insurance company shares at 1,088,416,840. Since Línea Directa currently has 2.4 million shares, it will be necessary to carry out a split to adjust this figure to the new number of shares.

Línea Directa will have a pre-flotation benchmark value of €1.318 per share, the result of dividing the theoretical price (€1,434 million) by the company's number of shares.

In April, before the stock market flotation, Línea Directa will pay Bankinter a dividend of €120 million, taking its capital adequacy ratio to over 210%, which is higher than that of its European peers. The fair value measurement of the shareholding will generate a gain of approximately €1,000 million for the Bank, all of which will be retained as own funds.

The transaction is expected to improve the CET1 capital ratio by 8 basis points.

## **Stock market flotation by the end of April**

Following the authorisation received from the ECB, there are two remaining conditions for the effective execution of the transaction: non-opposition from the Directorate-Generate of Insurance to the change in the significant shareholders of Línea Directa, and the approval and registration by the CNMV of the prospectus for the admission to trading of the insurance company shares, which is expected by mid-April. If this schedule is met, LDA will foreseeably be admitted to trading by the end of April.

Bankinter's aim in carrying out this transaction is to enhance the value of a company that was established 25 years ago and now boasts more than 3 million customers as the leading direct insurer in Spain with a highly profitable business model and a growth rate consistently higher than the rest of the market.

The transaction will also separate the direct insurance business from the purely banking business, enabling each company to develop its own future strategy independently and operate in its respective regulatory environment with a capital structure and dividend policy fit for its needs.

Bankinter views the transaction as an excellent development, both for Línea Directa and for the Bank and its shareholders, who will see a recompense for the efforts made in 1994 and in 2009 over the capital increase to purchase from Royal Bank of Scotland the 50% not controlled by the insurance company for the sum of €426 million.

This is an optimum moment for the Bank to split off from its insurance partner in view of its extraordinary positioning in terms of profitability, capital adequacy and diversification, both geographically (with a presence in four European countries) as well as in the type of business pursued, with new and growing sources of income now supplementing its more established lines. All of this will help to offset the absence of the insurance business in an approximate three-year horizon.