

integrated  
report

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bankinter.





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A close-up photograph of a hand holding an orange fountain pen, writing on a sheet of musical notation. The pen is positioned over a staff with notes. In the background, a glass inkwell is visible. The text "summary of the year" is overlaid in orange on a semi-transparent white banner across the middle of the image.

**summary of the year**

Net profit

**€275.9**

million, up by 45.3%

The best results posted by the Bank in the last seven years

Gain in the stock price

**34.4%**

The bank with the biggest gain on the Spanish stock exchange for the second year running

Business lending portfolio

**+6.7%**

in 2014

Bankinter Asset Management

**€11,045**

million

in funds under management and marketed

NPL rate

**4.72**

the lowest rate of non-performing loans in the sector

The best results obtained by any Spanish listed bank in the EU-wide stress tests.

The only Spanish bank forming part of Standard & Poor's select list of 'rising stars'.

The only financial institution to have paid all its dividends in 2014 in cash and quarterly.

Biggest riser in the Merco Personas 2014 rankings.

# Consolidated balance sheets as at 31 December 2014 and 2013 (€000s)

ASSETS	31/12/2014	31-12-2013 (*)
CASH AND BALANCES AT CENTRAL BANKS	357,327	886,118
FINANCIAL ASSETS HELD FOR TRADING	5,353,482	4,346,573
Deposits with credit institutions	544,528	920,112
Loans and advances to customers	1,967,180	979,439
Debt instruments	2,345,496	1,736,671
Equity instruments	59,320	66,662
Trading derivatives	436,958	643,689
<i>Memorandum items: Loaned or advanced as collateral</i>	1,700,679	961,805
OTHER FINANCIAL ASSETS AT FAIR VALUE		
VALUE THROUGH PROFIT OR LOSS	49,473	18,158
Equity instruments	49,473	18,158
<i>Memorandum items: Loaned or advanced as collateral</i>	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	3,013,813	2,483,171
Debt instruments	2,845,308	2,321,671
Equity instruments	168,505	161,500
<i>Memorandum items: Loaned or advanced as collateral</i>	746,292	799,412
LOANS AND RECEIVABLES	44,006,521	42,607,050
Deposits with credit institutions	1,113,441	1,182,215
Loans and advances to customers	42,446,723	41,307,010
Debt instruments	446,357	117,825
<i>Memorandum items: Loaned or advanced as collateral</i>	356,515	365,847
HELD TO MATURITY INVESTMENTS	2,819,482	3,220,721
<i>Memorandum items: Loaned or advanced as collateral</i>	2,805,745	2,886,655
MACRO-HEDGING ADJUSTMENTS TO FINANCIAL ASSETS	-	-
HEDGING DERIVATIVES	148,213	84,481
NON-CURRENT ASSETS HELD FOR SALE	356,671	369,210
INVESTMENTS	29,726	36,362
Associates	28,857	35,932
Jointly controlled entities	869	430
PENSION-LINKED INSURANCE AGREEMENTS	714	1,327
REINSURANCE ASSETS	3,006	3,244
TANGIBLE ASSETS	467,362	434,931
Property, plant and equipment	412,838	421,887
For internal use	388,181	394,933
Assigned on lease	24,657	26,954
Real estate investments	54,524	13,044
<i>Memorandum item: acquired under finance lease</i>	-	-
INTANGIBLE ASSETS	282,327	300,703
Goodwill	164,113	164,281
Other intangible assets	118,214	136,422
TAX ASSETS	298,172	237,951
Current	154,294	105,651
Deferred	143,878	132,300
OTHER ASSETS	146,685	127,668
Other	146,685	127,668
<b>TOTAL ASSETS</b>	<b>57,332,974</b>	<b>55,157,668</b>
MEMORANDUM ITEMS:		
CONTINGENT RISKS	2,736,529	2,401,895
CONTINGENT COMMITMENTS	13,527,713	13,548,719

LIABILITIES AND EQUITY	31/12/2014	31-12-2013 (*)
<b>LIABILITIES</b>		
FINANCIAL LIABILITIES HELD FOR TRADING	2,441,491	1,751,721
Deposits from credit institutions	270,621	-
Customer deposits	451,559	193,482
Trading derivatives	322,598	252,537
Short positions in securities	1,396,713	1,305,702
OTHER FINANCIAL LIABILITIES AT FAIR VALUE		
WITH CHANGES THROUGH PROFIT OR LOSS	-	-
Customer deposits	-	-
FINANCIAL LIABILITIES AT AMORTISED COST	49,990,680	48,986,085
Deposits from central banks	3,240,433	3,243,794
Deposits from credit institutions	5,249,425	4,587,188
Customer deposits	29,966,129	29,624,282
Marketable debt securities	9,311,034	9,516,372
Subordinated liabilities	608,198	612,438
Other financial liabilities	1,615,461	1,402,011
MACRO-HEDGING ADJUSTMENTS TO FINANCIAL LIABILITIES	-	-
HEDGING DERIVATIVES	20,241	25,608
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-
LIABILITIES UNDER INSURANCE CONTRACTS	614,780	607,794
PROVISIONS	88,236	53,753
Pension funds and similar obligations	818	1,456
Provisions for contingent risks and commitments	7,499	8,642
Other provisions	7,141	4,697
Allowances for taxes and other legal contingencies	72,778	38,958
TAX LIABILITIES	312,416	217,766
Current	135,054	68,119
Deferred	177,362	149,647
OTHER LIABILITIES	221,686	162,744
<b>TOTAL LIABILITIES</b>	<b>53,689,530</b>	<b>51,805,471</b>
EQUITY	3,643,445	3,352,197
EQUITY	3,513,914	3,309,025
Capital	269,660	268,675
Registered	269,660	268,675
Issue premium	1,184,268	1,172,645
Reserves	1,853,783	1,718,309
Accumulated reserves (losses)	1,860,226	1,713,628
Accumulated reserves (losses) of entities accounted for using the equity method	(6,440)	4,681
Other equity instruments	-	12,609
Remaining equity instruments	-	12,609
Less: treasury shares	(771)	(511)
Profit (loss) attributable to owners of the parent company	275,887	189,900
Less: dividends and remuneration	(68,913)	(52,602)
VALUATION ADJUSTMENTS	129,531	43,172
Financial assets available for sale	123,727	41,605
Exchange differences	220	201
Other valuation adjustments	1,162	
Entities valued under the equity method	4,422	1,366
MINORITY INTERESTS		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>57,332,974</b>	<b>55,157,668</b>

(\*) Shown solely for purposes of comparison



# Consolidated income statements for the years ended 31 December 2014 and 2013 (€000s)

	(Debit) Credit	
	2014	2013 (*)
INTEREST AND SIMILAR INCOME	1,404,321	1,476,230
INTEREST EXPENSE AND SIMILAR CHARGES	(648,963)	(840,326)
<b>NET INTEREST INCOME</b>	<b>755,358</b>	<b>635,904</b>
INCOME FROM EQUITY INSTRUMENTS	8,004	8,946
SHARE OF RESULTS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	16,962	15,545
FEES AND COMMISSIONS INCOME	365,298	313,082
FEES AND COMMISSIONS EXPENSE	(73,891)	(64,063)
RESULT OF FINANCIAL OPERATIONS (net)	90,084	188,664
Held for trading	14,982	18,163
Other financial assets at fair value through profit and loss	1,163	8,228
Financial instruments not measured at fair value through profit and loss	74,058	162,907
Other	(119)	(634)
EXCHANGE DIFFERENCES (net)	43,211	40,090
OTHER OPERATING INCOME	682,500	676,019
Income from insurance and reinsurance policies issued	651,549	652,217
Other operating income	30,951	23,802
OTHER OPERATING EXPENSES	(438,703)	(475,188)
Expenses on insurance and reinsurance policies	(362,487)	(380,758)
Other operating expenses	(76,216)	(94,430)
<b>GROSS INCOME</b>	<b>1,448,823</b>	<b>1,338,999</b>
ADMINISTRATIVE COST	(655,473)	(616,759)
Personnel expenses	(368,738)	(356,833)
Other general administrative expenses	(286,735)	(259,926)
DEPRECIATION AND AMORTISATION	(63,773)	(63,088)
PROVISIONS (NET)	(41,536)	(14,259)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(237,390)	(290,202)
Loans and receivables	(233,874)	(280,840)
Other financial instruments not measured at fair value through profit and loss	(3,516)	(9,362)
<b>PROFIT FROM OPERATIONS</b>	<b>450,651</b>	<b>354,691</b>
IMPAIRMENT LOSSES ON OTHER ASSETS (net)	(118)	(327)
Goodwill and other intangible assets	(168)	
Other assets	50	(327)
GAINS / LOSSES ON DERECOGNITION OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	(2,980)	(1,848)
NEGATIVE GOODWILL ON BUSINESS COMBINATIONS	-	1,379
GAINS / LOSSES ON NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	(54,714)	(92,791)
<b>PROFIT BEFORE TAX</b>	<b>392,839</b>	<b>261,104</b>
INCOME TAX	(116,952)	(71,204)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>275,887</b>	<b>189,900</b>
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (net)	-	-
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>275,887</b>	<b>189,900</b>
Profit (loss) attributable to owners of the parent company	275,887	189,900
Profit (loss) attributable to non-controlling interests		
<b>EARNINGS PER SHARE</b>		
Basic earnings (euros)	0.31	0.24
Diluted earnings (euros)	0.31	0.23

(\*) Shown solely for purposes of comparison

# Consolidated statements of comprehensive income for the years ended 31 December 2014 and 2013 (€000s)

	2014	2013 (*)
CONSOLIDATED PROFIT FOR THE YEAR	275,887	189,900
OTHER COMPREHENSIVE INCOME	86,359	40,120
<b>Items that will not be reclassified to profit and loss;</b>	<b>1,162</b>	<b>-</b>
Actuarial gains and losses on defined benefit plans	1,659	-
Non-current assets held for sale	-	-
Entities valued under the equity method	-	-
Income tax relating to items that will not be reclassified to profit and loss	(497)	-
<b>Items that may be reclassified to profit and loss;</b>	<b>85,197</b>	<b>40,120</b>
<b>Financial assets available for sale</b>	<b>117,317</b>	<b>54,944</b>
Gains (losses) on valuation	159,725	161,238
Amounts transferred to profit and loss	(42,408)	(106,294)
Other reclassifications	-	-
<b>Cash flow hedging</b>	<b>-</b>	<b>-</b>
Gains (losses) on valuation	-	-
Amounts transferred to profit and loss	-	-
Amounts transferred to the initial value of hedged items	-	-
Other reclassifications	-	-
<b>Hedging of net investments in foreign operations</b>	<b>-</b>	<b>-</b>
Gains (losses) on valuation	-	-
Amounts transferred to profit and loss	-	-
Other reclassifications	-	-
<b>Exchange differences</b>	<b>27</b>	<b>(11)</b>
Gains (losses) on translation	27	(11)
Amounts transferred to profit and loss	-	-
Other reclassifications	-	-
<b>Non-current assets held for sale</b>	<b>-</b>	<b>-</b>
Gains (losses) on valuation	-	-
Amounts transferred to profit and loss	-	-
Other reclassifications	-	-
<b>Actuarial gains (losses) on pension plans</b>	<b>-</b>	<b>-</b>
<b>Entities accounted for using the equity method</b>	<b>3,056</b>	<b>1,667</b>
Gains (losses) on valuation	3,056	1,667
Amounts transferred to profit and loss	-	-
Other reclassifications	-	-
<b>Statement of comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Income tax</b>	<b>(35,203)</b>	<b>(16,480)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>362,246</b>	<b>230,020</b>
Attributable to owners of the parent company	362,246	230,020
Attributable to non-controlling interests	-	-

(\*) Shown solely for purposes of comparison



# Comprehensive statements of changes in consolidated equity for the years ended 31 December 2014 and 2013 (€000s)

	Capital	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY									Non-controlling interests	Total net worth
		EQUITY							Valuation adjustments	Total		
		Issue premium	Accumulated reserves (losses)	Other equity instruments	Less: Treasury Shares	End-of-year results attributed to the parent company	Less: Dividends and remunerations	Total Equity				
Opening balance at 31/12/2013	268,675	1,172,645	1,744,134	12,609	(511)	215,424	(52,602)	3,360,373	43,172	3,403,545	-	3,403,545
Adjustments due to changes in accounting principles	-	-	(25,824)		-	(25,524)	-	(51,348)	-	(51,348)	-	(51,348)
Adjustments due to errors	-	-	-		-	-	-	-	-	-	-	-
Adjusted opening balance	268,675	1,172,645	1,718,310	12,609	(511)	189,900	(52,602)	3,309,025	43,172	3,352,197	-	3,352,197
Total comprehensive income	-	-	-	-	-	275,887	-	275,887	86,359	362,246	-	362,246
Other changes in equity	985	11,623	135,473	(12,609)	(260)	(189,900)	(16,311)	(70,998)	-	(70,998)	-	(70,998)
Increases in capital/endowment fund	985	11,623	-	(12,609)	-	-	-	-	-	-	-	-
Capital reductions	-	-	-		-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-		-	-	-	-	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-		-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-		-	-	-	-	-	-	-	-
Distribution of dividends / Shareholder remuneration	-	-	-		-	-	(70,167)	(70,167)	-	(70,167)	-	(70,167)
Share transactions / own contributions to capital (net)	-	-	846		(260)	-	-	586	-	586	-	586
Transfers between equity sub-headings	-	-	136,044		-	(189,900)	53,856	-	-	-	-	-
Increases (reductions) in equity due to business combinations (net)	-	-	-		-	-	-	-	-	-	-	-
Discretionary contributions to social funds and projects (Savings banks)	-	-	-		-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	(205)		-	-	-	(205)	-	(205)	-	(205)
Other increases (reductions) in equity	-	-	(1,212)		-	-	-	(1,212)	-	(1,212)	-	(1,212)
Closing balance as at 31/12/2014	269,660	1,184,268	1,853,783	-	(771)	275,887	(68,913)	3,513,914	129,531	3,643,445	-	3,643,445

	Capital	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY									Non-controlling interests	Total net worth
		EQUITY							Valuation adjustments	Total		
		Issue premium	Accumulated reserves (losses)	Other equity instruments	Less: Treasury Shares	Profit(loss) for the year attributable to owners of the parent company	Less: Dividends and remunerations	Total Equity				
Opening balance at 31/12/2012	169,142	1,118,186	1,789,781	72,633	(226)	124,654	(46,125)	3,228,045	3,052	3,231,097	-	3,231,097
Adjustments due to changes in accounting principles	-	-	(24,956)		-	(868)	-	(25,824)	-	(25,824)	-	(25,824)
Adjustments due to errors	-	-	-		-	-	-	-	-	-	-	-
Adjusted opening balance	169,142	1,118,186	1,764,825	72,633	(226)	123,786	(46,125)	3,202,221	3,052	3,205,273	-	3,205,273
Total comprehensive income	-	-	-	-	-	189,900	-	189,900	40,120	230,020	-	230,020
Other changes in equity	99,533	54,459	(46,516)	(60,024)	(285)	(123,786)	(6,477)	(83,096)	-	(83,096)	-	(83,096)
Increases in capital/endowment fund	99,533	54,459	(93,967)	(60,024)	-	-	-	1	-	1	-	1
Capital reductions	-	-	-		-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-		-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-		-	-	-	-	-	-	-	-
Distribution of dividends / Shareholder remuneration	-	-	-		-	-	(67,977)	(67,977)	-	(67,977)	-	(67,977)
Share transactions / own contributions to capital (net)	-	-	924		(285)	-	-	639	-	639	-	639
Transfers between equity sub-headings	-	-	62,285		-	(123,786)	61,500	(1)	-	(1)	-	(1)
Increases (reductions) in equity due to business combinations (net)	-	-	-		-	-	-	-	-	-	-	-
Discretionary contributions to social funds and projects (Savings banks)	-	-	-		-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	(16,970)		-	-	-	(16,970)	-	(16,970)	-	(16,970)
Other increases (reductions) in equity	-	-	1,212		-	-	-	1,212	-	1,212	-	1,212
Closing balance as at 31/12/2013	268,675	1,172,645	1,718,309	12,609	(511)	189,900	(52,602)	3,309,025	43,172	3,352,197	-	3,352,197

(\*) Shown solely for purposes of comparison

# Consolidated statements of cash flows for the years ended 31 December 2014 and 2013 (€000s)

	2014	2013(*)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(805,032)</b>	<b>846,619</b>
Consolidated profit for the year	275,887	189,900
Adjustments to obtain cash flow from operating activities	497,405	471,645
Depreciation and Amortisation	63,773	63,088
Other adjustments	433,631	408,558
<b>Net increase/decrease in operating assets</b>	<b>3,381,097</b>	<b>3,439,237</b>
Held for trading	(1,006,909)	(2,237,308)
Other financial assets at fair value through profit or loss	(31,315)	21,703
Financial assets available for sale	(416,840)	3,694,903
Loans and receivables	(1,781,966)	1,907,794
Other operating assets	(144,066)	52,146
<b>Net increase/decrease in operating liabilities</b>	<b>1,697,794</b>	<b>(3,303,671)</b>
Held for trading	689,769	(45,602)
Other financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	871,282	(3,255,277)
Other operating liabilities	136,742	(2,792)
<b>Corporation tax collections/payments</b>	<b>104,979</b>	<b>49,507</b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>517,966</b>	<b>(350,650)</b>
<b>Payments</b>	<b>(110,341)</b>	<b>(530,362)</b>
Tangible assets	(83,976)	(27,174)
Intangible assets	(13,275)	(12,758)
Investments	(13,090)	(23,025)
Non-current assets held for sale and associated liabilities	-	-
Held to maturity investments	-	(467,405)
<b>Collections</b>	<b>628,307</b>	<b>179,712</b>
Tangible assets	34,627	1,035
Intangible assets	-	-
Investments	-	-
Non-current assets held for sale and associated liabilities	193,934	178,677
Held to maturity investments	399,746	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(175,643)</b>	<b>(174,876)</b>
<b>Payments</b>	<b>(225,995)</b>	<b>(213,254)</b>
Dividends	(90,097)	(63,441)
Subordinated liabilities	(86,300)	(111,348)
Acquisition of own equity instruments	(49,598)	(38,465)
Other payments linked to financing activities	-	-
<b>Collections</b>	<b>50,352</b>	<b>38,378</b>
Subordinated liabilities	-	-
Issue of own equity instruments	-	-
Disposal of own equity instruments	50,352	38,378
Other inflows linked to financing activities	-	-
<b>EFFECT OF EXCHANGE-RATE VARIATIONS</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/DECREASE IN CASH AND CASHEQUIVALENTS (A+B+C+D)</b>	<b>(462,708)</b>	<b>321,093</b>
<b>CASH AND CASHEQUIVALENTS AT START OF PERIOD</b>	<b>1,341,412</b>	<b>1,020,319</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>878,704</b>	<b>1,341,412</b>
<b>MEMORANDUM ITEMS:</b>		
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>878,704</b>	<b>1,341,412</b>
Cash	139,512	118,909
Balances equivalent to cash at central banks	217,555	767,209
Other financial assets	521,636	455,294
<b>Total cash and cash equivalents at end of period</b>	<b>878,704</b>	<b>1,341,412</b>

(\*) Shown solely for purposes of comparison

A collage of vintage musical manuscript pages. The pages are aged, yellowed, and feature handwritten musical notation on staves. Some pages show clefs, notes, and rests, while others are more heavily scribbled over. The text "introduction" is overlaid in a bold, orange font on the right side of the image.

**introduction**

Once again we are pleased to present to our shareholders the Bankinter Group Annual Report, in which we render account of the Bank's results and of the initiatives, strategies and objectives attained in its various business lines during 2014.

Bankinter's annual report has always been characterised not only by the transparency and rigour of the information provided, but also, in line with the Bank's personality, by innovation in the formats in which we convey this information to all our stakeholder groups.

This year, as a preamble to the report, we have replaced the traditional letters to shareholders from the Chairman and the CEO by video

interviews, which provide a more pleasant and intimate way of conveying their views on the Bank and the market in the current environment as well as their outlook for 2015.

In this way we are seeking to maintain a more fluid and direct relationship with our stakeholder groups, with specific responses to concerns that are of interest to all; and in a more visual and more dynamic format, with a greater potential for reaching other audiences through other channels of communication such as social media.

We hope that these changes, as well as the content of both interviews, will be of interest to you.

## Interview with the Chairman, Pedro Guerrero

**How would you sum up the year 2014 in macroeconomic terms?**

The economic situation in Spain was much better in 2014 than in the previous few years.

However, internationally the panorama was mixed.

The US economy grew by more than 2% for the third year running and returned to pre-crisis levels of employment, becoming the main driver of the world economy.

The situation was very different in the emerging countries which, with some positive exceptions such as India, had a year of serious upheaval as a result of significant internal imbalances, large fiscal deficits, the depreciation of their currencies and above all the drastic fall in commodity prices. Even China was not as vigorous as before.

The euro zone for its part is suffering a marked slowdown, affected by Germany's loss of momentum, the lack of reforms in countries such as Italy and France and the deleveraging process which is still ongoing throughout Europe. For some months now the spectre of deflation has been threatening the economic recovery, and has forced the ECB to adopt a highly expansive monetary policy, which includes the recent

approval of a programme of purchases of public debt for an amount of more than a trillion euros. These exceptional measures should help to reactivate the economy of the zone, stimulating consumption and investment and making European companies' exports more competitive.

Spain, which will be one of the major beneficiaries of this plan, was the positive note struck in the euro zone in 2014. In the past few quarters Spain's GDP has grown faster than that of our European neighbours. The main macroeconomic indicators have shown positive trends: the balance of payments has performed well thanks to the increase in exports and the fall in oil prices; the public deficit has been reduced; consumption and investment, especially in capital equipment, has revived... And, more importantly, the labour market is recovering, as is reflected by the 417,000 new Social Security registrations in 2014.

This context, which should help to reactivate demand for borrowing and to reduce non-performing loans and provisions, should be good for banks' profitability.

On the other hand, their margins will come under pressure from low interest rates and fierce competition.





**How do you see the economy developing in 2015? Is it too soon to talk of a definitive recovery?**

After five consecutive quarters of growth and six of declining unemployment rate, we can affirm that the Spanish economy has left the recession behind. There are sufficient reasons for looking at the near future with optimism, and I am confident that Spain's GDP will grow in 2015 by more than 2%, in line with the forecasts of the main institutions and analyst firms. Apart from that of the United States, Spain's is the only major economy to have seen its outlook upgraded by the IMF.

We are reaping the fruits of the structural reforms (although much work remains to be done on them), the clean-up of the financial sector and the strenuous efforts made by businesses and families to improve competitiveness and correct the serious imbalances of the past. As if this were not enough, we have also encountered some unexpected allies, in the form of the drastic fall in the price of oil; the ECB's stimulus plan, which has brought financing costs down to unprecedented levels; and the depreciation of the euro, which helps stimulate exports from the euro zone to the rest of the world. Prospects are frankly positive, although there are some uncertainties, as a result of the mountain of public and private sector indebtedness, the high rate of unemployment and the problems being suffered by both the major European and the emerging economies.

**What would you say were the most important milestones of 2014 for Bankinter's shareholders?**

Firstly, I should like to highlight the outstanding results obtained by Bankinter in the stress tests to which the ECB and the European Banking Authority subjected European Union banks with assets in excess of €30 billion.

This is the first time an analysis of this rigorous and exhaustive nature has been carried out on all European banks as a whole, and it represents the starting point for the projected Banking Union.

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**Results for 2014 are the best in the history of Bankinter”.**

In the most adverse scenario of this exercise, which assumes a 1% contraction in Spain's GDP in 2015 and an unemployment rate of 27.1% in 2016 (i.e. a highly improbable scenario), at the end of the period Bankinter would have a CET 1 capital ratio of 10.99%, double the minimum of 5.5% required by the regulators in order to pass the test. This is the best score obtained by any listed Spanish bank, and places us among the most solvent institutions in Europe.

In the AQR (Asset Quality Review), a prior step to the above-mentioned exercise, Bankinter was one of the few institutions that did not need to make additional provisions from 2014 results.

Our solvency has also been confirmed by the rating agencies. Standard and Poor's increased our rating on two occasions during 2014 (which is something really exceptional), allowing us once again to be classified as 'investment grade'.

Naturally these events are reflected in the market and in Bankinter's financing capacity.

On 27 January 2015 we issued €1 billion of mortgage covered bonds, at long term (ten years), at an IRR of 1.1%, 34 basis points below the interest rate on Spanish government bonds at the same term at that date. The issue was heavily over-subscribed.

The second thing I would like to highlight, though just as important, is our profit and loss account.

Results for 2014 are the best in the history of Bankinter. Admittedly net profit for 2007 was higher in absolute amount, but in that year we had a huge exceptional item as a result of the sale of 50% of our life insurance company.

The most important thing about the results for 2014 is their quality. The CEO will comment on the results in more detail, but I should like to



stress that there are no exceptional items of any kind, that net gains on financial transactions are very moderate and sustainable, that by far the greater part of results is obtained from customer business, and that our ALCO portfolio averaged less than €5 billion during the year, i.e. somewhat more than our equity, which is in line with the technical recommendation for hedging the interest rate risk. It is a portfolio of very similar size to the one we had in the years before the crisis.

The quality of the results and the vigorous growth in customer activity and in all lines of revenue, as well as the more favourable Spanish economic environment, which suggests a lower cost of non-performing loans in 2015, makes it very likely that in this year Bankinter's results will once again increase significantly.

Another sign of the Bank's good progress is the fact that this year we have increased our workforce by 97 people in net terms, which is an increase of 2.37%.

The third milestone to highlight is our performance on the stock exchange during 2014. As a consequence of all the above, it was very positive. Our stock rose by more than 30%. After being the best bank share of the 49 included in the Euro STOXX 600 index in 2013, this past year we were second in Europe and once again the best Spanish credit institution in the IBEX 35.

Evidently the market is recognising the Bank's good performance.

Lastly, I should like to talk about the dividend. In the first quarter, Banco de España, Spain's central bank, exempted us from the limit of 25% of net profit which it had imposed generally on Spanish banks, and allowed us to reach 33.6%, in view of our solvency and business strength.

This is the percentage we have applied to payments (in cash, as is our practice) of the successive interim dividends made in 2014.

The limits established by Banco de España for distribution of dividends cease to be in force as a result of the approval by the Governing Council of the European Central Bank of its recommendation ECB/2015/2 on the distribution of dividends

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**After being the best bank share of the 49 included in the Euro STOXX 600 index in 2013, this past year we were second in Europe and once again the best Spanish credit institution in the IBEX 35."**

by credit institutions. Bankinter meets all the applicable capital requirements contained in this recommendation, and is classified as a category 1 institution.

Consequently the Board of Directors will propose to the General Meeting of Shareholders the distribution of 50% of the profit for the year in the form of a cash dividend, since it considers that this is a prudent policy which contributes to capital conservation and allows the Bank to maintain an appropriate level of solvency even in adverse economic scenarios, as was demonstrated in the recent stress tests. The complementary dividend proposed amounts to €69 million, meaning that the pay-out for 2014 will be 50%.

**This marks Bankinter's fiftieth year in business. What are the main differences between banks' business now and that of fifty years ago?**

Fifty years ago the Spanish banking system was radically different.

The sector was highly fragmented, with many banks (more than 200), most of which were very small and of very varied kinds (commercial, industrial, regional and local banks, savings banks, credit cooperatives, rural savings banks, state-owned banks, and so on). What is more, there was very little competition, since prices were regulated, the technological and financial levels were very low and contact with the outside world was almost non-existent.

Now, fifty years on, after many trials and tribulations, including the process of consolidation of the 80s and 90s and above all the recent terrible financial crisis, the panorama is completely different.

Very few banks remain, hardly a score of significant players, all of them very big, and two of them with a strong international presence. The market is very advanced technologically, operationally and financially as regards commercial banking, and competition is fierce.

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**In Bankinter we have always been at the forefront as far as innovation is concerned.”**

Only a few banks survived in this market -no more than twenty players are still competitive. They are all large companies, and two of them have a strong international presence. Currently, retail banking is a highly developed sector in terms of technologies, operations and financing, with implies fierce competition.

Now that the banking bail-out has been completed, the surviving institutions are solid and well capitalised, although in general they are still engaged in far-reaching restructuring processes, which is not the case of Bankinter.

Technology has brought big changes to the way banks operate. Telephone, internet and mobile banking, etc. have become very important, and in the case of Bankinter they have enabled us to gain an advantage, since as is well known we have always been at the forefront as far as innovation is concerned.

Moreover, in these times much more far-reaching changes are afoot, and we have to confront them. The rise of social media, the sophistication and ubiquity of mobile devices, the boom in big data, as well as the arrival of new players through the involvement of technological companies in the payments system and the phenomena known as crowdfunding or direct lending, are revolutionising the banking business.

And yet the basic principles of our business remain unchanged. Trust continues to be the raw material with which we work, and it is this principle in mind that we are committed to our duty of carrying out banking activities scrupulously, rigorously, ethically and responsibly, managing resources efficiently so as to be able to encourage lending, which is our ultimate objective. But always doing it in a responsible and prudent manner, never forgetting that we are merely the managers of the resources that our customers and shareholders entrust us with.

**What is your assessment of the Bank's activity in the field of sustainability in 2014?**

Very positive. Our investors, employees, customers and suppliers, and members of the non-profit and voluntary sector see Bankinter as a bank with integrity and values.

Our commitment to the various stakeholder groups finds expression in two ways.

One is an advanced and demanding policy of corporate governance involving compliance with all the recommendations of the Code of Best Practices.

The other is our Sustainability Plan, which is called “Noughts and Crosses” and is intended to align the business with the management of the three business dimensions: economic, social and environmental.

Under this plan, which has just completed its third year, we have carried out numerous initiatives aimed at making Bankinter a bank whose business model incorporates the social and environmental aspects associated with its activity. This is demonstrated by our inclusion once more in the Carbon Disclosure Project and in the FTSE4Good sustainability index, which recognises us as one of the international companies with the best conduct in environmental, social and governance matters.

Although all these actions are fully reported in the information on sustainability that has been made available to all shareholders, I should like to highlight some of them.

For example the 'Involved and Caring' programme, which after three editions is consolidating itself as a reference in the non-profit and voluntary sector; and the 'Adaptative' project, which started last summer and through which the Bank has equipped the National Hospital for Paraplegics in Toledo the most advanced technological systems in the field of distance training and adaptation to the new technologies for persons with spinal cord injuries. I would also mention that in 2014 we subscribed to the National Financial Literacy Plan of the AEB (Spanish Banking Association), developing an innovative teaching methodology for providing financial training to primary school pupils by means of a video game. More than 900 pupils from four schools in Madrid attended this course, which will be extended this year to ten more schools.

**And what projects of the Bankinter Foundation for Innovation would you highlight from this past year?**

The year 2014 will be remembered as the year of the launch of Cre100do.es, a five-year programme whereby the Foundation, together with ICEX (the Spanish Institute for Foreign Trade) and the Círculo de Empresarios (a leading business

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**The year 2014 will be remembered as the year of the launch of Cre100do.es, a five-year programme whereby the Foundation, together with ICEX (the Spanish Institute for Foreign Trade) and the Círculo de Empresarios (a leading business association) is seeking to help one hundred Spanish companies with annual turnover of between €25 million and €250 million to become major corporations.”**

association) is seeking to help one hundred Spanish companies with annual turnover of between €25 million and €250 million to become major corporations, i.e. with an annual turnover of around €1 billion. At the end of November we presented the shortlist with the names of the first 15 companies chosen.

Cre100do.es was born out of the imperative need for the Spanish economy to have large companies.

If the best of our medium-sized companies were to become large companies, in accordance with the criteria referred to, the aggregate productivity of the Spanish economy would grow by between

10% and 15% and nearly half a million direct jobs would be created for this reason alone.

But in order for there to be large companies, it is a sine qua non to also have an ecosystem that drives the emergence of a new generation of entrepreneurs. This is the objective of the Entrepreneurs programme. In the first year and a half of the programme's existence, the Foundation has analysed more than 850 different entrepreneurial projects and the Bank has invested in ten of them, becoming a "go-to" early-stage investor.

These initiatives, together with the rest of the Foundation's programmes (FTF (Future Trends Forum) and Akademia), enjoy enormous prestige, which transcends our borders. This is shown by the fact that the prestigious University of Pennsylvania, which has analysed nearly 7,000 think tanks from around the world has once again designated the Foundation as the best think tank in Spain and one of the world's 30 leading think tanks (ranked 26th, to be precise) in the field of science and technology.

For all these reasons we continue to have in the Foundation an emblem of the Bank's DNA: Innovation.

## Interview with the CEO, María Dolores Dancausa

**How would you describe the year 2014? What were the milestones for Bankinter?**

Without a doubt, 2014 was an extraordinary year. Nearly all the parameters used to measure the Bank's success were very positive: the various revenue headings, which were the best in its history; the cost/income efficiency, in other words the ability to convert those revenues into operating profit; and the risk selection and monitoring policies, thanks to which Bankinter has the lowest proportion of non-performing loans of any bank in Spain, and in the case of our insurance subsidiary Línea Directa Aseguradora, the company with the lowest claim rate in the motor insurance sector.

As a result of all the above, in 2014 Bankinter obtained the biggest recurring profit in its fifty years of existence. And it is precisely these levels of profit that make possible, with the regulator's permission, an attractive dividend pay-out, which in turn led to the stock's gaining 34% against to the previous year, as the Chairman has pointed out in his letter in this annual report.

However, in addition to these highly visible results, there are many other factors which

tend to go unnoticed but are no less important. Since they form part of the foundations, they are extraordinarily important.

Among them I would point to the professionalism and good work of the Group's employees, who with their talent, initiatives and hard work contribute day after day to the Bank's success.

I would also highlight the investments in technology, aimed at giving employees the best tools to help them be efficient in their dealings with customers, and at giving customers the best tools for operating with the Bank online, in self-service mode, at any time and from anywhere, without the need for physical presence in our offices.

I should also stress the high degree of solvency and the comfortable levels of capital, as was made plain in the tests which the banking authorities conducted on nearly all European institutions in the second half of 2014.

In short, this past year could hardly have been more satisfactory. Bankinter is reaping the fruits of a long record of good management and responsible banking practices, consolidating



itself as one of the most solvent institutions and one of the best placed to face the future.

The most significant milestones of the year are closely related to these points I have just mentioned. Even so, and at the risk of being redundant, it is worth emphasising:

- the "what?", which are the results in themselves.
- the "how?", i.e. the way they were obtained, centred on the various financial services provided to customers in the world of banking and insurance, and much less dependent on financial transactions, which are always more irregular and unlikely to be recurrent.
- the "supported by what?", which relates to the Bank's rigorous risk selection, the quality of the assets on its balance sheet and the capabilities and talent of its professionals.
- And finally "for what?", which has to do with the aim of offering a fair return on the shareholders' investment and greater stability and job satisfaction for all the human teams that contribute to building Bankinter and its group of companies day after day. And of course with the ultimate goal of providing a valuable service to society and setting an example of good citizenship.

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**It was a very positive year for practically all the business lines."**

#### **Which business areas performed best?**

It was a very positive year for practically all the business lines, but to answer the question, I would highlight the performance of Private Banking, Corporate Banking, and Personal Insurance, the latter centred mainly on the activity of Línea Directa Aseguradora. These are three major segments which have reached a high degree of maturity and which constitute the three pillars on which the Group is being built.

Starting with the first one, Private Banking, assets under management increased by 26% in 2014, to reach €23.1 billion. And as far as SICAVs are concerned, there are now 383 companies managed by Bankinter. There is only one bank with more SICAVs, and Bankinter's market share is nearly 12%, about four times what one would expect based on its relative size.

As for the Corporate segment, the net balance of corporate lending increased by 6.7%. So the widespread complaint that "lending has dried up" absolutely does not apply to Bankinter. Furthermore, we have consolidated a very close-up and highly profitable customer relationship model, which demonstrates the Bank's determination to continue to support the Spanish business community.

And Línea Directa, the Home and Motor insurance subsidiary, had the best insurance margin in the auto sector, 12.1%, thanks to an unbeatable claims ratio of 68.6% and an operating expense ratio of 19.3%. This margin, plus the financial income produced by its well endowed treasury led to a pre-tax profit of €133.9 million. This too is the best result in its history.

#### **What changes will come with the new European banking supervisor?**

I'm an unconditional supporter of European unity, because I believe that united we can do much more than we can separately. And out of this sometimes exasperatingly slow process of union, two transcendental events nonetheless stand out, despite all their imperfections, as having given an enormous push to the process of unity: the first being the single currency, the euro, in 1998, and the second being Banking

Union, achieved in 2014. Both initiatives in the monetary and financial areas. It is here that the Member States, although unfortunately not all, have ceded sovereignty. It is desirable for there to be other initiatives for more ceding of sovereignty in areas such as taxation for example, which would make us all stronger.

Having made this general assessment, credit has to be given to the new European banking supervisor for eliminating distinctions. Those odious distinctions that were being made in the markets until now based on banks' nationality. From now on, all European banks will be measured using the same criteria, which will be an advantage for Bankinter and for the other Spanish financial institutions that have done what was needed to clean up their balance sheets and strengthen their solvency and their liquidity position.

This greater integration in the European space will give Bankinter more visibility and recognition, and above all it places it on an equal footing with other European banks. Bankinter in fact can hold its head up high, be proud of the work it has done, and regard itself as an equal to these other banks.

Of course, the new supervisor implies a significant effort to adapt to the new requirements. More requirements in matters relating to levels of

capitalisation; in the levels of information reported to the regulator; in policies relating to risk management; transparency; rules of good governance, etc. New rules which we gladly accept, because they are the same for all and Bankinter is fully able to comply along with the best of them.

#### What are your expectations for 2015?

If the large number of uncertainties seen in the first few days of 2015 allow, it will be a great year. The foundations for it are in place. The Bank has several business lines that are fully mature and will continue to be in full force throughout 2015. They are the segments already mentioned:

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**Greater integration in the European space will give Bankinter more visibility and recognition, and above all it places it on an equal footing with other European banks.”**

Private Banking and Corporate Banking and the insurance business of Línea Directa.

To these we must add two more business lines which, although they are not new, were relaunched in 2014 and in which we are making significant investments to “re-invent” them. The first of these is the Personal Banking segment, catering to medium-high income customers who, while not having the same requirements or assets as those of Private Banking, nonetheless require special attention. And the second one is the Consumer Finance segment, which was given a new boost in 2014, with a new management team and a new strategy. Both businesses will start to produce returns in 2015.

At the same time, the mature segments are being strengthened with greater investments. For example, Corporate Banking has been strengthened with new products and services designed for companies with sources of revenue or operations abroad; Private Banking is being strengthened with the Luxembourg office, to which we are also giving a new boost. And so on and so forth.

However, as I said a few lines above, Bankinter is not immune to the external environment, and cannot help being affected by certain external factors. So for that reason it is to be hoped that



common sense, intelligence and caution, but also courage and determination, will prevail in the national and European dilemmas we have before us. If they do, we have a great year of success before us, because insofar as it depends on us we will not fail.

**Where do you see Bankinter and the banking business in fifty years' time?**

Whenever I've had the chance I've always stressed the fact that companies like Bankinter which manage to reach fifty years of continuous and independent existence have a very good chance of becoming centenarians. So in one sense what we will have in fifty years' time is something obvious: a one-hundred-year-old bank; but as well as being a hundred years old, a solid, solvent bank which will stand as an example thanks to its customer relations, the commitment and motivation of its employees and its rigorous compliance with standards and rules issued by the regulatory authorities.

In the next fifty years the dynamics of change will be greater, much greater, than in the last five decades. And yet there will be other things that will change very little, or not at all. For that reason it is a good idea to separate those aspects that were valid fifty years ago, that are still valid today, and that will possibly still be valid in fifty years' time, from those that are going to undergo dizzying changes.

Among those that will clearly change are the means of carrying on the business of banking intermediation. The global spread of knowledge and information has only just begun. For that reason all activities based on having singular knowledge or information are bound to disappear. Any deal relying on having privileged information, in the positive sense of the term, would have no support on which to rely.

Therefore, the world of banking will have smaller margins, compensated by greater volumes and above all greater efficiency. It will be a world of banking in which survival is based on being much more efficient than the competitors.

And banks will have to learn to compete with another series of players, not necessarily from the finance sector, which will have no qualms about using their size, their global spread and their exhaustive knowledge of their customers' needs, going beyond the merely financial, to try to prise the financial business away from the traditional banks.

One factor that will presumably not change is society's requirement for capital to drive its economic activity; in other words the raw material used will not change; trust will continue to be the basis of relations between every customer and his or her financial institution, and rigorous adherence to the principles that have never ceased to apply will continue to be

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**The companies doing best in fifty years' time will be those holding true to the principles of integrity, honesty and sincerity just as they did fifty years earlier."**

imperative. It will therefore be easy to observe that the companies doing best in fifty years' time will be those holding true to the principles of integrity, honesty and sincerity just as they did fifty years earlier.

## Economic environment

- Spain, Germany and Ireland are among the European countries with the best prospects of recovery following the structural reforms implemented.
- The robustness of the US economy is in contrast to the return to recession in Japan and the weakness of the emerging countries.

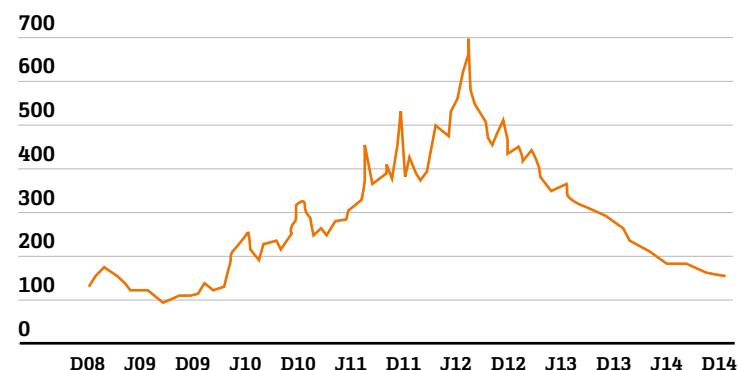
**Uneven growth.** World economic recovery continues, although it is by no means free of obstacles. Trends in the various different regions continue to be asymmetric. The United States, for example, stands out due to the strength of its economy, but in the euro zone there are clearly considerable differences in the pace of advance of the member countries. Germany, Ireland and Spain stand out positively, while France and Italy lag behind somewhat as a result of not having implemented sufficient structural reforms. Japan is advancing slowly, despite the aggressive monetary policy applied by its central bank and, finally, the emerging countries are in the weakest position as far as global economic recovery is concerned, affected by serious internal and external imbalances.

The common denominator of the main developed economies has been the strong support shown by their respective central banks to the economy, applying highly accommodative monetary policies with the aim of stimulating GDP growth in a context in which the level of price inflation is generally very low.

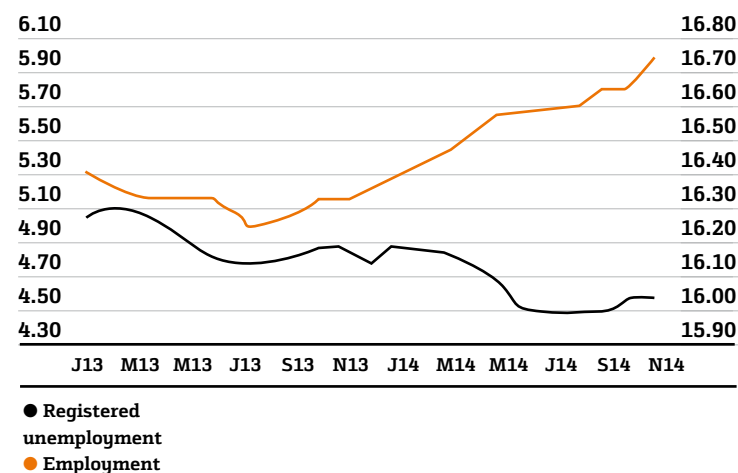
■ In Europe the central bank has cut the reference interest rate on two occasions, to the current 0.05%, with a negative deposit rate (-0.20%) and offering strong support to the economy. The upturn in Europe continues, as is reflected by four consecutive quarters of year-on-year growth in GDP. This objective has been attained in spite of the process of deleveraging that is under way, the orders to reduce public spending and the insufficient introduction of structural reforms by certain member countries. Lastly, the European economy has benefited from the fall in the price of oil, a low level of inflation – which even turned negative in December – and the depreciation of the euro, which makes its companies' exports much more competitive.

■ Spain continues to face profound internal imbalances, such as unemployment, and external ones such as the loss of momentum of the euro zone and particularly of France, its main trading partner. Despite this, the situation is encouraging: the introduction of structural reforms is starting to bear fruit, there has been an improvement in external competitiveness

Risk spread Spain/Germany



Employment and unemployment 2013/14



and a reduction in financing costs – as can be observed in the narrowing of the spread over German bonds - which, together with cheaper energy and the depreciation of the euro, has allowed the economy to grow at considerably faster rates than the rest of the surrounding countries (+1.6% YoY in Q3 2014). Moreover, although unemployment remains high, the improving trend is consolidating and in 2014 apparently just over 417,000 jobs were created.

■ In the United States the Federal Reserve, despite having ended its last asset purchase programme (QE3), continues to apply an expansive monetary policy, holding interest rates at low levels. Major macro indicators reflect the robustness of the US economy, such as strong job creation, improving confidence, the uptick in consumer spending and the good progress of the real estate market and industrial output.

■ Japan faces a complex situation including the return to recession and the fiscal adjustment that it has to complete, not forgetting last April's increase in VAT, which had a negative impact on consumer spending. In the political sphere, Prime Minister Shinzo Abe won new elections, but has yet to announce any measure suggesting that the 'third arrow' of so-called 'Abenomics' is about to be launched. All this, together with the high level of debt (226% of

GDP), prompted Moody's credit rating agency to reduce the country's rating by one notch from Aa3 to A1. On the positive side, the yen continued to depreciate, which provides support to growth through exports.

■ The emerging countries for their part are showing obvious signs of weakness. Some of them are affected by large fiscal deficits, depreciation of their currencies, high levels of inflation and the fall in commodity prices, particularly oil. This situation has very damaging consequences for Venezuela, Brazil and Mexico, and is especially difficult for Russia, 50% of whose fiscal revenue comes from oil and gas, to which must be added the depreciation of the rouble and a scenario muddled by the international sanctions in connection with the crisis with Ukraine.

The situation is different for China, where the central bank decided to cut the key interest rate to support the real estate sector and avoid a 'hard landing' of its economy. In this case, the problem stems from the fact that the aggressively expansive monetary policy was proving insufficient to solve the main problems of its economy, which are excess production capacity, slowing demand, the real estate sector and the credit bubble. Lastly, India stands out as the exception among the emerging countries, since it is showing early signs of economic recovery.

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**India stands out as the positive exception among the emerging countries, which still have to confront numerous imbalances.”**



## Interest and currency rates

- In 2014, the all-time record low interest rates in the developed countries contrasted with the increases seen in the emerging countries in an effort to control inflation.
- The strength of the US and UK economies compared with Europe caused their currencies, the dollar and the pound, to appreciate against the euro.

**Relaxed monetary policies.** Key rates at low levels were the dominant notes in the main developed countries. The dollar strengthened against other currencies, while most emerging countries' currencies posted sharp falls.

Inflation in the developed countries continued low, which allowed accommodative monetary policies to be applied and key interest rates to be held at all-time record low levels. In contrast, in many emerging countries the high level of prices and, in some cases also large capital outflows, prompted central banks to raise interest rates in order to curb inflation. Especially notable examples in 2014 were Brazil (to 11.75% from 10% in December 2013) and Russia (to 17% from 5.5% at the beginning of the year).

The dollar's appreciation against the euro is explained on the one hand by the strength of the US economy in comparison with that of Europe with its slow advance, and on the other hand by the divergence between the monetary policies applied by the Federal Reserve and the ECB.

Whereas the ECB is preparing an ambitious bond purchase programme, the Federal Reserve has ended its monetary expansion programme (QE3) and is even studying a possible increase in rates in 2015. The yen has depreciated against the euro, due to the aggressiveness of the monetary policy pursued by the Bank of Japan, which includes a massive injection of liquidity into the system.

As regards the other major currencies, we would point out that during 2014 there were no substantial differences in the published rates for the Swiss franc (although it did depreciate slightly) since it was pegged at 1.20 to the euro by its central bank; in the first few weeks of 2015, however, the Swiss National Bank discontinued the peg, leading to the consequent appreciation of the currency against the euro.

Lastly, the trend of the pound has been to appreciate against the euro due to the divergent rates of growth in the economies.

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**Key rates at low levels were the dominant notes in the main developed countries".**



## Situation on the stock exchanges

- The Ibex-35, with a gain of 3.7%, achieved the best performance among European stock markets.
- The modest results obtained by the European indices contrast with the double-digit gains posted by US indicators.

The year 2014 ended with modest gains on the main European stock markets, while US indices posted strong gains, driven by the recovery in the US economy and improved corporate earnings. The European stock markets, in contrast, were weighed down by a variety of factors, such as the low rate of economic growth across the region, fear of deflation, and geopolitical tensions, basically between Russia and Ukraine, and in consequence corporate earnings have remained weak.

The biggest rallies in developed countries were in the US, but the advance of Japan's Nikkei index also stood out. In Europe, the main indices ended 2014 with moderate gains, the Ibex-35 being the best performing index, followed by Germany's DAX. In the emerging markets, whereas India, Venezuela, Argentina, Thailand and Indonesia ended the year with substantial gains, the South Korean and Brazilian stock markets posted declines.

Furthermore, the increase in perceived risk on some economies, deriving from geopolitical tension, the fear of lower global growth and the expectation of a large-scale asset buying programme in Europe have led to greater flows of funds into fixed income.

The following table shows the changes in the major stock markets in 2013 and 2014, all in local currency:

Geographical area	Contents	Change % 2014*	Change % 2013*
Japan	Nikkei-225	7.1%	56.7%
United States	NASDAQ 100	19.2%	35.0%
United States	S&P 500	12.4%	29.6%
Germany	DAX	2.7%	25.5%
Spain	Ibex-35	3.7%	21.4%
France	CAC-40	-1.2%	18.0%
Euro zone	EuroStoxx-50	0.9%	17.9%
UK	FTSE 100	-3.0%	14.4%
India	Sensex	29.4%	9.0%
China	Shanghai (B)	13.1%	3.6%
Brazil	Bovespa	-2.9%	-15.5%

(\*) Taking as reference the last trading day of each year.

## Corporate Governance

### Structure and composition of governance

#### Size and composition of the Board:

The Board of Directors of Bankinter, S.A. as established by the Bank's Articles of Association and the Board Regulations, must be formed by a minimum of five and a maximum of fifteen members, who must be of recognised commercial and professional probity, have appropriate knowledge and experience for performing their functions and be in a position to exercise good governance of the Company.

The General Meeting of Shareholders determines within this range the number of directors that will form the Board of Directors. Currently, the Board of Directors of Bankinter consists of ten members. All its members are characterised by their professional capability, integrity and independent judgement. The Nominations and Remuneration Committee (now the Nominations and Corporate Governance Committee) annually verifies the status of each director, and this information is included in the Corporate Governance Report, which has to be approved by the Board of Directors and published on the Company's corporate website.

The Board currently consists of ten members, two of whom are executives and eight of whom are external. Of these eight, five are independent, two are proprietary and one is, in the Board's opinion, neither proprietary nor independent.

During 2014 the following changes took place in the composition of the Board of Directors:

- On 25 April 2014 Mr. Pedro González Grau informed the Board of Directors of Bankinter of his decision to resign from his post as director in view of the impossibility of making his post as Director of Bankinter compatible with his new professional projects.

Directors are elected for a term of four years, and may be re-elected at the end of such term.

Bankinter's Board of Directors has an appropriate diversity of knowledge, gender and experience.

- Executive Directors: The executive directors of Bankinter, i.e. those that perform management functions in the company or its group, irrespective of the legal connection they may have with it, are: the Vice-chairman, Cartival,

S.A. (represented on the Board of Directors of Bankinter by Mr. Alfonso Botín-Sanz de Sautuola y Naveda) and the CEO, Ms. María Dolores Dancausa Treviño.

- External proprietary directors: The Board of Directors of Bankinter, on the basis of a report by the Nominations and Remuneration Committee, classifies as external proprietary directors Messrs. Fernando Masaveu Herrero and Marcelino Botín-Sanz de Sautuola y Naveda, in view of their shareholding or designation by virtue of being shareholders, even if their shareholding does not reach such amount or in representation of shareholders.

- Independent directors: Having evaluated the circumstances pertaining in each case, and on the basis of a favourable report from the Nomination and Remuneration Committee, the Board considers that the following directors are external independent directors: Messrs. Jaime Terceiro Lomba, Rafael Mateu de Ros, Gonzalo de la Hoz Lizcano, John de Zulueta Greenebaum and Ms. María Teresa Pulido Mendoza.

There is a balanced proportion of independent directors given the size of the Board of Directors. At present, 50% of the members of the Board of Directors are classified as independent.

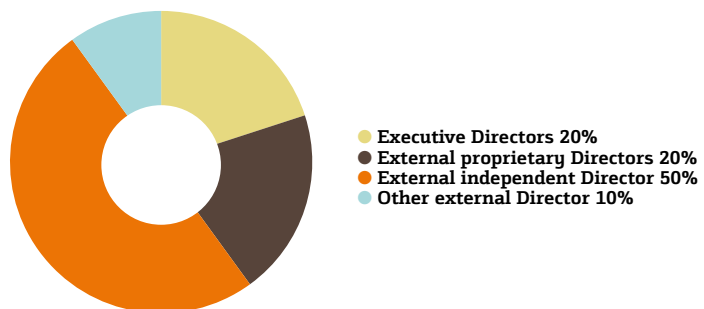


■ Other external directors: Among the circumstances preventing a director's being considered as an independent director is having been an employee or executive director of the company or its Group, unless three or five years respectively have elapsed since the ending of the relationship. Mr. Pedro Guerrero Guerrero was Executive Chairman of Bankinter until 31 December 2012, when he ceased to perform his executive functions. Therefore, since the time indicated in order to be considered as an independent director has not yet elapsed, Mr. Pedro Guerrero Guerrero is considered to be in the category "Other external directors".

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Current composition of the Board

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### Board Committees

The Board has set up and delegated powers to the Executive Committee and, in relation to risk supervision, the Delegated Risks Committee. Furthermore, the Board of Directors has other committees with powers to supervise, inform, advise and propose, such as the Audit and Compliance Committee, the Remuneration Committee and the Nominations and Corporate Governance Committee, these last two recently separated, in January 2015. In the following point 1.6.2. we describe the functions and powers assigned to each of them.

The present composition of the Committees referred to is as follows:

## Composition Committees



### Gender diversity

As established by the Board Regulations, it falls to the Nominations and Corporate Governance Committee to formulate and review the criteria to be followed for the composition of the Board and for the selection of candidates for the post of director. Bankinter is committed to equal opportunities for men and women, and in this regard each time it nominates members for its governing body it carries out objective selection processes, free of conditions or biases that might involve a limitation on access by women to the appointments as directors, assessing in each case the candidate's independence, professional worth, capabilities and experience in the sector. The selection process ensures that there are always women among the candidates studied.

As established by the Corporate Enterprise Act, the Nominations and Corporate Governance Committee has set an objective for representation of whichever sex is under-represented on the Board of Directors and has drawn up guidelines on how to attain this objective. Furthermore, the Committee generally uses outside advisors to carry out the selection of candidates who are likely to form part of the Board of Directors as independent directors. This Committee does not impose limitations or bias on those external advisors who carry out the tasks that might affect the choice of female directors for the post of independent director, verifies their inclusion in the list of candidates to be assessed, and encourages their inclusion in the shortlist.

With the forthcoming nomination proposals to be made at the General Meeting of Shareholders we hope to attain the objective set and thus establish a higher proportion of women on the Board of Directors.

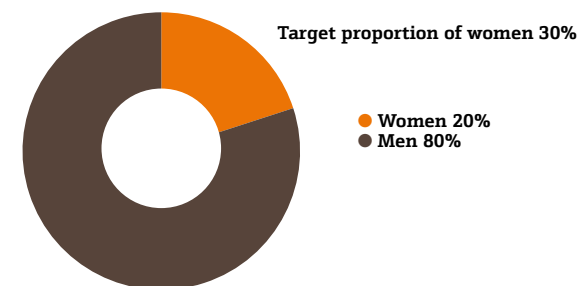
Proof of the foregoing is the fact that in 2010 the Board appointed a woman as member of the Board of Directors and CEO. During 2014 the Board of Directors, at the proposal of the Nominations and Remuneration Committee, appointed a woman as independent director, thus reaching a proportion of 20% of women on the Board as at year-end 2014.

Bankinter continues to be committed to giving priority to candidates' professional capability and experience, irrespective of gender, as demonstrated by the fact that the 2015 General Meeting of Shareholders will be asked to approve the proposed appointment of Rosa María García García, which if approved will considerably increase the percentage of the less represented gender on the Board over the past few years (thus reaching the objective of 30%).

### Succession plans for the Chairman and the executive directors

Among the functions of the Nominations and Corporate Governance Committee is that of ensuring and reporting on the existence of up-to-date succession plans for the Chairman, the executive directors and the other managers of the company and making any necessary proposals

### Gender diversity



to the Board of Directors to ensure that such succession takes place in an orderly and planned manner. This report is presented to the Board of Directors annually.

#### Rules for in-house deputising for the Chairman

The Board Regulations include rules for the ad hoc replacement of the Chairman of the Board of Directors, both in cases where he has executive powers and in cases where he does not. In particular, they provide that the Vice-chairman will replace the Chairman in these cases.

#### Secretary to the Board

The Regulations of the Board of Directors include an Article on the functions of the secretary, among which are those of ensuring the legality in form and substance of the actions of the Board, overseeing observance of the recommendations for good governance adopted by the Bank and ensuring that the procedures and rules of governance are complied with and regularly reviewed.

He must also assist the Chairman in ensuring that the directors receive the information relevant to the performance of their function in a timely manner and in an appropriate form.

#### Workings of the Board

The Board of Directors of Bankinter met eleven times in 2014. Prior to the start of each financial year, the Board of Directors approves the

meetings schedule for the coming year and the proposed Agenda for the same, and the directors are authorised to submit additional items for inclusion on the Agenda. The calendar may be altered with the agreement of the Board itself or by the decision of the Chairman, who will make the alteration known to the Directors sufficiently in advance, except in case of urgency. The minimum number of meetings shall be ten per year (well in excess of the legal requirement to hold meetings once a quarter).

Sufficient notice must be given prior to the date of the meeting, except in cases of urgency or necessity. Notice must always include the meeting's Agenda and be accompanied by the informative documentation previously set by the Board, or which the Chairman decides in each case. The Directors may ask the Chairman or the Secretary to the Board to supply them with the information that is necessary to carry out an appropriate assessment of the corresponding transactions or decisions, in such a way that they can reasonably prepare for the meetings and actively take part in the deliberations.

#### Conduct of the meetings

In 2014 the Board of Directors, either directly or through its Committees, was kept informed of the progress and activity of the Bankinter Group's various business areas and of their plans for the future. The Board also dealt with other general matters within the scope of its supervisory functions. The Board was informed of the conclusions of the various internal and external

audit reports, among many other matters covered, such as the management and control of the risks associated with the Bankinter Group.

#### Dedication to the tasks of the Board

Directors are obliged to devote the necessary time and effort to ensuring the effective performance of their office, and in any case to comply with the limits on the maximum number of Boards to which they may belong, as established by Law.

Directors must ensure that absences from meetings of the Board of Directors and of the Committees of which they are members are limited to unavoidable cases.

The Nominations and Corporate Governance Committee will evaluate the balance of the necessary skills, abilities, knowledge, diversity and experience on the Board of Directors. For this purpose it shall define the functions and aptitudes necessary in the candidates who are to fill each vacancy, and assess the time and dedication required for them to properly perform their function.

#### Self-assessment of the Board and its delegated committees

One of the Board's powers is to produce an annual assessment of its own workings and those of its committees and, based on its conclusions, to propose an action plan to correct the shortcomings detected.

In the last few assessments no significant weaknesses were detected such as would oblige the Board to take measures, although the company has implemented some suggestions that were drawn from the last few self-assessments.

#### **Nomination, re-election and ratification of directors**

Since the coming into force of the amendments to the Corporate Enterprise Act, as transposed into the Board Regulations, proposals for nomination, re-election and ratification of directors submitted by the Board of Directors for the consideration of the General Meeting of Shareholders and the decisions taken by the Board by virtue of its powers of co-optation as established in the Articles of Association must in turn be preceded by the proposal of the Nominations and Corporate Governance Committee in the case of independent directors and by that of the Board of Directors in the case of other categories of directors.

Also, these proposals and decisions must always be preceded by a report from the Board of Directors justifying them, and in the case of independent Directors, also by a report of the Nominations and Corporate Governance Committee.

#### **Directors' duties, related party transactions and situations of conflict of interest**

The Directors' duties are covered by the Regulations of the Board of Directors, which is in line with the provisions of Spanish law.

The Board Regulations expressly refer, among others, to the duties of diligent administration, loyalty, secrecy and impartiality in the case of knowledge of reserved information.

The duty of diligent administration includes the duty to keep themselves appropriately informed of the Bank's progress and to devote to their office the time and effort necessary for its effective performance.

#### **Functions of the governing bodies**

##### **Functions of the Board of Directors which cannot be delegated**

Following the amendment to the Corporate Enterprise Act, which introduces improvements in the area of corporate governance, and the approval of the Law on the organisation, supervision and solvency of credit institutions, the powers vested in the Board of Directors are those set out hereunder, as contained in the Board Regulations:





- Determining the company's general policies and strategies, and in particular, approving the strategic or business plan, the annual management and budget objective, the investment and financing policy, the corporate social responsibility policy and the dividend policy, at both individual and group levels.
- Determining the policy for the control and management of risks, including tax risks, and supervising the internal information and control systems. To this end, to approve the policy for the control and management of risk, as well as the periodic monitoring of the internal information and control systems, including the risk associated with the marketing of products and transparency with clients, as well as compliance with the rules on professional ethics and the conduct of the securities market, and those relating to privileged and significant information.
- Determining the company's tax strategy.
- Determining the company's and its group's corporate governance policy; its organisation and functioning and, in particular, approving and amending its own regulations.
- Supervision of the effective functioning of such committees as it may have set up and of the actions of the delegated bodies and of the managers it has appointed.
- Defining the structure of the group of companies headed up by the company.
- Drawing up annual financial statements and presenting them to the General Meeting of Shareholders.
- Approving the financial information which, as a listed company, the Bank must publish periodically and in any case, approving the quarterly, half-yearly and annual results of the Company and the Group as verified by the Audit and Compliance Committee prior to their publication.
- Drawing up any kind of report required of the governing body by law providing the operation referred to by the report cannot be delegated.
- Approving the policies on information to and communication with shareholders, the markets and public opinion. The Board shall be responsible for supplying the markets with fast, accurate and reliable information, especially concerning the shareholding structure, substantial changes to the rules of governance, related party transactions of special importance or treasury stock.
- Ensuring the creation of value in the long term for shareholders, the company, its employees and customers and society as a whole, as well as the solvency, leadership, brand image, innovation, competitiveness, growth and profitability of the Bank and of the Group.
- The approval of investments or transactions of all types, which as a result of their magnitude or special characteristics, are of a strategic nature, or special tax risk, unless the approval corresponds to the General Meeting of Shareholders.
- Approval of the creation or acquisition of participations in companies which have a special purpose or which are domiciled in countries or territories which are deemed to be tax havens, as well as any other transactions or operations of a similar nature which, given their complexity, may reduce the transparency of the company and its group.
- Approving, subject to a previous report by the Audit and Compliance Committee, transactions that the company or companies in its group carry out with directors, in the terms established by the law, in the Articles of Association and in these regulations, or with shareholders holding a significant stake, individually or together with others, including shareholders represented on the company's Board of Directors or on the Board of other companies forming part of the same group or with persons related to them. The directors concerned or the directors they represent or who are related to the shareholders concerned shall abstain from the deliberation and voting on the resolution on this matter. The only exceptions to this approval will



be transactions having all the following characteristics at the same time:

- They are carried out by virtue of contracts where the conditions are standardised and are applied to a large number of customers.
- Those carried out at prices or rates established in a general manner by the person who acts as supplier of the goods or service being dealt with.
- The amount does not exceed one per cent of the company's annual income.
- Authorisation or dispensation is held from the obligations deriving from the duty of loyalty in accordance with the law.
- The appointment and removal of the company's managing directors, and the setting of the terms of their contracts.
- The appointment and removal of managers reporting directly to the Board or to one of its members, and the setting of the basic terms of their contracts, including their remuneration.
- Decisions relating to directors' remuneration, within the statutory framework and, if applicable, the remuneration policy approved by the General Meeting of Shareholders.
- Calling the General Meeting of Shareholders, drawing up the agenda and proposing the resolutions.

- The policy on treasury stock.

- Such powers as the General Meeting of Shareholders may have delegated to the Board of Directors, unless it has explicitly authorised their sub-delegation.

- And those specifically referred to in the Regulations of the Board of Directors.

#### Functions of the Board Committees:

##### ■ Executive Committee

The Executive Committee exercises, by delegation, all the powers of the Board, except for those that cannot be delegated by law or pursuant to the Articles of Association or the Board Regulations, and assumes the day-to-day management of the business. It reports regularly to the Board of Directors on matters dealt with by it, and provides the directors with copies of the minutes of its meetings. It meets with the same frequency as the Board of Directors. Its functions, composition and workings are regulated by Article 34 of the Regulations of the Board of Directors.

##### ■ Delegated Risks Committee

This committee has the delegated powers referring to the supervision and control of risks. It meets quarterly. The functions assigned to it include:

- Advising the Board of Directors on the Bank's overall propensity to present and future risk, and its strategy in this area, and assisting it in overseeing the application of this strategy. Notwithstanding the foregoing, the Board of Directors shall retain overall responsibility for risks.

- Examining the prices of the assets and liabilities offered to customers to ensure that they fully take account of the Bank's business model and risk strategy. If they do not, the Delegated Risks Committee will present a corrective plan to the Board of Directors.

- Determining, together with the Board of Directors, the nature, quantity, format and frequency of the information on risks that the Committee itself and the Board of Directors should receive.

- Collaborating on the establishment of rational remuneration policies and practices. To this end, without prejudice to the functions of the Remuneration Committee, the Delegated Risks Committee shall examine the incentives provided for in the remuneration system, to see whether they take account of risk, capital, liquidity and probability and appropriateness of profits.

- Approving, at the proposal of the Chairman of the Board, the Vice-chairman if executive, or the CEO, the appointment or replacement of the Chief Risk Officer.

Its functions, composition and workings are regulated by Article 36 of the Regulations of the Board of Directors.

#### ■ Audit and Compliance Committee

The Audit and Compliance Committee, among many other functions, reviews the Group's financial information and its risk control and management systems, serves as a channel of communication between the Board and the auditors, overseeing the independent performance of the latter's role, supervises the work of the internal audit and takes note of the reports issued by the supervisory authorities. It meets monthly.

Its functions, composition and workings are regulated by Article 35 of the Regulations of the Board of Directors.

The Audit and Compliance Committee has drawn up a report on its activities in 2014, which is made available to shareholders as part of the documentation for the General Meeting of Shareholders.

#### ■ Remuneration Committee

The Remuneration Committee, which was split off from the Nominations Committee in January 2015, proposes to the Board, among other things, the policy on Directors' remuneration, producing the corresponding report, and the remuneration policy for senior management and key personnel of the Group.

Its functions, composition and workings are regulated by Article 37 of the Regulations of the Board of Directors.

#### ■ Nominations and Corporate Governance Committee

The Nominations and Corporate Governance Committee, which in January 2015 was separated from the Remuneration Committee and combined with the Corporate Governance Committee, proposes to the Board, inter alia, the nomination, ratification, re-election and removal of independent Directors, ensures that when there are vacancies the selection procedures do not suffer from implicit biases hindering the selection of female directors, seeking to include among potential candidates women with the professional profile sought, and evaluates the balance of skills, capability, knowledge, diversity and experience necessary on the Board of Directors.

Its functions, composition and workings are regulated by Article 38 of the Regulations of the Board of Directors.

## Remuneration and incentives

### Description of the remuneration system

The General Meeting of Shareholders is the competent body for approving the annual maximum amount corresponding by way of remuneration to the Directors as a whole in their capacity as such. This amount shall remain in force until such time as the general meeting of shareholders shall resolve to change it, although the Board may reduce its amount in years in which it considers this justified.

The specific establishment of the amount corresponding under the headings set out in the Articles of Association to each director and the form of payment shall be performed by the Board of Directors. In so doing it shall take account of the roles fulfilled by each director in the board itself and his or her membership of the various committees and attendance record.

At present, this remuneration has two components: i) a fixed annual fee and ii) attendance fees.

Directors shall be entitled to receive such remunerations (salaries, incentives, bonuses, pensions, insurance and indemnities) as at the proposal of the Remuneration Committee and by agreement of the Board of Directors are

considered appropriate for the performance in the Company of functions, whether as executive director or otherwise, other than those of collegiate supervision and decision performed purely in their status as members of the Board.

The variable components of remuneration shall be set such as to produce an appropriate ratio between fixed and variable components of total remuneration.

The variable components shall not exceed one hundred per cent of the fixed components of the total remuneration of each director, unless the general meeting of shareholders approves a higher ratio, which in no case may exceed two hundred per cent of the fixed components of total remuneration, in the terms established by law.

This remuneration may be consulted in the Annual Report on Directors' Remuneration which is submitted to a consultative vote at the General Meeting of Shareholders.

### Anticipation of, and adaptation to, the regulatory framework

The Board of Directors, at the proposal of the Remuneration Committee, promotes and drives a remuneration system that encourages rigorous risk management and continually monitors the recommendations of the major national and international bodies.



### Report on the policy for directors' remuneration

Law 2/2011 of 4 March on Sustainable Economy, in its fifth final provision, incorporated a number of amendments to the Securities Market Act, in application of the principles of good corporate governance emanating from international agreements and bodies, and with the purpose of reinforcing transparency in relation to the remuneration of its directors and senior management, as well as its remuneration policies. In this manner, a new article 61 ter was added to the Securities Market Act, on the annual report on directors' remuneration, establishing, among other issues, that said report must be submitted for consultative voting at the General Meeting of Shareholders. Subsequently, and in implementation of this Law, Ministerial Order ECC/461/2013 of 20 March was issued, determining the content and structure of the annual report on corporate governance, the annual report on remuneration and other reporting instruments of listed companies. The provisions of Ministerial Order ECC/461/2013 of 20 March complete the regulation of the content and structure of the annual report on directors' remuneration and empower the CNMV to detail, in accordance with the provisions of the Order, the content and structure of the reports on remuneration, to which end Circular 4/2013 was approved, determining, inter alia, the model for the annual report on directors' remuneration

of listed companies. The aforementioned requirements have since been incorporated into the Corporate Enterprise Act, which in essence pursues the same end as the aforementioned Articles of the Securities Market Act, which have now been abolished. One of the new features introduced is the obligation to submit the policy for directors' remuneration to a binding vote every three years; there is a transitional provision which establishes that if the 2015 Ordinary General Meeting of Shareholders approves the report on directors' remuneration on a consultative basis, the company's policy on remuneration as contained therein shall also be understood to have been approved for the purposes of Article 529 (19) of the Corporate Enterprise Act, and said Article shall apply to the Company thenceforth.

As part of its policy of good governance, Bankinter decided to apply and comply with the recommendation of the Spanish Unified Code of Good Governance from its entry into force with respect to submission of its report on the policy of directors' remunerations to the Shareholders General Meetings as a separate point on the Agenda in a consultative capacity. Hence, since 2008 the Bank's shareholders have had the opportunity to make an express decision in regard to said policy. In the 2014 AGM 96.512% of votes present or represented were in favour (84.739% in 2013).

### Transparency

The notes to the financial statements provide individualised information on the remuneration received, by director, with the amounts corresponding to each element of remuneration. The notes to the financial statements also provide information, individualised and by item, on remuneration corresponding to executive functions entrusted to the Bank's executive directors.



## Sustainability Plan 'Noughts and Crosses'

In 2014 Bankinter continued to develop the strategic lines defined in its 'Noughts and Crosses' (2012-2015) Sustainability Plan, which was presented in the Sustainability Report for 2012. The Plan takes its name from the Bank's objective of transversally integrating the management of its economic, social and environmental dimensions in line with its activity. (The name in Spanish, *Tres en Raya*, literally means "three in a row" and is also the Spanish name for the game known in the UK as 'Noughts and Crosses' and in America as 'Xs and Os' or 'Tic-tac-toe'.

Through this plan, Bankinter aspires to consolidate its position as a model of sustainability in the financial sector and to generate additional economic, social and environmental value to share with its stakeholder groups.

The Sustainability Committee, led by the Chairman of the Board, is the body charged with overseeing fulfilment of the principles embodied in Bankinter's Sustainability Policy. It is also responsible for defining the strategy and developing the objectives set in the 'Noughts and Crosses' Plan as contained in the management scorecard, which is the tool for monitoring continuous improvement in the Bank's sustainable management.

Every month the Management Committee is informed of the advances made in the various strategic lines forming the Plan.

Key Figures	2014	2013
Number of recommendations of the Unified Code of good governance implemented	51*	51*
Women in management positions (%)	34.31	34.28
Number of confidential ('whistle-blowing') reports received in the Channel for Employees	5	4
Number of incidents handled by Customer Service	5,083	5,778
Percentage of incidents resolved within 48 hours by Customer Service	47.6	47.8
Overall NPS (Net Promoter Score or Recommendation Index)	11.2	n/a **
Corporate reputation index - Reptrak (%)	57	54.7
Inclusion in stock exchange sustainability indices	1	1
Carbon footprint (TCO <sub>2</sub> eq per employee)	2.38	2.34
Employees covered by ISO14001 Environmental Management System (%)	34.65	21.01
Employees covered by UNE/ISO 170001 Accessibility Management System (%)	8.05	7.5
Employees taking part in the corporate voluntary programme (%)	10.2	3.83
Employees in training programmes (%)	94.00	95.91
Employees with disabilities as a % of the total workforce	1.2	1.2
Offices accessible to persons with reduced mobility (%)	99.5	99.5
Number of students in the Akademia Programme of the Bankinter Foundation for Innovation	223	187
Number of conferences of the Bankinter Foundation for Innovation	17	16

\* 51 recommendations followed and 2 not applicable to the Bank.

\*\* Not available due to a change in the method of measurement from that used in 2013.

Go to Sustainability Policy



## Analysis of materiality (G4-18, G4-19, G4-24, G4-25, G4-26 and G4-27)

- Bankinter has updated the list of significant aspects in sustainability management in accordance with the guidelines laid down by the Global Reporting Initiative (GRI).

During 2014, taking account of the guidelines laid down by the *Global Reporting Initiative* (GRI), Bankinter carried out an in-depth and updated materiality analysis. This is a dynamic process allowing Bankinter to identify the changes that occur in its environment and the expectations of its various stakeholder groups, as well as to give priority in allocating its efforts to those issues and areas that both internally and externally will contribute the greatest value to the Bank and its stakeholder groups.

**Methodology.** The analysis of the Bank's value chain, and regular dialogue with its stakeholder groups, provide an extensive list of significant aspects to be taken into account as regards the economic, social and environmental management of the Bank. The following are the main mechanisms of dialogue used by Bankinter for this purpose:

Stakeholders	Channels of dialogue	Persons responsible
Shareholders	Shareholders' Office	Head of the Shareholders' Office
Investors and Analysts	Road-shows Meetings Questionnaires	Mgr. Investor Relations Mgr. Sustainability
Customers Customers with disabilities Major customers Entrepreneur customers	Quality Surveys Customer Service Ombudsman Banco de España Multi-channel banking	Mgr. Quality Mgr. Legal Advice Department Mgr. Sustainability
Regulatory bodies (Banco de España, CNMV)	Circulars	Mgr. Compliance with Standards
Employees Employees with disabilities Volunteers	Opina Surveys Quality Survey Volunteer Satisfaction Survey Evaluation Whistleblower's channel Expert blogs Forum: General and Organisations Corporate News In-house magazine Query mailbox	Mgr. People management Mgr. Auditing. Mgr. Quality Mgr. Internal communication
Suppliers	Purchasing Portal Monitoring meetings	Mgr. Efficiency and Transformation
Partners Universities and Business Schools	Meetings Forums Working Sessions	Mgr. Foundation Mgr. Communication & CSR





Stakeholders	Channels of dialogue	Persons responsible
Unions	Observatories	Mgr. People Management. Mgr. Communication & CSR
Sectoral Employers' Association (AEB)	Meetings Working Parties Circulars	Mgr. External Communication & CSR
Non-profit/voluntary sector	Social involvement mailbox	Mgr. Sustainability
Non-profit/vol. (environment)	Social involvement mailbox	Mgr. Sustainability
Media	Press conferences Press releases Social networks	Mgr. Communication & CSR
Competition	Forums: AEB	Mgr. Communication & CSR
Society (rest not included in foregoing)	Social Networks. Corporate Website	Mgr. Communication & CSR

(G4-18, G4-19, G4-24, G4-25, G4-26 and G4-27)

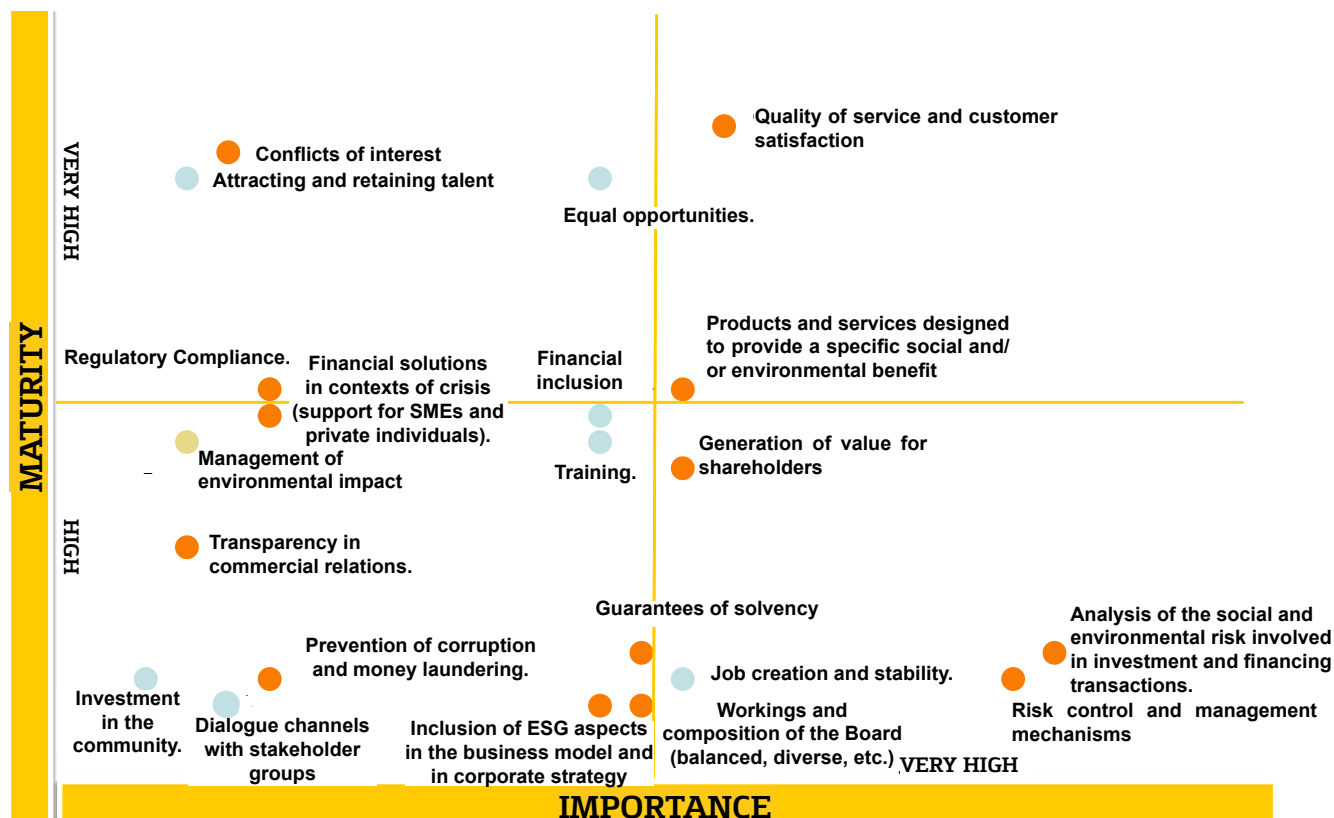
## Summary of the year > Analysis of materiality

Once the significant sectoral issues have been identified, we prioritised them in line with the importance given them by the leading analysts in sustainability and social and sectoral opinion leaders. Bankinter plans its actions taking these results into account and comparing them with the internal analysis carried out by the areas of the Bank most involved in dialogue with stakeholder groups.

**Results.** Using the methodology referred to above, we obtained the following results:

- Materiality matrix, showing the most significant aspects in order of importance and maturity.

(G4-18, G4-19, G4-24, G4-25, G4-26 and G4-27)



- List of most significant aspects by area:

### Economic dimension:

- 1 Quality of service and customer satisfaction
- 2 Compliance with standards
- 3 Financial solutions in crisis contexts
- 4 Workings and composition of the Board
- 5 Guarantees of solvency
- 6 Risk control and management mechanisms
- 7 Prevention of corruption and money laundering
- 8 Transparency in commercial relations
- 9 Generation of value for shareholders

- 10 Inclusion of ESG aspects in the business and the strategy
- 11 Conflicts of interest
- 12 Products and services designed to provide a specific social and/or environmental benefit
- 13 Analysis of the social and environmental risk involved in investment and financing transactions

### Social Dimension:

- 14 Equal opportunities
- 15 Financial inclusion

- 16 Education
- 17 Investment in the community
- 18 Job creation and stability
- 19 Attracting and retaining talent
- 20 Dialogue channels with stakeholder groups

### Environmental dimension

- 21 Management of environmental impact



**business**

## Capital markets

Bankinter maintained a presence in the fixed-income markets as a government bond and note market maker and co-leader in Spanish Treasury issues, as well as in the corporate bond market, with a distribution desk which is very active in all these markets.

The Bank managed its liquidity and capital actively, carefully and effectively, playing an active part in long- and short-term European capital markets whenever the difficult economic conditions permitted. This was possible thanks to Bankinter's good image and known solvency within the investment community.

Access to the short-term markets was mainly by means of the programme of promissory notes registered with the CNMV. The balance of wholesale promissory notes as at 31 December 2014 was €371 million.

At long term, the Bank issued €400 million of mortgage covered bonds and €500 million of senior debt under the fixed income programme registered with the CNMV.

During 2014 two mortgage covered bond issues totalling €300 million were amortised.

As for issues that affect the solvency ratios, on 21 January we carried out a partial early amortisation of several issues of subordinated debt for a total of €86.3 million.

Rate	Issue Date	Amount (€ millions)
Mortgage bond	27/01/2014	200
Mortgage bond	19/05/2014	200
Senior debt	10/06/2014	500



## Lending

- Bankinter increases its lending portfolio by 3%, much of the increase in the corporate segment, despite the context of crisis and the deleveraging process of businesses and households.
- In 2014 the Bank tripled the volume of new mortgage lending, to more than €1.55 billion.

Total lending (€000s)	31/12/2014	31/12/2013	€000s	%
Loans to government bodies	1,704,402	2,340,652	-636,250	-27.18
Other sectors	40,742,322	38,855,799	1,886,523	4.86
Commercial lending	2,016,997	2,052,599	-35,602	-1.73
Receivables secured by collateral	25,353,414	25,269,668	83,746	0.33
Assets held temporarily	0	0	0	n.s.
Other non-current receivables	9,899,189	8,449,436	1,449,753	17.16
Personal loans	5,558,167	4,468,648	1,089,520	24.38
Overdraft facilities	3,910,827	3,721,439	189,388	5.09
Other non-current receivables	430,195	259,350	170,845	65.87
Finance leases	968,590	796,605	171,985	21.59
Doubtful debts	2,194,167	2,234,395	-40,228	-1.80
Valuation adjustments	-958,193	-968,822	10,629	-1.10
Other lending	1,268,158	1,021,918	246,239	24.10
Total customer lending	42,446,723	41,196,451	1,250,273	3.03

### Business lending portfolio

**+6.7%**  
in 2014

In 2014, the credit situation evolved positively compared with the previous year, both as regards households, with an improvement in new residential mortgage lending, and in the financing of businesses.

Specifically, customer lending reached €42,446.7 million at the end of 2014, 3% more than one year before, making Bankinter one of the few Spanish

financial institutions to have succeeded in increasing its loan portfolio during the year. This positive development is due above all to another year of good progress in corporate business, with a lending portfolio up by 6.7% on the previous year, at €18.9 billion. This figure is €3.6 billion more than the corporate lending portfolio that the Bank had four years ago, in contrast to the double-digit contraction of corporate financing in the financial system as a whole.

The breakdown of the customer lending portfolio by type has developed as follows:

The structure of the portfolio continues to feature a significant proportion of loans to high-income profile customers secured by mortgages, which has shown a small decrease, less than €400 million, relative to the previous year. This slight fall in mortgage lending was due to the increase in repayments, which more than offset the sharp increase in new mortgage lending, which tripled relative to 2013, reaching a volume of €1.55 billion.

Apart from this, Bankinter has signed various agreements with national and international institutions aimed at facilitating the financing of small and medium enterprises and bringing its cost down. In this past year the following agreements stand out:

- **Financing line for small and medium enterprises** from the European Investment Bank, for an overall volume of €400 million.

- **First agreement in Europe with the European Investment Fund (EIF)** to support the granting of loans to innovative small and medium enterprises. In the framework of the 'InnovFin' programme, the EU financing initiative backed by the European Commission, the Bank will provide access to a total of €200 million over the next two years.

- **Alliance with Germany's Düsseldorf Hypothekenbank (DHB)** to finance real estate transactions in the service sector in the coming years.

- **Agreements with mutual guarantee societies** such as Avalmadrid, Avalis and Iberaval aimed at improving access to financing for SMEs.





## Means of payment

The stock of cards issued increased by 7% in 2014, surpassing one million cards (including those of the Bank and Obsidiana). The number of transactions carried out in merchant outlets reached 51.5 million for the year, an increase of 11% on the previous year, while the total volume increased by 8% to €4,509 million.

As for the acquiring business, we continue the activity with businesses and merchant outlets, with a similar growth to that of recent years, reaching a total volume handled in 2014 of €1,414 million in 26.5 million purchase transactions, representing percentage growth on the previous year of 20% and 15% respectively.

With regard to the ATM business, we have a network of 392 installed terminals from which 3.6 million cash withdrawals were made during the year by customers and non-customers, totalling €538 million, representing an increase of 26%.



## Other business

### Bankinter Asset Management

- The growth of the asset management company, well in excess of that posted by the sector as a whole, accentuated in 2014.
- Profitability and customer service improved after the team had been strengthened, the range of funds extended and new controls put in place.

**Money is returning to investment funds.** The mutual fund industry experienced a strong recovery in 2014, and Bankinter Gestión de Activos was able to turn this into profit. The company increased its assets under management in its own investment funds by 20.6%, to reach €7,233 million, placing it eighth among asset managers in Spain. This growth trend, in line with the growth in the sector, started in 2003 and was accentuated in 2014 thanks to the company's having strengthened its team and streamlined its processes for decision-making, control and customer service.

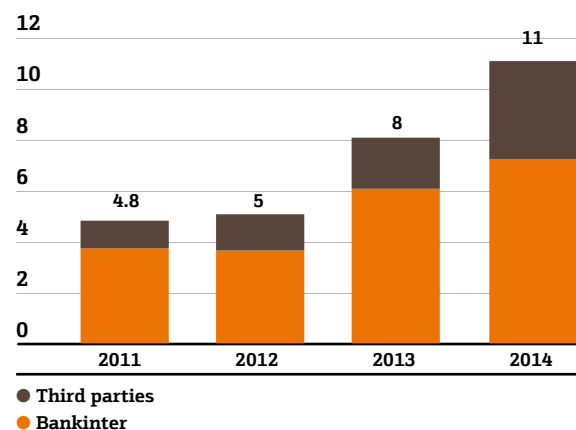
The objective of Bankinter Gestión de Activos, which was named best asset manager in Spain in 2013 by the business daily 'Expansión', is to offer customers an attractive return and good service. Return means not just the highest profit but also taking into account which risks are acceptable. And without overlooking the fact that customers do not only want to make money on their investments They also want to be kept punctually informed and advised on day-to-day matters.

The activity of Bankinter Gestión de Activos is based essentially on four categories of products:

■ **Investment funds.** Assets under management increased by 20.6%, to €7,233 million thanks to the positive trend in terms of the funds' profitability and the transfer of customers' money from deposits, which have lost their appeal in a context of all-time record low interest rates.

If we include all the investment funds marketed by Bankinter, both those of its asset manager and those of other international asset managers, assets under management at the end of 2014 reached the record figure of €11,045 million, representing an increase of 39% on the previous year. One of Bankinter's defining characteristics is its open architecture, allowing the investment funds of another 80 international fund managers to be contracted; it is one of the few institutions to make this possibility available to all its customers. Assets in funds of these international fund managers grew by 78% over the course of the year.

Investment funds (€ billions)



■ **Pension funds.** Bankinter has an extensive range of Pension Plans for increasing savings with a view to retirement. In 2014, assets under management in this type of funds amounted to €1,936 million, 17.3% more than in the previous year.

■ However, undoubtedly the formats in which Bankinter grew most are those associated with Private Banking, **SICAVs** (open-ended collective investment companies) and **discretionary portfolio management**, which posted growth appreciably in excess of that shown by the sector as a whole.

In the case of SICAVs, Bankinter ended 2014 with 383 companies under management, 90 more than in 2013, rising to second place in the sector by number of companies, with a market share of 11.9%. As for discretionary portfolio management, in which it has more than 2,600 portfolios, the Bank is one of the few companies to offer this service to customers in other retail segments, as opposed to only those in Private Banking.

Special mention must be made in this section of the sales efforts of the Network of Agents of Bankinter and Banca Partnet, who play a fundamental role for the business of Bankinter Gestión de Activos. One figure that illustrates their growing importance is that around 18% of the assets in the Bank's investment funds comes from customers of the Network of Agents.

Lastly, we should point out that this past year an extra effort was made to bring all products and product sign-up procedures into line with the new legal requirements established by the CNMV, Spain's Securities Market Commission. Always with the objective of achieving greater transparency and bringing ourselves into line with the new regulatory requirements.

## Bankinter Asset Management

**€7,233**  
million assets under management

**8th**  
biggest asset manager in Spain  
by volume of assets

“

The products that grew most were those associated with Private Banking, such as SICAVs and discretionary portfolio management.”

## Equities

- In 2014 Bankinter posted the best year in its history in the equities business.
- The growth in activity on the Spanish stock exchange, in both spot and credit transactions stands out among all the business lines.

**A year in which history was made.** Prominent among the wide range of products and services offered by Bankinter to its customers for operating on the stock exchange are spot trading on the Spanish and international stock markets, and investment in derivatives (warrants and futures). It also offers the possibility of trading on credit, taking advantages of opportunities in rising and falling markets, and of investing in a wide range of exchange traded funds (ETFs). Investors also have available various tools for improving their risk management: stop orders, dynamic orders, referenced orders, related orders, conditional and limit orders, etc.

With all these services Bankinter led the value proposition to the retail investor and ended 2014 with the best year in its history in the equities business. With revenues of €46.7 million, it posted a 24% increase on the previous year. Moreover, it succeeded in capturing 10,000 new active clients for its online broker, representing an increase of 43% up on the previous year, and posted increased operational activity. Thus the volume traded through Bankinter increased by 38% compared with 2013, a particularly significant figure when we compare it with the 26% growth of the Spanish stock market.



### Online broker

# +43%

compared with 2013

# 10,000

New customers

### Volume traded by Bankinter

# +38%

compared with the 26% growth  
posted by the Spanish stock  
market

Also, the nominal value of the securities deposited with Bankinter grew by 33% over the same period, and the effective value of these portfolios grew by 13%, representing an increase in the depository business.

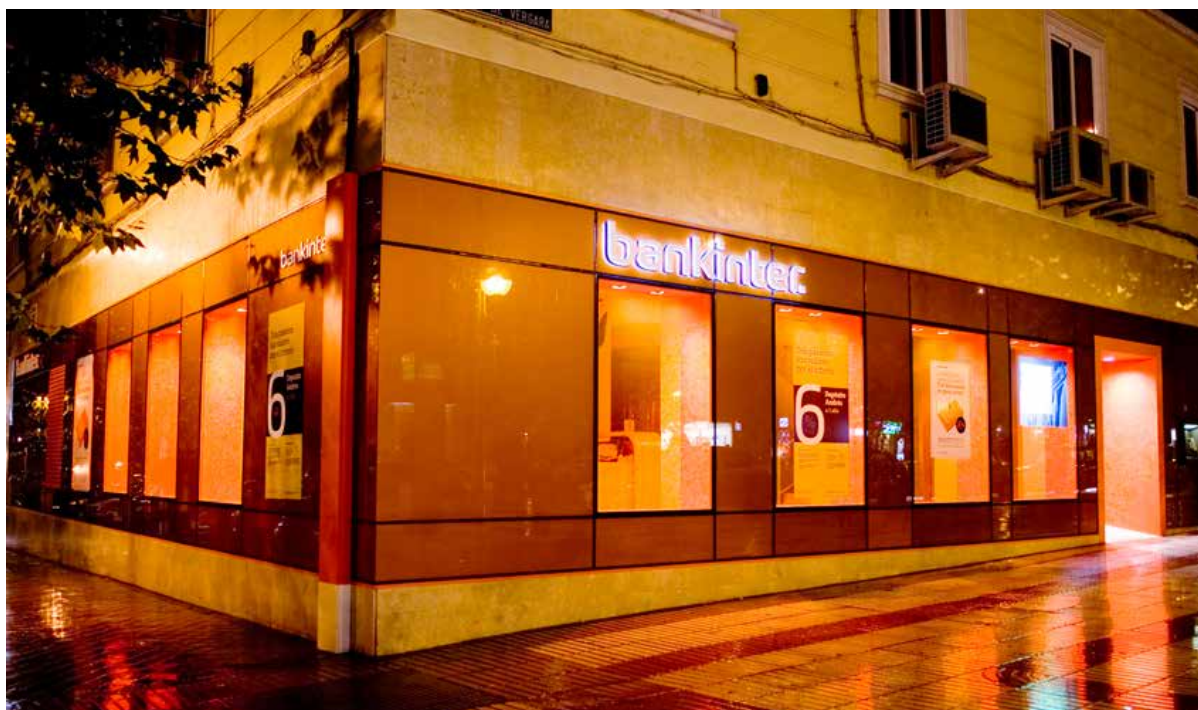
Among all these business lines, growth was especially notable in the Spanish stock market business, both in spot trades and through Bankinter's trading on credit service.

An excellent performance by the business, which was due to the expansion of the offering of products available through the broker, the new mobile-based version of the broker for tablets and smartphones and thanks to the intense training efforts made by the Bank to tell existing and potential customers about the advantages and possibilities of these kinds of investments.

Advisory services also played a major part in the offering, with a large variety of reports and recommendations to help customers improve their investment decision-making. All this, together with very competitive prices and a comprehensive offer of banking and investment services available to the customer, make Bankinter's broker a leading service in the market.

### 'Equities Masterclass'.

During 2014 'Equities Masterclass' was held in 21 Spanish cities. This initiative was aimed at existing and potential customers. With an average of 150 people attending each time, Bankinter's Analyst Department explained their market outlook and the key considerations for investing in equities.





## Bankinter Consumer Finance

- Bankinter has laid the foundations for boosting the consumer finance business and turning it into a major source of revenue for the Bank.

**A help in day-to-day economy.** Bankinter intensified its commitment to the consumer finance business during 2014, with the long-term strategic objective of turning it into a third source of revenue to join pure banking and insurance. The gap that has opened with the crisis and the business opportunities that exist have helped Bankinter Consumer Finance - Bankinter's credit card and loan specialist - to consolidate its position in the consumer finance sector. Not only strengthening its distribution of revolving cards through strategic alliances but also, with a view to the future, expanding its offering of automotive financing, consumer finance, points of sale and direct business.

The main mission of Bankinter Consumer Finance is to meet customers' financing requirements by providing them with flexible means of payment for managing their day-to-day finances. All this with the Bankinter style, with innovation, in multi-channel mode, disintermediating the market and putting its ability to work with partners, its flexibility and agility, its knowledge and long-term commitment to work in the service of its customers.

Throughout 2014 the Bank pursued a risk management policy focused on the risk-return trade-off, adjusting the price of each offer in line with the customer profile so as to ensure profitability.

Bankinter has designed a new website for its Obsidiana brand ([obsidiana.com](http://obsidiana.com)) and incorporated the partner card to its commercial offering. It has also created the private operating zone, in which customers can sign their transactions by mobile phone with a one-time password.

Consequently, during this past year Bankinter Consumer Finance saw its customer base grow by 9% compared with 2013, reaching a total of 512,367 cards issued at year-end.

The portfolio maintained its quality and in 2014 average customer lending came to €419 million, growing by 9% relative to 2013. The gross margin also grew by 7% and the cost of non-performing loans was held at well-controlled levels.

In short, in 2014 we designed a project for Bankinter Consumer Finance to take advantage of a great business opportunity, moving before the major players do and placing itself among the top group in the ranking for this business.



Customer base

**+9%**

compared with 2013

**512,367**  
cards issued



## Insurance

**Consolidation of the business.** In 2014 revenue from commissions received by Bankinter in its capacity as a Tied Bancassurance operator amounted to €40.7 million, a very similar figure to that of the previous year. This involves the consolidation of Bankinter's Insurance business and reflects the measures taken over the course of the year.

This past year saw the start of activity of Bankinter Seguros Generales, which has become Bankinter's main provider of non-life (casualty) insurance. This company sells insurance for Companies, Shops, Offices and Death Benefits. The new company's product portfolio comprises Business Multi-risk, Shop and Office Multi-risk and various forms of Death Benefit policies (Single Premium, Standard Universal and Foreign Residents), although it has gradually added new products, mainly Health. The offering is distributed exclusively through Bankinter's Branch Network, while Mapfre, which holds 50.1% of the company, takes charge of the technical design and management of the policies.

The relationship between Mapfre and Bankinter started in March 2007, when it was agreed to develop jointly the Pure Life, Casualty, Endowment and Pension Plan insurance business through another joint venture: Bankinter Seguros de Vida.

In Seguros de Vida we see that mediation continues to see strong growth in commissions, thanks to the business lines created during the previous years, particularly pension funds.

The creation in 2013 of a special team to retain insurance also started to bear fruit in 2014. This team is formed by a group of people who study each individual request for cancellation and offer clients alternatives for appropriate cover so as to avoid losing them.

As for assets managed by Bankinter in Pension Funds and EPSVs (Basque complementary pension schemes), they increased by €286 million during 2014, to reach €1,936 million, thanks to intense activity to capture new funds (+€198 million net) and the good work of the asset manager.

The Bank markets 19 individual pension funds, two funds belonging to the employment system and an EPSV with which a total of nine pension plans are registered, one fewer than in 2013.

By types of assets, the composition of the portfolio is very balanced, and has been repositioned in accordance with customers' investment profiles. 30.58% of the portfolio is made up of equities; 26.22% short-term fixed income; 24.49% is in guaranteed fixed income; and the remaining 18.7% is invested in mixed funds and long-term fixed income.

“

**The Non-Life Insurance offering has been expanded, with the creation of a new company.”**

## Bankinter Luxembourg

'Bankinter Luxembourg' had a year of consolidation in 2014, following its launch in 2013. The Bank's first foreign subsidiary focuses particularly on strengthening the Bank's leadership and strategic positioning in Private Banking. Having a presence in a major international financial centre such as Luxembourg, enables Bankinter to increase its knowledge of the workings of international markets, to incorporate new practices, to have a direct view of the European market and to meet the needs of a customer segment that increasingly requires global financial proposals.

The Luxembourg subsidiary has enabled Bankinter to capture new customers, mainly international ones. At the end of 2014, nearly 66% of customer funds deposited with Bankinter Luxembourg came from other institutions. Looking ahead, Bankinter aims to grow both in number of clients and in assets under management, and to round off the Bank's value proposition in the area of structuring of large fortunes and asset management.



## Gneis

- This past year Gneis took a qualitative leap forward, with new tasks and processes, consolidating its position as Bankinter's technological and operational service company.
- Its involvement in international markets brings with it knowledge and experience and enables it to put its assets to profitable use by providing services to other companies.

After four years of development, 2014 served to enable Gneis Global Services to consolidate its role as the Bankinter Group's technological and operational service company, as reflected in its change of brand, from 'Gneis, a Bankinter idea' to 'Gneis, a Bankinter company'.

Gneis' mission is to maximise the value created for the Group's shareholders by providing top quality operational and technological services, and this past year it took a qualitative leap forward in fulfilling this mission, in terms of the agility with which it provides its services and the scalability of these services, incorporating new tasks and processes into the existing portfolio.

**Adapting the organisation to requirements.** To fulfil the mission established requires organisational adjustments focused on the provision of services and on control. Accordingly, the company has adapted its organisational structure, not only so as to enable it to continue evolving into a service company as it has been doing since 2010, but also to reflect the increased emphasis now placed on operational and technological control.

**With a growing portfolio of services.** With a view to seeking the maximum possible efficiency and the greatest possible synergies among Group companies, in 2014 Gneis expanded the range of services that it carries out for both Bankinter and its subsidiaries. Gneis played a particularly important role in the incorporation of two new companies, Bankinter Luxembourg and Mercavalor, taking charge of implementing the necessary technological and operational facilities in the companies.

It also continued to incorporate new services to provide to Bankinter, in line with its strategy of boosting the Group's profitability and efficiency.

**And generating value for the Group.** During this past year, Gneis has consolidated its activity with companies in the retail, insurance and banking sectors in Spain, Peru and Chile. It worked in areas of technology with customer relations solutions (CRM), multi-channel processes, biometric signatures and secure storage (StoneCloud). In short, it capitalised on its experience, contributing value to companies in sectors or markets which can use these capabilities as an appropriate complement for accelerating their technological development strategies.

“  
The signing of the alliance between Gneis and Telefónica for the sales and marketing of GEM, a short messaging platform, has been a particularly important development.”

Gneis' involvement in international markets provides an additional input of knowledge and experience, enabling it to increase its differential capabilities. At the same time it succeeds in putting its assets to profitable use by means of providing services to these companies.

A special mention is required for the signing of the alliance between Gneis and Telefónica for the sales and marketing of GEM, a short messaging platform.

And this work was recognised by awards and nominations received.

In March the magazine *Actualidad Económica* presented the '100 Best Ideas of the Year' awards, which recognise all those businesses and individuals which each year launch products and services onto the Spanish market that improve their customers' quality of life as well as the companies' profit and loss accounts. Gneis won the award on the strength of its Digital Biometric Signature.

In April, *Computing*, a leading leader in the Information Technology sector, presented its awards, which recognise the efforts of users, both companies and professionals, in the field of Innovation and Information Technology. The CEO of Gneis-Bankinter Group was presented with an award for his contribution to the ICT sector over the course of his 'Career Path'.

Bankinter's Biometric Signature solution was nominated Finalist in the 17th annual Financial World Innovation Awards. The solution was chosen as one of the five *Most innovative applications of technology* worldwide, competing with equivalent solutions by companies from the US, Singapore, South Africa, Israel, Turkey, Malta, India and the UK.



## Línea Directa

- The insurer, in constant growth, once again posted strong increases in both policies and market share.
- Línea Directa rises nine places in the Merco 2014 ranking and consolidates its position as one of the Spanish companies with the best reputation.
- The Línea Directa Foundation is born of the company's firm commitment to road safety.
- The 'SUMA en Línea' programme is the company's first plan to focus on the loyalty of its more than two million customers.

**Growth in all branches.** Línea Directa Aseguradora, a wholly-owned subsidiary of Bankinter, is the leading company in direct sales of insurance in Spain, with a market share of close to 60% among direct sales companies. As well as maintaining the highest rate of growth in the sector, it also boasts one of the best Satisfaction Indices, consolidating its position as a benchmark for quality, profitability and job creation, with a workforce of nearly 2,000 professionals and a portfolio of more than 2.2 million policies at the end of 2014.

Línea Directa operates in the Motor and Home branches, and is special in that its products are only distributed by phone or over the Internet, enabling it to offer its customers high-end services at very competitive prices. In this respect its business model, direct and without intermediaries, is based on direct contact with customers, prudence in selecting risks and sales strength, making it very flexible from an operational standpoint in what is a very complex economic setting.

By business lines, Home insurance, which has to cope with a flat property market and a product traditionally linked to mortgages, has shown strong growth, surpassing 300,000 policies, while in the Auto branch, Línea Directa is succeeding in restoring growth in premiums, following several years of sectoral decline caused largely by transfers of coverage and plummeting sales of new vehicles.

Meanwhile, Penélope Seguros, a product designed for women, and Nuez, a brand that is revolutionising the sale of insurance through the Internet and social networks, have consolidated their positions as growth drivers for the Group, contributing specialisation, diversification and flexibility to the company's product portfolio. Furthermore, Nuez has consolidated its position as the sector leader in social networks, with more than 200,000 followers on Facebook and nearly 30,000 on Twitter.

“

**Línea Directa consolidates its position as the leading company in direct sales of car, motorcycle, corporate fleet and home insurance.”**



**A benchmark in reputation.** For the third consecutive year, Línea Directa confirmed its status as one of the companies with the best reputations in Spain, according to the MERCO Empresas 2014 report, reaching 55th place, which is nine places higher than in 2013. In this way, thanks to its financial results, its responsible practices and its communication strategy, the company has also consolidated its upward trend in this ranking, rising 27 places in just two years.

By sector, the company has also risen one place, reaching fourth position in the ranking of insurance companies and consolidating its position as the company with the most growth in the Auto branch. Moreover, in the opinion of the business journalists consulted by Merco, Línea Directa is ranked tenth in terms of reputation for all companies in all sectors in Spain, up ten places from the previous year.

**Miguel Ángel Merino, new CEO of the Línea Directa Group.** In January 2014, the Board of Directors of Línea Directa Aseguradora appointed Miguel Ángel Merino as CEO of the company, in recognition of his work as General Manager of the insurance Group, a position he has held since October 2010.

In his four years at the head of Línea Directa, Miguel Ángel Merino has driven a strategy based on innovation, quality and commitment

to people, which has enabled the company to increase its customer portfolio by more than 400,000 policies.

Miguel Ángel Merino has spent most of his professional career with Línea Directa Aseguradora, which he joined in 1995 as Manager of the Accident Processing department, forming part of the small group of people involved in the company's creation and launch.

**'Suma en Línea' Loyalty Programme.** Línea Directa has created the first plan focusing on cementing the loyalty of the more than two million customers that the insurance group has in Spain. Associated with the totally free SUMA points card, with which points can be accumulated with expenditure relating to the vehicle, such as refuelling, repair and maintenance and roadworthiness tests, among others, the programme enables customers to pay less for renewing their car insurance.

The insurer's top-level partners in this initiative are CEPESA, Norauto and Midas.

## A Foundation to promote road safety

Línea Directa has put the finishing touch to its firm commitment to road safety, which it has promoted and developed since its inception in 1995, with the creation of the Línea Directa Foundation. Under the motto 'For Road Safety. Here and Now', its main objective is to promote safe driving habits in society and to reduce the number of road fatalities to zero.

The Foundation centres its activity on four lines of action: information, research, training and social action, with Road Safety being the common denominator. These lines of actions are materialised through a number of different initiatives, such as the organising and holding of the Journalists Road Safety Award, the creation of the Entrepreneurs and Road Safety Award, the preparation of in-depth studies allowing various aspects of driving to be analysed, the holding of Driving Courses for those interested in improving their skill at the wheel, and the publication of a Solidarity Calendar for the benefit of an association or foundation acting to promote road safety.

Its Board of trustees includes important personalities from politics, business and the media, such as Pedro Guerrero, Chairman of Bankinter; Pere Macias, Chairman of the Parliamentary Road Safety Committee; Pere Navarro, former Director General of Traffic; and Matías Prats, journalist and Antena 3 TV news presenter.



## Private Banking

- The qualitative and quantitative efforts made by Bankinter, have prompted improvements in all ratios in this segment.
- Assets under management belonging to Private Banking customers amount to €23,094 million.

**A strategic mainstay for the Bank.** Bankinter made efforts to improve in Private Banking throughout 2014. In the first place, it strengthened its team of private bankers, which now numbers 205. But the team improved qualitatively as well as quantitatively thanks to an ambitious training plan which includes in-house rotation to improve employees' knowledge of the area. The training is intensive and continuous, focusing on matters such as management and advisory services, tax aspects, regulatory compliance, products, etc.

Bankinter also launched a range of specific products for customers in this segment, which performed well in terms of both sales and return. Also, in Bankinter Gestión de Activos, the Bank's asset management subsidiary, a team was set up to focus specifically on the investments of this type of customers.

As a result of these efforts, the number of new customers captured increased by 31% to 5,239 and assets under management reached €23,094 million, up 26% over the course of the year. Average deposits and investment posted increases of 28% and 7% respectively.

During 2014 Bankinter also consolidated its lead position in the SICAV (open-ended collective investment company) ranking, with 383 companies managed, placing it second in the sector, with a market share of 11.9%. This means that practically one in every three new SICAVs established during the year was Bankinter's.

These figures confirm the success of the transformation of this segment, which was started in 2012. Now that this process is well under way, the Bank is well aware of the solidity

### Service Quality Index

# 35.2

Half-yearly NPS  
(Net Promoter Score)

“Perceived quality is highly satisfactory and responds to the differential values offered by the Bank.”

	2014	2013	% Diff.
Number of new customers captured	5,239	4,007	30.7%
Average controlled resources (€ millions)	13,206	10,328	27.9%
Average customer deposits (€ millions)	6,223	5,343	16.5%
Average investment (€ millions)	2,369	2,213	7.0%

of its model, and aspires to become Spain's best Private Banking institution.

The improvement in the Service Quality index for its part denotes that customers' perception of the service received is highly satisfactory and responds to Bankinter's differential values in Private Banking:

- Broad sense of responsibility in advising customers.
- A workforce that is highly engaged with the Bank.
- Brand recognition, image of solvency and safety.
- High level of commitment and involvement by Senior Management.
- Powerful management of reporting.
- Rigorous selection processes to capture the best private bankers in the country.
- Professionals strongly focused on market analysis.
- Tax area with excellent quality and involvement.



# 2<sup>nd</sup>

Ranking of SICAVs

# 383

companies managed

# 11.9%

market share

---

## Personal Banking

- The sales efforts and the improvement in service quality prompted a 14% increase in the rate of capture, to 26,781 new customers.
- The number of active customers grew by 12% compared with the previous year.
- The portfolio of payroll accounts grew by 18% and new mortgage lending rose 219% in volume against 2013 levels.
- Assets under discretionary portfolio management grew by 210%.

**The second biggest segment by number of customers.** In 2014 the Personal Banking division saw the mortgage lending business start to revive after several years of crisis, and the fall in lending starting to slow, leading to significant growth in both controlled resources (13.7%) and average lending (1.3%). The sales efforts and the improvement in the quality of the service led to a 14% increase in the number of customers captured in the year, to 26,781 new customers. This segment is consolidating its position as the Bank's second biggest by number of active customers.

Personalised service is the hallmark of Personal Banking, in which Bankinter analyses the particular needs of customers, adapts the products to each profile and helps to manage and organise financial planning.

Based on the knowledge and experience acquired in the successful transformation of Private Banking, we concluded that the same knowledge and experience could be used to meet the needs detected in a type of customer that demanded greater attention and thus contribute to strong growth in a medium-high income segment in which Bankinter has historically had a significant presence.

With the transformation of this division, which will continue throughout 2015, Bankinter seeks to bring Personal Banking customers the best of Private Banking. To this end significant investments are being made in technology, developing new products and training the professionals in this segment.

Conditions are conducive to growth in this segment, due to the restructuring of the sector, which has reduced the number of institutions with an active presence in this business; the reactivation of the mortgage lending market and growing customer demand for advisory services and investment products in a zero interest rate environment.

### Trends in new mortgage lending

**+219%**  
on 2013

	2014	2013	% Diff.
Number of new customers captured	26,781	23,542	13.8%
Average controlled resources (€ millions)	12,172	10,705	13.7%
Average customer deposits (€ millions)	7,720	7,131	8.3%
Average investment (€ millions)	7,266	7,176	1.3%

“

**Bankinter aims to offer Personal Banking customers the best of Private Banking.”**

## Private individuals

- This past year was one of the best ever as far as winning over new customers is concerned: 32,259 - an increase of 38%.
- Average controlled resources in this segment amounted to €4,474 million, 15% more than in 2013.

**Good customers in terms of risk.** For the whole year 2014, Bankinter boasted average controlled resources in this segment of €4,474 million and average lending of €14,140 million, making Retail Banking one of the Bank's main areas of activity. 2014 was one of the best years in its history as far as winning over new customers is concerned (32,259, 38% up on the previous year) thanks to the demand for products such as the payroll account and the mortgage loan. New mortgage lending to customers in the Retail network posted growth of 252%, reaching €542 million in 2014.

Average customer deposits also grew strongly, by 14%, to reach €3,529 million. However there was a slight fall of 3% in the volume of fixed deposits, in a context of record low interest rates.

The two pillars on which the Retail strategy is based are firstly cross-selling, which is used to ensure that relationships will be long-lasting; and secondly, consumer finance products, such as credit cards and consumer loans. These types of product are aimed at customers, but the Bank's intention going forward is to extend sales to take in non-customers too.

	2014	2013	% Diff.
Number of new customers captured	32,259	23,382	38.0%
Average controlled resources (€ millions)	4,474	3,882	15.2%
Average customer deposits (€ millions)	3,529	3,102	13.7%
Average investment (€ millions)	14,140	14,765	-4.24%

### Trends in new mortgage lending

**542**  
million euros

**+252%**  
on 2013  
(€154 million)

### Trends in new payroll accounts

**31,281**  
vs. 31,150 in 2013, +0.4%

## Foreign customers

- The number of new foreign customers in 2014 was 54% up on the previous year

**Bank and home in Spain.** The Foreign Customers segment covers non-Spanish customers requesting financing to buy a residence in Spain and requiring specialised services. It is a business that Bankinter handles in differentiated form on the Mediterranean coast and in the Balearic and Canary Islands.

Average controlled resources in this segment amount to €232 million and average lending to €601 million. The margin improved by 6% against 2013 and the number of new customers was up 54%. This segment has traditionally been less volatile than the Retail segment. At the worst points in the crisis it contracted much less sharply than the domestic business did, and now it is recovering more strongly.

In this segment the situation of customers' countries of origin is crucial. For example British customers, who were more active in the past due to the strength of the pound against the euro, have given way to Germans, Scandinavians and French. There has been a notable increase in demand from French customers as a result of changes in the tax law penalising owners of secondary residences in France.

For foreigners too, quality of service is essential. To provide appropriate service to this customer group, Bankinter has a highly trained workforce, with knowledge of languages and familiarity with the specific needs of foreign customers.

	2014	2013	% Diff.
Number of new customers captured	2,796	1,819	53.7%
Average controlled resources (€ millions)	232	196	18.4%
Average customer deposits (€ millions)	209	177	18.1%
Average investment (€ millions)	601	628	-4.1%

“

**Bankinter has a skilled team of people to cater to the specific needs of foreign customers.”**



## Business Banking

- Business Banking continues with its clear strategy of financing its customers: companies.
- The Bank has surpassed €1.8 billion in business loans under the ECB financing facility
- Bankinter's main strength in this segment is its ability to adapt and to create new products tailored to its customers' needs.

**More new customers, and good returns.** The year 2014 was marked by an improvement in the economic situation, although the reactivation of Spain's main macroeconomic variables has yet to translate into increased borrowing demand from companies as a whole. Against this background of deleveraging, Bankinter was one of the few banks to succeed in increasing its corporate lending portfolio.

Within this situation, the Business Banking segment continued with a clear strategy of growth in financing its customers by granting credit facilities both for operational requirements and for long-term investment projects, and especially to support companies in their internationalisation processes.

Over the past few years Bankinter has stood out as an exception to the general contraction in bank lending, and in 2014 it succeeded in meeting its objectives of increasing business lending. To be precise, corporate lending grew by 6.7% over the course of the year to reach €18,892 million.

One clear indication of the dynamism of this business segment was the commercial success of the special lines of credit linked to the ECB financing facility launched in July, several months ahead of the rest of the sector. From its launch in the summer through to the end of December, Bankinter granted more than 4,950 loans and credit facilities to companies, for a total volume of €1,814 million.

SMEs accounted for 83% of these transactions. Also, these special credit facilities became one of the main ways of winning over new customers to the Bank: 39% of transactions under these lines were with new customers.

We would highlight not only the increased number of new customers in the year, but also the good returns and the slashing of €131 million of negative impact in non-performing company loans on the profit and loss account.

Bankinter's value proposition to this segment continues to be based on the multi-channel approach and on service quality, with constant improvement in satisfaction levels perceived by customers. The success of this relations-based model with companies is evident in the strong growth in the volume of transactions carried out in confirming (up by 13%, compared with a 5% decrease in the sector), domestic factoring (up 11% while the sector declined by 8%) and handling of corporate tax payments (up by 17% as against 4% for the sector).



**Corporate.** Bankinter has always focused on helping large companies, which are included in this customer segment, to attain their objectives, collaborating on their internationalisation and supporting them wherever necessary.

Following a number of years of scarce liquidity, in which the financial markets were effectively closed, in 2014 abundant financing arrived from the EBB. At the same time wholesale financing became cheaper, prompting many private institutions, mainly large but also some medium-size companies, to issue their own debt in the markets after six years of lockdown.

Within these companies' deleveraging process centred on improving their cash positions and opening up to new markets, Bankinter has made great efforts to adapt to their requirements, offering products tailored to their new needs. During 2014 for example we launched a new commercial monitoring platform which provided us with a more reliable approximation of the day-to-day reality of each company. A project which will culminate in the next few years in the launch of a totally renewed management process.

Corporate	2014*	2013	% Diff.
Number of new customers captured	1,917	2,050	-6.5%
Average controlled resources (€ millions)	6,629	6,761	-1.9%
Average customer deposits (€ millions)	6,346	6,480	-2.1%
Average investment (€ millions)	11,202	10,834	3.4%

\*data affected by the resegmentation of customers in accordance with the new European definition of SMEs.



**Small and medium enterprises** In 2014 Bankinter once again gave clear expression to its commitment to the economic development of small and medium enterprises. Facilitating their financing by making resources available on favourable conditions, at longer terms, with flexible drawdowns or low interest rates, was a constant throughout the year. It is important for financial institutions, especially the more solvent ones, to play an active part, together with public institutions and regulators, in encouraging the flow of credit to businesses so as to enable them to finance themselves at a similarly competitive level as their European counterparts, so that together we can bring about the much-needed reactivation in the economy.

To this end, during the year Bankinter signed financing agreements with various national and international bodies. For example, it was the first Spanish institutions to reach an agreement with the European Investment Fund (EIF) for the financing of innovative SMEs, and it has signed another similar agreement with the European Investment Bank (EIB) to finance €400 million worth of investment projects promoted by SMEs (up to 250 employees) and medium-sized companies (up to 3,000 employees) in the industrial and service sectors. As part of this same drive to support SMEs, the Bank has signed similar agreements with ICO (*Instituto de Crédito Oficial*, Spain's state finance agency) and with the mutual guarantee societies. This is all taking place against a background in which the overall volume of lending by financial institutions to the Spanish business sector continues to fall.

Small and medium-sized enterprises	2014	2013	% Diff.
Number of new customers captured	16,269	13,142	23.8%
Average controlled resources (€ millions)	5,489	4,903	11.9%
Average customer deposits (€ millions)	4,811	4,314	11.5%
Average investment (€ millions)	7,690	6,841	12.4%

## Financing of large and medium-sized companies

# +6.8%

despite the context of crisis  
and low growth



## Investment banking

- Bankinter has become the benchmark institution in the Spanish mid-market segment.
- The strength of its balance sheet, which is the result of many years of prudent lending and appropriate risk management, is a great competitive advantage in a difficult context such as the present one.
- Bankinter Investment Banking is a pioneer in the finance sector in promoting business financing through channels other than traditional bank credit.
- In the area of Capital Markets, Bankinter took part in the main retail market transactions in 2014, both fixed income and equities.

**Rigour and solidity.** Bankinter's excellent competitive positioning in the Spanish financial sector, thanks to the strength of its balance sheet, which is the result of many years of prudent lending and appropriate risk management, enabled it to turn its Investment Banking service into the market reference for the SME segment in just three years.

In an economic context marked by uncertainty and volatility, industrial and financial customers demand ever more and better advisory services. This need, together with the trust built up through the long-term relations that characterise the Bank's customers, has allowed Bankinter to become an all-round provider of financial services.

Moreover, Bankinter's firm commitment to the Business Banking and Private Banking segments has given it privileged access to clients who are likely candidates for Investment Banking services.

Bankinter's proposition in Investment Banking is grouped into three broad areas: advice on mergers and acquisitions; advice on capital market transactions; and structured and alternative financing, thus allowing us to cover the entire range of activities relating to these areas.

**bankinter.**  
Banca de Inversión

“

**50 years of prudent credit risk management translate into an NPL rate of 4.7%.”**

**Advice on mergers and acquisitions.** During 2014, Bankinter Investment Banking closed three deals in the mid-market segment, in which it is the leader, brokering between €300 million and €400 million. A great result bearing in mind the current difficult market context.

In the area of **Capital Markets**, it took part in the most important retail market transactions of 2014. In fixed income, Bankinter was present in the debt issues carried out by the motorway companies and took a leading role in issues in the MARF alternative fixed income market. As for equities, Bankinter was present in the issue carried out by Endesa, the biggest IPO since 2007, and in 2015 it is participating in the IPO of Aena.

Lastly, in the field of structured financing, Bankinter has become a reference institution in the Spanish market, leading and participating in numerous financing transactions for industrial projects, company acquisitions, asset finance, etc., lending approximately €700 million over the course of 2014 and ending the year with outstandings of €800 million, and with the objective of lending a further €650 million to €700 million in 2015.

Bankinter Investment Banking is playing a pioneering role in the finance sector in terms of promoting business financing through channels

other than traditional bank credit. The agreement with insurer Mutua Madrileña, aimed at financing Spanish companies, and the agreement signed with German bank DHB for the financing of real estate transactions in the service sector (offices, warehouses, logistics parks, etc.) bear witness to its firm commitment to disintermediation in the Spanish mid-market. Both alliances complement the strategic agreement reached with Magnetar two years ago.

The Bank is once again one step ahead of the Spanish market, having spotted a trend that is becoming increasingly established in other countries, especially the US, where non-bank financing of companies reaches as much as 80% of their financing needs.

The mid-market is highly profitable, but the risks are also greater. Institutional investors need a second pair of eyes to support them in analysing unlisted companies, and Bankinter is the ideal travelling companion because it has the best customers in each industrial sector, the most loyal - as is demonstrated by its having the lowest customer churn rate - and above all because it is the best credit risk manager in Spain, as evidenced by its 4.7% NPL rate in the current environment.

## Advice on mergers and acquisitions

# 4

in 2014, intermediating between  
€300 million and €400 million



## International business

- Bankinter has adapted to the changes experienced by the Spanish business fabric in venturing abroad.
- Infrastructure, rail transport, energy, food and retailing are the most active sectors.

**A bridge to the outside world.** Since the onset of the economic crisis, the export sector has been the Spanish economy's only source of stable growth. Weakened domestic demand, together with rock-bottom consumer spending and corporate capital expenditure, has forced companies to look for business abroad.

In the period between 2007 and 2014, exports as a percentage of GDP have risen from 17% to 34%. This growth has gone hand in hand with an increase in the export base, geographical diversification of sales and greater demand for services. This new situation, to which Bankinter has adapted in the past few years, calls mainly for off-balance sheet risk products such as:

- **Guarantees:** the Bank guarantees the payment of the commitments and obligations that the company has taken on towards third parties abroad.

- **Documentary import credits (letters of credit or L/Cs):** a way of paying for imports whereby Bankinter is the intermediary between the parties and undertakes to pay the exporter in the manner agreed providing the exporter complies with the requirements stipulated by the importer.

- **Documentary export credits (letters of credit or L/Cs):** a means of collecting payment for exports whereby a foreign bank, acting on the instructions of one of its customers (the applicant), undertakes to pay, accept or negotiate documents presented to it through Bankinter on behalf of one of its customers (the beneficiary).

Bankinter has noted that companies are increasingly seeking to replace financing by bank guarantee facilities, which enable them to venture abroad and carry out their internationalisation projects. Bankinter's good image abroad based on credit quality and solvency gives it an advantageous capability in issuing international guarantees compared with the majority of European banks.

“

Companies are increasingly seeking to replace financing by bank guarantee facilities, which enable them to carry out their internationalisation projects.”

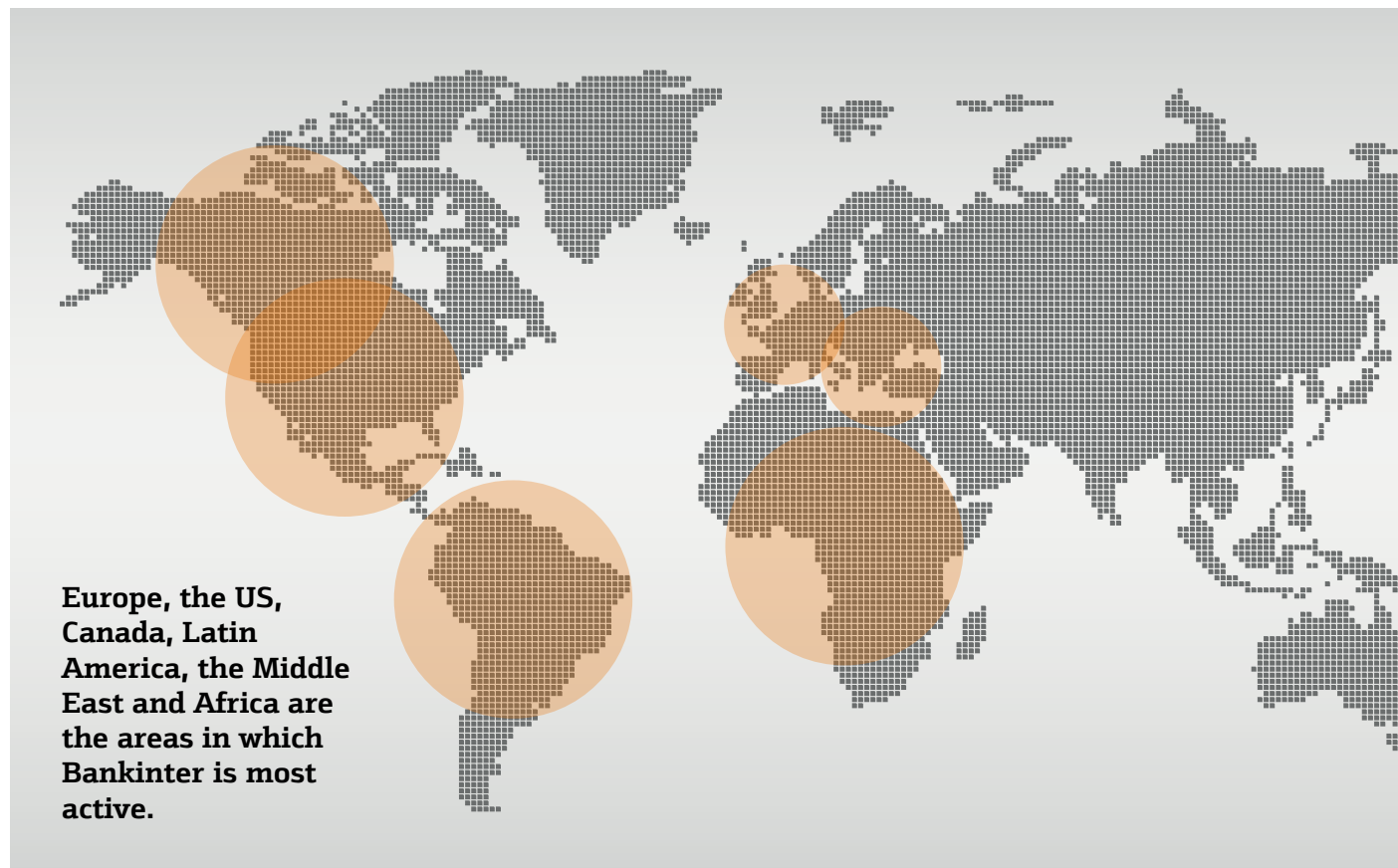
**Strategy.** Bankinter is well aware of the fact that three quarters of all Spanish exports come from just 250 companies, so it is boosting its efforts and resources to support companies in their international projects in various foreign markets.

As regards sectors, Bankinter has focused its efforts on rail transport, energy, chemicals, food and retailing, capital equipment and heavy machinery, automotive, textiles, footwear and toys, and as far as regions are concerned, on the Middle East (high-speed train to Mecca, Riyadh metro), Europe, US, Canada, Latin America and Africa.

This work has led to the establishment of the brand beyond Spain, and solid bilateral relations with foreign banks enabling us to provide our customers with the best service wherever they intend to open their businesses. In this situation the upgrading of Bankinter's rating has played a decisive role.

“

Three quarters of Spain's exports come from just 250 companies, and Bankinter is determined to support them in their international projects.”





## Branch Offices

- Bankinter has completed the process of brand renewal in its branch offices.
- The Network has 523 offices spread nationwide.

**We go further to be closer to the customer.** With developments in technology, an ever greater part of relations between Bankinter and its customers is conducted remotely. In this new context, the branch office becomes a place for giving more personalised in-depth advice, a place offering the highest level of added value. To evaluate the quality of service, the Bank's Audit area audited 120 business units belonging to the Branch Network in 2014, which represents 24.79% of the total of all general branches, business and corporate banking centres (484).

The Branch Network also has a commercial protocol as a reference framework for developing a distinctive commercial style of its own that gives tangible expression to the Bank's values in its relations with existing and potential customers.



The Bank has different types of offices:

**General Branches** The Bank's existing customers are handled through this network, which also strives to capture new customers, both private individuals and businesses. In 2014 Bankinter completed the process of brand renewal in these offices, located in medium-size and large population centres, giving them a more modern and functional image. All the general branch offices have a Personal Banking and retail specialist.

Of the 360 offices in the Network, 98.3% have an ATM, the total number of ATMs at year-end being 356 (the main Madrid office and the main Alcobendas branch each have two ATMs).

**Business Centres.** The business centres are dedicated to medium-sized companies and are mainly located in industrial estates with a view to providing the best commercial service. Bankinter ended 2014 with 78 business centres, distributed among the nine regional organisations of which the Bank is composed (not counting Madrid Corporate, which has only Corporate Banking personnel), with a total headcount of 212 specialists, plus another 236 Business Banking specialists spread among the General Branches.

**Corporate Banking.** Larger businesses and major corporates are attended to in the Bank's 46 Corporate Centres spread among the ten regional organisations. These centres have a workforce of 186 employees, as well as two more specialists in the main Guadalajara and Ciudad Real branches.

**Private Banking.** The specific needs of the Private Banking segment are covered by Bankinter's 39 specialised centres in the major cities of Spain and the 192 specialists that work in them.

### The Sustainable Office

One of the projects included in the Sustainability Plan is the Sustainable Office, a branch-trial laboratory in which the Bank seeks and tries out the most environmentally and socially efficient solutions so as to be able to export them to the rest of the offices in the Network.

This branch, in its design, its functional aspects and its use of space, takes account of environmental and cost efficiency (measuring, control, reduction and offset of emissions produced), as well as of accessibility for all customer groups, regardless of physical capacity or age.

The installations have been completely overhauled taking account of the highest standards of accessibility, those required by ISO 170001, so that all aspects are considered in order to cover the needs of any disability. Thanks to all these improvements this branch was the first banking office to obtain certification of universal accessibility under ISO 170001.

In the environmental field, Bankinter carried out an exhaustive measurement of the branch's 'carbon footprint', with detailed handling of CO2 emissions, - direct, indirect and induced - produced by its activity: from the consumption of electricity, water and materials, through the use of furniture and IT equipment to those deriving from employee travel.

## Remote network

- The intensification of sales efforts in the Remote Networks has led to growth of 2%, breaking the trend of previous years.

**The link joining the physical branch and the Internet.** The Remote Networks have undergone a great transformation since 2010, with increasing emphasis placed on proactive sales activity geared to results as well as customers. In the Handling area, previously called Telephone Banking, this strategy bore fruit in 2014, with growth of 2% against the previous year, reversing the declining trend of previous years. This platform now generates revenues far in excess of the costs needed to maintain it.

From the 'Contact Centre', proactive sales work has intensified, without affecting the quality of the service; customers have been informed of the commercial offers most suited to their profile and habits 24 hours a day, 365 days a year. Moreover relations are no longer confined to the telephone but have been extended to include e-mail.

The service is provided from facilities of Bankinter in Spain and always with professionals from the region. Together with Internet, it is usually the channel with the best quality as perceived by customers, with an annual average of 81.47 points on the NSI (net satisfaction index).

### Distance Care Area

Customers no longer need a physical place in which to meet with the Bank. Now they require the Bank to be present by e-mail and telephone. In order to attend to customers from any Remote Network, Bankinter has specialist teams, remote care agents who look after existing customers, offering them products and services appropriate to their profile. This is one of the Bank's most significant initiatives, to the extent that remote care customers now account for 50% of Retail customers.

The service, which is provided to the Retail, Personal Banking and Partnet Banking segments and the Agent Network, achieves a high degree of efficiency, supported by the Bank's CRM system. CRM is the area responsible for knowing the customers and their needs, preferences and all relevant aspects. Supported by data and interaction with the branch network and the construction of predictive models, Bankinter's CRM constitutes a competitive advantage for the Bank and receives international recognition year after year.

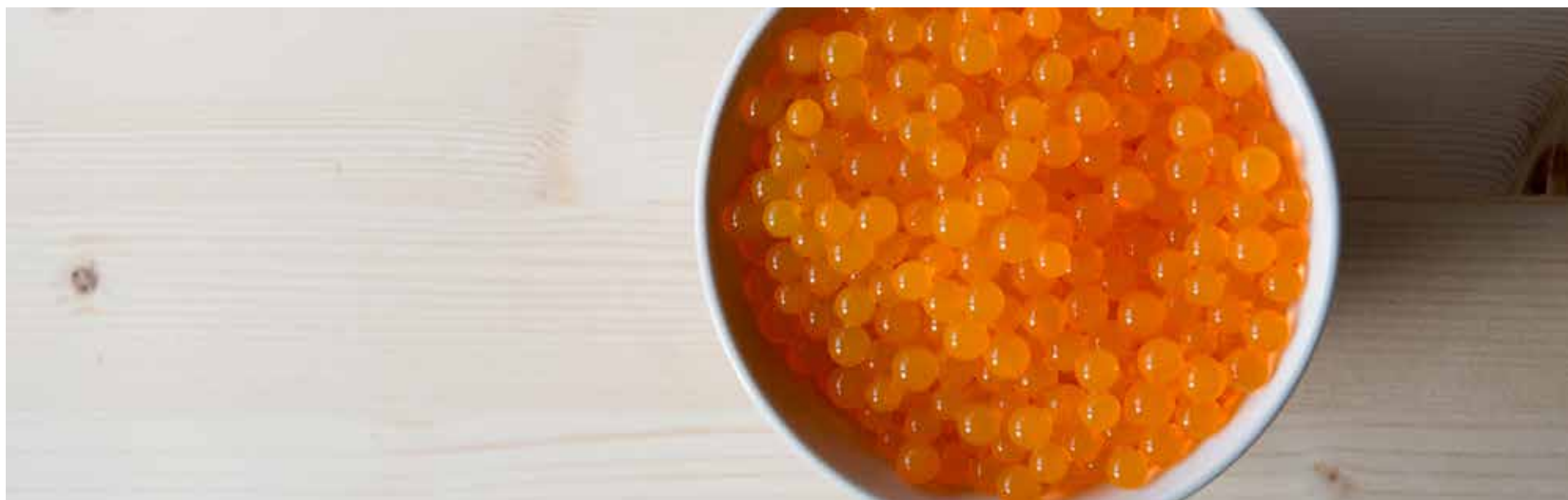
Level of  
recommendation

**23.37%**

in December 2014

Office hours and contact telephone numbers are shown hereunder:

Service	Office hours	Telephone
Customer service for customers of Personal and Private Banking and Finance	8 am to 10 pm Monday to Saturday, except national holidays	
Private individuals	9 am to 6 pm Monday to Friday, except national holidays	902 132 313
Insurance specialists	9 am to 6 pm Monday to Friday, except national holidays	
Customer service in English	9 am to 6 pm Monday to Friday, except national holidays	902 888 835
Customer Service Support	9 am to 6 pm Monday to Friday, except national holidays	900 802 081
Internet technical assistance (particulares.com)	8 am to 10 pm Monday to Friday, Saturdays from 9 am to 3 pm, except national holidays	902 365 563
Stock Exchange and Investment Specialists	8 am to 10 pm Monday to Friday, including national holidays if there are markets	902 131 114
International Business Specialists		902 882 000
Telephone Banking, Businesses	8 am to 6 pm Monday to Thursday and 8 am to 5 pm on Fridays	902 888 855
Internet technical assistance (empresas.bankinter.com)	August 8 am to 3 pm Monday to Friday, except national holidays	902 365 656
Video-call service in sign language	9 am to 2 pm Monday to Friday	bankinter.com



## Multi-channel banking

- Bankinter has improved its online broker service, allowing its customers to trade in equities using their tablets and smartphones.
- Internet is the channel with the most growth in terms of the number of new customers, and it also continues to be the one most used.

**Ever less physical presence, and ever more remote connection.** Bankinter adapts to customers' behaviour and their need for instant response by means of the multi-channel approach, meaning that a customer can start interacting with the Bank through a given channel and then switch to a different one without any information being lost, and without any extra effort.

The channel showing the most growth in terms of the number of new customers was the Internet, which continued to be the most used channel, accounting for 47.7% of all customer transactions. As for the other channels, 11.16% of transactions were carried out by mobile phone and 4.31% through Telephone Banking.

The proportion of active Bankinter customers operating through the Internet channel is increasing year after year. The penetration rate at the end of 2014 was 62.91%

By segment, the rate was 59.06% in Retail; 67.48% in Private Banking; and 63.67% in Personal Banking.



**62.91%**

of the Bank's active customers are active on the Internet



**47.70%**

of all customer transactions were carried out online



**11.16%**

by mobile phone

## Website

Bankinter's website (bankinter.com) is a management and information tool for all the Bank's stakeholder groups. Over the course of 2014 the Bank improved its user-friendliness and rounded out its offering of services.

The Bank has designed and implemented a new and more streamlined process for registering new payroll account customers as part of the drive to push business through digital channels.

It also made available to customers a new service, free of charge, called 'Tailored Investment', which offers a personalised investment proposition adapted both to clients' preferences and to their risk profile. It includes the monitoring of investments made, with SMS or e-mail alerts informing clients of recommended changes or adjustments depending on the particular market conditions at the time.

Go to bankinter website



## Online broker

Bankinter's online brokerage service (broker.bankinter.com) offers a wide range of products and services for customers to operate on the stock exchange with spot transactions, derivatives, ETFs, etc. Investors also have at their disposal various tools for improving risk management: stop orders, dynamic orders, referenced orders, related orders, conditional and restricted orders, etc.

Bankinter has rounded out the online broker's value proposition by means of:

- Inclusion of new listed products such as Bonus, Discounts, InLine, Stay and Turbos, products that are issued as warrants.
- Implementation of the new broker application, which completes the existing one and includes the possibility of carrying out stock exchange purchase and sale transactions from tablets and smartphones.

Go to online broker



## Companies

Bankinter has also carried out initiatives to improve the quality of the service offered to companies. Empresas.bankinter.com now has new features such as:

- Incorporation of the process of handling discrepancies in opening L/Cs.
- Adaptation to SEPA regulations: registration of new direct debits, payment advices to recipient and adaptation of the bill query process.

Go to business website



“

On its website, the Bank has designed and implemented a new streamlined process for registering new payroll account customers.”



## Social Media

- The number of followers and the interaction with users of social media increased substantially during the year as a result of more proactive online communication and an increase in the quality of the information issued.
- Bankinter is the Spanish bank with the highest ratio of number of followers on Twitter and Facebook to total assets managed.

**An ever larger community.** Bankinter took a big step forward in managing social media during 2014. In 2013 Bankinter initiated a business-focused plan to exploit the full potential of this channel, and the past twelve months have served to intensify and consolidate this strategy. Social media now form part of the Bank's core identity. Bankinter has succeeded in integrating this corporate communication channel into the day-to-day banking activity.

Through the various social networks in which it is present (Twitter, Facebook, LinkedIn, etc.), the Bank monitors online information that is of interest, communicates relevant contents, focuses its activity on business, carries out customer service work, improves its online reputation, captures talent and helps build the corporate brand. In short, Bankinter uses social media to cement its relations with customers and all areas of the Bank, as well as accelerating the growth of the business.



52,844

fans, +109% vs. 2013



9,126

followers, +62% vs. 2013



36,141

followers, +48% vs. 2013

blog

846,018

visits, x 5.6 times vs. 2013

Bankinter's good performance in these new environments is plain when we look at the statistics. Increased communication activity in these digital channels prompted a 109% rise in the number of followers on Facebook, to 52,844. Bankinter was the bank with the biggest increase in the number of Facebook followers. The number of followers on Twitter increased by 48% to 36,141, confirming the Bank as the institution with the largest number of followers in the Spanish financial sector. On LinkedIn the presence also increased, by 62%, to reach 9,126. The Bank's use of LinkedIn, which is a professional network, has been held up as an example by LinkedIn itself in its good practices campaigns.

Once again we should highlight the Bankinter Blog, which consolidated its audience at more than 80,000 visits a month in the last five months of the year. According to Google Analytics, total visits for the whole year were 846,018, which is 5.6 times the number of visits in 2013. In recognition of the interesting nature

of the various contents offered by the blog, which help the public to take better informed financial decisions and to better understand the economic environment in which it lives, Bankinter's blog was named one of the five best corporate blogs in Europe in the Digital Communications Awards held in Berlin.

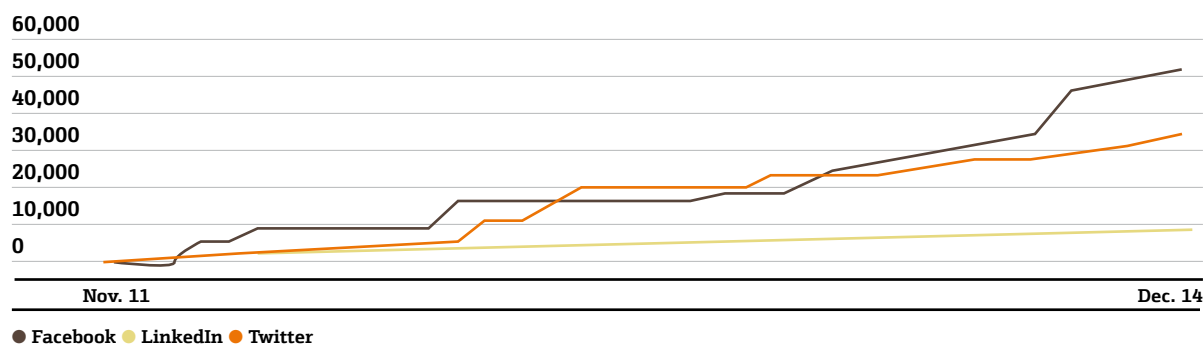
Among the content generated by the Bankinter Blog we would highlight the topical information produced daily by the Bank's team of analysts, offering everything from investment tips to analyses of listed companies, passing through comments on news of economic interest and reports on financial variables such as trends in house prices.

This strategy has made Bankinter the listed Spanish company with the best ratio of followers to assets under management according to data of the social media themselves and of the CNMV (National Securities Market Commission).

## Facebook Campaign

As well as reaching the final of the Digital Communications Awards with its blog, another of Bankinter's campaigns sparking most interest on social media was its campaign entitled 'Would you pass a fourth year primary school exam?'. With the idea of linking up with corporate social responsibility, the Bank conducted an economic training campaign in schools by means of Nintendo game consoles. Bank employees travelled to the schools and, addressing fourth-year primary pupils, made connections between aspects they had seen in the game and economic and financial concepts. The objective was to promote values of financial culture (work, saving, etc.) among schoolchildren. Subsequently, the Bank transferred this action to social media, with a game asking the community to see if they could pass a fourth-year primary school exam using real questions from such an exam. More than 10,000 people took part in the action in barely one month.

Number of Bankinter followers on social media (Followers)



## Agent Network

- The incorporation of 100 new agents enabled Bankinter to capture €1.23 billion of assets.

**The best year in the history of the Network.** The business model of Bankinter's Agent Network, one of the country's biggest, is based on an association between the Bank and highly qualified professionals from the world of finance and advisory services. Bankinter and the agent share the margins earned on financial transactions without incurring the costs of traditional branches.

Created in order to drive the Bank's business and profitability, this Network traditionally focused on Retail Banking and mortgage loans. However, in 2010 a new strategic approach was decided on, and it switched its attention to Private Banking.

The Bank's emphasis on this business led to the incorporation of 100 new agents in 2014, enabling more than €1.23 billion of assets under management to be captured (investment funds, fixed income and equities). As regards the contribution to the various business areas, the Agent Network accounted for 14% of Private Banking, with a net increase in assets (excluding market variations) of more than €1.3 billion (37% of the Bank's total). In investment funds, the figure amounted to more than €1.9 billion, 17.2% of the total; 78 SICAVs, 22% of the total volume managed; and in equities, 9% of the total, at around €1.5 billion.

### Agents' convention

The 100 best agents of Bankinter meet every year for some working sessions, which on this occasion were attended by the CEO and three other members of the Bank's Management Committee. The 2014 convention was a great opportunity to hear first-hand the financial plays of some of the major international asset managers, as well as the Bankinter analysts department's view on the future of the markets.

	2014	2013	% Diff.
Number of new customers captured	4,703	2,302	104.3%
Average controlled resources (€ millions)	3,357	2,360	42.3%
Average customer deposits (€ millions)	1,191	1,010	17.9%
Average investment (€ millions)	1,609	1,643	-2.1%

## Partnet Banking

- Partnet Banking is one of the most innovative and efficient areas of Bankinter, with a unique business model based on the alliance between the Bank and its partners.
- The area boosted its activity in Private Banking and Corporate Banking.

**Partnet Banking is an innovative and unconventional way of building customer relationships.** It is a unique business model in banking, consisting of building alliances between the Bank and its partner firms, which then leads to the opening of virtual offices. The Bank supplies the technology and tailored financial products for the partner's employees, associates, customers and suppliers; and the partner, with which the Bank shares the profits by means of an agreement, facilitates Bankinter's access to potential customers.

The heir to what was formerly known as Virtual Banking, which started 23 years ago as an initial experiment with Accenture and was renamed two years ago as Partnet Banking ('partner'

plus 'network'), it is a complementary network to the Branch Network, and the second most important by volume of business after the Branch Network, ahead of the Agent Network. Its great strength comes from the long-term agreements signed with major Spanish companies and multinationals established in Spain, including notably Atresmedia, Accenture, Mediaset, Meliá, Cepsa, EY, McKinsey, IBM and HP.

In 2014 we reached 398 'Partnet offices', branches with no physical structure, with the consequent cost savings, but which are however recognised by Banco de España and operate in the same way as any other bank branch. They already have 33,506 active customers and contribute 5% of the Bank's gross margin.

This business area has played an important role in the growth of Private Banking, with AUM increasing by 19%. This customer segment is confirming its position as one of the pillars of the Partnet banking network.

	2014	2013	% Diff.
Number of Partnet offices	398	369	7.9%
Number of new customers captured	2,272	1,616	40.6%
Average controlled resources (€ millions)	2,762	2,229	23.9%
Average customer deposits (€ millions)	1,821	1,516	20.1%
Average investment (€ millions)	1,815	1,827	-0.7%



## Marketing

- Bankinter once again placed its bets on the media.
- Activity was intensified, with an increase in the Bank's digital presence and in direct marketing actions.

The Marketing area leads market research projects that allow us to ascertain the changes that are continually occurring in consumer behaviour and thus provide a better response to the financial needs of existing and potential customers. This work facilitates the construction of Bankinter's advertising positioning, an essential function in the Bank's commercial strategy.

The efforts made in research in 2013 enabled Bankinter to intensify its activity in this area during 2014, designing and developing the most appropriate strategy and marketing actions to achieve the sales objectives set.

Throughout this past year, Bankinter intensified its marketing activity, with a decisive commitment towards returning to the media: television, newspapers, radio and presence at sporting events with the most spectators, such as the Copa del Rey and Supercopa de España football championships. There was also a considerable increase in the Bank's online presence, especially in performance marketing communication vehicles such as search engines and affiliate marketing. Similarly activities in

direct media also increased, with launches such as MGM (member get member) promotions, as well as the organisation of various events and the fourth edition of the annual concert tour, this year starring Inma Shara, the Philadelphia Gospel Choir and the Czech National Symphonic Orchestra.

In line with the foregoing, the measurement of the efficiency and effectiveness of these initiatives was strengthened, which was made possible by improving the systems and controlling the results of the campaigns by constructing econometric models for calculating the return on advertising investment (ROI) and the optimisation of the mix of media used.

As a result of these initiatives and of the execution of the Payroll Account advertising campaign, Bankinter won the Gold Award for sales effectiveness in the special research category of the prestigious awards of the Spanish Advertisers' Association for effective advertising in its 16th edition in 2014. This was the first time that one of our advertising campaigns has received this important award at national level. In these awards Bankinter was competing in

a shortlist with 59 campaigns of another 30 advertisers.

The Effectiveness Awards are the only awards in Spain that recognise the results achieved thanks to advertising, and they take effectiveness as being the real purpose of advertising. These awards are the most highly valued by Spanish advertisers and the only ones in Spain that reward the best brand strategies in the design and implementation of their sales communication campaigns and the demonstration of the results obtained, whether in terms of sales, public profile or research, etc.

The reinforcement of the Marketing area, with a new structure, new people and processes, has made it possible to increase the support for the launch of new products and services, providing sales material and conducting mass media and direct campaigns for capturing and retaining customers and developing their loyalty through cross-selling.

## Quality

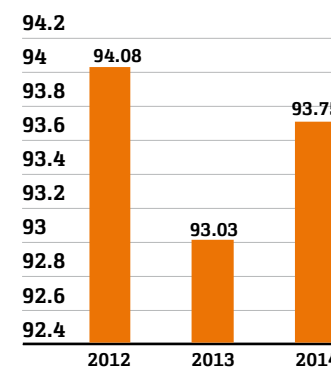
**The mission.** The mission of the Quality area is the continuous evaluation of quality as perceived by customers in their dealings with the Bank, in order to identify actions for improvement and to promote their implementation in the Bank. To this end, Bankinter asks its customers about their experience with the various networks and platforms, in order to guide improvements in the quality of service as regards the aspects that are most important to the customer. It also conducts regular surveys on the branches' satisfaction with the Central Services in order to keep constant track of levels of quality and improve the internal processes that have the most influence on the provision of good service to the branch network.

The Branch Network also has indicators for improving its commercial performance by means of continuous evaluations of the commercial service and attention based on the mystery shopper technique.

The evolution of objective quality in the branch network is highly positive as regards both telephone service and service on visits to the branches, with levels of commercial performance improving on the previous year.

**Project - Quality indicators.** As part of its quest for excellence and in order to offer its customers the highest possible level of quality, in 2014 Bankinter made a far-reaching change to its quality model, adopting Recommendations (NPS or "net promoter score") as the indicator of customers' opinion of the quality they receive from the Bank. The NPS is an index which measures customers' inclination to recommend a company based on their experience with it, on a scale of 0 to 10, which is simpler for customers, classifying them into promoters, neutral and detractors. The index is calculated by subtracting the percentage of "detractors" from that of "promoters". The Bank's NPS at the end of 2014 stood at 11.2%, reflecting a highly positive evaluation of the Bank by its customers.

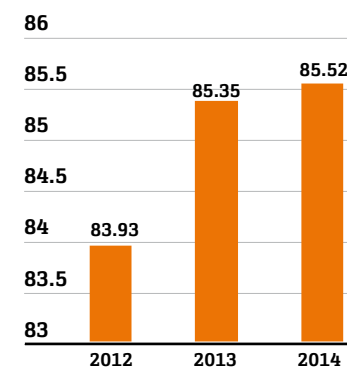
Telephone service: degree of compliance with the Protocol



Cumulative

Source: MDK Investigación de Mercados

Face-to-face service: degree of compliance with the Protocol



Cumulative





**Customer experience based on multi-channel system.** In Bankinter the combination of people and technology is crucial for achieving excellence in customer relations. Knowing and understanding their experience with the remote channels (telephone and Internet) and the face-to-face ones (branches and agents) enables the Bank to incorporate improvements which facilitate their dealings with the Bank, such as starting to sign up for a product through one channel and subsequently completing the process through a different channel (for the time being, funds and deposits). The results in terms of NPS, or level of Recommendation, show a high level of quality perceived by customers as regards the service they receive from the Bank:

NPS by remote channels, face-to-face and personal account manager:

**Specific projects.** In order to improve the customer experience, a number of different initiatives were developed in 2014 aimed at making their dealings with the Bank easier and more convenient:

- Redesign of the process of registering new customers who visit branches, with the aim of making it faster and simpler.
- New Broker application for mobile devices allowing the customer to access all stock market information and to trade.
- A start was also made on the development of the new Mobile Banking, which incorporates new functionalities and improvements to navigation.

NPS business website

**37.8%**

NPS retail website

**48.0%**

NPS branches

**27.2%**

NPS account executive

**47.8%**

### Results compared with the financial sector as a whole

**1. Customer recommendations:** It is also essential for the bank to know its position relative to the other institutions in the Spanish financial sector. The market studies made by an independent firm show that the Bank offers a level of quality well above the market average and that it increased the difference in 2014.

In both the private individual segments (31.7 NPS points above the market) and in the business banking segments, where it leads the sector (23.8 NPS points above the market average):

**2. Objective quality in the Branch Network:** In the EQUOS RCB study carried out by Stiga on the branch networks of the major Spanish financial institutions by means of the mystery shopper technique, Bankinter maintains an excellent positioning, with a difference of one point over the sector average.



NPS  
private individuals

NPS of Bankinter

**+10.9%**

Average NPS  
for the sector

**-20.8%**

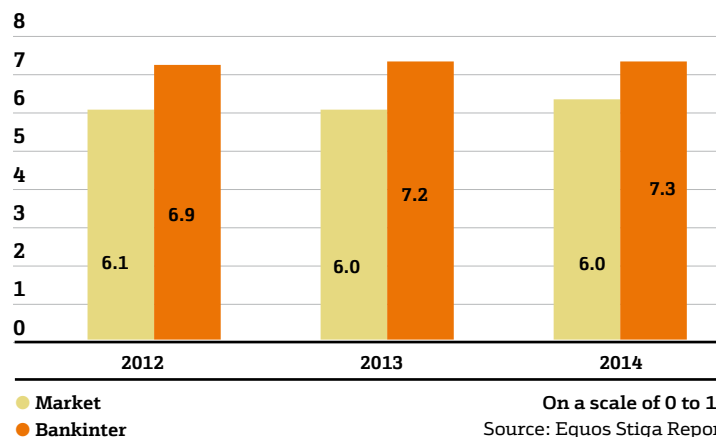


NPS  
companies

**+24.9%**

**+1.1%**

Objective quality in bank branch networks (On a scale of 0 to 10)



## Customer Service

Bankinter's customers can address all their complaints and claims about the Bank to the Customer Service Department, whose aim is to ensure appropriate attention, resolution and communication for the customer. In order to improve the service given, in 2014 this department incorporated new indicators for the Bank's products and services and optimised communication channels (branch office, website, telephone, SMS, e-mail and fax).

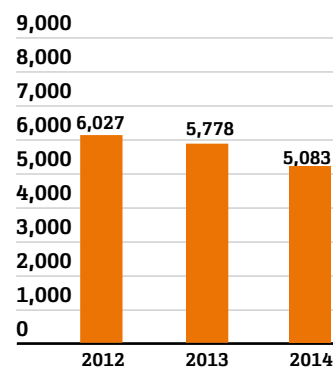
In 2014 the number of complaints and claims handled by the Customer Service Department fell by 12.03% against 2013, to 5,083, of which 47.6% were resolved in less than 48 hours. Claims of a financial nature numbered 4,121, of which 52.8% were resolved in the customer's favour.

Relative to the Bank's volume of transactions, the number of complaints and claims fell to 2.19 per million transactions.

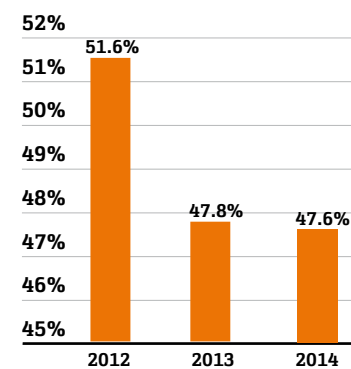
As well as the Customer Service Department, customers can also send complaints and claims to a body independent of the Bank, namely the External Ombudsman, either because they disagree with the way Customer Service has resolved an issue, or because they simply prefer to address this body directly.

Additionally, in the event of customers disagreeing with the responses received, they can address their complaints to the Complaints Department of Banco de España.

**Number of complaints and claims handled**



**% of cases resolved in less than 48 hours**



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## Prevention of Money Laundering and the Financing of Terrorism

- For Bankinter, actively combating both crimes is a strategic objective and an ethical commitment.
- For detection, the Bank has established a rigorous policy for the identification of suspicious persons and transactions.
- The Bank has audited and revised control procedures in 92 business units of the Branch Network, equivalent to approximately 19% of the total.
- All centres have been analysed by means of automated auditing programs and the alerts system.

**Strategic objective and ethical commitment.** The active combating of money laundering and the financing of terrorism forms part of the corporate culture of Bankinter and finds expression in close collaboration with the various competent administrative and judicial bodies.

Money laundering is understood as participation in any activity or procedure intended to give the appearance of legitimacy or legality to goods or assets originating from a criminal activity. Financing of terrorism is any form of economic action, assistance or mediation that provides financial support to the activities of terrorist elements or groups.

We describe hereunder the most significant actions taken to minimise the volume of unwanted transactions characteristic of this type of crime:

- Establishing a policy for identifying, accepting and getting to know customers depending on the risks involved, and defining the checks to be carried out (extra-rigorous, standard and simplified) to ensure that any suspicious persons and transactions are detected.
- Completion of specific questionnaires (Know your Customer, or KYC) in order to gain greater knowledge of customers and the purpose and scope of the business relationship.
- The setting in motion of the necessary mechanisms for detecting possible matches with persons linked to criminal activities or persons with public responsibilities and their close relations.
- Implementation of specific procedures for establishing correspondent bank relationships.

“

**In 2015, Bankinter will continue to strengthen the risk management model for money laundering and the financing of terrorism and will bolster the supervision of the units in this area.”**

- Use of systems for identifying suspicious activity or indications of money laundering and the financing of terrorism.
- Mandatory training for new hires and an ongoing annual training plan for all employees and agents of the Bank.
- Annual report by an independent external expert and Internal Audit evaluating the procedures and controls put in place.
- The Bank has a procedures manual which sets out the policies, procedures and controls developed for preventing and detecting this type of criminal activity; compliance with the manual is mandatory for all employees of Bankinter and its Agent Network.

The Bank also has two control bodies devoted to preventing money laundering and the financing of terrorism: the Internal Control Body (OCI in the Spanish initials), which is responsible for establishing the policies for the prevention, monitoring and control, and the Anti Money Laundering (AML) area, which is charged with overseeing compliance with the policies and procedures adopted by the Bank in the field of AML.

During 2014, the Bankinter Group consolidated the IT tool implemented in 2013 for the integrated management of the AML model based on risk control. This tool is used to handle the KYC and source of funds questionnaires, the classification of risk profiles, the detection of suspicious transactions and the management of watch lists.

Within the continuous process of improvement, Bankinter has tightened its customer acceptance policies and the due diligence measures for those account holders having a higher level of risk, with a view to adapting its systems and procedures to best practices in the market. Additionally, the Bank has invested more in resources and systems, strengthening the human resources dedicated to carrying out the control measures established.

It also made considerable efforts to update data in order to comply with the deadline established by the seventh transitional provision of Law 10/2010 of 28 April on the prevention of money laundering and the financing of terrorism, whereby banks have to have all the documentation for their due diligence by 28 April 2015.



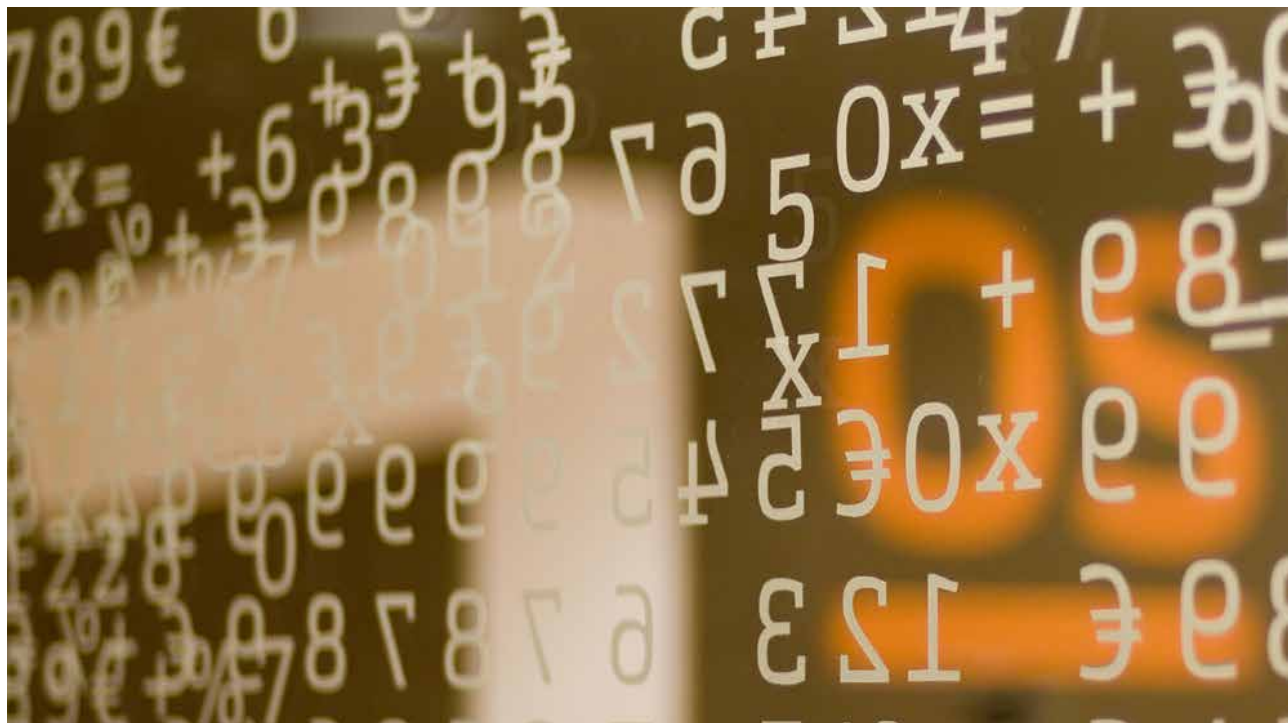
# 1,304

**employees and agents took part in face-to-face and on-line training activities and workshops for the branch network**

The publication of Royal Decree 304/2014 of 5 May approving the Regulations of Law 10/2010 involved some changes, to which the Bank is in the process of adapting. One of the most significant changes is the formal identification of all natural and legal persons wishing to establish a business relationship or undertake any one-off transaction for an amount equal to or greater than €1,000 and the changes in the identification of the beneficial owner, both aspects that have already been implemented by the Bank.

The activation of the new systems for monitoring and controlling the prevention of money laundering required training and communication plans for the workforce. Over the course of 2014 Bankinter delivered numerous face-to-face training courses, such as the workshops for the branch network, with specific activities or focusing on particular types of customers. A total of 1,304 employees and agents took part in a series of online courses and face-to-face programmes for employees and agents with high risk profile customers. In parallel with this, in the Bank's in-house forums various reports were assiduously published on best practices in the area, action protocols, reminders and updates on procedures, etc.

The Bank intends to consolidate the process of global improvement to the AML framework within the risk model defined, and to take the necessary steps to reinforce the involvement of the whole branch network in the prevention and detection of suspicious transactions.





## Data protection

**Customers informed and protected.** Bankinter, S.A. was a pioneering institution in its commitment to the protection of personal data and the confidentiality of information, and in offering its customers measures that ensure compliance at all times with Organic Law 15/1999 on the Protection of Personal Data and its implementing regulations, which came into force on 19 April 2008 with Royal Decree 1720/2007 of 21 December, adapting its systems accordingly.

Our personal data protection policy rests on two basic pillars: legal and technical compliance. All agreements signed by customers with Bankinter include a data protection clause not only requiring customers' consent for the processing of their data, but also informing them in detail of the purpose for which their data is to be processed. Also, customers are given the opportunity, from the outset, to object to the processing of their data for marketing purposes by ticking a box to indicate their wishes.

The data protection clause also informs customers of their right to consult, correct, erase and object to the processing of their personal data, and how to exercise this right, thereby guaranteeing their power of control over their personal data. Simple and rapid channels of communication have been set up for this purpose, through Telephone

Banking or in writing to the address provided for the purpose, in addition to the possibility of visiting a branch.

With regard to the confidentiality and security of the data, the Bank's security policy guarantees at all times that the data are transmitted by appropriate, secure and reliable channels, guaranteeing the integrity and confidentiality of transactions generated by customers. The Bank has also undertaken to supervise these security measures periodically by auditing its own systems and those of the suppliers with which it has commercial relations and who may have access to customers' personal data.

In the field of training, there is an online course which is mandatory for all employees.

As at the end of 2014, the Bankinter Group has received four sanctions from the Data Protection Agency for processing data without the consent of the owner, fines being imposed on the Bankinter Group in a total amount of €33,300.

In short, year after year Bankinter continues to fulfil its commitment to give customers the assurance of the protection, integrity and confidentiality of their data by strengthening and innovating strict internal measures of protection.

“

**Bankinter's security policy ensures that data are at all times transmitted through appropriate, secure and reliable channels.”**

## Information transparency

Bankinter is committed to informing the markets, the supervisory authorities, investors, shareholders and in general the financial community, in the broadest and most transparent terms possible. An Audit Committee made up of non-executive directors checks the public financial and accounting information before it is published.

Compliance with the Banking business regulations is not only an external obligation imposed on the Bank, but a duty that is internalised in its culture.

From members of the Board of Directors to the very latest recruits, everyone who works for Bankinter must be familiar with and must comply with the rules considered necessary in view of the nature of his or her functions within the Bank, as well as with a number of rules on conduct in securities markets, banking transparency, AML, data protection and other laws and rules applicable to the sector.

In the same way, transparency internally permeates the Organisation, which is characterised by an open and de-layered corporate culture. The most significant financial, commercial and administrative information is available to the Bank's employees, without prejudice to compliance with duties of confidentiality. The Bank's databases are open to the workforce and internal communication

is designed as a model that is unrestricted by reason of rank or function, with a direct and fluid relationship between executives and employees.

In order to defend and protect the interests of customers, the Bankinter Group has internal regulations governing the operating procedures of the Customer Service, resulting from the application of various legal provisions, including: Chapter V of Law 44/2002 of 22 November on Measures Reforming the Financial System; Articles 7 to 15 of Royal Decree 303/2004 of 20 February approving the Regulations for Financial Services Customer Ombudsmen, the validity of which is transitionally maintained by the Fifth Transitional Provision of Law 2/2011 of 4 March on Sustainable Economy; and Ministry of Economy Order 734/2004 of 11 March on Customer Service Departments and the Customer Ombudsman of Financial Institutions, among other provisions.

From the transposition into Spanish law of the laws on the provision of investment services in the EU to the coming into force of CNMV (Spain's National Securities Market Commission) Circular 3/2013 of 12 June on the development of certain obligations of information to customers to whom investment services are provided, in relation to the evaluation of the advisability and suitability of financial instruments, Bankinter evaluated the appropriateness and effectiveness of the procedures established and the measures



adopted for the continuous improvement of regulatory risk management.

This procedure will apply to all future laws and directives approved in relation to the provision of investment services.

The Bank also has an internal product sales manual and a procedure for validating sales initiatives and practices which ensures that, before a product is launched or a sales practice established, checks are made to ensure that it not only complies with the minimum legal or regulatory standards but also meets the Bank's quality standards.

The Product Committee is responsible for coordinating this launch process for new products and commercial practices, thus ensuring that when products are launched on the market, they meet the Bank's minimum standards.

As regards advertising, as a financial institution Bankinter voluntarily submits its advertising campaigns for review by independent bodies, particularly those containing financial conditions. In addition, the Bank is a member of Inverco and has subscribed to its General Code of Advertising Conduct for Investment Undertakings.

Bankinter makes available to its employees all the necessary technical and training resources for them to be able to offer customers the highest quality in terms of both advisory services and the provision of information on the characteristics of financial products offered and the attendant risks, always seeking the most suitable solutions depending on customers' needs, interests and financial knowledge.

Bankinter also has a Code of Ethics to ensure that all its employees conform to the highest standards of conduct in their daily dealings. The code is available, and reminders are issued, via the internal communication channels, as well as being available on the corporate website, together with a number of codes of conduct regulating the activity of employees: Internal Regulations on Conduct in the Securities Market, Policy for the Prevention of Money-Laundering, Environmental Policy, Accessibility Policy, etc.







results

## Summary of results

- Bankinter achieved a pre-crisis level of results, with a net profit of €276 million, up by 45.3% on 2013.
- The bank has doubled its profitability in just two years, achieving a ROE of 8.3%, one of the highest in the Spanish financial sector.
- 2014 was a turning point in the balance of problematic assets, being the first year to record a net reduction.

**The most profitable and solvent bank.** The Bankinter Group ended 2014 as one of the best capitalised and profitable institutions in the Spanish financial system, as demonstrated by the EBB stress tests, which placed Bankinter as the most solvent listed Spanish bank and one of the best in Europe, and as endorsed by the results achieved for the whole year.

In 2014, the Group obtained a net profit of €275.9 million, and a pre-tax profit of €392.8 million. These are the Bank's best results in the last seven years, returning to pre-crisis levels in terms of both amount and recurrence.

Before carrying out the required comparison with 2013, it is important to note that, pursuant to the retroactive coming into effect of the new international accounting standard on levies (IFRIC 21), the ordinary and extraordinary contributions made to the Deposit Guarantee Fund in 2013 and 2014 have been recognised in advance. This involves restating the financial

statements published for 2013 for purposes of comparison.

Taking into account this new standard, the Bank's net profit was up by 45.3% on the adjusted results for 2013 (€189.9 million as against the €215.4 million published at the time). Profit before tax for 2014 was 50.5% up on the readjusted figure for 2013 (€261.1 million as against the €297.6 million published at the time).

Without taking this standard into account, and comparing with the results for 2013 published at the time, the increase in the Bankinter Group's net income and profit before tax would be 28.1% and 32% respectively.

Irrespective of the basis of comparison, Bankinter obtained solid results in 2014, based on growth in income from typical customer business, which was up by 8.2% on the previous year, thus compensating for the fall in income from financial transactions.

“

**These are the best results returned by the bank in the last seven years, with sound growth in every margin thanks to the improvement in typical client-banking business.”**

**A turning point in quality and solvency.** 2014 was also a turning point in the balance of problematic assets, being the first year to record a net reduction. As a result, the Bank's NPL ratio in December stood at 4.72%, in comparison with 4.98% one year earlier. This figure is well below the sector average, which stood at 12.75% in November. At the same time, the sum of net additions to NPLs and bad debts continues to decline, with a consequent reduction in the allocation to provisions.

The good quality of the Bank's assets, at the highest level in the sector, is accompanied by reinforced solvency, capable of withstanding adverse scenarios as shown in the European stress tests. Bankinter ended the year with a CET 1 capital ratio of 11.87% in accordance with Basel III criteria. The figure would have reached 12.06% if the new accounting principle had not been retroactively applied. The fully loaded CET 1 capital ratio stood at 11.5% in December, one of the highest in the sector.

Similarly, it is important to note that Bankinter has a comfortable, balanced maturities structure, free of concentrations, with €1.2 billion maturing in 2015 and €1.4 billion in 2016. To meet them, the Bank has €6.1 billion in liquid assets, and the capacity to issue mortgage-backed bonds for up to €5.3 billion.

As regards its financing structure, the Bank has succeeded in improving it, with a deposits to loan ratio of 78.3%, compared with 76.5% one year previously, and a funding gap down by €1.5 billion relative to year-end 2013.

**Growth in all margins.** The positive results posted by the Bankinter Group for 2014 are based on typical banking business, not on returns from its fixed-income securities portfolio, and they show an improvement in all margins.

The interest margin grew constantly throughout the year and also in comparison with previous years. For the year to 31 December 2014 it reached €755.4 million, up by 18.8% on the previous year. This sustained growth is based on the healthy evolution of the customer margin, which has improved over the year by 45 basis points as a result of the continued reduction of costs in resources.

The gross margin came to €1.45 billion, 8.2% up on the previous year, largely as a result of the satisfactory trend in fee income, which was up by 17% for the year thanks to increased customer business activity, especially in areas such as asset management and the equities business. Fee income compensated for the lower contribution from institutional financial transactions, where income was down by 41.7% on the figure for 2013.

The margin before provisions ended the year at €729.6 million, up by 10.7%, after absorbing an increase in expenses due to major investments made to support business growth, which did not however affect the cost-income ratio of the banking business, which improved in comparison with previous years.

“

Bankinter ends the year as one of Europe's most solvent banks.”

Capital ratio

11.5%

with  
"Basel III fully loaded" criteria



As far as Bankinter's balance sheet is concerned, total assets grew from €55.16 billion at the close of 2013 to €57.33 billion this year, an increase of 3.9%.

As a result, Bankinter ended December 2014 with an ROE of 8.3%, as against 5.9% for 2013 and 4% for 2012.

Customer lending reached €42.45 billion at the end of 2014, up by 3% on the previous year. This positive development is due above all to another year of good progress in corporate business, with a lending portfolio up by 6.7% on the previous year, at €18.9 billion.

As of December, controlled resources stood at €55.45 billion, up by 8.7% on the previous year's figure. The increase in resources managed off-balance sheet was once again particularly significant (up by 40.7%); and within this, investment funds managed and marketed by Bankinter Asset Management, which increased by 39% to reach a volume of €11 billion.

As regards the quality of the Bank's assets, we would highlight the fact that 2014 marked a turning point in the trend in non-performing loans, with the balances both of NPLs and of repossessed assets falling for the first time since 2007. In this environment, Bankinter continues to have the best asset quality in the system. Thus doubtful debts ended 2014 at €2.23 billion, 1.9% less than in 2013, equal to 4.72% of the Bank's

computable risk, which is 26 basis points less than it was one year previously.

The foreclosed real estate assets portfolio has been reduced after several years' growth in annual terms. At the close of 2014, its gross value was €585.8 million, 6.7% down on the previous year. It also had a cover of 39.1%. Furthermore, it is a very small portfolio in comparison with the other banks and is 44% concentrated in residential properties.

The Bank also increased the rate of sale of these assets by 14.5% in comparison with the previous year, proof of both the quality and good condition of the product offered and the Bank's sales capabilities in this business.

**Improvement in all business lines.** 2014 was very positive for all areas of customer business, which were confirmed as the driving force behind the Group's results. A key element of this was the healthy rate of new customer capture, with an increase of 24% in the number of new customers compared with 2013.

This growth in the customer base and higher customer business levels enabled the Bank to continue to strengthen the various headings on both the deposit and lending sides of its balance sheet. As far as customer lending is concerned, Bankinter was one of the few banks closing the year with an increase of 3% in overall lending, and 6.7% in lending to businesses.

ROE

**8.3%**

as against 5.9% in 2013,  
and 4% in 2012

Interest margin

**+18.8%**

at €755.4 million

As for the marketing of mortgage loans, for which the Bank has a highly competitive offering, we would highlight the fact that during 2014 the Bank tripled the volume of new mortgage lending posted in 2013, reaching €1.55 billion. We should also point out that Bankinter granted seven out of every 100 mortgage loans signed in Spain in 2014, far in excess of the market share that could be expected in view of its relative size.

On the deposits side, Bankinter increased its retail funds (sight accounts, term deposits and promissory notes) by 7.2% over the year.

With regard to the strategic businesses, special mention must be made of the healthy figures in Private Banking, in which Bankinter is now a fully consolidated player and a point of reference in the sector. Customer assets in this segment rose by 26% in 2014 in comparison with 2013, to reach €23.1 billion.

Over the year, the positive trends in other businesses have been notable, for example in the customer equities business, with a 23.4% increase in the number of orders executed and a 17.5% increase in the value of cash deposited in comparison with 2013. As a result, net fees from this business were up by 35.6% on 2013.

There are two business lines that stand out as promising particularly strong performances in the coming years: consumer finance, which is already starting to post good results, and Personal Banking, which has been re-launched with new teams and products.



## Results &gt; Summary of results

Profit and Loss Account	31/12/2014	31/12/2013	Difference	
	Amount	Amount	Amount	%
Interest and similar income	1,404,321	1,476,230	-71,909	-4.87
Interest expense and similar charges	-648,963	-840,326	191,363	-22.77
<b>Interest margin</b>	<b>755,358</b>	<b>635,904</b>	<b>119,454</b>	<b>18.78</b>
Income from equity instruments	8,004	8,946	-942	-10.53
Share in results of entities accounted for using the equity method	16,962	15,545	1,417	9.11
Net fees and commissions	291,407	249,020	42,387	17.02
Income from financial transactions and exchange differences	133,296	228,755	-95,459	-41.73
Other operating income/expense	243,797	200,831	42,966	21.39
<b>Gross Margin</b>	<b>1,448,823</b>	<b>1,339,001</b>	<b>109,822</b>	<b>8.20</b>
Personnel expenses	-368,739	-356,833	-11,906	3.34
Administrative expenses / Depreciation and amortisation	-350,508	-323,013	-27,495	8.51
<b>Operating profit (loss) before impairment</b>	<b>729,576</b>	<b>659,154</b>	<b>70,422</b>	<b>10.68</b>
Provisions	-41,536	-14,259	-27,277	191.30
Losses from asset impairment	-237,508	-289,968	52,460	-18.09
<b>Operating result after impairment</b>	<b>450,533</b>	<b>354,927</b>	<b>95,606</b>	<b>26.94</b>
Gains/losses on derecognition of assets	-57,694	-93,822	36,128	-38.51
<b>Profit before tax</b>	<b>392,839</b>	<b>261,105</b>	<b>131,734</b>	<b>50.45</b>
Income tax	-116,951	-71,204	-45,748	64.25
<b>Consolidated result</b>	<b>275,887</b>	<b>189,901</b>	<b>85,987</b>	<b>45.28</b>

Figures for 2013 restated for purposes of comparison in accordance with the change in accounting principle.

## Results &gt; Summary of results

Quarterly Profit and Loss Account	2014				2013
	Q414	Q314	Q214	Q113	Q413
Interest and similar income	354,235	353,646	352,640	343,799	362,527
Interest expense and similar charges	-143,693	-162,479	-168,079	-174,713	-188,548
<b>Interest margin</b>	<b>210,544</b>	<b>191,167</b>	<b>184,561</b>	<b>169,086</b>	<b>173,979</b>
Income from equity instruments	1,397	1,599	1,791	3,217	1,002
Share in results of entities accounted for using the equity method	4,600	4,763	3,791	3,808	4,532
Net fees and commissions	74,842	72,437	73,317	70,811	71,255
Income from financial transactions and exchange differences	22,684	24,872	36,544	49,196	74,045
Other operating income/expense	62,049	55,974	60,948	64,826	57,229
<b>Gross Margin</b>	<b>376,115</b>	<b>350,812</b>	<b>360,952</b>	<b>360,944</b>	<b>382,042</b>
Personnel expenses	-90,281	-93,243	-90,941	-94,274	-97,193
Administrative expenses / Depreciation and amortisation	-88,425	-86,826	-86,971	-88,287	-81,852
<b>Operating profit (loss) before impairment</b>	<b>197,409</b>	<b>170,743</b>	<b>183,040</b>	<b>178,384</b>	<b>202,997</b>
Provisions	-13,390	-6,684	-10,020	-11,441	-6,382
Losses from asset impairment	-63,694	-50,799	-54,852	-68,162	-56,470
<b>Operating result after impairment</b>	<b>120,324</b>	<b>113,260</b>	<b>118,168</b>	<b>98,781</b>	<b>140,145</b>
Gains/losses on derecognition of assets	-20,460	-12,305	-11,864	-13,064	-53,667
<b>Profit before tax</b>	<b>99,864</b>	<b>100,955</b>	<b>106,303</b>	<b>85,717</b>	<b>86,477</b>
Income tax	-29,058	-30,287	-31,891	-25,715	-26,858
<b>Consolidated result</b>	<b>70,805</b>	<b>70,668</b>	<b>74,412</b>	<b>60,002</b>	<b>59,619</b>

Published figures for 2013.

## Results &gt; Summary of results

Cumulative Returns and Costs (%)	31/12/2014		31/12/2013	
	Weighting	Rate	Weighting	Rate
Deposits at central banks	0.77	0.10	0.69	0.36
Deposits with credit institutions	6.06	0.18	3.70	0.47
Loans and advances to customers (a)	72.45	2.67	70.70	2.70
Debt instruments	14.45	3.52	19.37	3.23
Equities	0.60	2.36	0.57	2.75
<b>Average earning assets (b)</b>	<b>94.33</b>	<b>2.65</b>	<b>95.03</b>	<b>2.73</b>
<b>Other assets</b>	<b>5.67</b>		<b>4.97</b>	
<b>AVERAGE TOTAL ASSETS</b>	<b>100.00</b>	<b>2.50</b>	<b>100.00</b>	<b>2.59</b>
Deposits from central banks	5.27	0.17	12.36	0.58
Deposits from credit institutions	12.23	1.82	12.62	1.79
Customer resources (c)	68.91	1.23	63.51	1.74
Customer deposits	51.12	1.02	45.22	1.64
Marketable debt securities	17.79	1.84	18.29	1.97
Subordinated liabilities	1.10	4.93	1.24	4.62
<b>Average interest-bearing funds (d)</b>	<b>87.51</b>	<b>1.31</b>	<b>89.74</b>	<b>1.63</b>
<b>Other liabilities</b>	<b>12.49</b>		<b>10.26</b>	
<b>AVERAGE TOTAL FUNDS</b>	<b>100.00</b>	<b>1.15</b>	<b>100.00</b>	<b>1.46</b>
Customer margin (a-c)		1.44		0.97
<b>Net interest income (b-d)</b>		<b>1.34</b>		<b>1.10</b>

## Basic principles of the risks function

- Bankinter's exposure to risk is moderate, as demonstrated by the trend in the NPL rate, the conservative profile of the trading portfolio and the policy of neutralising the impact of interest rates on the balance sheet.

Bankinter carries on an activity with a prudent risk profile, seeking to have a clean and well balanced financial position and recurring profits so as to maximise the Bank's value in the long term.

Exposure to risks is deemed to be low or moderate, as shown by the comparative evolution of its non-performing loan rate, the reduced size and conservative profile of its trading portfolio, the general policy of hedging the impact of interest rates on the balance sheet and the active management of liquidity and operational risk and other potential risk.

The Bank also has rigorous corporate governance organisation and procedures. The Group has a solid risk culture, a highly qualified team of people and a set of advanced information systems which constitute basic pillars of the Bank's management.

The following is a summary of how risks evolved during the year. The principles, the governing and executive bodies and the management systems for risks in Bankinter are described in the Annual Report on Corporate Governance and in the document entitled Information of Prudential Relevance. Additional financial information can be found in the Group's Legal Annual Report. At the end of this section the location and the main sections of these documents relating to risk management are set out.

“

**Bankinter has a solid risk culture and a highly qualified management team.”**





## Credit risk

- Bankinter ended the year with an NPL rate of 4.72%, 26 basis points less than the year before, increasing the favourable difference relative to the sector as a whole.

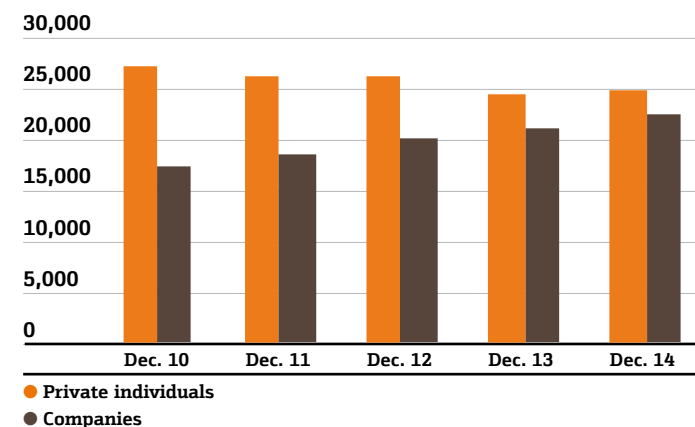
### Economic environment and general trends

In 2014 in Spain the economic recovery that started in mid-2013 continued to consolidate. Forecasts of Banco de España in December 2014 for year-end pointed to GDP growth of 1.4%, basically underpinned by recovery in domestic demand (+2.2%) and with a reduction in the contributing of the export sector (-0.8%), and modest growth in employment (+0.8%) against a background of falling prices (CPI -0.1%).

In accordance with the information from Banco de España, financing conditions in Spain continued to improve during the year except for isolated episodes of instability, and this allowed financing costs for businesses and households to be reduced. New lending increased, although total outstandings continued to fall: at the end of November, the balance of financing to non-financial businesses was still 4.8% below that of one year earlier, and that of financing to households was 3.9% down. The process of deleveraging thus continues, for businesses and households, although it has moderated and the financial cost of debt declined over the course of the year.

Bankinter has once again demonstrated its financial solidity in this context and has once again outperformed the sector as a whole. Thus the computable credit risk (which includes lending and contingent liabilities such as guarantees) grew by 3.7%. In 2014 lending to private individuals recovered, growing by 1.3% mainly as a result of the reactivation of residential mortgage lending, in which Bankinter is playing a leading role. Lending to companies grew by 6.4%, continuing the trend of recent years. At year-end, computable risk on private individuals represented 52.5% of the total, and that on companies 47.5%.

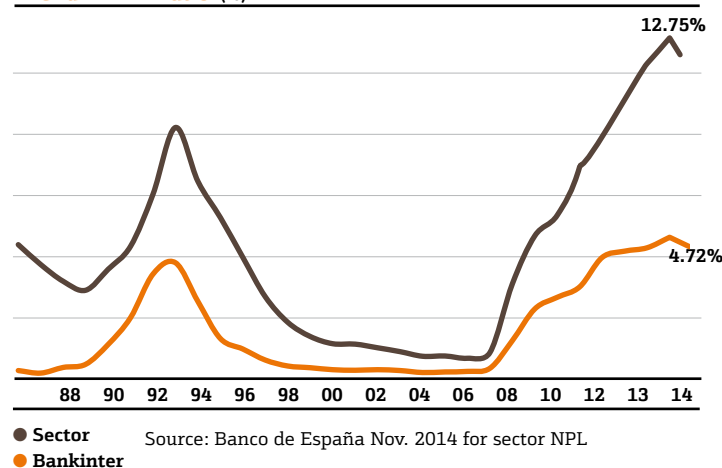
Credit risk (€ millions)



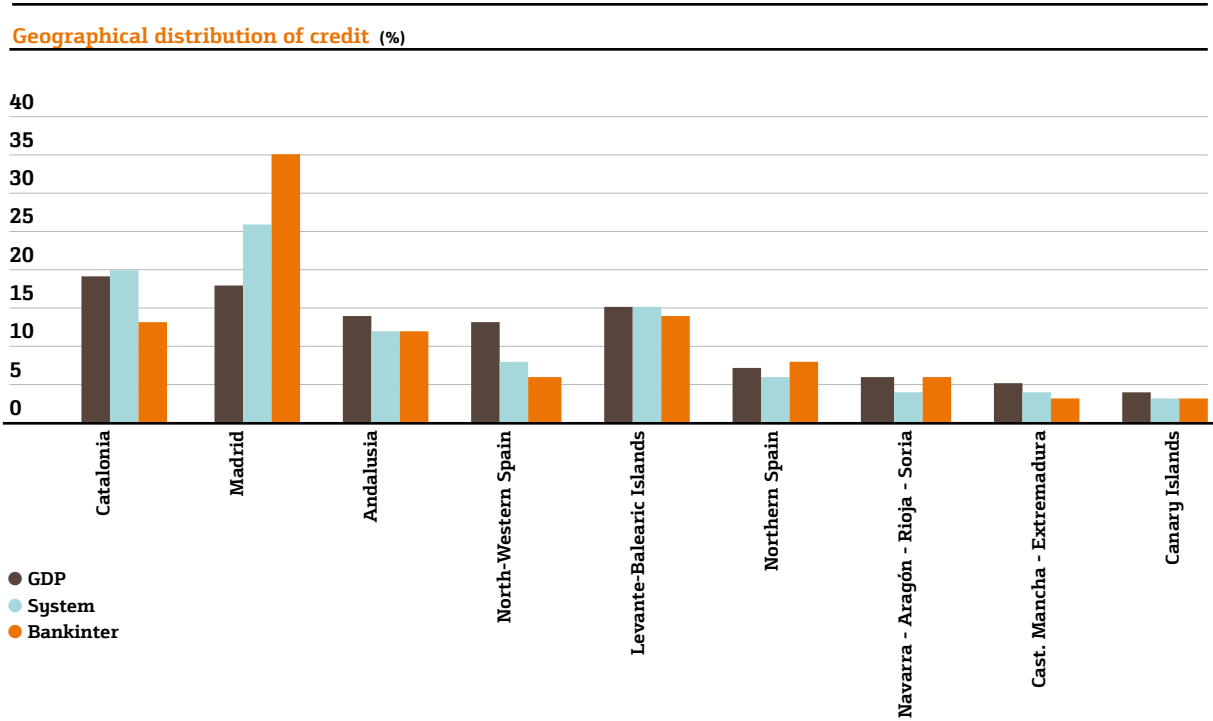
As for non-performing loans, the year ended with an NPL rate of 4.72%, 26 basis points less than the year before, 5.2% down. The favourable difference between this NPL ratio and that of the sector as a whole continued to increase, Bankinter's NPL rate at the end of the year being 37% of the sector average (which was 12.75% according to Banco de España data at November 2014). The volume of problematic and repossessed assets continues to be well below that of the Group's main competitors. At the end of December 2014 the portfolio of repossessed (foreclosed) assets stood at €586 million, 1.2% of total credit risk, having been reduced by 6.7% in the year.

Credit risk (€000s)	31/12/2014	31/12/2013	Change	%
<b>Computable risk excl. securitisation</b>	<b>47,321,948</b>	<b>45,653,137</b>	<b>1,668,811</b>	<b>3.66%</b>
<b>Doubtful debts</b>	<b>2,232,732</b>	<b>2,275,370</b>	<b>-42,638</b>	<b>-1.87%</b>
Provisions for credit risk	953,022	956,626	-3,605	-0.38%
<b>NPL ratio (%)</b>	<b>4.72%</b>	<b>4.98%</b>	<b>-0.26</b>	<b>-5.22%</b>
Non-performing loans coverage ratio (%)	42.68%	42.04%	0.64	1.53%
Repossessed assets	585,830	627,826	-41,996	-6.69%
Provision for impairment of repossessed assets	229,159	258,616	-29,458	-11.39%
Coverage of repossessed assets (%)	39.12%	41.19%	-2.08	-5.04%

**Trend in NPL ratio (%)**



The Bank carries out regular monitoring of risk diversification by sector, geographical location, product, guarantee, customers and counterparties and has in place policies on maximum risk concentrations allowed. The following graph shows the geographical distribution of credit by regional directorates.



### Private individuals

In 2014 there was gradual stabilisation in the real estate market, especially in the urban areas, in which Bankinter concentrates its activity. In this regard, the Bank has started selective residential mortgage lending campaigns within the parameters of high credit quality that characterise the Bank, which has led to net growth in lending to private individuals. The LTV (loan to value) ratio, which measures the ratio of the amount of the loan to the value of the property, was maintained at 59% at year-end, and 81% of the mortgage portfolio was secured by mortgages on residential property.

The private individuals portfolio maintains its high credit quality, amounting to €24,454 million at year-end, up by 1.4% (excluding lending to property developers) relative to the previous year.

### Corporate Banking

Bankinter has many years of experience in this segment, the activity of which is more international and less exposed to the Spanish economic cycle and has a lower NPL rate. Lending to this segment stabilised in 2014, ending the year at 13,889 million, down by 0.3% on the year before.

### Small and medium-sized enterprises

The economic recovery has allowed growth in lending to the small and medium-sized enterprise (SME) segment, risk on which amounted to €8,102 million at year-end, 19.9% up on the previous year. The Bank applies automated decision-making models to this segment, as well as having teams of experienced risk analysts.

### Property developers

Bankinter applies extremely cautious criteria to the approval of property development transactions, as is shown by its low NPL ratio and its very limited exposure to this risk category, exclusively selecting viable projects of solid property developers that have performed well during the years of profound crisis in the sector for financing.

Loan outstandings on property developers at year-end were €875 million, which at just 1.8% of total lending continues to be well below the average exposure of the Spanish banking sector.



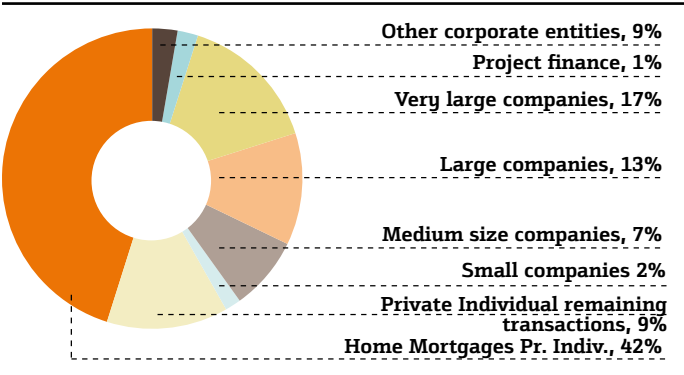
Risk rating models

Bankinter uses internal rating models as a supporting tool for credit risk decisions. These models enable comparative evaluations of the credit quality of transactions to be carried out, and provide quantitative risk measurement from approval on, facilitating the active management of the risk profile of the portfolios.

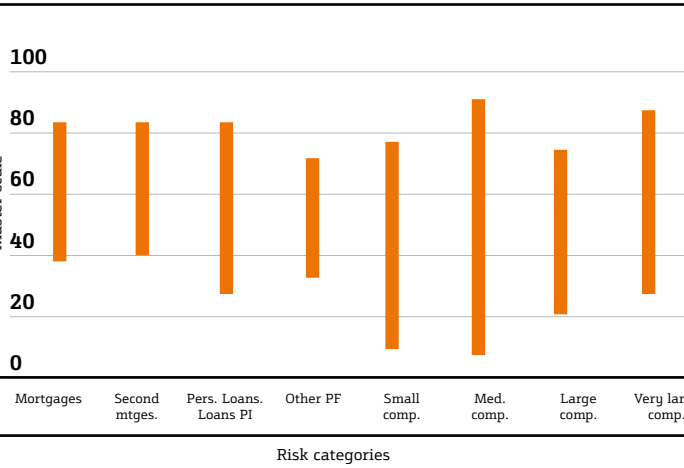
The internal rating models provide, for each category, a score or internal rating of the risk assumed by the Bank on each customer or transaction. Each of these ratings is associated with a certain probability of default (probability of a delay in payment longer than 90 days) and, accordingly, the higher the rating, the lower the probability of default.

In each risk category, whether relating to private individuals or companies, the range of probability of default associated with the rating of each one is different. In order to be able to compare the various credit risk categories, an internal master scale has been developed that gives a value in the scale to each default probability, where 0 is the highest probability of default and 100 the lowest. For example, the 'home mortgage' category is one with a relatively low probability of default and is therefore in the top part of the scale.

Distribution of EAD (exposure at default) by internal category



Location of risk categories on master scale

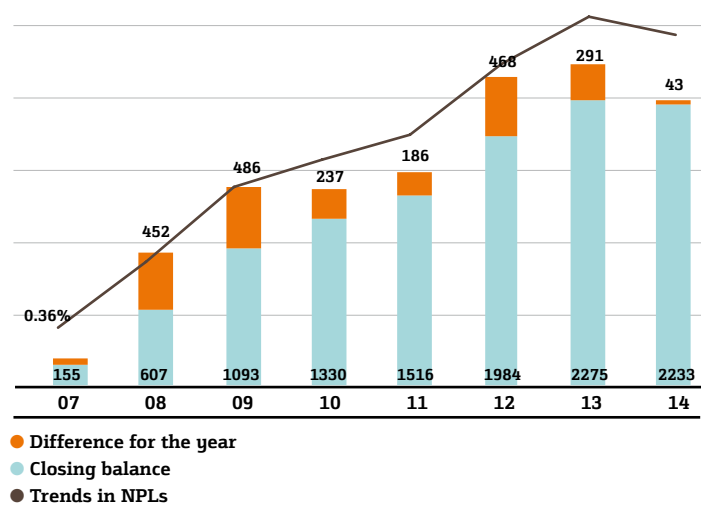


NPLs and repossessed assets

The year 2014 was characterised by stabilisation in the number and volume of new NPLs. In the last quarter of the year NPLs returning to the performing category (exits) started to exceed new NPLs (entries). The monthly average of the recovery ratio (exits/ entries) for the year was over 94%. Doubtful risk at year-end stood at €2,233 million, 1.9% less than at the previous year-end.

This reduction in doubtful debts, together with the increase in lending, enabled the bank to reduce the NPL ratio by 5.2% in the year, to 4.72% at the end of December. During the year, Bankinter continued to improve its recovery processes.

Variation in non-performing loans Balance and ratio (Data in € millions and %)



The portfolio of credit risk refinancing and restructuring transactions at the end of 2014 stood at €1,644 million, with any amendment to credit risk conditions being considered as refinancing. The majority of refinancing operations have additional guarantees.

The flow of non-performing loan balances was as follows:

Movement of doubtful risk (includes contingent risk)	31/12/2014	31/12/2013	Amount	%
Balance at start of period	2,275	1,984	291	14.68
Net additions	60	524	-464	-88.57
Written off	102	232	-130	-55.87
Balance at close of period	2,233	2,275	-43	-1.87





# Structural and market risks

- Bankinter has limited exposure to interest rates and has covered its liquidity requirements without difficulty.

From the point of view of these risks, 2014 can be divided into two parts, with the second half of the year dominated by the sharp fall in oil prices, the accelerating depreciation of the euro and the increased volatility in equity markets. Other movements seen over the course of the year were the reduction in yield curves of peripheral euro zone countries, with the exception of Greece, whose yields increased substantially in the last part of the year due to political instability.

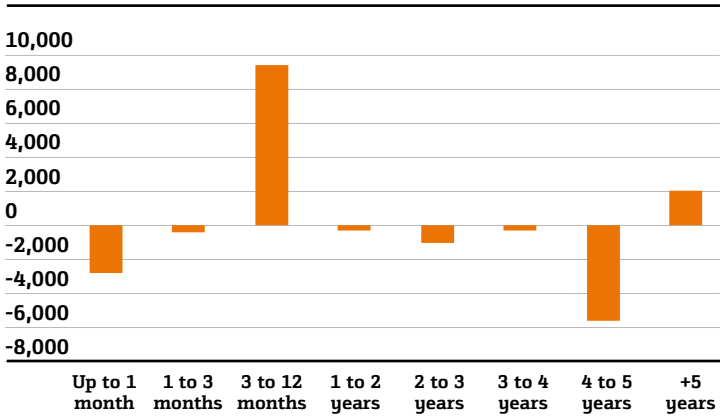
## Structural interest rate risk

Bankinter has limited exposure to interest rate risk, neutralising the effects of changes in the balance sheet on the size of this risk. The situation of the interest rate risk map of the Bankinter Group as at the end of 2014 is shown in the graph.

Apart from this, dynamic simulation analyses are carried out. These tests enable us to estimate the sensitivity of the financial margin to various scenarios involving changes in interest rates. Similarly, but with a longer term view, the Bank analyses the effects that interest rate changes would have on its economic value.

The exposure of the financial margin to interest rate risk in the event of changes of +/- 100 bps parallel movements in market interest rates is +/- 3.6% for a 12-month horizon.

At 2014 year-end the sensitivity of economic value to parallel shifts of 200 basis points stood at 2% of equity.



Figures in millions of euros  
(\*) Interest mismatch figures include the banking group's Banking Book

Liquidity risk

Thanks to the ample availability of liquidity through the European Central Bank and the stability of customer deposits, this is not currently a critical matter in the financial markets.

Bankinter covered its liquidity requirements by using the liquidity facilities made available by the EBB and by turning to the international medium-term and long-term debt markets. During 2014 the Bank issued €400 million in mortgage-backed bonds under the EIB financing programme and €500 million of senior debt. The balance of commercial paper placed in the market traditionally considered as wholesale (counterparties in the financial markets) was €380 million as at 31 December. If major corporates are considered as wholesale, then the figure for commercial paper and commercial paper repos rises to €770 million on a consolidated basis.

We would also highlight the reduction, by more than €1.5 billion, in the liquidity gap, and the positive trend in the loans-to-deposits ratio, which stands at 78.3%.

Market risk

In view of the instability seen in the past few years, Bankinter maintained the previous year's limits on VaR (value at risk). The following table shows VaR values of the trading positions at year-end 2014:

VaR 2014 Trading (€ millions)	Final
Interest Rate VaR	0.54
Equities VaR	0.10
Exchange Rate VaR	0.02
Volatility Rate VaR	0.03
Credit VaR	0.00
Total VaR	0.58

Apart from this, Bankinter also monitors the VaR of the portfolio positions of its subsidiary Línea Directa Aseguradora on a monthly basis, using the historical simulation method. The VaR of Línea Directa Aseguradora's portfolio, based on the same assumptions, as at 31 December 2014, amounted to €2.04 million. Monitoring is also carried out of the possible risk that may be incurred by subsidiary Bankinter Luxembourg, applying the same method as that applied to the parent, VaR by historical simulation. In 2014 the estimated VaR was €0.04 million.



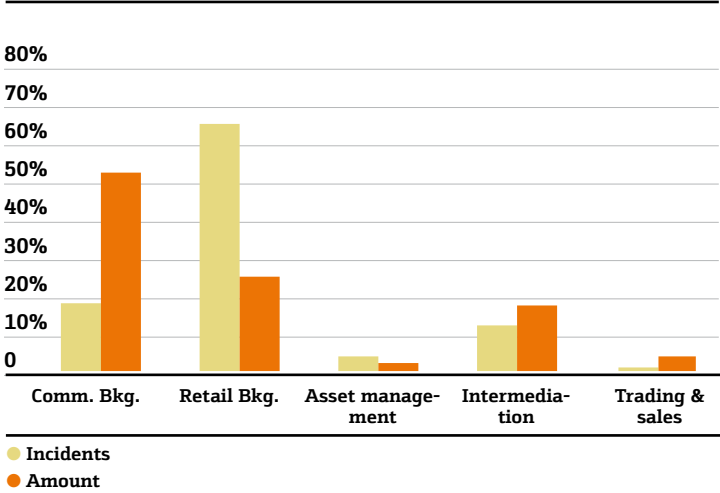
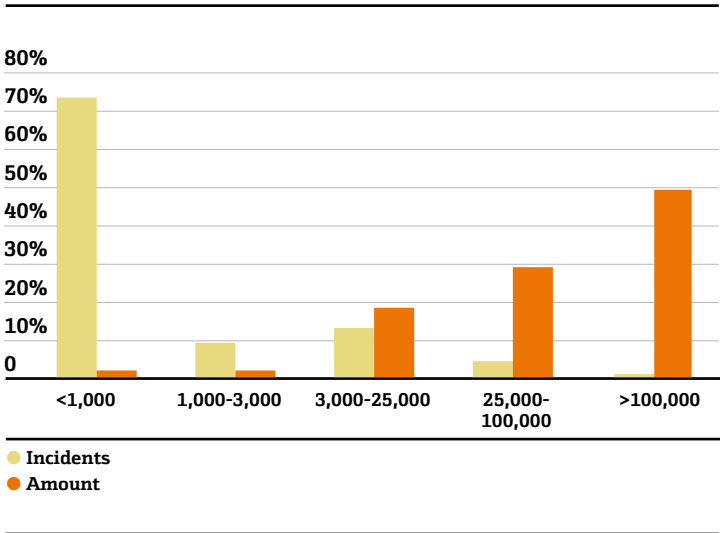
# Operational risk

- Through its participation in CERO (*Consortio Español de Riesgo Operacional*, a private forum for financial institutions to exchange experience in managing operational risks) Bankinter ensures that it has access to best management practices in the sector.

Bankinter uses the Standard Method to manage its operational risk, in accordance with solvency rules in force. And through its membership of CERO (a private forum of financial entities for exchanging experiences in operational risk management), it ensures access to best practices in the sector.

Operational losses are mainly (83%) concentrated in the branch network, even though most transactions are carried out through remote channels. This shows the significant role played by human error in operational losses and the strength of the automated systems and sign-up procedures of Bankinter's remote networks (Internet, Telephone Banking and sign-up by mobile phone).

As regards loss events, Bankinter's operational risk profile is shown in the following graphs:



## Reputational risk

Reputational risk is defined as the risk associated with changes in perception on the part of stakeholder groups (customers, shareholders, employees, etc.) as a result of the brand's giving misleading information, failing to live up to expectations, lacking in transparency or breaking its promises. Reputational risk may arise from transactions of the company itself, from external events or from relations with third parties.

That is why it is so necessary to first measure and then monitor these risks and to develop scorecards for managing them.

The reputational risk map is crucial for identifying the risks and establishing degrees of prioritisation for them. The main risks and possible improvements to the risk management system are included in the corporate risk map. The corporate risk map is prepared by the Risks Function, under the supervision of the Chief Risk Officer and is presented annually to the Delegated Risks Committee of the Board of Directors.

One important aspect of anticipating reputational risk is understanding trends in the market and

in the wider environment, as well as what is being said about the company in the media and social media. For this purpose Bankinter has a measurement system which analyses all this information and evaluates its reputational impact.

The Bank also has a system for periodically diagnosing and measuring the perceptions and expectations of its major stakeholder groups. This system, based on the RepTrak® methodology, enables the key reputational levers to be identified and action to be taken to influence the points of most concern.

The Bank's Product Committee identifies and evaluates any possible reputational risks before launching a new product or service.

Lastly, we should point out that the Bank's Corporate Reputation area takes care of the crisis management plan in order to establish the channels of communication and action protocols for any emergency or crisis, with a view to protecting the Bank's reputation and ensuring business continuity.



Additional information on the Group's risks can be found in the following documents and sections:

### Legal Report

#### Contents

- Loans and receivables
- Non-current assets held for sale
- Contingent risks and commitments
- Risk policies and management
- Information required by Law 2/1981 on Regulation of the Mortgage Lending Market
- Exposure to the construction and property development sector
- Additional information on risks: refinancing and restructuring transactions. Sectoral risk concentration

### Annual Report on Corporate Governance

#### Contents

- Scope of the Bank's risk management system
- Bodies responsible for preparing and executing the risk management system
- Main risks that might affect attainment of the business objectives
- Levels of risk tolerance
- Risks that materialised during the year
- Response and supervision plans for the Bank's main risks

### Information of Prudential Relevance

#### Content

- Risk management strategies, objectives and policies
- Corporate governance of the risks function
- Structure and organisation of the risk management function
- Risk Appetite Framework
- Risk processes, methods, measurement and reporting systems
- Hedging and risk reduction policies

## Equity

- Bankinter has adapted quickly to the requirements of the regulators, without recourse to state aid, making it one of the best capitalised institutions in the sector.
- The Group's computable equity at year-end 2014 amounted to €3.36 billion and its solvency ratio to 13.1%.

**Strengthening solvency and creating value for shareholders.** One of the Bankinter Group's strategic objectives is the continuous strengthening of solvency, as a basis for sustained growth and long-term value creation for shareholders. Thanks to its management policies, its business model and its prudent risk profile, it has been able to operate with levels of capital in excess of those required by the supervisory authorities.

Since the onset of the financial crisis, both the regulators and the markets have significantly increased their capital requirements. Bankinter has adapted quickly to the new situation, increasing its ratios every year and enhancing the quality of its capital in a sustained manner, without having to resort to state aid, which has placed it among the best capitalised institutions in the sector. Proof of this is the result obtained by Bankinter in the stress tests on European banks carried out by the European Central Bank (ECB) and the European Banking Authority (EBA) during 2014. Bankinter came through the most adverse scenario with twice the minimum capital required, the best results of any Spanish listed bank in these stress tests.

On 1 January 2014 the new solvency regulations known as Basel III came into force. They were transposed into EU law by Regulation EU 575/2013 of 26 June on prudential requirements for credit institutions and investment firms and Directive 2013/36/EU of 26 June on access to the activity of credit institutions and their prudential supervision. These new regulations raise the level of minimum capital requirements for institutions, establish a much stricter definition of the instruments considered as capital and introduce certain changes to the way risk-weighted assets are estimated.

“

**Bankinter obtained the best results of any Spanish listed bank in the EU-wide stress tests.”**

“

**The CET1 ratio stood at 11.9% at the end of 2014.”**



## Results &gt; Equity, ratios and Bankinter shares &gt; Equity

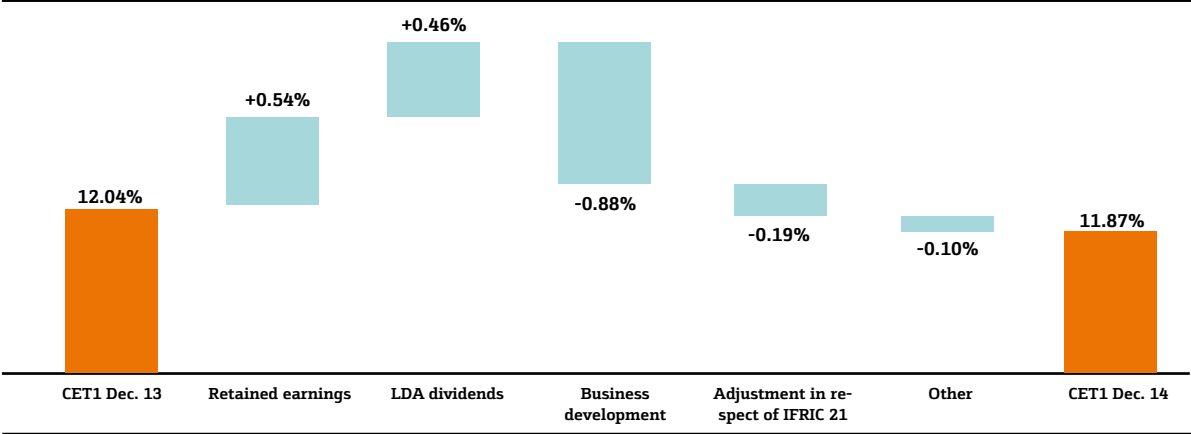
In accordance with these new solvency rules, the Group's computable equity at year-end 2014 amounted to €3.36 billion and its solvency ratio to 13.1%. The highest-quality capital (Common Equity Tier 1 – CET1) stood at €3.05 billion at year-end, 6.5% more than at the end of the previous year. The CET1 ratio as at 31 December 2014 was 11.9%, well in excess of the regulatory minimum. Tier 1 Capital also increased by 6.5% in the year, to reach €3.05 billion, with a Tier 1 ratio of 11.9%, and Tier 2 Capital increased by 1.89% to €309 million for a Tier 2 ratio of 1.2%.

	31-12-2014	31-12-2013	€000s	%
Capital	269,660	268,675	985	0.37%
Reserves	3,137,032	3,031,696	105,335	3.47%
CET1 deductions	-120,214	-302,730	182,515	-60.29%
Preferred shares	46,669	61,284	-14,615	-23.85%
AT1 deductions	-282,947	-194,431	-88,515	45.53%
<b>CET 1</b>	<b>3,050,199</b>	<b>2,864,494</b>	<b>185,705</b>	<b>6.48%</b>
<b>CET 1</b>	<b>11.87%</b>	<b>12.04%</b>	<b>-0.17%</b>	<b>-1.41%</b>
<b>TIER 1</b>	<b>3,050,199</b>	<b>2,864,494</b>	<b>185,705</b>	<b>6.48%</b>
<b>TIER 1 (%)</b>	<b>11.87%</b>	<b>12.04%</b>	<b>-0.17%</b>	<b>-1.41%</b>
Tier II instruments	421,747	455,693	-33,946	-7.45%
Tier II deductions	-112,427	-152,096	39,670	-26.08%
<b>Tier 2</b>	<b>309,320</b>	<b>303,597</b>	<b>5,723</b>	<b>1.89%</b>
<b>Tier 2 (%)</b>	<b>1.20%</b>	<b>1.28%</b>	<b>-0.07%</b>	<b>-5.67%</b>
<b>Total computable equity</b>	<b>3,359,519</b>	<b>3,168,091</b>	<b>191,428</b>	<b>6.04%</b>
<b>Solvency ratio</b>	<b>13.07%</b>	<b>13.31%</b>	<b>-0.24%</b>	<b>-1.82%</b>
<b>Total risk-weighted assets</b>	<b>25,703,876</b>	<b>23,798,935</b>	<b>1,904,941</b>	<b>8.00%</b>
of which credit risk	22,156,903	20,689,395	1,467,507	7.09%
of which market risk	381,580	279,885	101,694	36.33%
of which operational risk	1,773,375	1,583,250	190,125	12.01%

The main changes in Bankinter's CET1 ratio over the course of the year came from:

- The organic generation of profits, which improved relative to the previous year.
- The impact on reserves of application of IFRIC 21 on levies.
- The distribution of an extraordinary dividend by LDA, which involved a transfer of surplus reserves from the subsidiary to the parent bank, improving the treatment of the investment in the insurance company for purposes of consolidated solvency.
- Growth in credit and counterparty risk weighted assets as a result of the growth in the business and the increased exposure to companies. Market and operational risk weighted assets also grew due to the increased activity.

Evolution of CET1 (%) in 2014



# Rating

- Bankinter regains its 'investment grade' rating which it had lost at the onset of the economic crisis.
- It thus becomes the only Spanish bank to form part of Standard & Poor's select list of Rising Stars.

**International prestige.** During 2014 Bankinter achieved credibility and international standing among investors, as reflected both in its share price and in the improvement in its ratings by the main credit rating agencies, which now position the Bank as 'investment-grade'.

The Bank maintains permanent and fluid relations with the rating agencies, and every year it carries out at least one detailed review of the Bank's performance with each of them. In 2014 both the major agencies, Standard & Poor's and Moody's, revised their ratings of Bankinter upwards, restoring it to the 'investment grade' category, which it had lost, in common with the rest of the sector, at the onset of the economic crisis.

As a result Bankinter is one of 31 companies worldwide, only two of them Spanish, and one of only five from the financial sector worldwide, to form part of Standard & Poor's select list of 'Rising Stars' or companies that have been upgraded to investment grade.

Agency	Date	Long-term	Short-term	Outlook
DBRS	15/11/2012	A (low)	R-1 (low)	Negative
Moody's	29/05/2014	Baa3	P-3	Negative
Standard & Poor's	27/11/2014	BBB-	A3	Stable



## Bankinter share performance

- With a gain of 34.4% in 2014, Bankinter was, for the second consecutive year, the Spanish bank with the biggest gain in its share price for the year.
- Furthermore, it is the only financial institution to have paid all its dividends in 2014 in cash and quarterly.

**Share capital.** At 31 December 2014, the share capital of Bankinter S.A. was represented by 898,866,154 shares, each with a nominal value of €0.30 fully subscribed and paid up. All the shares are represented by book entries, listed on the Madrid and Barcelona stock exchanges and traded on the Spanish computerised trading system.

Bankinter has 65,735 shareholders. The main features of the shareholder structure are as follows:

- Resident shareholders hold 58.65% of the share capital.
- Non-residents hold 41.35% of the share capital.
- Treasury stock at year-end consisted of 114,117 shares.
- Shareholders of record holding more than 5% of the share capital at 2014 year end are shown in the following table.

Shareholders with significant holdings (2014)	Total Shares	%
Cartival, S.A.	204,706,145	22.77
Corporación Masaveu, S.A.*	44,918,251	4.99

\*This stake in Bankinter's share capital held by Corporación Masaveu forms part of the indirect shareholding of Bankinter Director Fernando Masaveu in the Bank. Fernando Masaveu holds 5.29% of the share capital of Bankinter, directly or indirectly.

Share ownership structure by number of shares (2014)	No. of shareholders	%	No. of Shares	%
From 1 to 100 shares	21,256	32.34	276,986	0.03
From 101 to 1,000 shares	18,967	28.85	9,334,329	1.04
From 1,001 to 10,000 shares	20,972	31.90	70,617,985	7.86
From 10,001 to 100,000 shares	4,204	6.40	101,244,863	11.26
More than 100,000 shares	336	0.51	717,391,991	79.81
<b>Total</b>	<b>65,735</b>		<b>898,866,154</b>	

Summary by type of shareholder	No. of shareholders	%	No. of Shares	%
Residents	64,922	98.76	527,203,011	58.65
Non-residents	813	1.24	371,663,143	41.35
<b>Total</b>	<b>65,735</b>		<b>898,866,154</b>	

The salient data for Bankinter stock during the year are described in the following table:

Creation of value for shareholders	
Figures per share for the period (€)	
Earnings per share	0.31
Dividend per share	0.08
Theoretical book value per share	4.05
Share price at start of year	4.99
Lowest price	5.87
Highest price	7.44
Latest price	6.70
Revaluation over the last quarter (%)	-0.22
Revaluation over the last 12 months (%)	34.37
Stock market ratios	
Theoretical price / book value (times)	1.65
PER (price / earnings, times)	21.82
Dividend yield (12 months) (%)	1.50
Number of shareholders	65,735
Number of shares	898,866,154
Number of shares held by non-residents	371,663,143
Average daily trading (number of shares)	8,143,582
Average daily trading (€000s)	54,869
<b>Market capitalisation (€000s)</b>	<b>6,023,302</b>

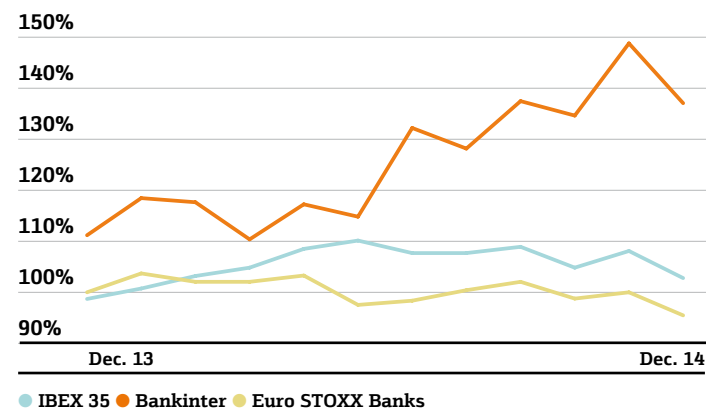
**Performance of Bankinter shares.** Bankinter's stock performed very favourably during the year compared with the major indices such as the Spanish Stock Exchange's IBEX 35 and the Euro STOXX Banks, which comprises all listed European banks.

**A safe stock.** With a gain of 34.4%, Bankinter was the bank that gained most on the Spanish stock market in 2014 and one of the best performers in the IBEX 35.

The graph shows the 34.4% gain posted by Bankinter in comparison with the 3.7% advance of the IBEX 35 and the 2.8% decline of the Euro STOXX Banks (SX7P).

This upbeat performance, which brought the stock close to its all-time high, together with the income from the dividends distributed up until the date of publication of this report, produced an annual return for shareholders of 36.4%.

Annual gain, base Dec. 2013 = 100



**Dividend policy.** Bankinter was the only bank to pay all its dividends in cash and, what is more, quarterly, thanks to the solid growth of the business and its good solvency position, which allowed it to remain immune from the restrictions imposed by the supervisory authorities in the interests of preserving capital.

In this regard, the solvency situation of the Spanish banking sector led Banco de España and the European Central Bank (ECB) to introduce certain practical rules regarding the banks' policies for strengthening their solvency. One of the restrictive measures was that banks could not pay dividends in cash from 2014 earnings in excess of 25% of consolidated profit attributable to the parent.

However, this limit could be exceeded in exceptional cases, providing the bank could show prospects of particularly favourable margins and a CET1 ratio in excess of 11.5% as at 31 December 2013. In other words, 3.5 percentage points above the level of CET1 established as a reference for the comprehensive assessment of the European banking system carried out by the ECB in 2014.

Bankinter became that exception. Thanks to its excellent solvency ratios, it was the only bank

to pay in excess of that limit, distributing to its shareholders approximately 34% of the profit for the nine months to the end of September 2014, with the fourth and last dividend to be paid from full-year profits still pending as at the date of this report and to be approved by the 2015 AGM.

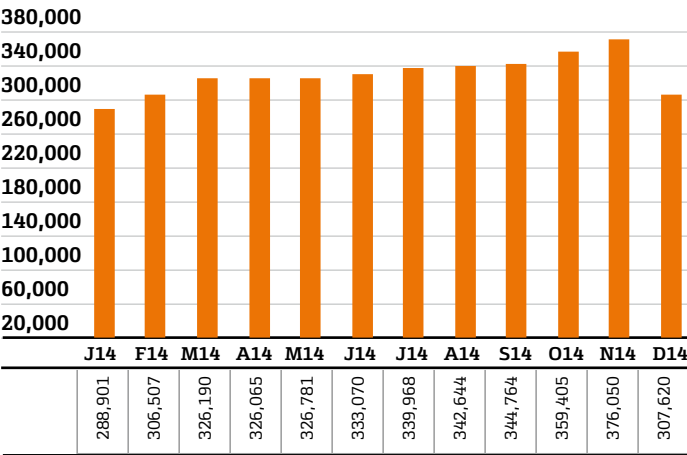
The distribution of dividends for 2014 as at the date of publication of this report is as follows:

Payment date	Dividend per share (euros)	Number of shares	Treasury stock (own shares)	Shares with rights	Amount (euros)	Results for the year
03/05/2014	0.0221117	895,583,800	102,541	895,481,259	19,800,613	2014
02/08/2014	0.0273269	898,866,154	261,598	898,604,556	24,556,077	2014
01/11/2014	0.0273254	898,866,154	212,173	898,653,981	24,556,079	2014
<b>Total</b>	<b>0.076764</b>				<b>68,912,769</b>	

**ADRs (American Depositary Receipts).** ADRs are a product which US residents use to invest in foreign companies in their own currency, US dollars; dividends are also paid in US dollars, which proves very convenient for them.

Bankinter's ADR programme is a Level 2 programme administered by Bank of New York Mellon which at the end of December 2014 had 307,620 ADRs in circulation, compared with 140,494 at the end of 2013, an increase of 119%.

Changes in the number of Bankinter ADRs





## Shareholders' Office

**Transparency.** The relationship with shareholders is based on the 'You first' project. With these two words Bankinter seeks to show that each one of its shareholders is the number one priority.

With a view to keeping them informed at all times, the Bank punctually communicates all news items of interest about the Company to its shareholders, through a variety of channels such as post, SMS and e-mail.

By means of a system of alerts, Bankinter contacts shareholders so that they are the first to learn of the payment of a dividend or its amount, quarterly results and the 'significant events' that have to be advised to the CNMV (National Securities Market Commission) for publication (capital increases, changes in Board membership, etc.)

### Shareholders' mailbox

The Shareholders' Office was set up in 2005 in response to the demand for greater transparency of listed companies. It provides its support from Central Services in Madrid. Its main function is to act as a fluid communication channel at the service of current small shareholders - or potential ones - allowing them to formulate their

proposals or request any clarification they might need, with the aim of cementing their confidence by means of direct, personalised communication.

Shareholders' requests for information tend to focus on matters such as current or past share prices, the amounts and dates of payment of dividends, delivery of copies of the Corporate Report, explanations concerning the Annual General Meeting of Shareholders, etc. In order to meet these demands, since 2009 Bankinter has periodically issued communications addressed to its shareholders and of interest to them.

The Annual General Meeting of Shareholders is the main pillar of shareholder participation in the Bank's decisions. The Shareholders' Office is responsible for managing the procedures for calling meetings, providing information, recording and checking votes, proxies and attendees at meetings.

Other functions performed by the Shareholders' Office include supplying information about the composition of shareholders and changes to it, both internally and to supervisory bodies, and control tasks in connection with the Spanish Securities Market Code of Ethics, with which certain employees of the Bank are required to comply as regards Bankinter shares.

“

**For the Bank, the shareholder occupies first place among its priorities.”**

“

**The Bank offers its shareholders the possibility of registering online with a system of alerts to keep them regularly informed.”**

#### Shareholders' Office

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## Investor relations

- Bankinter ended 2014 with a total of 65,735 shareholders, 41.35% of which were non-resident investors, the great majority of them institutional.

Bankinter has a fluid relationship with the investor community (shareholders, financial analysts and rating agencies), and is transparent in keeping them informed about the performance, periodic results and strategy of the Group.

The main objective of this department is to provide the national and international investor community with timely information on the progress of the business, the quarterly financial results and the general strategy of Bankinter Group.

This team, which forms part of the Finance Division so as to take advantage of synergies, is also in charge of relations with the rating agencies, and it organises a host of other functions, including the annual ratings review meetings, and is responsible for the flow of periodic financial information.

### **Sustainability and Corporate Governance.**

Investors increasingly rate not only a company's financial development, but also a whole range of other factors relating to corporate responsibility, such as good corporate governance or social and environmental aspects; all factors which, in the long term, have an impact on the improved financial performance of companies and contribute to the creation of value.

In this respect there is a close relationship with the agencies that assess Bankinter using sustainability criteria. The Investor Relations area, working together with the Corporate Responsibility department, takes charge of informing all the agencies of the Bank's strategy in matters of good governance, corporate reputation and, in general, its commitment to its various stakeholder groups.

### **Investor Relations**

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A close-up photograph of a hand holding a blue pencil, writing the word 'Empreender' in cursive on a lined notebook. The notebook is resting on a wooden surface. The word is written on a single line, and the pencil is positioned at the end of the word, ready to finish the stroke.

Empreender

**innovation**

## Centre for innovation

- For Bankinter, innovation is not just having ideas, but translating them into new business avenues and anticipating major shifts in markets and society.
- In the past few years major technology companies, start-ups with novel services such as crowdfunding, mobile wallets and money transfer, have become competitors of traditional banks.

**In our DNA.** Since its creation, the Centre for Innovation has been firmly committed to being a breakaway model of contribution and commitment to society. To this end, it works to seek out knowledge networks that are at the forefront of new trends, and which promote innovation in a tangible way and rigorously measure their results. Bankinter sees innovation as the ability to generate value in a different way, and believes the key to innovation is not just having ideas but being able to translate those ideas into new avenues of business that transform established models.

Bankinter's Centre for Innovation studies existing business models, looking for ways to reorient them so as to be able to anticipate and take advantage of the major changes that the financial sector and society in general are bound to undergo in the next few years.

Banks have seen recently how their traditional business models have come under pressure from major technology players such as Apple and Google who little by little have become their

competitors. But these are not the only new players. Crowdfunding websites, apps for making payments via mobile phones and transferring money among users are also competing with the banks, moving in on areas previously occupied by traditional banking. Of all these, those doing most to change the rules of the game for banking are those that affect customer relations. In order to respond to all these new challenges, Bankinter has its Centre for Innovation.

Bankinter's innovation strategy seeks to detect new business models and opportunities suitable for the Bank, with a degree of independence from it. To this end:

- It develops new products for the Bank's existing customers or for potential ones.
- It seeks new customers to whom existing products can be sold, sometimes developing alternative relational channels.

The objective is for every new business to be profitable and sustainable over time, but using a more streamlined structure capable of responding rapidly to opportunities that arise at any given time.

The ultimate aim of the Centre for Innovation is to develop products and services that customers will value as differentiating elements, and for this in turn to translate into additional revenue for the Bank.

The Centre for Innovation also analyses, in collaboration with the areas involved, certain problems or challenges of interest and works on them to find a solution from a perspective of innovation.

## The Bank's culture of innovation

**Disseminating innovation throughout the organisation.** In seeking networks of knowledge that will anticipate new trends and enable it to promote innovation in tangible form, Bankinter applies a method which is designed to disseminate innovation throughout the various areas of the Bank.

In an initial phase, this method aims to encourage the generation of ideas. In order to identify them, Bankinter relies on:

- Its employees. One of the main sources of generation of ideas is to be found in the Bank's professionals who share their experiences and initiatives. In this regard, a website is in place which works as a mailbox for coordinating, compiling and channelling employees' contributions to innovation.
- The Bankinter Foundation for Innovation. Contact with the best professionals from highly diverse disciplines, through the think tank FTF (Future Trends Forum), provides valuable cutting-edge information, first-hand.
- Entrepreneurs' hub. The hub enables the Bank to get to know talent from businesses and markets other than banking and to use these businesses as service providers or even invest in them.

■ Major technology firms. Lastly, close relations with companies such as Telefónica, IBM and Cisco, and with banks from other countries, educational institutions and prestigious business schools, provide direct contact with many of the top-level trends in the most technologically advanced sectors.

Once this start-up and generation phase has been completed, the ideas are filtered through funnels called 'Innovation Programmes', which detect the subjects in which the Bank is most interested, always providing they are in line with its strategy. In other words that they help to generate a coherent discourse on innovation. This is crucial in order for these initiatives to have an impact on society and to materialise in the Bank's profit and loss account, with an approach focused more on revenue growth than on cost saving.

The innovation programmes can be classified into:

- Banking digitisation.
- Mobile payments and wallets.
- New distribution channels

### The indispensable culture of innovation

What makes Bankinter an innovating institution? The answer can be summed up in one word: culture. There are three aspects that take it beyond enthusiasm for new ideas and ensure sustained growth of innovation.

The first one is its openness and receptiveness to new initiatives, encouraging people to present new ideas, to defend them and to incorporate them into the business model. The second one is the culture of experimentation. Bankinter is not afraid to ask its customers to try out new ideas. And lastly, its humility in accepting them, whether they come from people involved in the Bank or from unrelated parties.

Advances, incremental changes, new products, new services and even radically different ways of doing business can arise from anywhere, and if there is a culture of innovation, they will arise continuously. If employees' in-house debates centre on innovation and new ideas arise in any conversation, their culture will be imbued with innovation and the chances of success will increase.

## Notable projects

- Coinc, which has become Spain's leading social saving portal, combines the advantages of the traditional bank savings format with the simplicity of being 100% online.
- With the Mobile Virtual Card, Bankinter became the first bank in the world to market a system which generates a single-use card.

**Changing the Spanish banking sector.** Resulting from all the challenges taken up by the Centre for Innovation, two particular projects stood out in 2014: the coinc.es savings portal, which consolidated its position on the Spanish banking scene as one of the most notable innovation plays in online banking; and the Mobile Virtual Card, with which Bankinter has developed a solution that counts as world first, enabling its customers to make payments using their mobile phones.

### Coinc

This savings portal, an alternative to the bank, with its own brand, has become, since its creation in July 2012, the most innovative and successful national model of Spanish banking, both in numbers and results and in design and development. With the aim of stimulating its users' savings by establishing specific targets, Coinc remunerates these savings, but it also offers other benefits by means of agreements with other service providers and product suppliers, such as Amazon.

Go to Coinc website





To access the service, users need only register with the portal, which takes just a few minutes, then set their targets and start saving. Coinc's easy registration process, 100% online, with no exchange of paper documents, is one of the keys to this portal's success.

Coinc supports users by helping them draw up plans to reach particular individual or group goals. For example, customers can share joint initiatives with friends and relations, such as a trip, a gift or even donations to any charitable cause, which also makes Coinc the first social savings portal.

The advantages of the traditional bank savings format, such as the safety and profitability of the account, are combined with the simplicity and total virtuality of the Internet and the social networks.

Coinc has basically attracted people who are active on the Internet, aged between 25 and 45, who have discovered that this portal offers them a simple and fun way of saving. At the end of 2014, Coinc had 60,583 registered users, 41,047 of whom were customers of the Bank. At the same time, balances deposited reached €684 million.

### Mobile Virtual Card

Constantly evolving and innovating, Bankinter launched its mobile phone payment system, a pioneering initiative in Spain, in September 2014. The Mobile Virtual Card is an innovative system allowing customers to use their mobile phones to generate, securely and instantaneously, a single-use credit or debit card with which to make payments in merchant outlets, restaurants or filling stations, or to make purchases from online stores.

Customers need only download an application from an Apps store to their smartphone and register on the Bank's website in order to activate the application on their mobile phone. In just a few minutes, the mobile phone is authorised as a means of payment, and from then on the customer can use his mobile phone to make payments with a degree of ease and security very similar to that of the conventional plastic card.

With the Mobile Virtual Card, Bankinter has become the first bank in the world to market a solution of this kind, i.e. 100% software. Unlike other existing solutions, it allows payments to be made even if there is no mobile coverage, enabling it to be used anywhere, including abroad.



## Technological milestones in 2014

**Evolving year after year.** Throughout its existence Bankinter has maintained a strategy of constant evolution of its technological architecture. The best example of this business strategy is the fact that it was the first bank to introduce both online and mobile banking in Spain. These and other actions carried out have led to Bankinter being recognised in the market for its ability to penetrate new market niches thanks to its determination to be at the forefront of technology and towards its multi-channel strategy. Technology is therefore an area in which the Bank has a competitive edge from which to face the challenges of the coming years with success.

The platforms through which Bankinter offers its customers remote services, ranging from the corporate or transactional website (bankinter.com), through the online broker (broker.bankinter.com) to the business services area (empresas.bankinter.com), were strengthened in 2014 using the latest technologies in the market, many of them designed for areas other than financial.

The Bankinter Group's IT infrastructure, managed through its IT subsidiary Gneis Global Services, has succeeded in obtaining advantages such as: capacity to grow to cater to an increase in the inflow of customers, improved response times, 24-hours-a-day operating availability in the event of any kind of incident, and lower system costs.

Also, groundbreaking task management technologies have been incorporated to improve employees' working environment and increase their productivity. Improvements have also been made to the data management and storage procedures in order to achieve the highest levels of security, preventing the Bank's systems or services from being affected by any vulnerability, so that they are always protected against any kind of attack.

Go to  
bankinter  
website



Go to  
online  
broker



Go to business  
website



## New workstation platform (GEN project)

- Over the course of 2014, Bankinter improved the working environment of all its employees by incorporating the latest technological innovations.

### **Working environments for new needs.**

Throughout 2014, placed great emphasis on improving its personnel's working environment. In this regard it implemented the most technologically advanced business operating system, with a workstation solution that responds to the day-to-day needs of the Bank's various employees. Modern equipment was made available, ranging from tablets and lighter and more easily portable laptops, through wide touch-screens to the most powerful computers on the market. All this while maintaining identical systems and tools in each configuration. The plan will cover the Bank's entire workforce, which entails installing 4,000 PCs, more than 500 laptops, 400 tablets for collecting digital biometric signatures and more than 2,000 mobile phones, as well as renewing the meeting rooms and booths.

As well as introducing new IT equipment and implementing the new operating system, Bankinter also replaced the mobile terminals with new ones with better performance, new features and corporate custom fit.



## Data management and storage

**Cutting-edge technological solutions.** In parallel with the renovation of the workstations, during the year Bankinter installed the latest technological solutions, with the highest levels of security in the area of management and storage of the Bank's data. As well as improving performance by more than 10% and increasing the security of the Bank's systems, these solutions also provide maximum availability for data management, reducing recovery times in the event of disaster to less than one hour.

To achieve this it was necessary to develop a new network architecture, much more flexible and better suited to the needs of the new virtual processing environments, maintaining the current high levels of availability with 10Gbps access ports and 40Gbps trunk ports. These changes have brought about a significant increase in available bandwidth and data processing speed.

## Integration of Mercavalor

An ever greater offering of services. In December 2013 Bankinter completed the acquisition of Mercavalor, which has become Bankinter's securities company. The integration, which serves to complement the offering of services and move it towards a more global format geared to asset management and specialist advisory services, posed a technological challenge from the systems point of view.

The IT infrastructure managed by Gneis Global Services made it possible to renew Mercavalor's technology and bring it into line with the standards used in the Group, in a process which will improve both the quality of service of the securities company and the efficiency of its operations.

Furthermore, the integration process will enable it to advance towards a new business model and better service quality, so helping Mercavalor to pass the breakeven point in 2015.



## IT security

- Bankinter is the first Spanish financial institution to receive certification from BSI, the British Standards Institution, for both its Information Security and Business Continuity management systems concurrently.

**The most secure bank.** Although Bankinter has one of the most secure platforms in the market, during 2013 it achieved further improvement in the implementation of controls and measures designed to manage technological risks. A commitment that has been backed by the prestigious British Standards Institution (BSI) in certifying it under ISO 22301:2012 and ISO/IEC 27001:2013, which confirm that Bankinter has an Information Security Management System and a Business Continuity Management System in place in accordance with the requirements of the two standards.

In 2014 Bankinter became the first Spanish financial institution to receive both certifications at the same time, which demonstrates its determination to offer the best international practices in managing security of information, business continuity and risk management.

We would also highlight the system for the prevention of online fraud which protects Bankinter's customers. This system provides real-time monitoring of movements of funds from websites made available to customers,

all sessions being analysed and marked with a confidence score. Every month millions of customer sessions operating on our websites order hundreds of thousands of transactions. The system, which was developed entirely in-house, is based on an 'expert system' model which automatically analyses a series of variables and takes decisions based on defined criteria for the prevention of online fraud. In case of doubt, an analyst reviews the transaction and takes the decision in a matter of seconds.

The high degree of reliability of the system, with fewer than 0.7% of transactions being marked as suspicious or fraudulent, means that the Bank maintains excellent levels of security in its transactions, with practically no impact on customer's legitimate operations.



## Bankinter Foundation for Innovation

**Source of knowledge.** The Bankinter Foundation for Innovation was established in 2003 with the mission of concentrating knowledge in order to create sustainable wealth through innovation and entrepreneurship.

Within the Bank's spirit and philosophy, the Foundation's vocation is to be a breakaway model of contribution to society. It devotes all its efforts to promoting innovation and entrepreneurship, as drivers of sustainable wealth creation among all the agents active in our society, from business owners and senior managers and entrepreneurs to those who will succeed them in the future, i.e. students.

The Foundation, through its four main initiatives, could be described as a virtuous circle starting with the Future Trends Forum (FTF), passing through Academia and Entrepreneurs and ending with Cre100do, the project launched in 2014.

This circle starts from the Future Trends Forum, where the latest trends in innovation are detected and analysed by leading world experts. The next step is to take all that knowledge to the university community, through Akademia. However, once they have been aired among the leaders of the future, these ideas do not remain in the classroom, but are transmitted to the real

world through the Entrepreneurs Programme. The process is completed when, the enterprises, having been set up, succeed in growing and becoming drivers of the economy thanks to Cre100do, the final stage in a long process which will serve to boost Spanish business.



**Future Trends Forum**

**Cre100do.es**  
Nuevas Grandes Empresas



**Akademia**



**Emprendedores**



## Future Trends Forum

- This think tank, which brings together an exclusive group of 400 experts from various disciplines, has the objective of anticipating the immediate future.
- It detects, analyses, discusses and disseminates trends in innovation - social, economic, scientific and technological - that will affect society in the short or medium term.

**Constantly in touch with the latest trends.** The purpose of the Future Trends Forum (FTF) is to act as a think tank that detects and analyses the trends in innovation that will affect society in the short and medium term. Once these trends have been analysed, they are openly debated and disseminated.

This think tank, made up of a select group of nearly 400 personalities who are internationally renowned in their various sectors and disciplines, has the objective of anticipating the immediate future, detecting social, economic, scientific and technological trends that will transform current business paradigms and models.

For four consecutive years the FTF has been Spain's first and only science and technology think tank and placed among the world's top 26 according to the Global Go-To Think Tank ranking produced by the University of Pennsylvania, covering more than 6,000 think tanks.

The following trends were analysed in 2014:

- **Superhumans:** This publication, dated May 2014, a reflection of the analysis carried out in the 21st meeting of the Future Trends Forum held in Madrid in December 2013, reviews the human capabilities that we wish to attain (or are already attaining) in order to become 'superhumans'. These capabilities were analysed from various points of view: scientific, technological, but also business, ethical and philosophical; and taking account not only of their impact on people but also of how they will change our social relations and our humanity.

The report was published in May 2014 and conferences were held in Madrid and Valencia during the autumn of 2014.



■ **The future of money:** In the June FTF meeting in Madrid a multi-discipline group of international experts analysed the revolution that is under way in the world of money. The creation of a common protocol makes it possible to convert money into a new kind of information exchangeable among network users without the need of an intermediary. These are the cryptocurrencies.

This revolution also empowers new agents, such as telecommunications companies which create new methods of payment, and engenders new needs in different geographical scenarios. The paths that money can take are innumerable, and its growth potential, fired by technology, poses a considerable challenge to the current economic and financial system.

The Future Trends Forum meeting was held in June 2014 and the publication was presented in November 2014.

■ **Big data and human performance:** A meeting which took place on 2 and 3 December 2014 to discuss the improvement of human performance by means of big data. You can access the video summary of the meeting here (<http://www.fundacionbankinter.org/es/videos/summary-of-the-xxii-ftf-meeting>) and its conclusions will be published in May 2015.

Go to video of the meeting



## Akademia

- The project's mission is to have an influence on the education of future leaders and to encourage them to be innovative.
- The Bankinter Foundation for Innovation selects 30 students to attend these courses, which are delivered in the best Spanish universities.

**Training the leaders of the future** The mission of the Akademia project, set up in 2006 by the Bankinter Foundation for Innovation, is to have an influence on the education of future leaders and to encourage them to be innovative. Aimed at young university students, it is geared towards encouraging and promoting an innovative attitude, motivating its participants to take up the challenge presented by an environment in a constant state of flux.

It started eight years ago with two universities (Deusto and Universidad Politécnica de Valencia). In September 2014 the course was being delivered in nine universities, following the recent incorporation of CUNEF and the Universidad Europea de Canarias.

The Bankinter Foundation for Innovation selects 30 students to attend these courses, which are delivered in the best Spanish universities with a view to complementing the university training with some essential ideas for achieving success in the present dynamic and complex environment.

The Foundation seeks out the most imaginative and engaged candidates by means of personal interviews in which students are presented with a challenge, since most innovative ideas are not just the result of fortuitous one-off flashes of inspiration, but derive from a process of learning and contextual analysis, which Akademia makes available to the students.

During the course students attend 14 theoretical sessions and two practical ones, which are complemented by meetings with entrepreneurs who tell of their experience, and at the end of the course they present a business model developed by them.

In 2014, as well as completing a faculty formed by independent professionals who offer their knowledge, a blended (partly face-to-face) course was launched and a new handling platform was commissioned. All this is aimed at facilitating learning for young people willing to take up the challenge represented by Akademia.

“

The first Spaniard to work for Alibaba, the Chinese e-commerce giant, did training at Akademia.”

98%

of students who have studied in Akademia recommend the course

## Entrepreneurs

- The idea of the project is to invest in high-potential entrepreneurship that creates wealth.
- Since 2013, 700 projects have been presented, of which nine have been selected by Bankinter's Venture Capital area.

**Learning and supporting the entrepreneurial ecosystem.** The Entrepreneurs project provides Spanish start-ups with financial support and access to an ecosystem which includes the main Spanish business angels, universities and technology centres.

The initiative, which started in 2013 with the idea of investing in six or eight companies a year, aspires to become a recognised meeting point for entrepreneurs and investors specialising in seed capital financing.

Since its launch, 700 projects in such diverse fields as healthcare, renewable energy, nanotechnology and telecommunications have presented their initiatives. Following a process of analysis and evaluation on the part of the Foundation, Bankinter's Venture Capital area has taken equity stakes in nine of these projects.

In 2014, it invested in five of the nine projects currently in the portfolio:

■ **Coinffeine:** Established by four Spanish computer engineers, the initiative is developing a pioneering platform for means of payment using bitcoin. The technology of this start-up allows people to exchange cryptocurrencies and other financial assets, securely and without intermediaries

The most important thing, apart from the fact that it is the first time a Spanish or European bank or possibly any bank in the world has invested in bitcoin technology, is that in the foreseeable future private individuals may use this technology to mutually exchange all kinds of digital financial assets or products, such as shares, futures, derivatives, etc., on a secure basis.

■ **Movintracks:** This is a new marketing-in-the-cloud platform which, for the first time, people can use to design interactive, measurable brand experiences in physical spaces and via mobile devices. Its creation coincides with the explosion in mobile technologies which seem intent on changing everything: NFC (Near Field Communication) and the latest version of Bluetooth, called 4.0 or BLE (Bluetooth Low Energy). All these developments enable brands to interact with their audiences via mobile devices.

“

In 2014 investments were made in five projects: Coinffeine, Movintracks, Chicplace, Captio and Beroomers”.

■ **ChicPlace:** This is a shopping platform that brings together Europe's most charming shops, offering original, unique, stylish products. The main categories are home, decoration, accessories and fashion, with a clear emphasis on gift items. There are thousands of small shops and craftsmen with original, different or unique products that do not have the necessary scale with which to set up their own e-commerce. ChicPlace opens the sale of these products to numerous consumers around the world.

■ **Captio:** This is an integral solution for automating the management of business travel expenses. The system automatically extracts the data from the tickets and generates the expense claim form, covering accounting, bank reconciliation and the corresponding VAT refund, since it is certified by the Tax Agency (EAT).

■ **Beroomers:** This is a marketplace for student accommodation, the aim of which is to collate the existing supply and channel it to students, whether Spanish students going to study away from home in other Spanish cities or abroad or foreign students on exchange programmes studying in Spain. Guillermo Ruiz and Sunil Mahtani launched Beroomers in the summer of 2013, and within a few months they were offering 500 accommodation options in six Spanish cities, with information in Spanish and English. After reaching €70,000 in reservations in the first few months of 2014, and having demonstrated traction, they embarked upon a round of financing to enable them to start expanding throughout Spain.



## Cre100do

- The five-year objective of this project is to turn 100 medium-size companies into major corporates.
- Economies with big companies, particularly if they have an international dimension, are more stable, more productive and hold up better in crises.
- Accenture, AFI, Amadeus, AT Kearney, Bankinter, Deloitte, ESADE, Garrigues, IBM, IESE, McKinsey and Telefónica have already joined the initiative.

**Supporting the future driver of the economy.** Created in 2014, Cre100do is an initiative driven by the Bankinter Foundation for Innovation, with the collaboration of ICEX (Spanish Institute for Foreign Trade) and the Círculo de Empresarios (a leading business association). Its objective is to help medium-sized Spanish companies to grow in the next five years to become the national economic engine and to create qualified employment.

Economies with big companies, particularly if they have an international dimension, are more stable, more productive and hold up better in crises, since they are more innovative and have a greater capacity for business survival.

Each year the initiative will select between 15 and 25 companies with sales of between €25 million and €250 million, to help them boost their turnover over the next five years. The selection will be made from sectors in which the positive impact of these companies is likely to have a multiplier effect, applying criteria that enable growth potential to be assessed.

Companies selected in 2014 include Bimba y Lola, BQ, Cristian Lay, CT Engineering Group,

Danobat, El Ganso, Eurofragance, Industrial Farmacéutica de Cantabria, Chocolates Lacasa, MTorres, Megalab, Nagares, Noel Alimentaria, Prosol and Salto Systems.

The Bankinter Foundation for Innovation intends to share the path to success with these companies and to generate a reference framework that will serve other companies that follow so that they can benefit from the knowledge acquired by their predecessors when confronting certain problems or opportunities.

Cre100do.es intends to attain its objective by combining ideas, resources and talent, with the help of leading companies who will show the best practices, with renowned professionals to whom normally only the major corporates have access. At the time of the launch, participants included Accenture, AFI, Amadeus, AT Kearney, Bankinter, Deloitte, ESADE, Garrigues, IBM, IESE, McKinsey, Ramón y Cajal and Telefónica. However, the initiative is open to participation by other companies and foundations, and to professionals and experts, both Spanish and foreign.

Go to cre100do website



**Cre100do.es**  
Nuevas Grandes Empresas

“

Each year Cre100do will select between 15 and 25 companies with annual sales of between €25 million and €250 million.”





**human factor**

## People

Bankinter's employees are its main asset. The People Management department is responsible for ensuring that the Bank's strategy is properly carried out in terms of its people. Its task is to define and implement the necessary policies to create a working environment that facilitates motivation and professional development of the workforce, always in line with the Bank's strategy. Accordingly, its function includes attracting and retaining talent.

This past year 2014 was a very intense one for recruitment of both senior and junior profiles, to strengthen the Bank's strategy in the strategic business segments (Private Banking, Personal Banking and Corporate Banking) and in the control and Compliance areas, to bring them into line with regulatory and legal requirements.

In a context of adjustments in the sector, Bankinter was one of the few institutions to increase its workforce in 2014. The need to recruit new professionals is a result of the growth in the business, which generates employment opportunities. A total of 243 people were recruited, through 418 selection processes, bringing the workforce to 4,185 at year-end.

Bankinter's people management and its generating an environment of professional development once again earned it recognition by Top Employers as one of the best companies to work for in Spain.



# Graphic summary

New recruitments: processes and candidates

Number of selection processes	Number of candidates
418	1,108

Internal job rotation

Number of vacancies published	Number of candidates	Number of Pple. Mgt. interviews
101	472	416

Numbers of training initiatives, hours of training and employees trained

Number of training initiatives	Persons trained	Hours of training
424	3,934	186,127

Distribution of new hires by Autonomous Region

Autonomous community	Men	%	Women	%	Total	%
Andalusia	3	50%	3	50%	6	2.53%
Aragón	5	56%	4	44%	9	3.80%
Balearic Islands	1	25%	3	75%	4	1.69%
Valencia	22	67%	11	33%	33	13.92%
Canary Islands	0	0%	1	100%	1	0.42%
Cantabria	2	100%	0	0%	2	0.84%
Catalonia	3	30%	7	70%	10	4.22%
Galicia	2	100%	0	0%	2	0.84%
La Rioja	1	25%	3	75%	4	1.69%
Madrid	89	61%	58	39%	147	62.03%
Murcia	2	50%	2	50%	4	1.69%
Navarra	0	0%	1	100%	1	0.42%
Basque Country	7	50%	7	50%	14	5.91%
Total	137	58%	100	42%	237	100%

\* In the Luxembourg Office six professionals were recruited, four of whom are men and two women.

## Human Capital

Workforce at 31 December 2014

### Type of contract

Type of contract	Men	Women	Total
Indefinite	1,988	2,045	<b>4,033</b>
Temporary	80	72	<b>152</b>

Type of contract	Men	Women	Total
Full-time	2,029	2,057	<b>4,086</b>
Part-time	39	60	<b>99</b>

### Breakdown of the workforce by professional category

	Men	Women	Total
Administrative personnel	157	345	502
Sales/Technical	1,040	1,317	2,357
Executives	871	455	1,326
<b>Total</b>	<b>2,068</b>	<b>2,117</b>	<b>4,185</b>

### Breakdown of the workforce by age groups

	Men	Women	Total
< 25 years	8	8	16
25 -30	116	209	325
31 - 35	430	533	963
36 - 40	470	531	1,001
41 - 45	261	408	669
46 - 55	553	370	923
> 55	230	58	288
<b>Total</b>	<b>2,068</b>	<b>2,117</b>	<b>4,185</b>

### Breakdown of the workforce by years of service

	Men	Women	Total
Up to 5	300	255	555
From 6 to 15	1,009	1,209	2,218
From 16 to 25	394	567	961
Over 25 years	365	86	451
<b>Total</b>	<b>2,068</b>	<b>2,117</b>	<b>4,185</b>

### Breakdown of the workforce by Autonomous Region

	Men	Women	Total
Andalusia	183	165	<b>348</b>
Aragón	65	52	<b>117</b>
Asturias	42	28	<b>70</b>
Balearic Islands	19	30	<b>49</b>
Valencia	200	147	<b>347</b>
Canary Islands	44	80	<b>124</b>
Cantabria	25	23	<b>48</b>
Castilla La Mancha	39	29	<b>68</b>
Castilla y León	75	57	<b>132</b>
Catalonia	151	182	<b>333</b>
Extremadura	13	8	<b>21</b>
Galicia	35	41	<b>76</b>
La Rioja	14	13	<b>27</b>
Madrid	994	1,090	<b>2,084</b>
Murcia	43	31	<b>74</b>
Navarra	14	20	<b>34</b>
Basque Country	101	117	<b>218</b>
<b>Total</b>	<b>2,057</b>	<b>2,113</b>	<b>4,170</b>

Fifteen person work in the Luxembourg Office, four of them women.

### Breakdown of the workforce by nationality

Nationality	Number of persons
Germany	12
Argentina	7
Belgium	5
Brazil	1
Bulgaria	1
Chile	3
Colombia	2
Cuba	6
Denmark	1
Ecuador	2
Spain	4,088
United States	1
Finland	1
France	8
India	1
Italy	3
Luxembourg	2
Morocco	5
Mexico	3
Norway	1
Netherlands	4
Pakistan	1
Panama	1
Peru	4
UK	3
Romania	1
Sweden	1
Switzerland	8
Venezuela	9
<b>Total</b>	<b>4,185</b>



External job rotation

	Men	%	Women	%	Total	%
Under 30	6	0.29%	19	0.90%	25	0.60%
30-50 years	45	2.18%	38	1.79%	83	1.98%
Over 50	32	1.55%	6	0.28%	38	0.91%
Total resignations and retirements	83	4.01%	63	2.98%	146	3.49%
Total Workforce	2,068		2,117		4,185	

	Men	%	Women	%	Total	%
Andalusia	4	36%	7	64%	11	7.53%
Aragón	1	33%	2	67%	3	2.05%
Asturias	1	100%	0	0%	1	0.68%
Balearic Islands	1	33%	2	67%	3	2.05%
Canary Islands	1	50%	1	50%	2	1.37%
Cantabria	3	75%	1	25%	4	2.74%
Castilla-La Mancha	0	0%	2	100%	2	1.37%
Castilla y León	1	33%	2	67%	3	2.05%
Catalonia	11	85%	2	15%	13	8.90%
Valencia	16	57%	12	43%	28	19.18%
Galicia	1	50%	1	50%	2	1.37%
Madrid	30	55%	25	45%	55	37.67%
Murcia	1	100%	0	0%	1	0.68%
Navarra	0	0%	2	100%	2	1.37%
Basque Country	10	71%	4	29%	14	9.59%
Luxembourg	2	100%	0	0%	2	1.37%
Total	83	57%	63	43%	146	100%

Days of absence

	2014	2013
Common illnesses	18,252	15,485
Women	13,766	11,641
Men	4,486	3,844
Maternity	12,009	12,283
Women	11,991	12,283
Men	18	0
Paternity	1,190	1,148
Women	0	0
Men	1,190	1,148
Accidents at Work	611	391
Women	480	337
Men	131	54

Absentee rate

	Men	Women
Total	0.4949948	1.5273511

Days absence due to common illnesses and accidents at work, per 100 hours worked

Accident rate

	Men	Women
Total	0.0006435	0.0020380

Total number of accidents per 100 hours worked



## Bankinter employees:

78% university graduates

average age 40.9 years

average 13.3 years of service

29 nationalities



José Luis Dionisio Cervantes Roberto Zarza Del Barrio María José Ponce Sánchez David Aragon Niño David Valenzuela Peiteado Ana María Vázquez González S. Tartalo Isabel Mínguez Pérez Irene Ceballos Bretón Elisa M. Domínguez Alonso María Josefa Rodríguez García S. Patricia Alandi Tartalo Rosa María Díez Madroñero Díez M. Luis Fco. Pérez Marcos Juan Serrano Sánchez Rafael Mesa Díaz Benjamín Castilla Aguilar Rocío Lima Sánchez Carmen María Pendas Martín Javier Prieto Vargas-M. Cristina Martín García Fermín José Gómez Rodríguez José María Molina Mancha Cristina Bellido Rubio Ignacio Fernández Osa Juan Navarro Esteve Sonia Terrón Díaz Ambrosio Miñarro Viseras Carolina Ortiz Camacho Alejandro Castello Mas Antonio María Pascual Torres Alberto López Muñoz Cristina Rodríguez Urcelay Juan Santiago Sanjuan Ramírez Laura Bruno García Paloma Rguez-Arango Fernández Maravillas Martín Martín M<sup>a</sup> Esther Heredia López Fco. Javier Capón Ruiz Daniel Montero López M. Mercedes López Socías Jorge Iñigo Peral Guerra Belén Rodríguez Fernández M<sup>a</sup> Cristina Lastra García Lara Suárez Guinea David García Moral Yolanda Sanz Rey José Antonio Rodríguez Sánchez Paloma Herrero Pérez Raul Crespillo Maldonado Rafael Sánchez Raymundo Manuel García Merchan Sergio García Calderón Ana Prieto Temez Laura Prieto Gómez Pablo Lancry Del Cerro Carlos Muñoz Gómez Rafael Borrego Zayas María Isabel García García Paloma Sánchez Chacon Leticia Aparicio Martín-Romo Sergio Sanjuan Samaniego Isabel Delgado Esteban Patricia Llamazares Yuste Miguel Angel Lozano Bravo Juan José Rodríguez Soler Juan José García Sánchez Fco. Javier Casillas Diaz Javier Maruri Palacin Francisco Agullo Montero Alberto Bruña Valdivieso Domingo Gamo Molina M<sup>a</sup> Victoria Valpuesta Romero Jaime Siguenza Clemente Ana Belén Galan López Agustin Soto González Juan Carlos Gutierrez Nieves Miguel Angel Rager Tirado Julio José Gamero Aguirre Julio Luis Otero Comesaña M. Esther Risquez Susi David Olivares Rodríguez Concepcion Irnan Pacheco David Valenzuela Peiteado Carolina Sánchez Soriano María Esther Martínez Mansilla Fco Javier García Gómez Juan Carlos Martín Hidalgo Manuel Pallares Alvarez Pedro Orgaz Cruz Rosario Martínez Toledo Ana M<sup>a</sup> Achau Ferrer M<sup>a</sup> Mercedes Olleros Izard Dimas Blanco Muñoz María Teresa Cuerda Gcia-Junceda Eloy Antonio López Hernández Manuel A. Ortega Delgado Valentin Yebra Fernández Fernando E. Colas Fernández María Soledad Gracia Alos Yolanda Gella Ferrer Fernando Orduna Martinez J. Javier Hernández Bermejo Diana Cuadrado Duro Beatriz Marcos Suarez José Antonio Rodríguez Quintana Marta Capitan Obregon Natalia Mendez Olmos Abel Rodríguez Alvarez Javier María Cerquella Rodríguez María Angeles Ramos Quero Juan M. Ochoaerrarte Goicoechea Ignacio M. Mellado García Monica Rey Tobalina María Jesus Peinador Tordesillas Miquel Riubrugent Gurdumi José Antonio Iglesias Millan José Alberto Rodríguez Portilla Beatriz De Mendoza Rodríguez Alba Maldonado Rodríguez Ivan Gómez Sánchez Sebastian M. Ojeda Gartner Fco Javier Cabrera Izquierdo Ana Hernanz Domínguez Fernando Castellanos Cordeiro-Cre Gonzalo Del Olmo Solorzano Alejandro Gomes García Julia Eugenia Moro Crooke Angel Alberto López López Isabel Andray Neila Ernesto Arana Macho Susana Calderon Bono Elena Velazquez Otero M. José Baena García Fernando De Roda Ezquerria Javier Servera Puente Jorge Carlo Righetto Zarza Monica Alvarez Rodríguez Angel Luis Castellanos Victoria M<sup>a</sup> Del Pilar Aranda Barrio Rafael Alonso Gómez Mercedes Alcojor Moreno M. Lourdes Iglesias Graña F Isabel Rodríguez Camara M. Lourdes Barainca Oyague Ana Nieto Alonso Eloisa Ortiz López Tamara Rebollar Fernández Pedro Barrio Vizán María Yolanda Hermosa Burgos M<sup>a</sup> Del Carmen Pozo Grande Alipio Conde Herrero José Alberto Martín Cejudo Alberto San José López Mikel Jauregui Echaniz Juan Carlos Eguiara Garay José Ramón Seco García Guillermo López-Tapia Guzman Ion Arrieta Beiztegui Jordi Soles Hernández Mercé Llop Valles María Hdez-Capalleja Gimeno Manuela Pérez Prieto Jaime Rillo Marco Ivan Elias González Cerrato Sigríd Mas González M<sup>a</sup> Dolors Casas Folch Josep María Fargas Mas Paloma González Quesada Emilio Palomar Martín Ignacio Llorente Utande Nuria Relañó García Miguel Angel Fernández Gutierrez David Anton Sánchez Miguel Lorenzo Moreno Manuel Miranda Dasca Carmen Irene Trujillo Rodríguez José Manuel Fernández González José Carlos Gareia Cacheiro Fco. Javier Pérez Helguera Bruno Bejerano Gómez Sonia Marina Aguilera Eva Fernández Ortiz Natalia María González Piñeiro Carlos Sánchez Bragado Lola Luque Sánchez Jorge Granda Muñiz

## Attracting talent

- The Bank's intern programme enables it to identify junior talent, provides students with a first contact with the world of work and encourages them to contribute their value.
- Bankinter's objective is to consolidate its position as a leading company as regards attracting talent.

**The Bank's "young blood".** In 2014 Bankinter implemented a student work experience [programme with a dual objective. Firstly, to give students the opportunity of having an initial contact with the world of work and real learning, and secondly to take advantage of the value contributed by these young people to the Bank's activities and teams. The programme is also used to identify junior talent.

The People Management department defines a series of areas in which the Bank can offer practical work experience to recent graduates or final year undergraduates. Areas such as Central Services, Accounting, Finance, Treasury, Investment Banking, etc. and also in specific posts in the branch network, especially those relating to Private Banking and Corporate Banking. Once the areas have been identified, in

May or June the first call goes out for applications for internships. Over the course of the year Bankinter had 108 students, ten of whom have since joined the workforce.

In order to attract talent - graduates, postgraduates, students of masters degrees - Bankinter signs agreements with public and private universities and business schools nationwide. The Bank launches search processes or public offers in these centres. Candidates go through a selection process in which they take a test to show their skills profile, and a personal interview. Subsequently, those who best fit the position are selected. Students majoring in Business Administration, Management, Economics and Law, but also Engineering, Statistics or Marketing.

“

**The Bank has agreements in place with both public and private universities and business schools.”**

## Training and developing talent

- In 2014 Bankinter developed the Corporate University, a project designed to create value and promote the exchange of knowledge in the Group.

**Working and studying.** While 2013 was the year of the launch of the Bankinter Corporate University, 2014 was the year of its development. This initiative arose as a strategic tool for the creation of value and interchange of knowledge of the Bankinter Group, and to facilitate the reflection, creativity and development of its professionals. It has a physical headquarters in the Tres Cantos building in Madrid and a virtual campus which the entire workforce can access from the corporate intranet. The ultimate aim of the University is to enhance the Bank's reputation.

In 2014 Bankinter set up four types of programmes:

- Strategic.
- Technical: aimed at developing technical skills and sales abilities in the Branch Network.
- Languages.
- Virtual campus: programmes relating to products and changes in processes and rules and regulations.

As well as providing practical, continuous training geared to the business and suited to the

profile of each employee, Bankinter continues to be committed to creating jobs for young people. In this regard the Bank has signed an agreement with the Ministry of Employment, to participate in the strategy of entrepreneurship and youth employment, one objective of which is to generate jobs for under-30s.

This training drive with its employees made Bankinter the company which rose the largest number of places in last year's Marco Personas study, going from 52nd to 24th in the ranking. This is a business monitor that identifies the most attractive companies to work for in Spain. The study is conducted among company managers, university and business school students and headhunters, and evaluates the reputation of a company and its management as well as the attraction of talent and ability to manage it. As regards the ranking by sector, Bankinter is the only company in the banking sector to have gone up in the rankings (by two places), rising to fourth place, among the eight financial companies included in the study. The results obtained are the fruit of the quest for excellence, the focus on meritocracy, and the commitment to equal opportunities which define people management at Bankinter.



## Promoting talent

- Bankinter is one of the Spanish companies that best promotes talent through a number of different programmes aimed at developing its employees' potential.

**The managers of the future.** Last July Bankinter launched a High Potential programme designed to identify the people in the organisation with the best capabilities for outstanding performance in the future, those with the potential to develop the Company's values and with a leadership profile. As well as identifying them, the programme provides them with the training tools and experience to help them develop this potential as quickly as possible.

The programme seeks to cover the entire organisation, not only people with high visibility, but also those without, who are usually young people. Using criteria such as academic qualifications, skills analysis and historical performance analysis, the Bank identifies 50 employees from any area and position – except for those already in a top position, who have other tools available to them – and includes them in the programme.

In the framework of the programme, three actions were been defined:

- A corporate management development programme of Deusto Business School, designed for Bankinter, which started in 2014 and will end in February 2015.

- The second step is a mentoring programme with members of the Bank's senior management. Once the development programme has been completed, an analysis is made of the development of the group over the course of the year and a selection is made of the persons who will take part in the mentoring programme, in which they are mentored by members of the Management Committee. They will take part in this programme for a period of one year.
- In the third year, a by now reduced group of persons will take part in a managed rotation programme aimed at giving them experience in areas other Bank considered fundamental for later taking up management positions.

Bankinter also promotes talent by means of a specific plan for people managers. It is a training programme for leaders of teams, which aims to achieve the same management style, incorporating the objectives of each people manager with the culture and values of the Bank. It was launched in 2013, and in 2014 it was developed further and extended to three years so as to work on different skill in each year. The participants are divided into three groups, depending on the number of people they have reporting to them (in Bankinter there are about 1,000 employees with personnel under their responsibility.) This is a mixed programme, one part of which is online and the other face-to-face. It comprises between 40 and 50 hours of training.

“  
The High Potential programme is the Bank's latest initiative; it follows the People Managers programme launched in 2013.”

1,000  
people have employees under  
their responsibility

### Evaluation and development plans

The HR management policies, which focus on employee development, include evaluation systems aimed at measuring skills and professional achievements, as well as the commitment with which these are attained, with objective facts, thus gaining knowledge both of people's capabilities and of areas in which there is room for improvement.

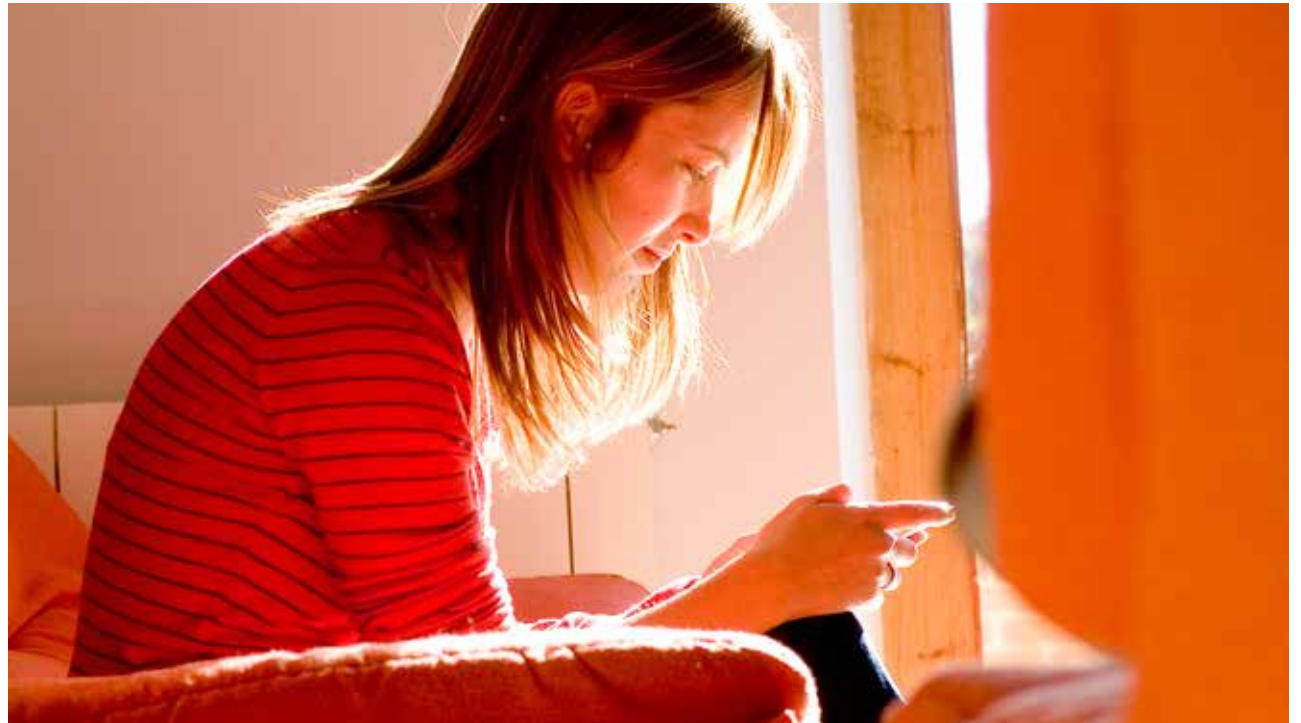
It is an annual process which has to be carried out rigorously and objectively, with as much time devoted to it as possible. Its ultimate aim is to identify the people who perform best in the organisation and to design appropriate career development plans for them.

In view of the importance of the evaluation systems, both for assessing employee performance and for designing future development plans, work continues on improving the internal evaluation tool to make it simpler and clearer.

With this system, the superior will evaluate his subordinates both on the strength of their performance - associated with the achievement of quantitative and qualitative objectives previously assigned - and through the commitment with which they work to achieve the objectives. Employees for their part will perform a self-assessment of the skills and aptitudes they use in their daily work. Its purpose is to provide a comprehensive and objective

view of each employee's professional skills or abilities, including information on key skills such as leadership, communication, teamwork, enthusiasm and forward-looking approach.

The results of these evaluations are used to identify training needs, which are covered by means of specific plans, as well as being taken into account in the rotation and promotion processes and playing a decisive part in the identification of the Talent group.





## Remuneration and corporate employee benefits

As part of its remuneration policy, Bankinter upholds the principles of non-discrimination on grounds of gender, race or any other factors, valuing competitiveness and fairness, as well as work performed and results obtained.

Accordingly, taking as a reference the basic salary and excluding additional pay for length of service, welfare or other benefits, the male/female pay ratio is 1 for all professional categories.

The Bank applies a remuneration structure composed of two types:

**1.- A fixed portion**, which is influenced by factors such as the function performed, the responsibilities taken on, experience in the position and the ongoing individual performance of the person occupying it.

**2.- A variable portion**, which is in line with the principles requiring the remuneration policy to be compatible with appropriate and effective risk management and in line with the agreed business strategy.

It is applied individually to the whole workforce, differentiating by functional areas.

Variable remuneration can be grouped into three broad categories:

- **Sales bonuses**, for those persons involved in direct sales activity with customers.

- **Bonuses for specific areas** that either have an activity that is differentiated from the Bank for strategic reasons, or require a different and focused system of incentives.

- **Variable incentives**, for the remaining categories of the Bank's workforce. It is granted individually based on the function performed and the responsibilities assumed, but, unlike the fixed portion, its purpose is to ensure an appropriate correlation between the resulting levels of remuneration and the results attained. For that reason it is calculated using a system that links it to the strategy, objectives, values and interests of the Bank in the long term. As part of this policy, the Bank sets up an incentive fund depending on the pre-tax profit of its banking business, so that below a certain degree of achievement no incentive would be paid. The amount finally received by each employee, which is capped at a certain maximum amount, depends on the objectives established for each area being met.

It should be pointed out that, together with other more specific indicators, changes in the pre-tax profit of the banking activity also have an effect on the other variable incentives mentioned.

Bankinter offers social benefits that go beyond legal requirements and which apply to all employees regardless of their working day or the autonomous region where they live, such as:

- Sports assistance.
- Study assistance.
- Health insurance.
- Life insurance.
- Advances against monthly salary.
- Banking products and services with special conditions for employees.

Bankinter also offers its employees meal subsidies, depending on their working hours, which can be taken as an addition to salary or on the form of restaurant vouchers.

Employees with more than six months' service are also entitled to the following benefits:

- Mortgage loans.
- Novation of mortgage loans.
- Housing construction loan.
- Revision of interest rates on mortgage loans: It is possible to ask for interest rates to be revised after six months instead of the established twelve.
- Housing loans.
- Loans for other purposes: No proof is required. They can be paid in 12 or 14 annual instalments.
- Advances. Those which the banking collective labour agreement (5 and 9 months' salary) considers loans with a series of specific reasons. They can be paid in 12 or 14 annual instalments.
- Advances for the purchase of a computer or to pay for language courses, foreign immersion courses or postgraduate studies relating to the employee's professional activity.



A system of flexible remuneration is also in place, established in 2008, which offers employees the possibility of receiving their remuneration in any of a number of different combinations and choosing the set of products and services best suited to the needs and/or interests of each. It is a voluntary compensation scheme with an agreement being made between the Bank and the employee to modify the composition, but not the amount, of the employee's compensation package, replacing monetary payment by payment in kind in the form of particular products or services, which generally have some form of tax benefit.

In this way the employee maximises remuneration in two main ways: through the Bank's negotiating power to optimise the price of certain products and/or services, and through the tax advantages accruing to certain products contracted through this system. Currently 45.07% of employees use this flexible compensation option.

As long-term remuneration designed to cover certain contingencies, the Bank carries out the following actions:

- Certain supplementary cover is provided for all employees as regards the benefits paid by the Social Security system in the event of widowhood, orphanhood, permanent occupational disability, absolute permanent disability or severe disability.

- Employees in service since before 1 March 1980 have their pension commitments covered as established in the collective labour agreement for the sector.

- In 2014, pursuant to the provisions of the banking collective labour agreement, a pension scheme was put in place for employees with more than two years' service and whose pension commitments are not covered by any other scheme.

The starting salary at Bankinter for the lowest level of the sector collective labour agreement exceeds the official minimum wage in Spain as

approved by the central government for the year by 250%.

**Plan Familia for employees** Promoted by the Adecco Foundation, this programme is aimed at the development, training and integration into the workforce and society of disadvantaged groups, basically persons with disabilities, in line with the 'Noughts and Crosses' Plan. This programme also provides any of the Bank's employees who may have any kind of disability and/or family members in a similar situation with assistance of various kinds to help them achieve real integration in the workplace and society or to help them perform various activities including leisure ones.



Del 29 de septiembre al 03 de octubre del 2014

**Saludablemente**

1ª Semana de la Salud y la Prevención Bankinter

Ven.  
Te esperamos...

### Healthy in mind and body

Ensuring the health and safety of its employees and involving the workforce by means of training initiatives has been the objective of the 'Healthy in mind and body' programme launched by Bankinter in 2014. The Bank devoted a week in several Spanish cities to awareness-raising and promoting healthy habits among the workforce, tackling questions that ranged from health matters, taking blood pressure, cardiovascular risks, prevention of cancer, posture education, etc. through to dietary advice.

In addition to this initiative, Bankinter has an ongoing programme of courses on the prevention of risks in the workplace, first aid and emergency and evacuation procedures. It also offers, on a voluntary basis, initial health checks for new recruitments and regular ones for other employees. In 2014 43% of employees had an annual medical check-up, compared with 49% in 2013.

## Human factor &gt; People

Human Capital	2010	2011	2012	2013	2014
<b>Descriptive Indicators</b>					
Number of employees	4,543	4,210	4,068	4,088	4,185
Average age (years)	38.00	39.00	39.58	40.30	40.93
<b>Experience</b>					
Average length of service (years)	11	12	12	13	13
Average length of service (years) as % of 40 years (professional lifetime)	27.50	30.00	30.00	32.50	33.15
<b>Diversity</b>					
Breakdown by gender					
Male (%)	49.53	49.31	48.80	49.17	49.41
Female (%)	50.47	50.69	51.20	50.83	50.59
Graduates (%)	75.13	76.96	76.72	77.05	77.90
Number of nationalities represented	34	29	29	27	29
Number of different qualifications	97	103	72	98	76
<b>Corporate Volunteer Work</b>					
Different volunteer projects implemented	49	38	30	8	37
% of employees participating as volunteers in the various projects implemented	13.91	12.35	9.83	3.77	10.20
<b>Ability and development</b>					
Employees who received training (%)	83.42	78.08	96.06	95.35	94.00
Average number of training hours per employee	32.46	31.29	37.32	34.14	44.47
Average number of training hours per employee trained	38.91	40.08	38.85	35.81	47.31
Investment in training as % of total payroll	0.9	0.8	0.6	0.5	0.8
Investment in training per employee (euros)	359	299	236	198	361
Investment in training per employee trained (euros)	430	383	246	207	381
Employees with access to Virtual Classroom from their workstation (%)	100	100	100	101	100
Training actions in Virtual Classroom as % of total different training actions	7.18	5.83	6.26	6.21	8.49
Number of different training initiatives	376	412	479	515	432

## Human factor &gt; People

Human Capital	2010	2011	2012	2013	2014
<b>Commitment and motivation</b>					
Employees participating in stock and convertible debenture ownership programmes (%)	40.41	40.97	40.22	33.54	23.54
Satisfaction index *	N.A.	N.A.	58	NA	64
Commitment index (%) *	N.A.	N.A.	72	NA	75
Participation in opinion poll (%) *	N.A.	N.A.	77	NA	77
External rotation index (calculated on average workforce)	5.89	10.29	5.59	4.09	3.52
Persons with flexible remuneration %	24.87	30.74	35.15	39.92	45.07
New hires in the past year as % of total workforce	6.65	2.76	2.19	4.33	5.81
Personnel expenses (€000s)	257,817	254,505	243,349	263,306	271,763
<b>Value creation (thousands of euros)</b>					
PBT/Number of employees	45.17	57.04	37.90	63.87	93.87
Contribution to GDP per employee	119.01	119.70	115.83	132.16	150.60
<b>Productivity (thousands of euros)</b>					
Customer funds per employee	8,784	9,015	8,903	9,427	9,161
Loans & receivables per employee	9,195	10,120	10,339	10,077	10,143

\* The survey is carried out every two years, except in 2010.

## Human factor &gt; People

Structural Capital	2010	2011	2012	2013	2014
<b>De-layering and Transparency</b>					
Persons participating in the evaluation of skills, performance and commitment *	N.A.	N.A.	N.A.	3,990	4,016
<b>Flexibility (%)</b>					
Internal job rotation	35.12	22.28	19.80	16.72	19.20
Employees who have logged on remotely (%)	35.48	46.84	31.22	30.04	31.57
Time logged on remotely per user (min.)	6,198	5,725	9,621	9,258	8,873
Employees accessing the Internet daily from the Bank's platform	95.80	103.17	97.32	88.99	89.70
Employees with corporate laptops (%)	27.36	27.72	27.88	26.22	25.50
Employees with corporate mobiles or BlackBerrys (%)	63.50	63.06	63.74	63.92	76.30
<b>Technology &amp; process quality</b>					
Employees with Intranet access / total workforce	100	100	100	100	100
Branches with Internet stations and telephones connected to telephone banking (%)	100	100	100	100	100

\* Between 2010 and 2012 no skills evaluations were carried out.

## Human factor &gt; People

Relational Capital	2010	2011	2012	2013	2014
<b>Customer Relations</b>					
Number of non-specialised and foreign branches	367	366	367	360	360
Number of Virtual Branches	371	359	353	369	398
Number of Bankinter Agents	543	496	478	432	424
Number of centres for medium-sized businesses	89	81	76	75	78
Number of corporate centres	47	47	48	48	46
Number of Private Banking Centres	47	59	38	38	39
Employees per Branch or Management Centre	8.05	7.61	7.69	7.85	7.96
Staff directly involved in the business (%)	75.74	76.75	76.72	77.62	77.30
New active customers (%)	4.80	6.23	7.82	8.65	8.75
Annual growth in Average Total Assets (%)	-0.75	4.33	4.32	-3.24	-1.46
New active customers per employee	8	11	14	16	17
<b>Quality and customer satisfaction</b>					
% of financial incidents resolved within 48 hours	57.33	48.73	51.63	47.80	47.60
Number of complaints to Ombudsman per active customer	11.25	6.67	7.21	8.92	4.84
Number of complaints processed by Banco de España per active customer	7.35	2.66	2.65	3.64	2.21
<b>Multi-channel development</b>					
Transactions through channels other than Branch Network as % of total Bank transactions	63.67	62.56	63.35	62.86	65.70
New customers through channels other than Branch Network as % of total new customers	42.87	41.99	42.66	47.73	43.70
<b>Telephone Platform</b>					
Calls answered by Telephone Platform / Personnel	824	700	608	530	493
Enquiries and incidents reported to Telephone Banking and managed through e-mail/Telephone Banking staff	275	349	388	394	384
<b>Active Telephone Banking users as % of total active customers</b>	61.35	55.54	54.42	55.32	54.65
Transactions via Telephone Banking as % of Bank total	5.67	4.73	4.38	4.72	4.31

## Human factor &gt; People

Relational Capital	2010	2011	2012	2013	2014
Calls managed by the automatic service (%)	43.11	44.56	40.45	40.84	39.31
<b>Agent Network and Partnet Banking</b>					
Growth in number of Partnet Banking customers (%)	2.25	1.94	1.63	1.37	1.87
Partnet Banking transactions via channels other than Branch Network / total Partnet Banking customer transactions (%)	98.85	98.67	97.73	96.90	96.15
% growth in number of Agent Network customers	2.47	3.31	1.58	4.42	5.38
Agent Network transactions through channels other than the Branch Network / Total transactions of Agent Network customers (%)	97.73	97.85	97.25	97.17	94.66
<b>Internet</b>					
Internet customers as % of total customers	24.90	24.76	25.59	25.66	23.86
Transactions through bankinter.com as % of Bank total	51.38	50.20	48.98	45.20	47.70
Internet log-ons per active user	93.62	94.47	87.73	91.88	94.65
Equity activity carried out via Bankinter Broker (%)	69.14	57.56	57.86	57.66	58.00
New customers signed up by Internet as % of total new customers signed up by the Bank (%)	4.26%	2.85%	2.99%	5.09%	3.74%
<b>Shareholder and investor relations</b>					
Channels available to shareholders and investors	8	8	8	8	8
No. of publications aimed at shareholders & investors	34	35	45	41	46
<b>Support for Education, Culture and Innovation</b>					
Alliances and collaboration projects with academic and research institutions	61	22	19	40	28
Number of conferences organised by Bankinter Foundation for Innovation to disseminate its findings among Spanish businesses.	13	20	16	16	17
Number of experts (scientists, economists, sociologists, businessmen, etc.) who participate in the forums organised by the Bankinter Foundation for Innovation.	299	326	361	391	416
<b>Brand awareness</b>					
Awards or public recognitions received by Bankinter	30	23	22	12	21
Positive and neutral assessments made in reports on Bankinter in the media in the target market	79.52	79.48	86.97	93.41	92.56
<b>Social Action</b>					
Number of agreements reached to include people with disabilities in the workforce	6	4	4	8	6



## Defining the Plan

- With its 'Noughts and Crosses' Plan, Bankinter seeks to maximise its contributions to its economic, social and environmental milieu and to minimise its negative impacts.
- The four pillars of the Plan are: excellence in provision of service, management systems, the involvement of stakeholder groups and the use of the best available technology.

**Three dimensions for a consolidated plan.** The 'Noughts and Crosses' Plan was drawn up on the basis of detecting those aspects of the banking activity that have an effect on the economy, society and the environment, with the aim of minimising the negative effects and maximising the positive ones. Its preparation started out from a prior analysis which took account of some of the major changes taking place in the current environment, such as the transformation of the economic model, the inversion of the demographic pyramid and the ageing population and climate change.

Based on this analysis, all the actions defined and implemented in the Plan are seen from three perspectives:

- **Economic:** through the Entrepreneurship Project, which embodies strategies focused on promoting and supporting the most innovative entrepreneurial projects, and the development of Socially Responsible Investment, which incorporates ESG (Environmental, Social and Governance) principles into the Bank's investment and financing policies.

- **Social,** through the 'A Bank for All' project, which aims to develop an inclusive bank that is fully accessible to people with different disabilities, by removing physical, cognitive and technological barriers.

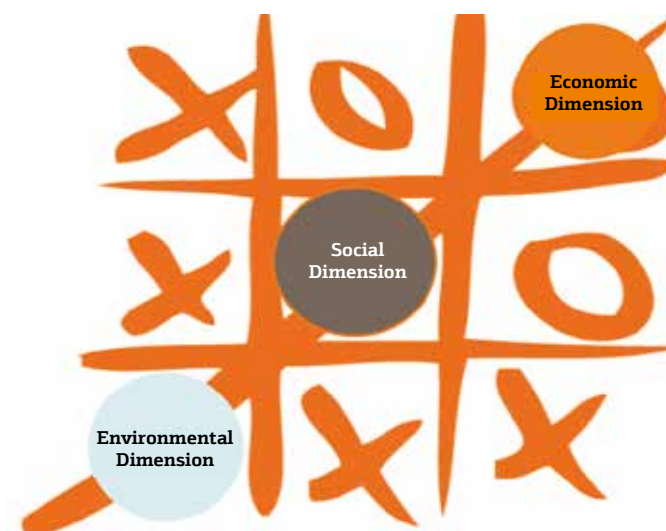
- **Environmental,** with the implementation of measures aimed at reducing the direct and indirect environmental impact of its activity, a commitment in which strategic stakeholder groups such as employees, customers, and suppliers are involved.

The Plan was designed taking into account recognised standards such as the ISO 26000 corporate responsibility guidance and Forética's SGE21, and follows recommendations of international bodies such as the rating agencies for the DJSI and FTSE4Good sustainability indices and organisations such as the Corporate Social Responsibility Observatory and the RSE (CSR) Observatory.

This Bankinter Sustainability Plan relies on four basic pillars for its implementation:

“

Among the most significant initiatives of the Plan, the 'Entrepreneurship' and 'A Bank for All' projects particularly stand out.”



- Quality, meaning its people's commitment to excellence in the provision of services and attention to customers' financial needs.
- The management systems, as tools for continuously improving economic, social and environmental performance, which moreover have been externally audited and certified in accordance with internationally accepted standards.
- The involvement of its strategic stakeholder groups: customers, suppliers, representatives of the non-profit and voluntary sector, and especially employees, committed and prepared through training and awareness programmes and corporate volunteer work.
- The use of the best technology available and the most innovative solutions as defining features of the Bank.



## Monitoring of strategic lines

The strategic lines, objectives, goals and actions defined in the Sustainability Plan have been brought together in a scorecard so that execution of the various actions can be monitored.

The following are the degrees of attainment of the objectives set for each of the three dimensions of the Plan, and the main challenges established for 2015. A large part of the lines are in the process of being executed, given that many of the objectives proposed have been carried forward into 2015.

### Economic Dimension

The following table shows the current degree of attainment of the objectives set in the lines of support for entrepreneurship and socially responsible investment, as well as the next challenges.

E1. Support for entrepreneurship	Actions 2012-2014	Objectives 2015
E 11.- Membership of the Global Compact CSR for SMEs platform	Membership of the CSR-SMES platform Invitation to supplier SMEs to join. Training of 12 SME suppliers on responsible business management.	Training of 78 SMEs on responsible business management through the platform.
E12.- Boost the programme for supporting entrepreneurship	Participation in the ICO entrepreneurs programme. Weighting of SMEs in the criteria for approving suppliers. Agreement with association for training of entrepreneurs. Organisation of Innovation + Sustainability + Network Awards.	Checks on application of weighting criteria. Channelling of entrepreneurs to the training school.
E13 - Development of Bankinter Foundation for Innovation Programmes	Nine entrepreneurs' projects selected by the Bank's Venture Capital area for support for their financing.	Increase the number of entrepreneurs' projects supported by the Bank.
E14 - Collaboration on initiatives for the promotion of responsible entrepreneurship	Participation in the organisation of the Concilia Mashumano Awards Selection of entrepreneurs' projects. Training in responsible business management for the finalists. Financing and presentation of awards.	Mentoring of a finalist start-up. Continue participating in similar initiatives.
E2. Sustainable investment	Actions 2012-2014	Objectives 2015
G 21. Definition and application of Criteria for Socially Responsible Investment.	Detail the ESG criteria in Financing and Investment Policy. Training the asset management company's team.	Ensure application of ESG criteria.
G 22. Implementation of a Tool for weighting environmental and social risks	Analysis of the different tools available in the market.	Development with the risks area of mechanisms for weighting environmental and social risks.
G 23. Development of sustainable products and services	Design and marketing of the Bankinter Sustainability Fund. Maintaining the Visa Solidarity Card Design and marketing of the 'Sin Más' ('That's All') mortgage facility. Development of the Hal Cash service.	Increase the assets of the BK Sustainability Fund.

## Social Dimension

The purpose of the 'A bank for all' project is to continue building an inclusive bank that includes disability along the whole value chain. Within this strategy we strive to achieve maximum accessibility in all channels, with initiatives on physical, technological and cognitive accessibility. It also covers aspects relating to the treatment of disputes, developing human capital and social involvement. The following actions were undertaken in 2014:

S1. Intelligibility	Actions 2012-2014	Objectives 2015
S.11. Improve the quality of language: Readability and intelligibility	Set up a working group for the programme "A bank with no small print" Draw up a clear dictionary of financial terms. Distribution of devices for helping certified accessible offices communicate with customers.	Readability review of contractual and pre-contractual documents. Distribution of devices throughout the branch network.
S.12. Provide suitable quality service	Development and implementation of a course to facilitate the integration of persons with disabilities. Inclusion of guidelines for special attention in the Sales Protocol.	Training on attending to persons with various disabilities. Distribution of Sales Protocol adapted to the branch network.
S2. Accessibility	Actions 2012-2014	Objectives 2015
S.21. Extension of scope of UNE 170.001 certification for universal accessibility.	Certification of the Universal Accessibility Management System at head office and seven branches.	Extension of scope of the system to all regional organisations.
S.22.- Revision of Works Manual with accessibility parameters	Revised Manual, including architectural accessibility parameters. Application in new and refurbished offices.	Application of accessibility parameters to new and refurbished offices.
S3. Handling of disputes	Actions 2012-2014	Objectives 2015
S.31. Handling of disputes	Boost visibility of Whistle-blower's Channel Extend use of the channel to the network agents	Extend use of the whistle-blower's channel to suppliers.
S4. Social involvement	Actions 2012-2014	Objectives 2015
S.41. Promote dialogue with society	Implementation of a network of regional coordinators. Social involvement programmes (Involved and Caring, Toledo Adaptative programme, Financial literacy for persons with disabilities).	Signing of agreement with ONCE Development of CNSE agreement for Financial Literacy. Continuation of National Hospital for Paraplegics project.
S.42.- Implementation of a Management System for Corporate Volunteer Work	Corporate volunteer work portal / development of procedures. Aligning of activities with the 'Noughts and Crosses' plan. Development of professional volunteer work for Financial Literacy.	Application of management system for volunteer work. Involve 15% of the workforce in volunteer work. Development of Social Currency Project.
S5. Advanced management of Human Capital	Actions 2012-2014	Objectives 2015
S.51. Ensure health and safety of employees	Start of 'Saludablemente' ('Healthy in Mind and Body') programme Psychosocial risks survey	Development of <i>Saludablemente</i> programme for training on healthy habits
S.52.- Promote dialogue with employees	Conducting Opine survey of employees in 2014	Implement actions deriving from the survey
S.53.- Support employees with disabilities and their relatives.	Maintain Plan Familiar	Maintain Plan Familiar

## Environmental dimension

This breaks down into the following objectives and initiatives, which form part of the Carbon Footprint project, the eco-efficiency measures implemented and the certified environmental management system which has been put in place in the Bank's three singular buildings.

A1. Environmental	Actions 2012-2014	Objectives 2015
A.11. Define a strategy for Climate Change	Calculation, management and verification of the carbon footprint in accordance with ISO 14064 Calculation of emissions associated with the use of channels	Registration of the carbon footprint with the Ministry of Agriculture, Food and the Environment.
A.12. Implementation of eco-efficiency measures	Development of the sustainable office project Dissemination of Manual of Good Environmental Practices Replacement of IT equipment by more eco-efficient machines.	Continuation of campaign to promote the use of webmail among customers. Replacement of equipment by other, more eco-efficient equipment.
A.13. Environmental Management System	Extension of scope of certified Environmental Management System certified to all three singular buildings.	Quarterly report on environmental indicators.
A.14. Involve suppliers in responsible environmental management	Include environmental and social criteria in supplier approval process.	Application of criteria included in supplier approval.

## Economic dimension

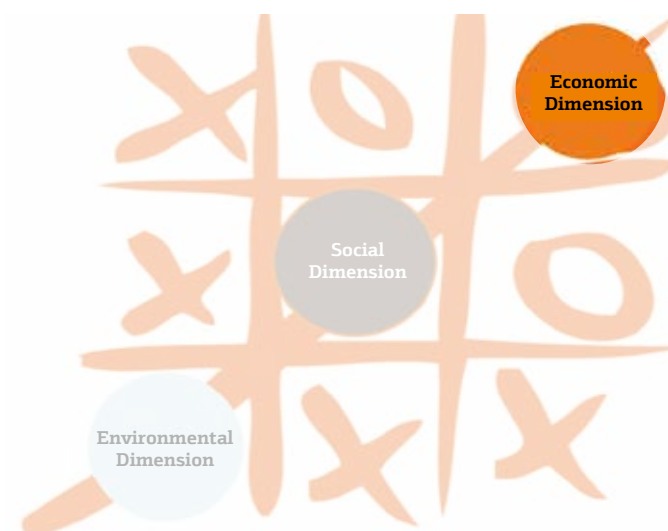
- Bankinter's sustainable management was recognised in 2014 both by socially responsible investment indices such as the FTSE4Good, and by the environmental management rankings such as the Carbon Disclosure Project.

**A way of being and acting.** Bankinter sees sustainability as a management model that reconciles business aims with sustainable social and environmental development based on quality and trust. The Bank is a member of the Spanish Network of the United Nations Global Compact, and as such assumes the commitment to incorporate its ten principles of conduct and action in the field of human, labour and environmental rights and the fight against corruption. To this end, the Bank makes available to its employees an online course on Human Rights.



The Bank's sustainable management was recognised in 2014 both by socially responsible investment indices such as FTSE4Good and by environmental management rankings such as the Carbon Disclosure Project, to which the world's biggest companies by market capitalisation belong.

For the second year Bankinter, together with E.ON and Expansión, held the Innovation, Sustainability and Network Awards, recognising innovation and responsible management in companies' integration processes in a more sustainable society.





## Support for entrepreneurship

- Bankinter has entered into an agreement with Spanish Seniors for Technical Cooperation (SECOT in the Spanish acronym) for the promotion of entrepreneurship in Spain.
- The Bank took part in the Ninth Edition of the Concilia Awards to Young Entrepreneurs of the MásHumano Network.

**A priority stakeholder group.** In defining its strategy for sustainability, Bankinter identified entrepreneurs as a very important stakeholder group, since it believes that their activity is a revitalising force for the economy and a source of job creation and sustainable wealth creation in the long term for Spain.

In addition to the Entrepreneurs project addressed in the section on the Bankinter Foundation for Innovation, the Bank carried out a series of initiatives in support of entrepreneurship over the course of 2014:

- It signed an agreement with Spanish Seniors for Technical Cooperation (SECOT in the Spanish acronym), a platform of retired and active managers who provide training in business management to entrepreneurs and micro-enterprises with innovative initiatives.

The purpose of the agreement is to promote the SECOT School, a programme in support of entrepreneurship whereby training and advice is given to entrepreneurs with projects in the start-up phase. Bankinter provides support and sends

entrepreneurs from the Bankinter Foundation for Innovation who need training in managing their projects. As well as collaborating with the SECOT School, Bankinter will encourage its employees to volunteer to help with SECOT's business advisory work.

- Bankinter participated in the Ninth Edition of the MásHumano Concilia Awards to Young Entrepreneurs. These awards acknowledge and showcase young entrepreneurs' proposals for social entrepreneurship projects.

Bankinter collaborated with the MásHumano Network, taking part in the selection of the finalist projects, financing and mentoring participants and training them in responsible business management.

Bankinter hosted the start-up event in its auditorium, where all the finalist projects were on show and the awards were presented, turning the auditorium into an innovation hub.

- Bankinter's Innovation area carries out mentoring project for those entrepreneurs who request it.



## Sustainable products

### Bankinter Sustainability, FI

In 2012 Bankinter launched the Bankinter Sustainability Fund, a global equities fund that invests in companies included in sustainable, environmental and social responsibility (CSR) indices.

In 2014 the fund posted a return of 8.29%, with volatility of 7.04%, which is an exceptionally good performance for an equity fund. The fund's assets have also increased, from €3 million to €9 million.

### Solidarity Visa Card

Like a conventional credit card, Solidarity Visa allows customers to spend money and buy goods without having to carry cash on them, and to withdraw cash from ATMs, on either a debit or credit basis, at any time of day. But unlike other cards, Bankinter donates the card maintenance fees and the profit made on the cards to social action projects.

In addition the Bank provides facilities for cardholders to donate 3% of purchases made with the card if payment is deferred, or 0.25% if payment is made in full or at month-end.

At 31 December 2014 there were 1,117 solidarity cards in circulation, which generated a net profit of €61,561.

Proceeds for 2014 will be applied to the financing of social action projects, which will be presented at the 2015 'Implicados y Solidarios' ('Involved and Caring') event.

### Agreement with the European Investment Fund (EIF)

In 2014 the limit available under the RSI ('Risk-Sharing Instrument') signed in 2012 for financing Spanish SMEs with innovative activities or projects was fully used.

In the last quarter, Bankinter and the European Investment Fund signed a new agreement in the context of Horizon 2020 with the purpose of supporting financing of Spanish companies with fewer than 500 employees and engaged in Research and Innovation activities and projects.

Under this agreement Bankinter will provide up to €200 million in financing to companies that are eligible in accordance with the criteria laid down in the Agreement, on very favourable terms thanks to the 50% guarantee it receives from the EIF.



### Hal-Cash

Hal-Cash is the system that allows customers to send money to anyone's mobile phone so that it can be withdrawn from an ATM without using a bank card. Once the customer of one of the entities belonging to the system has sent the money to the beneficiary's mobile phone, the beneficiary receives an SMS with a code generated by the payment system itself, which he uses to validate the cash withdrawal at any ATM or PST of a member entity, without needing to use a bank card or even have a bank account.

During 2014 Hal-Cash obtained a new patent, this time from the United States, to implement its cash transfer service. This brings the number of countries recognising this instant cash payment system to 13.

During 2014 Hal-Cash was used by 14,364 customers, who made a total of 140,258 payments for a total amount of €36,642,130.

The main value proposition of this service is that the payment is immediate, since the fact that it is made via SMS enables the beneficiary to withdraw the money immediately, as opposed to the traditional system of transfers, which requires more time to execute and can even take several days. Hal-Cash helps unbanked people to gain access to financial services, and is particularly attractive to immigrants, making it easier for them to remit funds.

### Utilities Protection Insurance

This is free insurance cover that the Bank offers to holders of Payroll Plus accounts. The purpose of this insurance is to protect direct debits for electricity, water, landline telephone and gas from contingencies of unemployment (for people in employment) or temporary incapacity (for the self-employed and civil servants). The maximum limit covered is €300 per month.



## Bankinter's participation in sustainable projects

In its venture capital activities, the Bankinter Group invests in venture capital companies or directly in the capital of companies that invest in sustainable products.

The Bankinter Group has holdings in Ysios Biofund, a venture capital fund that invests in biotechnology and life sciences companies: in Going Green, and in two other private equity institutions that focus specifically on environmental investments: Eolia Renovables and Climate Change Capital Private Equity Fund.

The most salient data relating to these investments are:

### Ysios Biofund I, FCR

Holding of Bankinter Capital Riesgo FCR: 4.3%.

This fund specialises in making investments in unlisted companies in the health and biotechnology sciences sector whose object is to develop innovations in the field of human health aimed at providing solutions for medical needs not currently covered.

During 2014 this fund made an investment in the United States, in an ophthalmological company that develops products to treat post-cataract surgery inflammation and pain, dry eye and macular degeneration and other eye conditions.

### Eolia Renovables de Inversiones

Holding of Hispamarket: 3.7%. The assets of Eolia Renovables comprise power stations using renewable sources - basically wind, but also photovoltaic solar - essentially in Spain.

Following the divestments carried out, installed capacity attributable to Eolia Renovables amounts to 586 MW.

### Climate Change Capital Private Equity Fund

Holding of Bankinter Capital Riesgo FCR: 2.5%.

This is a fund that specialises in investing in unlisted companies in the clean technology sector, which comprises companies that make use of technologies and services in a way that not only reduces costs but also reduces both dependence on traditional sources of energy and the environmental load. The fund is nearing the end of its investment period, and during 2014 it only carried out capital increases in the companies in its portfolio to continue supporting their growth.

### Going Green

Holding of Bankinter Capital Riesgo FCR: 10%.

Going Green started in 2008 as an initiative launched by a group of executives with extensive experience in a variety of sectors, especially in the energy sector. Going Green currently carries out electric car pooling initiatives in cities such as Pamplona, manages large fleets for municipalities and companies, produces its own electric moped (the Core) in its Barcelona factory and has developed and operates the 'Motit' service, electric motorcycle sharing for cities and tourist areas.



## Social involvement

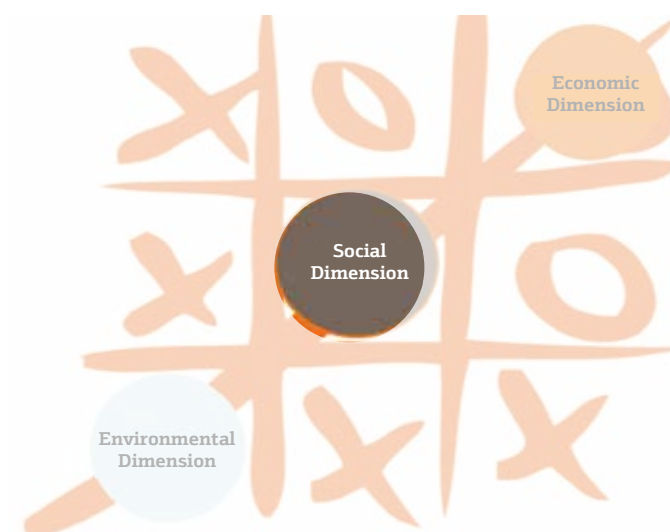
- Bankinter carries out a number of different training programmes aimed at achieving easy, cordial, two-way relations between employees and customers.
- With the 'A bank for all' project, the Bank pursues an inclusive strategy for customers, employees and organisations in the non-profit and voluntary sector.

**A more integrating and inclusive bank.** The 'A bank for all' project aims to incorporate disability along the entire length of the Bank's value chain.

This social commitment finds expression in the implementation of a large number of programmes promoting physical, technological and communications accessibility, as well as the development of professional volunteer work (through its "Mueve.te" Platform) and support for the non-profit and voluntary sector. In implementing these social initiatives, the Bank involves customers, employees and organisations from the non-profit and voluntary sector.

In 2014, with a view to promoting dialogue with the non-profit and voluntary sector, Bankinter joined the governing council of Forética, an association of Spanish companies whose mission is to promote a culture of ethical business management.

In the same line, its collaboration with the Lealtad Foundation aims at developing standardisation of the principles of transparency and best practices in the non-profit and voluntary sector. This foundation's mission is to promote private individuals' and companies' trust in associations and foundations devoted to social action, developmental cooperation, humanitarian and environmental action, etc. (NGOs).



## 'A bank for all'

**Total accessibility.** Bankinter is firmly committed to making all its communication channels with its stakeholder groups totally accessible.

In this regard, persons with disabilities are an important group for the Bank, which offers a suitable, quality service which aims to respond to their expectations and needs.

Bankinter has also extended its accessible bank concept to people who are starting to suffer from physical or sensory limitations due to advancing age. The inversion of the demographic pyramid as a result of the gradual ageing of the population and greater life expectancy has prompted the Bank to take action to adapt to the needs and concerns of the growing proportion of elderly people.

### Universal Accessibility Management System

**Equal opportunity for all.** In order to ensure continuous improvement in the management of accessibility and to fulfil its Accessibility Policy, signed in 2010, Bankinter has implemented a Universal Accessibility

Management System. Based on the principle of non-discrimination, it makes appropriate and accessible facilities, resources and services available to all persons who interact with the Bank.

With the objective of adapting it quickly to new external or internal requirements, this policy is regularly reviewed by the Sustainability Committee, which is the body responsible for overseeing compliance with the policy, driving the actions taken in this field and following up on them.

**Go to Accessibility Policy**





## Renewal of accessibility certifications

- Bankinter encourages e-accessibility and uses the new technologies as a key element for integration.
- The sign-language video call, unique in the world financial sector, offers a comprehensive advisory service from the Bank's professionals.

**Physical accessibility.** The Universal Accessibility Management System implemented by Bankinter is ISO 170001-2 certified. In 2014 we extended its scope, which now covers the head office at Paseo de la Castellana 29, Madrid, and seven branches in Madrid, Valencia, Cuenca, Andalusia and the Canary Islands. A programme is in place to extend the system to the main branches of each regional organisation of the Bank.

Reflecting the Bank's commitment to eliminating all kinds of barriers to accessibility, we would point out that 99.5% of branches have undertaken the necessary improvements and are now fully accessible to persons with limited mobility. In this regard, differences in floor levels have been eliminated, the door opening system improved and furniture with no edges or corners installed, creating easily navigable spaces to facilitate circulation, as well as a host of other improvements.

**Technological accessibility** The Bank has an 'ICT Accessibility Operational Plan', which is aimed at consolidating a working methodology that ensures that accessibility is integrated into all its processes, both in the access channels and in the

design of products and services. This enables the day-to-day lives of these persons and their access to financial services to be normalised.

The accessibility of Bankinter's website has been confirmed by an external audit, according to which bankinter.com meets the accessibility requirements for AENOR's TIC accessibility certification under UNE 139803, AA+WCAG 2.0 level.

The Bank also continues to work on accessibility for mobile applications, to ensure online access to Bankinter.

Given the large percentage of banking transactions that Bankinter's customers carry out via mobile, internet and telephone (close to 70%), we consider it a matter of priority to make these remote channels as accessible as possible. Among the accessible services that have been launched, we would highlight for example the code card in Braille for telephone banking, monthly statements in large print and audio format, an accessible video player and a sign language video-call service accessible from all branch offices.

This last-mentioned service, unique in the financial sector, is not merely a translation service, but offers comprehensive advice from Bank professionals with a command of sign language.

In this same line, in this past year we signed a collaboration agreement with CNSE (Spain's national association for the deaf) for the development of a training programme on common banking concepts to facilitate communication with persons affected by hearing loss. The course, which will be delivered by the head of the video-call service, will take place in the various regional associations of the CNSE over the course of 2015 at two levels, basic and advanced.

**99.5%**  
of Bankinter's branches have made the necessary improvements to become accessible centres for persons with limited mobility

## 'Adaptative' project for the National Hospital for Paraplegics in Toledo

- Bankinter has made the most advanced technological systems available to Spain's leading centre for the rehabilitation of patients with spinal cord injuries.
- The technology installed includes notably: the eye-tracking system (eye mouse), wireless receivers, joystick adapters for motorised wheelchairs, the digital blackboard and the top-of-the-range tablets for eye monitoring equipment.

Based on its commitment to disability, and with the conviction that innovation and the new technologies are two elements that facilitate accessibility, in 2014 Bankinter launched the 'Adaptative' project in the National Hospital for Paraplegics in Toledo. Bankinter thus further strengthens the collaboration it has maintained for two years now with Spain's leading centre for the rehabilitation of patients with spinal cord injuries.

Through its "Adaptative" project, Bankinter provides patients of the hospital with the most advanced technological rehabilitation and online training equipment for persons with disabilities. This equipment includes notably: the eye-tracking system (eye mouse), specially adapted trackball mice, wireless receivers, joystick adapters for motorised wheelchairs, specific software licences for augmentative communication, high-definition video conference systems, digital blackboards and top-of-the-range tablets adapted for eye monitoring equipment.

The selection of this equipment, installed in various different areas of the hospital, was preceded by research work carried out by Bankinter's technological subsidiary, Gneis Global Services, which analysed the various needs of patients depending on their degree of disability so as to enable them to interact normally with the digital world.

Access to this technology enables patients to use better suited training methods, so that they can continue their studies, and favour their rehabilitation in the way best suited to each case.



The project has four different spaces:

1. The classroom, a space designed so that students can take properly graded training classes, from primary to university, thanks to the combination of technology and itinerant teachers.
2. The rehabilitation classroom, where technological adaptation, individually guided for each patient, takes place.
3. The library, where a video-conference system has been installed to facilitate communication between teachers and students.
4. The 'Bankinter Cyber-classroom', which has 22 workstations at which various training activities take place and which allow patients and their relatives to use the Internet.

## Financial literacy and integration programmes

- Bankinter participates in numerous initiatives with the objective of improving the financial culture of students and persons with disabilities.
- The Bank has launched a pilot project to provide financial literacy to primary school children using a Nintendo video game.

**Towards financial integration.** Bankinter has incorporated online and face-to-face courses into its training plan so as to give qualified attention adapted to each disability, to achieve easy, cordial, two-way relations. As part of the same drive, all the necessary instructions and tips for providing top-quality service to disabled people have been included in the Service Protocol.

Also, in collaboration with Fundación ONCE (Spanish Association for the Blind), a Manual for Attending to Persons with Disabilities in banking services has been prepared to serve as support and a reference for branch network employees to consult.

In branches with the certified universal physical accessibility management system, theoretical training has been combined with practical workshops in which various operations are simulated, as well as experiential workshops in which employees can put themselves in the shoes of a disabled person and thus develop their capacity for empathy.

As a complement to the actions directed at employees, Bankinter seeks to bring finance closer to people who, because of their disability, may have found themselves excluded, or have had to rely on others in their dealings with banks. It involves enabling them to access banks independently and integrating this routine into their daily lives.

This is the objective pursued by the various programmes developed by Bankinter, notably:

1. A four-module training programme on banking concepts and operations for persons with intellectual disabilities. It was delivered by twelve volunteers from the Bank, who had previously been trained by means of the innovative LSP (Lego Serious Play) method, and was attended by twelve students.
2. A financial training programme delivered by volunteers from the Bank to students with intellectual disabilities from Fundación Estudiantes and Grupo Amás, which took place over two days in November and December.



3. A programme of mentoring, which started in December in collaboration with the Fundación Carmen Pardo-Valcarce and which will continue until June 2015. In this programme, volunteers from the Bank act as mentor to first- and second-year students of this foundation.

These kinds of training initiatives are much appreciated by employees, who find the experience highly necessary and rewarding, since it forces them to develop specific skills in adapting their communication to suit the interlocutor.

**Financial Literacy Programmes.** Over the course of 2014 Bankinter took part in several open education programmes for citizens, not only for current or potential users of financial products and services.

In this regard, in June the Bank subscribed to the agreement signed by the AEB (Spanish Banking Association) with Banco de España (Spain's central bank) and the CNMV (Spain's National Securities Market Commission) for the development of actions in the field of financial literacy, which has been placed under the Financial Literacy Plan for 2013-2017.

This is a sectoral initiative that seeks to promote financial literacy among Spanish youth through corporate volunteer programmes, with the objective of training 5,000 young people from second- and third-year secondary school students.

Employee volunteers from Bankinter will take part in a qualification programme which the Junior Achievement Foundation will carry out, and in which the chairmen of the member organisations will also participate. The programme will run throughout 2015 and will be presented in European Money Week in March.

This agreement adds to the financial literacy programme which Bankinter launched in 2014 together with Nintendo to train primary school children in basic concepts of economy, education in economic values (saving, entrepreneurship, etc.) and financial skills using the video game 'Animal Crossing' as a tool.

During 2014 this course was delivered by six volunteers from Bankinter in four schools in the Madrid region, with the participation of 300 primary school pupils, and training based on this kind of tool was seen to be very effective.





# Corporate volunteer programme

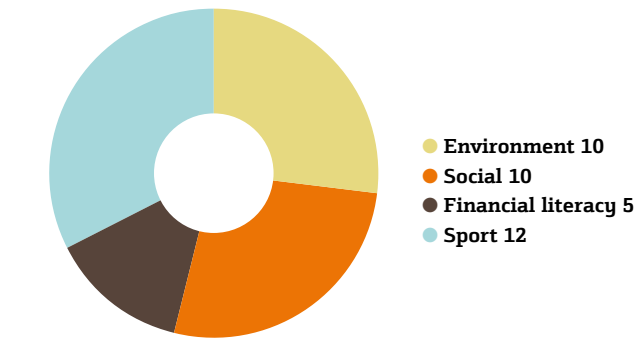
- Bankinter has developed a new line in volunteer work which it executes on the basis of its employees' financial and business knowledge.
- It collaborates with foundations and NGOs on projects that require financial or management training, in order to facilitate inclusion in work through entrepreneurship.

**Promoting volunteer work.** Bankinter has a specific platform for managing volunteer work, called 'Mueve.te' ('Move Yourself') where employees can suggest volunteer work sessions and check and register for those arranged by the Bank, which are always related to the strategic lines and the main stakeholder groups identified in the 'Noughts and Crosses' Plan.

The Bank's approach to volunteer work is based on the idea that a good way of contributing to the development of society and its environment is to make the financial and business knowledge it has built up available to society. In 2014, a qualified volunteer programme was promoted for collaborating with foundations and NGOs on projects that require financial or management training.

Also, over the course of the year, the Bank held various working sessions on volunteering, focusing on sporting, environmental and cultural activities with persons with disabilities or dependency. In all, 37 activities were carried out (12 sporting, 10 environmental, 10 social/ cultural and 5 educational/financial integration), with the participation of 425 volunteers from the Bank, which is 10.2% of the total workforce.

Number of volunteer activities



## Solidarity Initiatives

- Bankinter currently has solidarity accounts open with UNICEF, Caritas Española, Oxfam Intermón and the Spanish Red Cross.

Among the solidarity initiatives carried out during 2014 the following stand out:

### Involved and Caring

In 2014 Bankinter held the Third Edition of the "Involved and Caring" programme. a 360° initiative that involves as participants the Bank's various stakeholder groups; customers who use the Bankinter Solidarity Visa card; the Bank's employees, who put forward 49 different social projects; society, which participates in the project and publicises it on the social networks; and the Bank's executives, who act as sponsors of the various projects.

The projects selected in 2014 were: Cáritas Bizkaia, with its "Full Life" project, won gold; The National Paraplegic Hospital Foundation of Toledo earned silver with the "Training, Leisure and Free Time" programme; and the bronze medal went to Fundación Bobath for "Support Technology". The two runner-up prizes were given to APHISA for the "Taking a Long Stroll" project and to Down Madrid for "D-verde, our First Special Job Centre".



The five initiatives chosen, which received grants of between €5,000 and €12,000, are financed from the profits obtained from the Solidarity Visa Card.

These projects stand out because of their innovative potential, and because they are closely connected with the day-to-day reality of people in need, and some of them are highly leveraged by the efficient use of technology. In short, they are projects very much in line with the distinctive features of Bankinter's identity.





### Solidarity accounts

On the Bank's website a system has been developed for alerting the public to humanitarian emergencies, with a view to collecting donations from customers wishing to offer help and relief in these emergencies. These 'solidarity transfers' are exempt from commissions both for the remitter (donor) and the recipient (beneficiary NGO).

The Bank also has an instant alert system for informing customers of emergencies by messaging, to which customers can reply stating how much they wish to donate. This automatically generates a 'solidarity transfer' from the customer's account to the beneficiary NGO.

Bankinter currently has solidarity accounts open with UNICEF, Caritas Spain, Oxfam Intermón and the Spanish Red Cross.

### 'Waste Not, Want Not' project

The Bank has signed a collaboration agreement with the Valora Foundation for handling the donation of its business surpluses to the institutions that need them.

### 'Donate your Mobile' project

The Bank participates in the campaign run by the Spanish Red Cross and the Entreculturas Foundation for customers and employees to donate old mobile phones for reuse or recycling.

### Blood donation

As in previous years, blood donation campaigns were run in the bank's main centres in the Community of Madrid.

### Food collection

In December, in collaboration with the Valora Foundation, a Christmas food collection campaign was carried out among the workforce, and the food was subsequently distributed among 17 social services centres for disadvantaged groups. The Bank contributed a similar quantity of food to that collected by the workforce.



## Environmental dimension

Bankinter is acutely aware of the environmental crisis caused by climate change, and has long been firmly committed to contributing to improving and protecting the environment by carrying out various actions and initiatives.

The Bank has an Environmental Policy [link] in which it assumes the responsibility of operating with the greatest respect for the environment, and which is geared towards maximising the positive aspects and minimising any negative effects that the Bank's business activity might have.

The principles of its environmental policy go beyond strict compliance with legal requirements, and require action on unlegislated aspects.

Through the 'Carbon Footprint' project, included in the Sustainability Plan, the Bank has identified, measured and controlled both the direct environmental effects of its activity and the indirect ones generated in financing and investment transactions, so that they can be minimised and neutralised.

The Sustainability area is responsible for overseeing compliance with the principles guiding this policy and for ensuring the Bank's commitment to protection of the environment. It also coordinates actions aimed at improving environmental performance. The area is supported by the Sustainability

Committee, which was set up in 2009 and is chaired by the Chairman of Bankinter, this being the body responsible for guiding the Group's sustainability policy and programmes. This committee has members representing all the areas involved in developing a model that is sustainable in the Bank's economic, social and environmental dimensions.

The Bank's responsible management also extends to the chain of suppliers and subcontractors, including environmental principles for approving them.

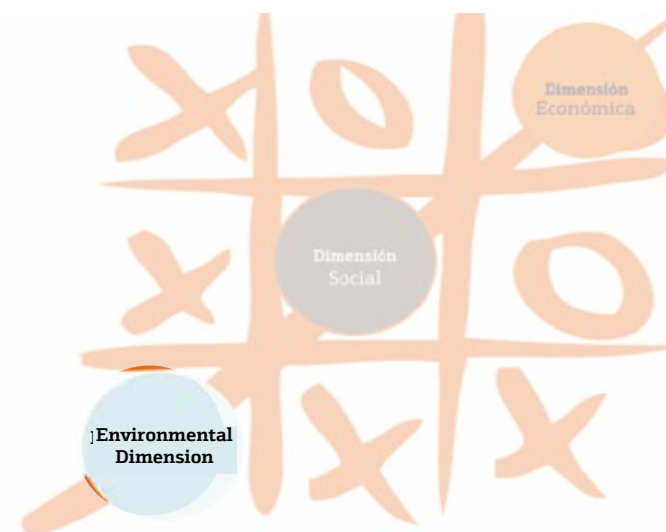
Environmental criteria are also included in the Bank's Financing and Investment Policies.

Since 2011, Bankinter has been a member of the Spanish Network of the United Nations Global Compact, giving expression to its commitment to compliance with the ten principles of Human Rights, three of which are environmental principles.

The Bank also collaborates with organisations of reference that evaluate and validate its environmental performance, such as the Carbon Disclosure Project (CDP), to which Bankinter has been a signatory since its launch. Bankinter forms part of the CDP's study of Spain, together with the biggest companies by market capitalisation, and in 2014 obtained a higher score than the previous year.

Bankinter is also a signatory to the CDP Water Disclosure Project, being mindful of the importance of water, the opportunities that exist for improving water management and the risks posed by water scarcity for economic, social and environmental development.

Go to environmental policy



## Calculation, verification and management of the carbon footprint

- The purpose of the 'Carbon footprint' project is to minimise the environmental impact produced by Bankinter.

### Environmental Management

In 2009 Bankinter implemented an environmental management system (EMS), which is certified under ISO 14001, to ensure compliance with the principles of the Environmental Policy and the continuous improvement of its environmental performance.

In 2014 the EMS was extended to cover the Bank's third major building in Madrid, located in Alcobendas, which joined the head office in Paseo de la Castellana and the Tres Cantos building in being ISO 14001 certified.

The EMS also covers the Sustainable Office, located in Calle Santa Engracia, Madrid, and will gradually be extended to the rest of Bankinter's organisations. The proportion of the Bank's workforce covered by this environmental certification is 34.6%.

The Bank's Internal Audit area takes part in the annual verification process required for EMS certification.

For the certified buildings and offices, Bankinter's Annual Environmental Management Programme sets out a number of objectives and goals for reducing consumption and waste and cutting air emissions, as well as scheduling communication, awareness and training campaigns for employees on good environmental practices.



Carbon Footprint

Bankinter has been calculating its carbon footprint since 2009. The Bank's commitment to the environment finds expression in the 'Carbon footprint' project, which forms part of the Sustainability Plan. The project's objective is to minimise and neutralise the environmental impacts produced by Bankinter, both direct ones deriving from its activity and the indirect ones generated in financing and investment transactions, by identifying, measuring and controlling them.

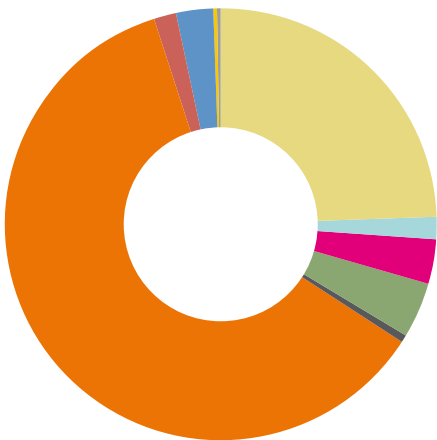
The Bank has also calculated the carbon footprint associated with the use of communication channels, with a view to encouraging its customers to use the most eco-efficient channels.

Since 2012 it has also calculated the carbon footprint of the sustainable office, which is certified as part of the Environmental Management System, and which acts as a "laboratory" branch for improving the environmental performance of the rest of the network.

As part of its commitment to continuously improving its environmental performance, Bankinter has for the second consecutive year submitted for verification its calculation of its organisational carbon footprint based on the Greenhouse Gas Protocol, the most-used international tool for calculating emissions, which is also in line with the requirements of the Intergovernmental Panel on Climate Change (IPCC).

This verification was obtained through SGS, an independent firm and a world leader in inspection, verification, analysis and certification. This is a form of acknowledging the validity of the methodology applied by the Bank to calculate direct and indirect greenhouse gas (GHG) emissions produced by its activity, as well as the veracity of the data included in its 2013 Report on Organisational Carbon Footprint.

Carbon footprint 2014



Total emissions 2014 (TCO <sub>2</sub> E)	Direct	Indirect	Induced	Totals	%
Company transport			2,446.18	2,446.18	25%
Transport of employees			156.09	156.09	2%
Consumption of paper and toner			354.24	354.24	3.6%
IT equipment			410.88	410.88	4.1%
Fixtures and fittings			52.24	52.24	0.5%
Electricity consumption		6,065.84		6,065.84	61%
Customers' electricity			153.74	153.74	1.5%
Heating consumption	293.78			293.78	2.9%
Waste			12	12.00	0.1%
Consumption of cleaning products			3.44	3.44	0.0%
Water consumption			14.34	14.34	0.1%
Total	293.78	6,065.84	3,603.15	9,962.76	100%

## Human factor &gt; Environmental dimension &gt; Calculation, verification and management of the carbon footprint

In 2014 Bankinter emitted a total of 9,962.76 TCO<sub>2</sub>e, representing an increase of 4% compared with 2013, with a fall in indirect and indirect emissions (Scopes 1 and 2) and an increase in induced emissions (Scope 3).

Scope 1 emissions, deriving from the use of natural gas and fuel oil, totalled 293.78 TCO<sub>2</sub>e, which was 3.68% less than the previous year.

As for Scope 2, indirect emissions deriving from electricity consumption, there was a decline of 0.81% compared with the previous year, to a total of 6,066 TCO<sub>2</sub>e.

The sum of Scopes 1 and 2, the Bank's main sources of emissions, representing 64% of its total footprint, fell by 1% thanks to the various energy efficiency measures put in place during 2014, such as changing to LED lighting, the improvements in office automation and air conditioning and the renewal of computers with more eco-efficient models.

Scope 3, induced emissions, increased by 14.72%, mainly due to the increase in business travel in line with increased sales activity, as shown by the financial information presented by the Bank in 2014, the purchase of a large number of computers and the increase in electricity consumption by customers using the Internet channel.

Direct CO <sub>2</sub> Emissions (tonnes)	2013	2014	% 2013-2014
Consumption of gas/fuel oil	305.00*	293.78	-3.68%
<b>Emissions per employee</b>	<b>0.07</b>	<b>0.07</b>	<b>-5.91%</b>

Source of emission factors: RD 61/2006 and PCI 2007

\*The figure for 2013 has been restated so as to apply an updated emission factor.  
(G4-22)

Indirect CO <sub>2</sub> emissions (tonnes)	2013	2014	% 2013-2014
Electricity consumption	6,115.21*	6,065.84	-0.81%
<b>Emissions per employee</b>	<b>1.50</b>	<b>1.45</b>	<b>-3.11%</b>

Source for emission factors for electricity consumption: Red Eléctrica Española (REE, the national grid)-2013

\*There is a change from the figure for indirect emissions shown in the 2013 report, due to new, updated emission factors.  
(G4-22)

Induced CO <sub>2</sub> Emissions (tonnes)	2013	2014	% 2013-2014
Business travel*	2,189.90	2,446.18	11.70%
Commuting*	150.14	156.09	3.96%
Water	14.30	14.34	0.34%
Paper	349.39	322.58	-7.67%
Toner	29.89	31.66	5.92%
Waste	12.85	12.00	-6.60%
IT equipment	201.03	410.88	104.39%
Fixtures and fittings	49.58	52.24	5.37%
Customers' electricity*	138.68	153.74	10.86%
Cleaning products	5.16	3.44	-33.36%
<b>Total</b>	<b>3,140.92</b>	<b>3,603.15</b>	<b>14.72%</b>
<b>Emissions per employee</b>	<b>0.77</b>	<b>0.87</b>	<b>13.48%</b>

Source for factors of emissions, transport: GHG Protocol.

\* The emissions reported in 2013 for business travel, commuting and customers' electricity have been recalculated due to the updating of the emission factors.

\* Business travel: includes travel by air, rail and taxi.

\* Commuting: estimated based on the Bankinter Mobility Survey conducted in 2010. IT equipment, furniture and cleaning products: estimate based on purchases of these items in 2014.

\*Customers' electricity: estimated taking account of registered customer log-ons to the Bankinter website, their average duration and the average consumption of a computer.

### Eco-efficiency and sustainable use of resources

The Bank has identified the main indicators of eco-efficiency deriving from its activity for measurement and control in order to take the necessary measures to achieve maximum eco-efficiency its environmental performance. This translates into minimisation of its carbon footprint, thus contributing to the mitigation of climate change.

Indirect consumption of energy refers to electricity consumption. The breakdown of electricity consumption by energy source is based on the structure of energy sources existing in Spain and calculated in accordance with the production mix in the Spanish grid as estimated by the IDAE (Institute for Energy Diversification and Saving) in 2011.

Energy consumption (GJ)	2013	2014
Electricity*	91,728	90,988
Diesel oil consumption	1,705	1,131
Natural gas consumption	3,087	3,723
<b>Total</b>	<b>96,520</b>	<b>95,841</b>
<b>Total per employee</b>	<b>23.61</b>	<b>22.90</b>

\*Where not all the invoices for the year were available at the time the information was gathered, available figures were annualised on a 365-day basis to obtain the figure for the whole year.

Sources of energy	2013	2014
Renewable	28,527	28,297
High-efficiency cogeneration	2,202	2,184
Cogeneration	8,990	8,917
CC (combined cycle) natural gas	16,144	16,014
Coal	14,309	14,194
Fuel / Gas	2,293	2,275
Nuclear	18,163	18,016
Others	1,100	1,091
<b>Total</b>	<b>91,728</b>	<b>90,988</b>

Trend in water consumption (m <sup>3</sup> )	2013	2014
Total	45,099	45,252
<b>Total per employee</b>	<b>11.03</b>	<b>10.81</b>

\* The branch network's water consumption is estimated by extrapolating the ratio per employee of a sample of six branches with independent (non-communal) meters.

Paper consumption (tonnes)	2013	2014
Total	423	391
% of paper recycled	100	100
<b>Total per employee</b>	<b>0.10</b>	<b>0.09</b>



Bankinter acquires paper in accordance with demanding environmental criteria; it is 100% recycled, bearing the 'Blue Angel' and 'Nordic Swan' ecological labels.

Among the measures being implemented by the Bank in order, among other objectives, to bring down paper consumption, one that stands out is the biometric signature solution which was installed in fixed office workstations in 2013 and which was extended in 2014 to the procedures relating to investment funds. Tablets have been distributed to branch employees so that customers can subscribe, redeem or transfer investment funds with a digital signature. In this way, all the legal documentation relating to the processes (printing, physical signature, copy to customer, etc.) is signed digitally, the documentation is filed online and a copy is sent to the customer by e-mail, with the consequent saving of paper.

We are currently working on implementing the biometric signature in other areas of operation.

As for waste, we should point out that, due to a certain changes of location of some areas and transfers of departments between buildings, paper and cardboard waste actually increased.

Development of waste management (in kg)	Unit	2013	2014
Paper and cardboard	Kg	106,020	136,380
Toner	Kg	498	508
Fluorescent tubes	Kg	4,877	110
Electronic equipment	Kg		2,070

Hazardous waste is appropriately treated by authorised agents.

Number of connections	2013	2014
Video-calls	30,453	20,260
Audio-conference	567	567
Data conference	2,456	2,565

In order to minimise the effects associated with meetings and training courses, Bankinter makes alternative communication platforms available to its employees, such as audio conferences for holding meetings and data conferences for delivering training courses.

The video-call is also a platform made available to customers so that they can seek information and advice from their account executive without having to visit the branch.

Offsetting of emissions

Bankinter offset its direct emissions for 2013 by taking part in the Ecology and Development Foundation's Zero CO<sub>2</sub> initiative and a project to improve organic agricultural practices indigenous communities in Guatemala.

## Influence on stakeholder groups.

- Bankinter joined in the "Earth Hour" campaign, switching its lights off and involving employees and customers

**For a responsible conduct.** With a view to raising awareness among its workforce of the need to combat climate change, and to instil responsible environmental behaviour, the Bank offers all its employees a training plan which includes a guide to good environmental practices and is accessible via the intranet, and a course on the ISO 14001 environmental management system.

For this purpose the Bank also uses a number of different internal and external communication channels, through which to disseminate the various initiatives in this field, thus encouraging all stakeholder groups to participate; examples are the Environment Portal and the in-house blog "Se hace saber" ("Please be informed"), which is open to opinions, reflections and debate among all employees; both are to be found on the corporate intranet.

Awareness-raising actions aimed at employees notably included the following:

- **Communication Campaign**, urging employees to make responsible use of waste and to reduce emissions.
- **Corporate Website**, which includes a specific section on Sustainability.
- **Environment Portal**, offering employees news on activities of environmental interest, both within the Bank and outside it. There is also a suggestion box available for employees to propose initiatives or pose queries of an environmental nature.
- **The Bankinter Blog**, which in 2013 added an independent section on Sustainability, and which is also disseminated through the Bank's social networks (Facebook, Twitter, LinkedIn and Google+).



■ **Tenth Edition of the Environmental Photography Award**, this year with the theme "Dialogue with nature", which attracted 268 entries. To celebrate the tenth anniversary of the competition, an itinerant exhibition of the winning photographs from the ten years of its existence was held in various centres of the Bank.

■ **Support for the "Earth Hour"** campaign, a worldwide initiative of the WWF to reduce CO<sub>2</sub> emissions by switching off the lights and other electrical equipment of all the Bank's buildings and encouraging employees and customers to join in the campaign.



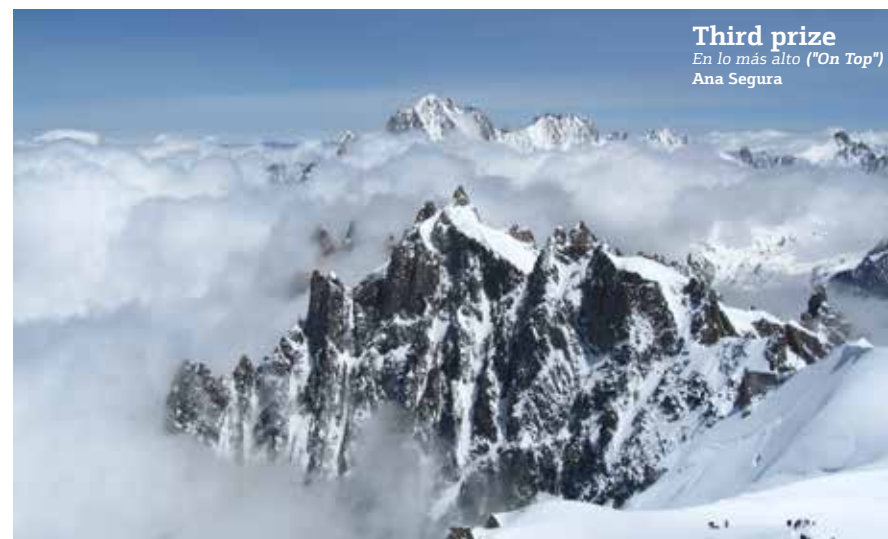
**First prize**

*La bella y la bestia*  
("Beauty and the Beast")  
Inmaculada Cano



**Second prize**

*Arcoiris en la campiña* ("Rain-  
bow in the Countryside")  
Concepción González



**Third prize**

*En lo más alto* ("On Top")  
Ana Segura



### Bankinter's suppliers are...

Spanish  
or based  
in Spain

Well-known  
companies or  
leaders in their  
business sectors

In the majority  
of cases they are  
public or private  
limited companies,  
although self-  
employed persons  
have occasionally  
been used on an ad  
hoc basis.

Bankinter's dealings with suppliers are governed by the procurement policy approved for the Group, and by internal regulations on ordering, contracting and paying for goods and services from third parties, the objective of which is to ensure compliance with a policy of transparency, free competition, equality, consistency, responsibility and savings in all actions, as well as to establish controls on the whole process. The basic elements of this process are:

## Transparency

- Bankinter manages its dealings with suppliers through a purchasing portal where suppliers can opt for the bidding processes in which they are interested.

Bankinter's dealings with its suppliers are based on equal opportunities for all, without privileged information passing hands. It is handled through a centralised purchasing portal where interested suppliers can register, indicate the products or services they can offer the Bank and show the certificates of quality they hold, as well as their reference customers.

Once they have registered, they can access the competitive bidding processes in which they are interested and which match the products and services they provide. All contracts are awarded in consultation with the areas of the Bank to whose requirements they respond, and technical aspects are evaluated as well as financial ones.

Over the course of 2014, Bankinter has continued to introduce improvements in the usability of the portal, such as the possibility for suppliers to track their bids. This portal has now been in use for six years.

Bankinter has also developed a continuity plan to ensure the operation of the service provided by the supplier should any contingency arise in relation to the most critical services.



## Control

- Supervision of budgetary compliance by the Bank and its subsidiaries aims to optimise the resources that each area has available to it and constantly to seek ways of improving efficiency.

The department's essential mission is to control internal expense. In other words, to supervise compliance with the budget by the Bank and its subsidiaries (deviations from budget, control of invoices, etc.) It is also responsible for controlling company credit cards.

The work begins in the last quarter of the year, when a start is made on drawing up the budget for the following year. This budget is divided among expense officers based on various criteria such as the activity, the increase in indicators such as the Consumer Price Index (CPI) or Gross Domestic Product (GDP), or an exceptional allocation for some ad hoc matter.

Once the centres and the expense officers have been informed of the budget, the monitoring task starts. In the event that any deviation arises, the area studies the type of action it can take to readjust it.

It also performs a daily control of invoices. All invoices are checked before being sent to accounting, to make sure they conform to the budget allocated.

## Approval

Supplier approval is the process whereby a company identifies the suppliers that are qualified to provide services or supply products to it. Bankinter does not subject all its suppliers to this process, only those with the most significant billing volumes.

The process can be carried out through a variety of methods, including audits, product tests or questionnaires. In the case of Bankinter, it takes the form of questionnaires which include aspects relating to financial information and non-financial information such as the existence of Quality, Environmental or CSR Certificates.

Moreover, the Bank continues to include environmental clauses in all its contracts with suppliers and subcontractors in order to ensure compliance with the law in all activities contracted by the Bank.

Bankinter's objective for 2015 is to improve the approval questionnaires so that they can be answered by a greater number of suppliers.





## Recognition and awards

- Bankinter is the Spanish company that most improved its reputation in the year, according to the results of the RepTrak Pulse España 2014 study.
- The Bank climbed to 24th place in the ranking of the 100 most attractive companies to work for in Spain, produced by Merco Personas.

**A benchmark in the financial sector.** Bankinter increases its corporate reputation among Spanish consumers year after year. This is shown by the results obtained in 2014 by the RepTrak Pulse and Merco Personas studies. The former, prepared by the Reputation Institute, evaluates the seven key aspects of corporate reputation: leadership, integrity, innovation, financial results, citizenship, offering of products and services and working environment. It was in these last three aspects that Bankinter improved most.

The Bank climbed 13 places in the Rep Track Pulse overall ranking, to fifth place among the 16 financial institutions studied. This represents a gain of 6.8 points on the 'Pulse' index, which measures the admiration, respect, trust and favourable impressions aroused by a company.

In the 2014 Merco Personas ranking, Bankinter rose by 29 places from last year, to number 24 among the 100 companies with most talent that were selected for study. This rise was the biggest one recorded by the corporate reputation monitor, which identifies the most attractive

companies to work for in Spain according to criteria such as working environment, strong employer brand and internal reputation. The annual ranking produced by the *Actualidad Económica* magazine with the names of the 100 Spanish companies people would most like to work for also endorses the Bank's performance in the field of people management. Bankinter rose to 21st place in the overall ranking, and fourth in the financial sector.

Bankinter rose to 21st place in the overall ranking, and fourth in the financial sector. During 2014 the Bank also received numerous awards for innovation, sustainability and quality of management, which are strategic pillars of the Bank, and this contributes to strengthening its image and reputation. International investors also acknowledge its high degree of solvency, the quality of its balance sheet and its good performance, as reflected both in its strong gains on the stock market and its upgrade to investment grade by the major credit rating agencies.





**appendix**

## Information to shareholders and investors

The Annual Report of Bankinter S.A. is presented at the Annual General Meeting of Shareholders and is available to all the Company's shareholders. The information contained in it covers the period from 1 January 2014 to 31 December 2014 unless otherwise specified. The previous Statutory Report, for 2013, was published on 19 February 2014.

This document, coordinated by the Bank's External Communication area, has been prepared using information obtained from the different areas of the Bank by means of interviews, questionnaires addressed to the heads of the areas concerned or requests for the required information.

The Bankinter Annual Report has followed a process of discussion, review, correction and audit.

The information relating to sustainability in the Integrated Annual Report for 2014 was prepared in accordance with version G4 of the Global Reporting Initiative guidelines and all its principles. This information has been verified externally by the independent firm Deloitte, which also audits the financial statements.

As well as the Annual Report, the Bank also publishes consolidated quarterly results in January, April, July and October. Both reports are available on Bankinter's corporate website.

## Appendix &gt; Information to shareholders and investors

Service	Office hours	Telephone
Customer service for customers of Personal and Private Banking and Finance	8 am to 10 pm Monday to Saturday, except national holidays	
Private individuals	9 am to 6 pm Monday to Friday, except national holidays	902 132 313
Insurance specialists	9 am to 6 pm Monday to Friday, except national holidays	
Customer service in English	9 am to 6 pm Monday to Friday, except national holidays	902 888 835
Customer Service Support	9 am to 6 pm Monday to Friday, except national holidays	900 802 081
Internet technical assistance (particulares.com)	8 am to 10 pm Monday to Friday, Saturdays from 9 am to 3 pm, except national holidays	902 365 563
Stock Exchange and Investment Specialists	8 am to 10 pm Monday to Friday, including national holidays if there are markets	902 131 114
International Business Specialists		902 882 000
Telephone Banking, Businesses	8 am to 6 pm Monday to Thursday and 8 am to 5 pm on Fridays August 8 am to 3 pm Monday to Friday, except national holidays	902 888 855
Internet technical assistance (empresas.bankinter.com)		902 365 656
Video-call service in sign language	9 am to 2 pm Monday to Friday	bankinter.com

**Shareholders Office**

Alfonso Martínez Vaquero  
Avenida de Bruselas, 12  
28108 Alcobendas (Madrid)  
Tel. 913398330 - 913397500  
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**Investor Relations**

Alfonso Alfaro Llovera  
David López Finistrosa  
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**Customer Service**

**Eloy Antonio López Hernández**  
Avenida de Bruselas, 12  
28108 Alcobendas (Madrid)  
Tel.: 900 802 081  
Fax 91 91 623 44 21  
e-mail: ealopez@bankinter.es

**External Communication**

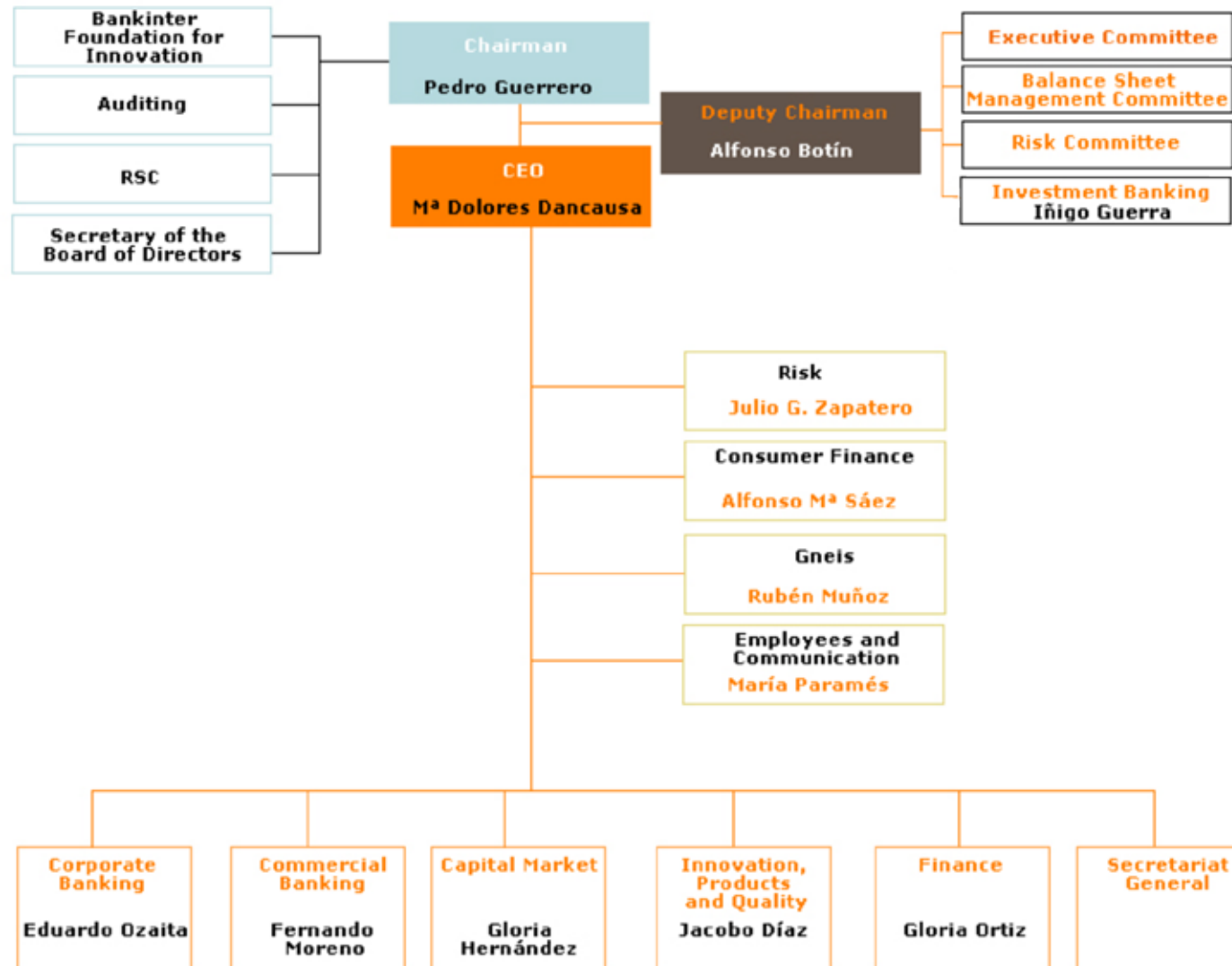
Inés García Paine  
Head Office of the Bank  
Paseo de la Castellana, 29  
28046 Madrid  
Tel. +34 91 339 83  
E-mail: comunicacion@bankinter.es

## Board of Directors

Position	Name/Company Name
Chairman	Pedro Guerrero Guerrero
Deputy Chairman	Cartival, S.A.*
CEO	Maria Dolores Dancausa Treviño
Director	John de Zulueta Greenebaum
Director	Jaime Terceiro Lomba
Director	Marcelino Botín-Sanz de Sautuola y Naveda*
Director	Fernando Masaveu Herrero
Director	Gonzalo de la Hoz Lizcano
Director	Maria Teresa Pulido Mendoza
Director	Rafael Mateu de Ros Cerezo

- Cartival, S.A.: Company represented on the Board of Directors by Alfonso Botín-Sanz de Sautuola y Naveda, representing significant shareholder Jaime Botín-Sanz de Sautuola.
- Marcelino Botín-Sanz de Sautuola y Naveda: Related to significant shareholder Cartival, S.A.

## Management Structure





## Organisation Managers

Juan Carlos Barbero Maeso	Andalusia
Juan Manuel Castaño Escudero	Canary Islands
Jacobo Cañellas Colmenares	Castilla-La Mancha-Extremadura
Eduard Gallart Sulla	Catalonia
Antonio Berdiel Bitrián	Levante and the Balearic Islands
Enrique Becerril Atienza	Madrid Corporate Banking
Marta Centeno Robles	Madrid East
Juan Villasante Cerro	Madrid West
Lucas Peinado Mataix	Navarra - Aragón - Rioja - Soria
Joaquín Da Silva Castaño	North-Western Spain
Juan Manuel Astigarraga Capa	Northern Spain

GRI G4 GENERAL STANDARD DISCLOSURES			
STRATEGY AND ANALYSIS		Page/ Omission	Revision
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, Chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	- pp. 13-21.	✓
G4-2	Describe the key impacts, risks, and opportunities.	- pp. 37, 155-157.	✓
PROFILE OF THE ORGANISATION		Page/ Omission	Revision
G4-3	Name of the organisation.	Cover of the Report	✓
G4-4	Primary brands, products, and services.	- pp. 41-89.	✓
G4-5	Location of the organisation's headquarters.	- pp. 185-186	✓
G4-6	Report the number of countries where the organisation operates, and names of countries where the organisation has either significant operations or activities that are specifically relevant to the sustainability topics covered in the report.	Bankinter has only three significant operations in Spain	✓
G4-7	Nature of ownership and legal form	Bankinter S.A.	✓
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	- pp. 41-89.	✓
G4-9	Report the scale of the organization, including: - number of employees; - number of operations; - net sales or net revenues; - capitalisation broken down in terms of debt and equity (for private sector organisations); - and quantity of products or services provided.	- pp. 41-89, 95-97, 136-138, 140, 148-149. - Table of Financial Data	✓
G4-10	a. Number of employees by employment contract and gender. b. Number of permanent employees by employment type and gender. c. Total workforce by employees and supervised workers and by gender. d. Total workforce by region and gender. e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers.	- pp. 137-140.	✓
G4-11	Percentage of employees covered by collective bargaining agreements	The entire workforce is covered by a collective labour agreement. The applicable agreements, all of a sector-specific nature, vary depending on the group company where the employee works (Banking, Offices, Contact Centre and Consultants, etc.) and are available to all employees on the Employee Website.	✓
G4-12	Describe the organisation's supply chain.	- pp. 180-182.	✓
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	- pp. 136-139.	✓ <sup>2</sup>

Commitments to external initiatives			
G4-14	Report whether, and if so how, the precautionary approach or principle is addressed by the organisation.	- CGR E.1 and E.2 - pp. 98, 172-179.	✓
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	- pp. 88-89, 158-168, 172-179.	✓
G4-16	List memberships of associations and national or international advocacy organisations in which the organisation: - Holds a position on the governance body; - Participates in projects or committees; - Provides substantive funding beyond routine membership dues; - Views membership as strategic	- pp. 131, 163, 170-171.	✓
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		Page/ Omission	Revision
G4-17	a. List all entities included in the organisation's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	Consolidated Financial Statements, Note 13, Investments (pp. 58-62) and Note 43, Tax situation (pp. 121-124) web_corporativa/accionistas_e_inversores/info_financiera/memoria/2014/informe_legal_consolidado.pdf	✓ Assurance (pp 208).
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	- pp 38-40	✓ Assurance (pp 208).
G4-19	List all the material Aspects identified in the process for defining report content.	- pp 38-40	✓ Assurance (pp 208).
G4-20	For each material Aspect, report the Aspect Boundary within the organisation.	GRI Tables (pp 195-207) Material aspects, associated indicators and their coverage are shown.	✓ Assurance (pp 208).
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	GRI Tables (pp. 195-207) Indicate the material aspects, the associated indicators and their coverage.	✓ Assurance (pp 208).
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	pp 175 Financial Statements (See "Changes in accounting principles during the reporting period") (pp 12) Link <a href="https://docs.bankinter.com/stf/web_corporativa/accionistas_e_inversores/info_financiera/memoria/2014/informe_legal_consolidado.pdf">https://docs.bankinter.com/stf/web_corporativa/accionistas_e_inversores/info_financiera/memoria/2014/informe_legal_consolidado.pdf</a>	✓ Assurance (pp 208).
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	The Scope and Coverage of each aspect is shown in the GRI tables (pp. 195-207). There have been no significant changes.	✓ Assurance (pp 208).

STAKEHOLDER ENGAGEMENT GOVERNANCE, COMMITMENTS AND STAKEHOLDER ENGAGEMENT		Page/ Omission	Revision
G4-24	Provide a list of stakeholder groups engaged by the organisation.	- pp 38-40.	✓ Assurance (pp 208).
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	- pp 38-40.	✓ Assurance (pp 208).
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	- pp 38-40.	✓ Assurance (pp 208).
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	- pp 38-40.	✓ Assurance (pp 208).
REPORT PROFILE GOVERNANCE, COMMITMENTS AND STAKEHOLDER ENGAGEMENT		Page/ Omission	Revision
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	- pp. 185-186.	✓
G4-29	Date of most recent previous report (if any).	- pp. 185-186.	✓
G4-30	Reporting cycle (annual, biennial, etc.)	- pp. 185-186.	✓
G4-31	Provide the contact point for questions regarding the report or its contents.	- pp. 185-186.	✓
GRI CONTENT INDEX			
G4-32	a. Report the 'in accordance' option the organisation has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured.	Comprehensive 'in accordance' option - Appendix - Assurance report (pp 208).	✓ Assurance (pp 208).
ASSURANCE			
G4-33	Describe the organisation's policy and current practices with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organisation and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.	- Bankinter's practice is to submit the information on sustainability for review by an independent auditor. For 2014 this review was performed by Deloitte Advisory S.L.	✓
GOVERNANCE GOVERNANCE, COMMITMENTS AND STAKEHOLDER ENGAGEMENT		Page/ Omission	Revision
G4-34	Describe the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	- pp. 26-27. - 'CGR: Committees, Board of Directors C	✓
G4-35	Describe the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	- pp. 28, 37.	✓

G4-36	Indicate whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	- pp. 28, 37.	✓
G4-37	Describe the processes for consultation between stakeholders and the highest governance body on economic, environmental and social issues. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	- pp. 35, 117-118. - CGR F.1.2	✓
G4-38	Describe the composition of the highest governance body and its committees	- pp. 26-27	✓
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer. If so, describe his or her function within the organisation's management and the reasons for this arrangement.	- CGR C.1.22	✓
G4-40	Describe the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	- CGR C.1.19 - pp. 32-34.	✓
G4-41	Describe the processes for the highest governance body to ensure conflicts of interest are avoided and managed. Indicate whether conflicts of interest are disclosed to stakeholders.	- pp. 26-27. - CGR D.6	✓
HIGHEST GOVERNANCE BODY'S ROLE IN SETTING PURPOSE, VALUES, AND STRATEGY			
G4-42	Describe the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	- pp. 31-34, 37, 172-179.	✓
HIGHEST GOVERNANCE BODY'S COMPETENCIES AND PERFORMANCE EVALUATION			
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	- pp. 37.	✓
G4-44	a. Describe the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Indicate whether such an evaluation is independent or not, and its frequency. Indicate whether such an evaluation is a self-assessment. b. Describe the actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organisational practice.	- CGR C.1.20 - pp. 31.	✓
HIGHEST GOVERNANCE BODY'S ROLE IN RISK MANAGEMENT			
G4-45	a. Describe the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Indicate whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	- CGR E.1 and E.2 - pp. 37, 84-86, 88-89, 164-166, 172-179.	✓
G4-46	Describe the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	- CGR E.1 and E.2 - pp. 37.	✓
G4-47	Indicate the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	- CGR E.1 and E.2 - pp. 37, 84-86, 88-89, 164-166, 172-179.	✓

HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING			
G4-48	Indicate the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered.	Sustainability Committee	✓
HIGHEST GOVERNANCE BODY'S ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE			
G4-49	Describe the process for communicating critical concerns to the highest governance body.	- pp. 37-40, 117-118. - CGR F.1.2	✓
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	- pp. 37-40, 117-118. - CGR F.1.2	✓ <sup>1</sup>
REMUNERATION AND INCENTIVES			
G4-51	a. Describe the remuneration policies for the highest governance body and senior executives. b. Explain how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	- Report on Remuneration - pp. 31-33, 35.	✓
G4-52	Describe the processes for determining remuneration. Indicate whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation.	- Report on Remuneration - pp. 35-36.	✓
G4-53	Explain how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	- CGR F.1.2 - pp. 36, 38-40, 117-118.	✓
G4-54	Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the average annual total compensation for all employees (excluding the highest-paid individual) in the same country.	The ratio of the fixed remuneration of the highest-paid individual to the average fixed remuneration of the whole workforce is 15.82.	✓
G4-55	Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the average percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	N.A. This information will be provided for future reporting periods.	-
ETHICS AND INTEGRITY GOVERNANCE, COMMITMENTS AND STAKEHOLDER ENGAGEMENT		Page/ Omission	Revision
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	- pp. 37, 88-89, 164-166, 172-179.	✓
G4-57	Describe the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.	- pp. 88-89.	✓
G4-58	Describe the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	- pp. 88-89.	✓



GRI G4 SPECIFIC STANDARD DISCLOSURES (G4-20, G4-21 and G4-23)																																										
Economic dimension																																										
Material Aspects identified	Coverage of the Material Aspect	Indicator	Page/ Omission	Scope	Revision																																					
Economic Performance																																										
- Guarantees of Solvency - Generation of value for shareholders.	Mixed	G4-EC1	Direct economic value generated and distributed	<div><div>EC1: BANKINTER (€)</div><table><thead><tr><th></th><th>2014</th><th>2013 (reclassified)</th></tr></thead><tbody><tr><td><b>Economic Value Generated (1)</b></td><td><b>1,319,120</b></td><td><b>1,314,369</b></td></tr><tr><td>Gross margin</td><td>1,481,921</td><td>1,310,009</td></tr><tr><td>Costs (losses) on disposition of assets not classified as non-current held for sale</td><td>(2,950)</td><td>(1,848)</td></tr><tr><td>Costs (losses) on non-current assets held for sale not classified as discontinued operations</td><td>(64,714)</td><td>(62,721)</td></tr><tr><td><b>Economic Value Distributed</b></td><td><b>819,200</b></td><td><b>79,679</b></td></tr><tr><td>Personnel expenses</td><td>540,716</td><td>530,103</td></tr><tr><td>Other administrative expenses (except taxes)</td><td>276,236</td><td>204,364</td></tr><tr><td>Tax on income and other taxes (2)</td><td>129,702</td><td>89,174</td></tr><tr><td>Dividends charged to profit for the year (3)</td><td>121,344</td><td>93,936</td></tr><tr><td>Contribution to the Bankinter Foundation for innovation</td><td>1,043</td><td>963</td></tr><tr><td><b>Economic Value Retained (provisioned to or generated versus economic value distributed)</b></td><td><b>499,920</b></td><td><b>1,234,690</b></td></tr></tbody></table><div><div>(1) Refers to all the companies forming the Bankinter Group.</div><div>(2) Taxes might also not penalizations on disposition of assets</div><div>(3) Includes exclusively income tax expenses and other taxes recognized in the year</div><div>(4) Includes both dividends distributed and those pending distribution charged to profit and loss.</div><div>(5) The 2013 values have been reclassified so as to conform to IFRS interpretation 21.</div></div></div>		2014	2013 (reclassified)	<b>Economic Value Generated (1)</b>	<b>1,319,120</b>	<b>1,314,369</b>	Gross margin	1,481,921	1,310,009	Costs (losses) on disposition of assets not classified as non-current held for sale	(2,950)	(1,848)	Costs (losses) on non-current assets held for sale not classified as discontinued operations	(64,714)	(62,721)	<b>Economic Value Distributed</b>	<b>819,200</b>	<b>79,679</b>	Personnel expenses	540,716	530,103	Other administrative expenses (except taxes)	276,236	204,364	Tax on income and other taxes (2)	129,702	89,174	Dividends charged to profit for the year (3)	121,344	93,936	Contribution to the Bankinter Foundation for innovation	1,043	963	<b>Economic Value Retained (provisioned to or generated versus economic value distributed)</b>	<b>499,920</b>	<b>1,234,690</b>	Bankinter Group	✓
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	G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Chapter 5 "Risk and Opportunities" of the 2013 CDP Questionnaire. - pp. 162.	Bankinter Group (except LDA)	✓																																					
	G4-EC3	Coverage of the organisation's defined benefit plan obligations	- Note 28 (Employee Benefits) to the Consolidated Financial Statements	Bankinter Group	✓																																					
	G4-EC4	Financial assistance received from government	- No significant assistance was received from any government bodies. Tax credits and deductions are listed in Notes 17 and 43 to the Consolidated Financial Statements.	Bankinter Group	✓																																					
Market Presence																																										
- Job creation and stability - Attracting and retaining talent	Internal	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	- p. 147.	Bankinter Group (except LDA)	✓																																				
		G4-EC6	Proportion of senior management recruited from the local community at significant locations of operation.	Bankinter has no specific local recruitment policy, since all our significant operations are carried out in Spain.	Bankinter Group (except LDA)	✓																																				

**(G4-20, G4-21 and G4-23)**

Indirect economic impacts						
- Financial solutions in contexts of crisis - Financial inclusion - Investment in the community	External	G4-EC7	Development and impact of infrastructure investments and services supported	The contribution of the Bankinter Foundation for Innovation in 2014 amounted to €1 million. - pp. 128-134, 163-168.	Bankinter Group (except LDA)	✓
		G4-EC8	Significant indirect economic impacts and their extent	- pp. 128-134.	Bankinter Group (except LDA)	✓
Procurement practices						
- Job creation and stability	External	G4-EC9	Percentage of the procurement budget used in places with significant operations corresponding to local suppliers	99% of suppliers are local (Spanish tax residents) - p. 180.	Bankinter Group (except LDA)	✓
Environmental dimension						
Material Aspects identified		Indicator		Page/ Omission	Scope	Revision
Materials						
- Environmental impact management	Internal	G4-EN1	Materials used by weight or volume (paper)	- p. 176.	Bankinter Group (except LDA)	✓
		G4-EN2	Percentage of materials used that are recycled input materials (paper)	- p. 176.	Bankinter Group (except LDA)	✓
Energy						
- Environmental impact management	Internal	G4-EN3	Energy consumption within the organisation	- p. 176.	Bankinter Group (except LDA)	✓
		G4-EN4	Energy consumption outside of the organisation	A study carried out by the Bank in 2012 showed that the Internet was a significantly more eco-efficient channel than travelling to the branch office or using telephone banking with a human operator. The continuous improvement in the Bank's websites, also as regards accessibility, makes it possible for customers to carry out all their transactions without having to visit a branch. Bankinter's objective is to reduce the number of trips by customers to branches, encouraging the use of more eco-efficient remote channels, in order to limit CO <sub>2</sub> emissions.	Bankinter Group (except LDA)	✓ <sup>1</sup>
		G4-EN5	Energy intensity (per employee)	- p. 176.	Bankinter Group (except LDA)	✓
		G4-EN6	Reduction of energy consumption	- p. 175.	Bankinter Group (except LDA)	✓ <sup>1</sup>
		G4-EN7	Reductions in the energy requirements of products and services sold	See EN4. - pp. 73-74.	Bankinter Group (except LDA)	✓ <sup>1</sup>

**(G4-20, G4-21 and G4-23)**

Water						
- Environmental impact management	Internal	G4-EN8	Total water withdrawal by source.	- p. 176.	Bankinter Group (except LDA)	✓
		G4-EN9	Water sources significantly affected by withdrawal of water.	Bankinter offices are located in urban areas and consequently water withdrawal and discharge takes place through the municipal system.	Bankinter Group (except LDA)	N.A.
		G4-EN10	Percentage and total volume of water recycled and reused		Bankinter Group (except LDA)	N.A.
Biodiversity						
Non-material	Not applicable	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Bankinter offices are located in urban areas and therefore have no impact on protected nature reserves and/or biodiversity.	Bankinter Group (except LDA)	N.A.
		G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		Bankinter Group (except LDA)	N.A.
		G4-EN13	Protected or restored habitats		Bankinter Group (except LDA)	N.A.
		G4-EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Bankinter Group (except LDA)	N.A.
Issuances						
- Environmental impact management	Mixed	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	- pp. 174-175.	Bankinter Group (except LDA)	✓
		G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	- pp. 174-175.	Bankinter Group (except LDA)	✓
		G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	- pp. 174-175.	Bankinter Group (except LDA)	✓ <sup>3</sup>
		G4-EN18	Greenhouse gas (GHG) emissions intensity	- pp. 174-175.	Bankinter Group (except LDA)	✓
		G4-EN19	Reduction of greenhouse gas (GHG) emissions	- pp. 174-175, 177.	Bankinter Group (except LDA)	✓
		G4-EN20	Emissions of ozone-depleting substances (ODS)	The EN20 indicator defines the substances covered in Annexes A, B, C and E of the Montreal Protocol as substances that deplete the ozone layer. These substances are not significant in Bankinter.	Bankinter Group (except LDA)	N.A.
		G4-EN21	NOx, SOx and other significant air emissions	There are no significant air emissions, given that the Bank's activity is financial.	Bankinter Group (except LDA)	N.A.

**(G4-20, G4-21 and G4-23)**

Effluents and waste						
- Environmental impact management	Internal	G4-EN22	Total water discharge by quality and destination.	Bankinter withdraws and discharges water from and into the municipal water supply/drainage system.	Bankinter Group (except LDA)	N.A.
		G4-EN23	Total weight of waste by type and disposal method	- p. 177.	Bankinter Group (except LDA)	✓
		G4-EN24	Total number and volume of significant spills	Bankinter offices are located in urban areas and its activity does not produce significant spills.	Bankinter Group (except LDA)	N.A.
		G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2, Annexes i, ii, iii, and viii, and percentage of transported waste shipped internationally	Bankinter's activity does not involve the transport of waste.	Bankinter Group (except LDA)	N.A.
		G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and run-off	Bankinter offices are located in urban areas and therefore have no impact on protected nature reserves and/or biodiversity.	Bankinter Group (except LDA)	N.A.
Products and services						
- Environmental impact management	Internal	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	See EN4.	Bankinter Group (except LDA)	✓
- Products and services designed to provide a specific social and/or environmental benefit		G4-EN28	Percentage of products sold and their packaging materials that are reclaimed at the end of their useful life, by product category	Not applicable in view of Bankinter's activity	Bankinter Group (except LDA)	N.A.
Regulatory compliance						
- Environmental impact management	Mixed	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No significant environmental sanctions or fines have been imposed. Note 38 (Environmental information) to the Consolidated Financial Statements.	Bankinter Group (except LDA)	✓
- Legal and regulatory compliance						
Transport						
- Environmental impact management	Mixed	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations and transporting members of the workforce.	- p. 175.	Bankinter Group (except LDA)	✓ <sup>3</sup>
Total environmental protection expenditure and investment by type						
Non-material	Not applicable	G4-EN31	Breakdown of environmental protection expenditure and investment by type	There was no significant environmental investment or expenditure. Note 38 (Environmental information) to the Consolidated Financial Statements.	Bankinter Group (except LDA)	✓

**(G4-20, G4-21 and G4-23)**

Supplier environmental assessment																
Non-material	Not applicable	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	No suppliers have been screened using environmental criteria, since we have not identified any significant risk.	Bankinter Group (except LDA)	N.A.										
		G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Given the nature of its suppliers, Bankinter does not believe there are any significant negative environmental impacts in its supply chain.	Bankinter Group (except LDA)	N.A.										
Environmental grievance mechanisms																
- Channels of dialogue with stakeholder groups - Legal and regulatory compliance - Environmental impact management	Mixed	G4-EN34	Number of grievances about environmental impacts filed through formal grievance mechanisms during the reporting period	The Bank has not received any complaints relating to environmental matters through the established channels.	Bankinter Group (except LDA)	✓										
Social dimension																
Material aspects identified		Indicator		Page/ Omission	Scope	Revision										
LABOUR PRACTICES AND DECENT WORK																
Employment.																
- Job creation and stability	Internal	G4-LA1	Total number and rates of new employee recruitments and employee turnover by age group, gender and region	- pp. 137, 139, 149-150.	Bankinter Group (except LDA)	✓										
		G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Bankinter does not provide specific information on benefits provided to temporary or part-time employees, since it considers that they do not constitute a significant group in the overall workforce.	Bankinter Group (except LDA)	N.A.										
		G4-LA3	Return to work and retention rates after parental leave, by gender	<table border="1"><thead><tr><th></th><th>Men</th><th>Women</th><th>Total</th></tr></thead><tbody><tr><td>Persons taking parental leave in 2014</td><td>133</td><td>201</td><td>334</td></tr><tr><td>percentage of employees returning to work upon completing leave and still with the organisation at the end of the year</td><td>100%</td><td>96%</td><td>97%</td></tr></tbody></table>		Men	Women	Total	Persons taking parental leave in 2014	133	201	334	percentage of employees returning to work upon completing leave and still with the organisation at the end of the year	100%	96%	97%
	Men	Women	Total													
Persons taking parental leave in 2014	133	201	334													
percentage of employees returning to work upon completing leave and still with the organisation at the end of the year	100%	96%	97%													

**(G4-20, G4-21 and G4-23)**

Labour/management relations						
- Conflicts of interest - Job creation and stability - Channels of dialogue with stakeholder groups	Internal	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Any organisational changes made at the Bank are analysed individually, in order to avoid or mitigate any negative impact they might have on employees. In any case, for giving notice of organisational changes, Bankinter will comply with the relevant legislation in force, the Workers' Statute and the Bank Employees' Collective Bargaining Agreement.	Bankinter Group (except LDA)	✓
Occupational Health and Safety						
- Attracting and retaining talent - Channels of dialogue with stakeholder groups	Internal	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Bankinter currently has four Health and Safety Committees: Madrid (branches), Barcelona (branches), Barcelona (Main Branch) and Valencia (branches), which meet quarterly (four times a year). Additionally, there are Prevention Offices in Zaragoza and Guipúzcoa, whose members belong to the Works Councils established in those places. Gneis has a Health and Safety Committee which represents 100% of its workforce.	Bankinter Group (except LDA)	✓
		G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	- p. 139.	Bankinter Group (except LDA)	✓ <sup>4</sup>
		G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	No occupations with a high risk of disease have been identified. - p. 147	Bankinter Group (except LDA)	✓
		G4-LA8	Health and safety topics covered in formal agreements with trade unions	In 2014 agreement was reached by the Barcelona Health and Safety Committee on carrying out a study of psychosocial risks.	Bankinter Group (except LDA)	✓
Training and education						
- Training	Internal	G4-LA9	Average hours of training per year per employee by gender and by employee category	- pp. 137, 148.	Bankinter Group (except LDA)	✓
		G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	- pp. 143-147.	Bankinter Group (except LDA)	✓
		G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	- pp. 143-147, 150.	Bankinter Group (except LDA)	✓



**(G4-20, G4-21 and G4-23)**

Diversity and equal opportunities.						
- Conflicts of interest - Equal opportunity	Internal	G4-LA12	Composition of governance bodies and breakdown of employees by employee category according to gender, age group, minority group membership and other indicators of diversity.	- pp. 37, 137-140, 148. - CGR Board of Directors A.3, C.	Bankinter Group (except LDA)	✓
Equal remuneration for women and men						
- Equal opportunity - Workings and composition of the Board	Internal	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Taking as a reference the basic salary and excluding additional pay for length of service, welfare or other benefits, the male/female pay ratio is 1 for all employee categories.	Bankinter Group (except LDA)	✓ <sup>5</sup>
Supplier assessment for labour practices						
Non-material	Not applicable	G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	No suppliers have been screened using labour practices criteria, since we have not identified any significant risk.	Bankinter Group (except LDA)	N.A.
		G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	Given the nature of its suppliers, Bankinter does not believe there are any significant negative impacts as regards labour practices.	Bankinter Group (except LDA)	N.A.
Labour practices grievance mechanisms						
- Channels of dialogue with stakeholder groups - Legal and regulatory compliance	Mixed	G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	We received five complaints relating to this aspect through the Whistleblowers Channel, all of which were resolved during the year.	Bankinter Group (except LDA)	✓
HUMAN RIGHTS						
Investment						
- Training	Mixed	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Bankinter mainly operates in Spain, an OECD country, so it has not been considered necessary to include human rights clauses. It is also a signatory to the United Nations Global Compact	Bankinter Group (except LDA)	N.A.
		G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	- p. 158.	Bankinter Group (except LDA)	✓ <sup>1</sup>
Non-discrimination						
- Legal and regulatory compliance	Mixed	G4-HR3	Total number of incidents of discrimination and corrective actions taken	There have been no incidents relating to discrimination.	Bankinter Group (except LDA)	✓

**(G4-20, G4-21 and G4-23)**

Freedom of association and collective labour negotiation						
- Channels of dialogue with stakeholder groups	Mixed	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	The Bank's operations are confined to Spain, and this type of risk has not been detected.	Bankinter Group (except LDA)	N.A.
Child Labour						
Non-material	Not applicable	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	The Bank's operations are confined to Spain, and this type of risk has not been detected.	Bankinter Group (except LDA)	N.A.
Forced or Compulsory Labour						
Non-material	Not applicable	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	The Bank's operations are confined to Spain, and this type of risk has not been detected.	Bankinter Group (except LDA)	N.A.
Security practices						
- Training	Mixed	G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	As confirmed by the security company, all its personnel are approved for this type of work by the Ministry of the Interior, which guarantees the training, requirements, quality and employment arrangements of professionals and services of this type. Among the required courses are those on ethics and basic rights.	Bankinter Group (except LDA)	✓
Indigenous rights						
Non-material	Not applicable	G4-HR8	Total number of incidents or violations involving rights of indigenous peoples and actions taken.	The Bank's operations are confined to Spain, and this type of risk has not been detected.	Bankinter Group (except LDA)	N.A.
Evaluation						
Non-material	Not applicable	G4-HR9	Number and percentage of operations that have been subject to human rights reviews or impact assessments	The Bank's operations are confined to Spain, and this type of risk has not been detected.	Bankinter Group (except LDA)	N.A.
Supplier human rights assessment						
Non-material	Not applicable	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	No suppliers have been screened using human rights criteria, since we have not identified any significant risk.	Bankinter Group (except LDA)	N.A.
		G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Given the nature of its suppliers, Bankinter does not believe there are any significant negative impacts as regards human rights.	Bankinter Group (except LDA)	N.A.

**(G4-20, G4-21 and G4-23)**

<b>Human rights grievance mechanisms</b>						
- Channels of dialogue with stakeholder groups - Legal and regulatory compliance	Mixed	G4-HR12	Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms	The Bank has not received any complaints relating to human rights through the established channels	Bankinter Group (except LDA)	✓
<b>SOCIETY</b>						
<b>Local communities</b>						
- Investment in the community	Mixed	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	- pp. 88-89, 128-134.	Bankinter Group (except LDA)	✓ <sup>1</sup>
		G4-SO2	Operations with significant actual and potential negative impacts on local communities.	This year eleven centres were opened and seven were closed. All employees of the centres closed (Derio, Santander, San Sebastian, Vitoria, Bilbao and two in Madrid) have been relocated.	Bankinter Group (except LDA)	✓
- Equal opportunity - Investment in the community - Channels of dialogue with stakeholder groups	Mixed	FS13	Access points in low-populated or economically disadvantaged areas by type.	- pp. 164-168.	Bankinter Group (except LDA)	✓
		FS14	Initiatives to improve access to financial services for disadvantaged people.	- pp. 164-168.	Bankinter Group (except LDA)	✓
<b>Anti-corruption</b>						
- Legal and regulatory compliance - Prevention of corruption and money laundering - Transparency in commercial dealings	Mixed	G4-SO3	Number and percentage of operations assessed for risks related to corruption and the significant risks identified	- pp. 84-86.	Bankinter Group (except LDA)	✓
		G4-SO4	Communication and training on anti-corruption policies and procedures	- pp. 84-86.	Bankinter Group (except LDA)	✓
		G4-SO5	Confirmed incidents of corruption and actions taken	During 2014, 14 disciplinary cases were handled, six of which resulted in dismissal by way of disciplinary sanction for breach of internal regulations.	Bankinter Group (except LDA)	✓
<b>Public policy</b>						
- Transparency in commercial dealings	Mixed	G4-SO6	Total value of political contributions by country and recipient/beneficiary	Bankinter does not make contributions to any political party (Article 5.4 of the Code of Ethics).	Bankinter Group (except LDA)	✓ <sup>6</sup>
<b>Anti-competitive behaviour</b>						
- Legal and regulatory compliance	Mixed	G4-SO7	Number of legal actions for anti-competitive behaviour, anti-trust, and monopolistic practices and their outcomes	There are no legal actions pending against Bankinter regarding anti-competitive or monopolistic practices.	Bankinter Group (except LDA)	✓
<b>Regulatory compliance</b>						
- Legal and regulatory compliance	Mixed	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	- p. 87. - Fine of €1.2 million imposed by the National Court on Bankinter for failing to carry out adequate surveillance of suspicious transactions relating to money laundering	Bankinter Group (except LDA)	✓

**(G4-20, G4-21 and G4-23)**

Supplier assessment for impacts on society						
Non-material	Not applicable	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	No suppliers have been screened using criteria for impacts on society, since we have not identified any significant risk.	Bankinter Group (except LDA)	N.A.
		G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Given the nature of its business, Bankinter does not believe there are any significant negative impacts relating to its supply chain.	Bankinter Group (except LDA)	N.A.
Grievance mechanisms for impacts on society						
- Channels of dialogue with stakeholder groups - Legal and regulatory compliance	Mixed	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	The Bank has not received any complaints relating impacts on society through the established channels.	Bankinter Group (except LDA)	✓
PRODUCT RESPONSIBILITY						
Customer health and safety						
- Legal and regulatory compliance - Transparency in commercial dealings	Mixed	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	- pp. 88-89, 127.	Bankinter Group (except LDA)	✓ <sup>1</sup>
		G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Bankinter has not had any significant incidents in this regard.	Bankinter Group (except LDA)	✓
Product and service labelling						
- Quality of service and customer satisfaction - Legal and regulatory compliance - Transparency in commercial dealings - Transparency in reporting - Risk control and management mechanisms - Products and services designed to provide a specific social and/or environmental benefit	Mixed	G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	- pp. 88-89.	Bankinter Group (except LDA)	✓
		G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Bankinter has not had any significant incidents in this regard.	Bankinter Group (except LDA)	✓
		G4-PR5	Results of surveys measuring customer satisfaction	- pp. 80-82.	Bankinter Group (except LDA)	✓
		FS15	Description of policies for the fair design and sale of financial products and services.	- pp. 88-89.	Bankinter Group (except LDA)	✓
		FS16	Initiatives to enhance financial literacy by type of beneficiary.	- pp. 128-134, 164-168	Bankinter Group (except LDA)	✓

**(G4-20, G4-21 and G4-23)**

<b>Marketing communications</b>						
<ul style="list-style-type: none"> <li>- Quality of service and customer satisfaction</li> <li>- Legal and regulatory compliance</li> <li>- Transparency in commercial dealings</li> <li>- Channels of dialogue with stakeholder groups</li> </ul>	Mixed	G4-PR6	Sale of banned or disputed products	- pp. 88-89.	Bankinter Group (except LDA)	✓ <sup>1</sup>
		G4-PR7	Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Bankinter has not had any significant incidents in this regard.	Bankinter Group (except LDA)	✓
<b>Customer privacy</b>						
<ul style="list-style-type: none"> <li>- Legal and regulatory compliance</li> </ul>	Mixed	G4-PR8	Number of substantiated complaints regarding breaches of customer privacy and losses of customer data	- p. 87.	Bankinter Group (except LDA)	✓
<b>Regulatory compliance</b>						
<ul style="list-style-type: none"> <li>- Legal and regulatory compliance</li> </ul>	Mixed	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Bankinter has not had any significant fine imposed in this regard.	Bankinter Group (except LDA)	✓

**(G4-20, G4-21 and G4-23)**

Product portfolio						
<ul style="list-style-type: none"> <li>- Products and services designed to provide a specific social and/or environmental benefit</li> <li>- Risk control and management mechanisms</li> <li>- Analysis of the social and environmental risk in investment and financing transactions</li> <li>- Training</li> <li>- Quality of service and customer satisfaction</li> <li>- Channels of dialogue with stakeholder groups</li> <li>- Financial solutions in crisis contexts</li> <li>- Inclusion of ESG aspects in business and strategy</li> </ul>	Mixed	FS1	Policies with specific environmental and social components applied to business lines	- pp. 153-162	Bankinter Group (except LDA)	✓
		FS2	Procedures for assessing and controlling environmental and social risks in business lines.	The risk analysis procedures cover all risks that are significant from the point of view of credit risk	Bankinter Group (except LDA)	✓
		FS3	Processes for monitoring clients' implementation of social and environmental requirements included in agreements or transactions.	"No significant environmental or social requirements have been detected in agreements or transactions."	Bankinter Group (except LDA)	✓
		FS4	Processes for improving employees' skills in implementing social and environmental policies and procedures to business lines.	- pp. 131, 143, 158-162.	Bankinter Group (except LDA)	✓
		FS5	Interactions with clients/associates/business partners regarding environmental and social risks and opportunities	- pp. 38-40, 80-82, 128-134, 153-162, 180-182.	Bankinter Group (except LDA)	✓
		FS6	Percentage of the portfolio accounted for by each business line broken down by region, size (e.g. micro/SME/major) and sector of activity.	- pp. 43, 57-64.	Bankinter Group (except LDA)	✓
		FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	- pp. 160-162.	Bankinter Group (except LDA)	✓ <sup>1</sup>
		FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	- pp. 160-162.	Bankinter Group (except LDA)	✓ <sup>1</sup>



**(G4-20, G4-21 and G4-23)**

Audits						
- Legal and regulatory compliance - Risk control and management mechanisms - Analysis of the social and environmental risk in investment and financing transactions - Management of environmental impact	Internal	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	- pp. 164-166, 173.	Bankinter Group (except LDA)	✓ <sup>1</sup>
Active property management						
- Financial solutions in crisis contexts - Inclusion of ESG aspects in business and strategy - Products and services designed to provide a specific social and/or environmental benefit	Internal	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues.	- pp. 160-162.	Bankinter Group (except LDA)	✓ <sup>1</sup>
		FS11	Percentage of assets subject to positive and/or negative environmental or social screening.	- pp. 160-162.	Bankinter Group (except LDA)	✓ <sup>1</sup>
		FS12	Voting policy or policies applied to environmental or social issues for equity interests where the reporting organisation has voting rights or advises on voting.	There is no established voting policy in respect of social or environmental matters for entities in which the organisation has voting rights or advises on voting.	Bankinter Group (except LDA)	✓

NA: Not applicable

N.A. Not Available

LDA: Línea Directa Aseguradora

Notes:

✓ Content revised in accordance with the scope described and by means of the procedures indicated in the Report on the Independent Review of the Information on Sustainability.

(1) Qualitative information provided

(2) Partial information provided

(3) The information on Scope 3 emissions is confined to the items described in the table of induced CO<sub>2</sub> emissions, not including those corresponding to service providers or face-to-face customers.

(4) Information on own personnel

(5) Information is not provided on the relation between men's and women's base salary by employee category.

(6) Information is provided on the policy pursued by Bankinter

(7) The information refers to the percentage of employees returning to work upon completing leave and who were still with the organisation at the end of the reporting period.

# Assurance Report



*Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.*

## Independent Assurance Report on the Sustainability Information included on the 2014 Integrated Report of Bankinter.

### Scope

We have performed a review of the Sustainability Information included on the 2014 Integrated Report (hereinafter referred to as "the Report") of Bankinter, the scope of which is the Bankinter Group, except Línea Directa Aseguradora, S.A. Our work consisted of the review of the adherence of the standard disclosures of the Report to the GRI Sustainability Reporting Guidelines version G4 (forward G4 Guidelines) and the Standard Disclosures, including the Financial Services Sector Supplement proposed in the aforementioned guidelines.

### Assurance standards and procedures

We have conducted our review in accordance with International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants.

Our work consisted of making enquiries to management and certain areas and business units of Bankinter involved in the preparation of the Report, and of carrying out the following analytical procedures and sample-based review tests described below:

- Meetings with Bankinter personnel to ascertain the principles, systems and management approaches applied.
- Analysis of the processes to gather and validate sustainability data included on the 2014 Integrated Report.
- Minutes' review of the Sustainability Committee carried out during 2014.
- Review of the steps taken for the identification and consideration of the stakeholders during the year and of the stakeholder's participation processes through the analysis of the internal information available.
- Review of the information relating to the management approaches applied and verification of the existence and scope of the Sustainability policies, systems and procedures.
- Analysis of the adherence of the contents of the Report to those recommended in the G4 Guidelines and verification that the General Standard Disclosures and the Specific Standard Disclosures included agree with those recommended by the GRI Guidelines.
- Review on a sample basis of the quantitative and qualitative information relating to the GRI indicators included in the Report, and the adequate compilation thereof based on the data provided by Bankinter information sources.

### Conclusions

The "GRI Tables" provides details of the disclosures reviewed, the scope limitations of the review carried out and those disclosures that do not cover all aspects recommended by the GRI Guidelines. As a result of our review, no other matters were disclosed that would lead us to believe that the Sustainability information, included on the Integrated Report, contains material errors or that it was not prepared according to the GRI Sustainability Reporting Guidelines version 4.

In addition, we have presented to the Management of Bankinter our recommendations relating to the areas of improvement to consolidate processes, programmes and systems associated with Sustainability management.

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### Responsibilities of Bankinter management and of Deloitte

- The preparation and contents of the Sustainability Information included on the Report is the responsibility of Bankinter's External Communication and Corporate Responsibility Department, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- Since a review is substantially less in scope than a reasonable assurance engagement, we do not provide reasonable assurance on the Report and this report is not to be considered an auditors' report.
- This report has been prepared solely for Bankinter management in accordance with the terms and conditions of our Engagement Letter. We do not accept any liability to any third party other than Bankinter management.
- We conducted our work in accordance with the independence standards required by the Code of Ethics of the International Federation of Accountants (IFAC).
- Our team consisted of a combination of professionals with corporate responsibility and sustainability report assurance experience and with economic, social, environmental and stakeholder engagement experience.

DELOITTE ADVISORY, S.L.

Helena Redondo  
Madrid, February 17th, 2015.

