

Integrated Report  
**2015**

bankinter.



# Index

Letters	Interview with the Chairman Interview with the CEO	
Summary Annual summary	Context analysis	
Results	Summary of Results Rating and Bankinter shares	
Strategy	Business model and strategy	
Government Corporate	Governance structure and composition Functions of the governing bodies Remuneration	
Risks	Risk management Regulatory Compliance Data protection IT security	
Business	Business areas Other businesses Networks and Channels Capital Market	Marketing CRM Quality Customer service
Innovation	Innovation Centre Technological milestones of the year Bankinter Innovation Foundation	
Human factor	People Sustainability Plan Economic dimension	Social dimension Environmental dimension Suppliers
Awards and acknowledgements	Awards and acknowledgements	
Appendices		

A person is sitting on a wooden slatted bench, reading an open book. They are wearing a red and white patterned top and blue jeans. The background is a blurred outdoor setting with green grass and a wooden fence. The left side of the image has a vertical orange and brown striped overlay.

# 01

## letters- interviews

Letter-Interview with the Chairman  
Letter-Interview with the CEO



Watch video

"Against the general trend, Bankinter has grown in volume of credits and number of employees"

## "Bankinter is well equipped for handling great banking challenges"

**Pedro Guerrero, Chairman**

**What assessment can be made at a macroeconomic level of the 2015 financial year?**

I believe that we can be reasonably satisfied about how things went last year in our country. 2015 was undoubtedly a good year, registering growth rates of the economy over 3%, which are similar to rates before the crisis and among the highest in the European Union. The recovery of domestic consumer spending and investment is what sustained the GDP increase pace. Both variables relieved foreign trade as growth engines. As a result, the job market improved noticeably. The registered number of unemployed fell during the year by 354,203 and the year ended with 17,308,400 more people registered with the Social Security Institute. The balance of payments also behaved favourably and public deficit continued to correct, although maybe less than would have been desirable.

Less positive was the evolution of the European economy, which did not manage to leave the moderate revival range, despite monetary policy stimuli. From a more global point of view, the world economy went through some delicate moments in 2015. The reduction of growth expectations in China slowed down some emerging economies that largely depend on consumption in this Asian giant. The activity suffered most notably in Latin America, which barely grew at all, burdened by Brazil's entry into recession. In the world as a whole, average GDP growth was a bit above 3%, one of the lowest rates in the century to date.

**And if we look ahead, what is the outlook for 2016?**

I believe that we can be moderately optimistic for 2016 about macroeconomic prospects in Spain. After the unknown is resolved that is always present in

parliamentary elections, the pace of growth should remain high--close to 3%--which will let the unemployment rate be reduced to 20%, which continues to be very high, but is positive compared to the 26% at the end of 2012.

In the European Union, we expect for 2016 a slight acceleration of the growth, as a result of the weakening of monetary policy and of the price of crude oil. Here I would like to mention the situation in Portugal, given our recent entry into the country's retail banking and insurance market. Almost five years after being bailed out by the IMF and by the European Union, the Portuguese economy is still digesting the weight of its debt. Its growth rate, under 2%, is still weak, but there are positive signs pointing to its recovery. Tax and foreign trade imbalances are balancing out, so that if the political arena stabilises and internal demand is reactivated, I think Portugal can enter a sustained recovery phase.

On a global scale, the expectations for 2016 are relatively modest. The IMF and other international organisations believe that the global GDP will grow less than in 2015 and without major changes in its geographical composition. The big question now is how China's economy will be untangled, whose cooling down

in 2015 had a strong impact on other emerging economies, especially due to the drop in raw material prices. Similarly, the rise of interest rates in the USA in December 2015 (the first in almost ten years) raises questions on its potential repercussions on developing economies and generates uncertainties due to the lack of synchronicity with the monetary policy in Europe and Japan. All of these factors, added to the plummet in oil prices, have generated uncertainty, drops, and high volatility in the markets at the beginning of the year.

#### **In this future scenario, what are the expectations for the banking sector?**

We could say that the sector finds itself at a crossroads. In Spain, specifically, the legacy of the financial crisis has caused not only a reduction in the number of companies, but also a shrinking of the volume of assets, something that has never occurred in recent history and in general an extremely noticeable drop in the sector's capacity. In parallel, poor practices carried out during the crisis have worsened the financial industry's reputation.

The new regulation and supervision systems, which have improved companies' solvency levels and corporate governance

practices, are helping the sector overcome this situation. But the challenges that lie ahead are very complex. The new regulatory requirements have a high cost in capital and in resources, and simultaneously margins have been narrowed as a result of low interest rates. Furthermore, technological advances have generated new ways of engaging with the client. Therefore, the sector has to find another way to do banking, to make security, profits and adaptation compatible with their customers' new needs.

#### **In this complex sectoral context, what role does Bankinter play? How has it solved the problems posed in the past and how does it plan to respond to the challenges of the future?**

The first thing that we must take into account is that Bankinter is starting from a differential positive position. The financial crisis affected us less than it did other companies, thanks to our smaller exposure to the real estate sector; and the quality of our credit risk management let us maintain a non-performing loans rate much lower than that of the sector. So the legacy of the crisis has been less severe for Bankinter than for other Spanish banks, and we have even continued growing in credit volume and number of employees, against the general trend.

## "We are going to work hard to adapt to the European requirements of regulation, supervision and resolution"

Of course, that does not mean that the situation of the sector does not affect us. Like all the other entities, we have to deal with very significant challenges related to strong competition, the business model, the technological revolution and the changes in customers' behaviour. But our solvency and the strength of our value proposition cause us to be optimistic.

I also believe that we have a strategy that works, which is centred on the business, to private banking and private insurance sectors. We also have a natural inclination, I would almost say a genetic one, to take action and to innovate in products, in service channels and in processes. And of course we guide ourselves by the basic principles that must govern our activity: rigour, prudence, ethics and responsibility. I consider, therefore, that Bankinter is well equipped to face the great challenges of the industry.

### **Are the 2015 results the consequence of that line of work?**

I believe so, I think they are a very good demonstration of what we are capable of.

I do not want to speak much about this topic, because the managing director explains it in detail in this same report, but I would like to emphasise the quality of the results. It is not only that profits were the highest in the company's history, which they were, but that we also have an extremely solid foundation for handling customers' recurrent and ordinary businesses. 87% of the total profits came from business with customers, which is the best guarantee that the income statement is healthy and sustainable over time, since it is not affected by rebounds or extraordinary rises.

Similarly, the return on invested capital was among the top in the sector, with an ROE of 10.9%, and we upheld our traditional competitive edge in terms of asset quality and solvency level. The non-performing loans ratio continued dropping and, at the close of 2015, it was 4.1%, compared to the 10.3% average of the banking sector. The CET1 top quality capital ratio is also among the best in the sector in Spain, both with regard to current regulations, at 11.8%, and especially with regard to fully loaded, or the regulatory requirements for 2019, which stand at 11.6%.

This figure is almost three points higher than the minimum CET1 we were recommended by the ECB, which was 8.75%, the lowest in Spanish banks and one of the lowest in Europe.

I would also like to talk about the dividend. Last year we distributed 50% of the financial year's profits in the form of a cash dividend, which represented 0.23 euros per share. For this year, the Board of Directors proposed to the General Shareholders' Meeting to distribute the same percentage, naturally in cash, as usual. It is a high pay-out, but within the framework of a prudent policy that contributes to the conservation of capital and lets the company maintain a suitable solvency level, with which European Central Bank criteria are roundly fulfilled.

The development of the Banking Union, which is already underway, represents a major transformation of the European banking system and the culture of its companies. How is Bankinter tackling this process?

La Banking Union is one of the great advances of the European Union's process. However, in parallel it

## "The bank's strategy fits naturally with our sustainability commitments"

represents a very significant challenge that requires all eurozone banks to become firmly involved in spreading the risk culture to their entire organisation and improving corporate governance practices. Fortunately, they are two concepts that are very present in Bankinter's history and culture.

With regard to the bank's equity situation, the exercises that have been carried out up to now within the framework of the Banking Union have been very positive. In the tests conducted in 2014, the company obtained outstanding results, both for the assessment of asset quality and on the stress test. At the end of 2015, the European Banking Authority

completed a comparison exercise which highlighted that our solvency indicators, profits and quality of assets are well above the sector average in Europe. Therefore we are satisfied, although we also know that there is still much to do to complete the Banking Union process and we will keep up our hard work in the next few months to adapt to the new requirements.

### **And how do all these corporate projects and strategies fit with the bank's commitments on sustainability?**

They fit completely naturally. It said it earlier: ethics, integrity and responsibility are the guiding principles of conduct for all our actions. The body of this integrated annual report contains detailed information on what we do in these areas, which is proof that we understand sustainability not as a separate activity but instead as a value that is fully incorporated into our daily work.

From this point, our commitment with the various interest groups of Bankinter is articulated in two ways. On the one hand, we have an advanced corporate governance model, in line with international best practices. This year, we have once again fulfilled nearly all the recommendations in the Code

of Good Governance. Moreover, our Sustainability Plan, which we call 'Tic Tac Toe' aligns the business with how we manage the three corporate core areas: the economic, the social and the environmental.

In the economic sphere, during 2015 we strengthened our policy of supporting entrepreneurs, as a group that is fundamental for invigorating the economy, developing various initiatives especially aimed at the youngest ones. From the point of view of the social dimension, we identify people with disabilities as a priority interest group. The goal is to provide all of the bank's service channels the maximum degree of accessibility, in an attempt to eliminate the physical and technological barriers and those derived from knowledge. With regard to the environmental sphere, in 2015 Bankinter registered its carbon footprint with the Spanish Office for Climate Change, becoming the first Spanish bank to do so.

From another angle, the bank's commitment to sustainability was also specified via the projects of the Bankinter Innovation Foundation. In 2015, it continued advancing with its three core programmes, which are the FTF (Future Trends Forum), Akademia and Entrepreneurs. And

the new programme started up during the year merits mention, named the Cre100do project (meaning cre-cien-do, or growing). This project aims to contribute to improving the size of Spanish companies by working with successful, albeit mid-sized companies, to give them tools and knowledge to assist them in approaching the mythical figure of 1000 million euros turnover. In 2015, 15 companies participated in the programme and this year 15 or 16 more have joined, all highly satisfied with their contributions.

## “The quality of these results strengthens our confidence in Bankinter's capacity to generate future profits”

María Dolores Dancausa, CEO



“Our main indicators show greater dimension and strength than in the years prior to the financial crisis”

### How can 2015 be qualified?

I believe that 2015 can be rated as excellent. However, to not blow our own horn, I think it suffices to say that the year's results were most satisfactory. If we take a look at the income statement, the Bankinter Group obtained a net profit of 375.9 million euros and a profit before tax of 520.3 millions, representing year-on-year increases of 36.3% and 32.5%, respectively, where last year's results also had significant growth compared to the year before that. We are speaking of the highest profit level ever obtained by the bank to date, largely due to customers' recurring business, not from financial transactions or atypical profits, which is extremely important despite being repeated, as this type of recurring business is what has led to the increase in interest income and gross income, despite a scenario of unusually low rates. The quality of these results also strengthens our confidence in Bankinter's capacity to generate future profits.

Similarly, in 2015 we underscore our traditional strengths of the quality of assets and solvency. The non-performing loans ratio dropped to 4.1%, compared to 4.7% in 2014, representing less than half of average rate for the sector. Línea Directa Aseguradora was also the company with the best combined ratio, meaning the best insurer income on the market. With regards to solvency, Bankinter maintained a solid CET1 capital ratio (fully loaded – at the end of the transition process) of 11.6%, among the highest in the banking system and well above regulatory requirements. Similarly, we have a profitability index, measured in terms of ROE, that is the highest in the sector in Spain, and an efficiency ratio that is among the best.

Even our stock list price--which had showcased the best behaviour of all banks listed on the Spanish stock exchange during the long crisis period--grew stronger in 2015, and indeed was the only institution in the sector to offer profits to its shareholders after adding

## "The Portugal operation allows us to create value for the shareholders from the first instant"

capital gains and dividends. Stock market capitalisation losses for banks were extremely tough over the course of 2015, with several losing up to 35% of their value.

**Bankinter generated employment and it increased credit in 2015, when the sector is immersed in a process of reducing its capacity. Why this trend against the tide?**

It is fair to say that we are moving somewhat against the tide. In fact, Bankinter was the only bank in Spain that created net employment in 2015. Additionally, we grew in total assets, in deposits and in credit. With respect to the credit portfolio, I would like to emphasise that in a period during which one of the main complaints has been about the lack of credit, Bankinter has increased the total balance of its portfolio for the second consecutive year.

The majority of the main parameters of our business' health show greater dimension and strength than in 2007, the year that preceded the long period of recession. This has been due to our structure and some of our characteristics, which let us on the one hand suffer less from the impact of the

crisis and, on the other, let us recover faster from its effects. These results are also the consequence of a healthy business model, with potential for the long term, joined to a series of lines of business in which we permanently invest so that they continue to develop and grow.

**What are these encouraging results down to, in a financial context marked by complexity and uncertainty?**

Of course, there are several different reasons, some of them owing to our merits and others that were outside of our control.

Starting with the latter external reasons, I must admit that some of it boiled down to luck. The good development of the Spanish economy and its growth rate helped us, where the uncertainty caused by the high number of electoral calls in the year impacted us less than expected. The European Central Bank's monetary policy, low oil prices and other factors also helped us.

And as for the internal causes, those attributable to the decisions of the different people that make up Bankinter, I have to say that the first of them is the quality, dedication,

attitude and effort of all of them. That is the key of everything else. That is why persevering in our strict selection process is important, in the high number of training opportunities we provide, in taking care of the enormous potential that we have right before our eyes that we don't always notice. The dedication and spirit of so many people, who appreciate working at a stable and solid company, at which they can look into the medium-term future with security, has been the overriding factor of our success.

As a second cause of our achievements, I consider to be significant the investments made in previous years in each and every one of the lines of business, which have matured and have borne fruit. In other words, owed to the good decisions taken in the immediate past.

And lastly, I would mention the improvements to our control systems, which are highly important for maintaining a balance between different efforts, different stimuli and different incentives.

All of this, joined to our firm determination to uphold strict action and behaviour principles, are what

I believe are the roots of Bankinter's success last year, which will continue to be equally critical to obtain success in 2016 and in successive years.

### **What were the most outstanding business areas in 2015?**

I am very satisfied with the results of the vast majority of the business areas. I would distinguish between the areas that we have relaunched and that still have limited experience, and those that have reached a higher level of maturity.

Among the first, the good behaviour of consumer financing merits mention, driven forward by Bankinter Consumer Finance, one of our strategic commitments in 2015, obtaining investment figure growth of 71%, taking advantage of the changing trend in internal consumption throughout the year. Additionally, I have to mention the Personal Banking sector, which obtained in that same financial year growth in gross operating income above 50%.

Among the traditional lines, with years of continued success, I must mention one the Private Banking line again this year, whose managed assets totalled 28,000 million euros, a 21.2% year-on-year increase. Or our business in the Business Banking division, in which

investment increased by 5.6% and in which I also want to underline the successes achieved in the products and services of the International Business.

And last but in no way least, I must mention the magnificent year of Línea Directa Aseguradora, whose contribution to Group earnings and profits is simply exceptional year after year. In 2015, its policies increased by 6.4%, reaching a total of 2.37 million, and within that general growth trend, the Household branch was the one that achieved the most growth, with 18%.

### **The big news of 2015 was the acquisition of the business of Barclays in Portugal. To what extent does that operation change the company's strategy?**

The acquisition in Portugal has been an absolutely new initiative and experience for us, although it did not represent any strategic shift. It is a change because never before had we grown by acquiring other assets or other networks, and never before had we chosen to expand our business beyond the domestic Spanish market. With this decision, we have expanded and opened up our options to grow via acquisitions and grow outside of Spain.

But our strategy, what we do and how we do it, the principles on which we operate, remain the same.

This decision is going to enrich our experience and knowledge. And it is going to be positive for everyone: for those we acquire and for those we integrate into our company. The new network, its customers, its qualified professionals and all services it offers will contribute to our success in 2016 and successive years, and will let us adapt and compare our practices in all areas in which we have the greatest capacities and that have given us the best results, like private banking, enterprise banking, assets management and personal banking. In addition, the operation lets us replicate the success of our alliance with Mapfre for life insurance and pension plans in Portugal.

### **If we measure it in figures, how does the appearance of Bankinter change with the Portugal operation?**

In broad figures, the Barclays retail business in Portugal has a credit portfolio of 4,590 million euros, 2,785 million euros in off-balance sheet managed assets, a network of 84 branches, a staff of 940 employees and

"All investments in the field of new technologies must produce measurable results that are clearly noticeable by those who have to be accountable for their lines of business"

177,000 customers, of which 15,200 are companies. That means that the operation allows us to increase our volumes and our customer base, and by no means trivially, since it represents increases of between 7% and 20% in the different parameters through which we measure the business.

The acquisition will consume 320 million in capital, of which 120 million will be financed with the negative goodwill and the rest with an issue of bonds. We believe, therefore, that the repercussion of the operation on the company's balance sheet, on its income statement and on its level of solvency is perfectly permissible and it allows us to create value for our shareholders from the first instant.

**Having opened that path, are there any possibilities to continue to grow via acquisitions and to participate in the consolidation process that is anticipated in the sector?**

We do not have any plans, although we will continue, as before, to pay attention to any opportunity that may arise in the market, provided that it fits with our model and, of course, that it provides value. In Spain, I must say that it will be complicated to find these types of opportunities, since the

reduction in numbers of companies has been very extreme. And although it is fair to say that speculations abound about possible consolidation operations to supposedly resolve the problems of a sector beset by low interest rates and the consequent reduction of income, we do not see ourselves in any of these operations.

In addition, I believe that at this time we should not get distracted and we should focus all our efforts on successfully concluding the recent acquisition in Portugal.

**What are the expectations for 2016?**

Our expectations are to finish the year with a greater dimension than that which we had at the close of 2015, measured in terms of customers, volumes of investment and resources, and measured also in terms of income. In parallel, we must finish the year being a more efficient and more profitable company for our shareholders, as well as roundly complying with the requirements decreed by regulators on capital, solvency and other parameters that determine how robust and solid a financial institution is. Therefore our priorities will be aimed at transforming all these expectations and targets outlined into realities.

At the same time there are external effects that will also be decisive in fulfilling our expectations, because just as I have acknowledged the help of favourable winds in 2015, these can change, or disappear suddenly, as we have seen in the first few months of 2016, in which there has been a predominance of "dead calm", that business stillness that is not the type we want when we want to rest and contemplate, but instead is the type of stillness born of desperation, because we have no control over the direction we want to go. However, I trust that the uncertainty stemming from the fragmentation of the Spanish Parliament after the general elections last December will be managed properly and that everything will be resolved in a reasonable period of time so that 2016 is once again a good year for the Spanish economy.

Lastly, in the financial sector, it is foreseeable that the scenario of interest rates close to zero will continue, which will mean another year of very low margins for credit institutions. However, if the trend in the Spanish economy strengthens and employment levels continue to increase, non-performing loans would also decrease and domestic consumer spending will be invigorated, which would be very positive for our sector.

**Following on from this, how is Bankinter going to tackle the challenges of the technological revolution in the financial industry?**

It is undoubtedly important to tackle the challenges we are faced with as a result of the speed acquired in the development and availability of new technological capacities. During Bankinter's 50 years of experience, technological advances have always been present, and we can proudly state that they have been wisely taken advantage of by our bank. What is more, we have been pioneers in it. But the truth is that these technological advances have never had the impact on business life that it is having today, and the acceleration of these advances and these changes has never had the vertiginous pace that they have today.

These advances are having a greater impact than all previous transformations in our relationships with customers, and they are also giving companies a "scalability" never known before, which allows volumes that are several orders of magnitude larger to be managed for only marginal increases in costs.

Precisely because of the opportunity to do much more without making much more of an effort, and due to the enormous possibilities that are opening up to us both with regard to traditional banking processes and in relational methods with our customers, we must give them proper service and care, and select the projects under careful criteria that will be applied to our business' new technologies. Because the playing field is practically infinite, and as a result it requires us to be very selective, and

to get those decisions right, choosing those which provide the greatest return to the business in the least amount of time.

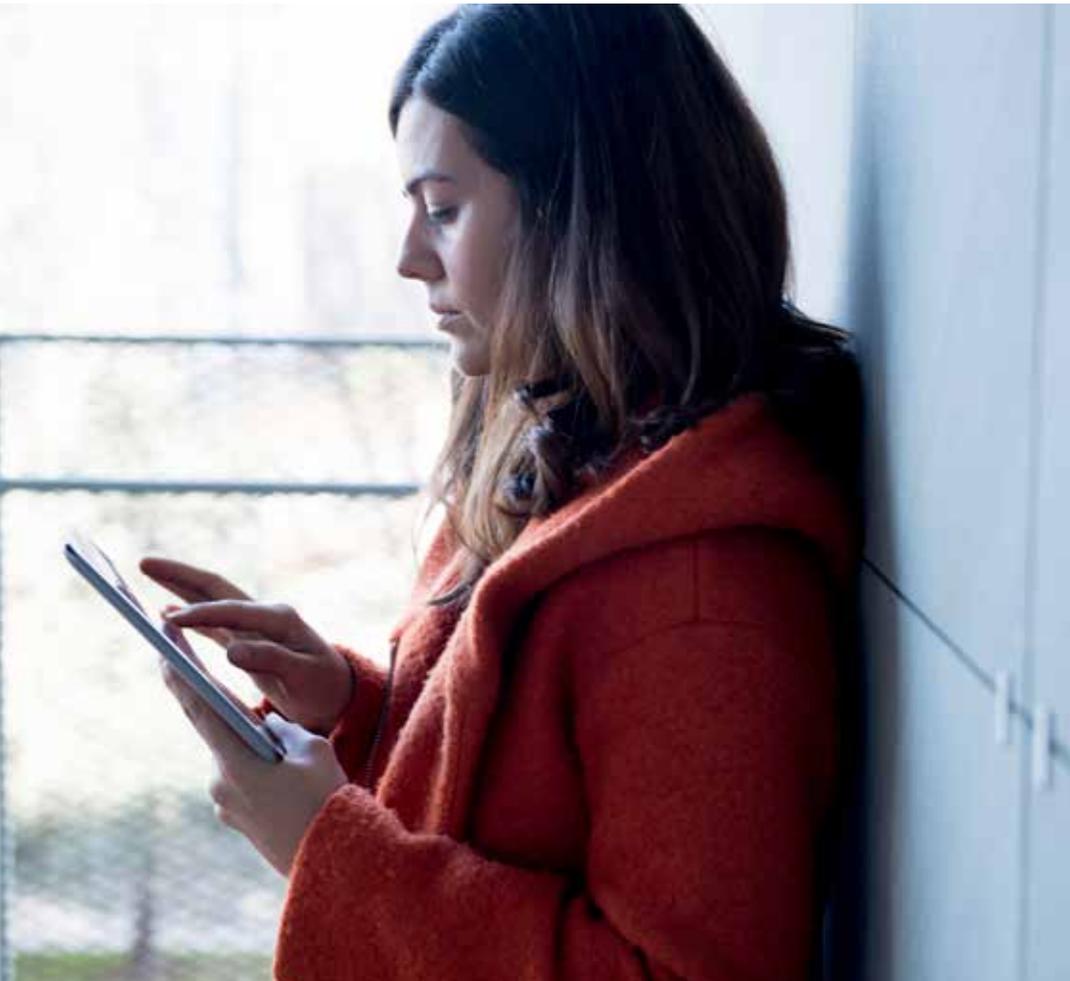
The last thing I want that is furthest from my intentions is for us to join a passing fad. Fortunately, we do not have the need to resort to any fads. Among other things, our size does not allow us to. Therefore everything that we do in the field of new technologies has to produce results; results that are measurable and clearly appreciated by those who have to account for their lines of business.

# 02

## annual summary

Context analysis





Spain continued to be the leading country in economic growth in the Eurozone with GDP growth of +3.4% in the third quarter of 2015.

## Context analysis

### Financial setting

2015 was known for being a year of striking divergence in the pace of growth of different economies from a geographical perspective. Whereas the United States and Europe continue to fortify their respective paths to recovery, emerging economies face serious imbalances. Joined to the sluggish growth rates recorded by several of these and considerable deficits in their current accounts or their failure to make structural reforms, are external factors such as the fall in the price of raw materials, especially oil, the consequences monetary normalisation initiated by the American Federal Reserve has on their foreign debt, which especially affects those who have higher percentages of their debt in dollars, or the loss of momentum in China.

In 2015 the European path to recovery was still unremarkable. The newly found European economic recovery was backed by the European Central Bank (ECB), whose monetary policy was highly expansive. In its last meeting last year - December - it relaxed its monetary policy even more by cutting

its deposit interest rate ( a further - 10 bp up to - 0.30%) and extended the period for its assets purchase programme, amongst other measures. Partly as a result of these activities, credit given in the Eurozone grew by +1.2% until November 2015, which strengthened the process of economic recovery.

In the domestic arena , Spain ,together with Ireland continued to lead economic growth in the Eurozone as its GDP grew by +3.5% in the fourth quarter of 2015. The improvement in the Spanish economy is supported by the recovery of domestic demand, driven in turn by household consumption and by the increase in business investment. There are already clear signs of an upturn in employment : In 2015 the unemployment figure fell by 354,200 and the number of people registered for Social Security rose by 533,186.

Amongst developed economies, the United States remained as the global leader, one year more, with year-on-year growth that was over 2% and showed a high amount of employment creation. The promising direction the American economy was taking allowed

the Federal Reserve to begin the process of standardisation of its monetary policy at its meeting in December 2015, when it raised its reference interest rate by 25 bp, up to the 0.25%/0.50%.range.

Emerging economies continued to be the weakest link in the chain of global economic recovery. Two economies stand out for their poor performance: Brazil and China. Brazil, apart from experiencing a downturn in its economy in 2015 (- 4.5% in the 3T of 15) and a slowdown in the main economic sectors, faced high inflation (+10.7% in December 2015) and a strong depreciation of its currency. High prices compelled its central bank

to keep raising its reference interest rate throughout 2015, up to low two-digit rates. The slowdown in the Chinese economy meant the global economy was subjected to considerable imbalance, not just due to the loss of momentum there, but because of the consequences this had on other economies.

All in all, the the global business cycle kept changing positively throughout 2015 at a slight, but expansive pace despite all the difficulties and vulnerabilities there were. In a sense, there was a comeback in the global economy last year, when the phase turned from downturn to growth.

## Interest rates and foreign currencies

A flexible monetary policy continued to be the dominant remedy among developed economies in 2015, despite the fact that the American Federal Reserve began standardisation of its reference interest rate in December. Everything seems to suggest that this process will be completed slowly and gradually throughout 2016 and always taking the most sensitive variables such as inflation or employment. into account.

Inflation in developed countries remained at very low levels, and in some cases were even negative. These lower prices allowed the central banks of developed countries to keep their reference interest rates at historically low levels. Conversely, in some emerging economies, there was indeed some inflationary tension. This was true for Russia and Brazil, whose central banks saw the need to raise interest rates at various times last year. Using Brazil as a reference, at the end of 2015 the official interest rate there was no less than 14.25%, after having been raised five times. As for Russia, this rate was set at 11% at the end of the financial year.

There were two matters of interest for the foreign exchange market in 2015: To and fro movements - appreciation and depreciation - of the eurodollar and drastic depreciation of the currencies linked to raw materials (ruble, Brazilian real, Canadian dollar, Australian dollar, etc.). Whereas it is possible to state that the eurodollar managed to level off in the 1.05/1.10 range throughout the year, the same cannot be said for the foreign currencies in a significant percentage of emerging markets. The yen tended to grow in strength, despite the aggressiveness of the monetary policy of the Central Bank of Japan, since at the most confusing market times, it behaved as a ' safe -haven asset'.

In short, it can be said that 2015 was a very different year for developed economies and emerging ones. Whereas the former ones kept reference rates of interest very low, despite the December interest rate rise in the United States , and had foreign currencies that were to a certain extent stable, the foreign currencies of the latter countries underwent depreciation and in some cases they were forced to raise their interest rates in an attempt to counter inflationary trends.



## Stock markets

In 2015 there was a marked difference in profitability for the main indicators in developed economies. On the downside the Ibex-35 was noteworthy, falling by - 7.2% in the year, or the London FTSE 100 which fell by - 4.9%. However, other European stock markets offered acceptable returns, as did the EuroStoxx-50 (+3.8%) or the German DAX (+9.6%). It was a bittersweet year for the American market, since the S&P 500 closed with a slight fall (- 0.7%), whereas the Nasdaq climbed by +8.4%. The Japanese Nikkei yielded one of the best annual results among the stock exchanges of developed economies: +9.1%. It would be fair to say that 2015 was a year of contrasts, but not a bad year for the stock market.

As for the trends and market phases referred to, their annual change was marked by a very complicated summer,

during which the main equity indicators were hit by slowdown in China, which in turn had a direct impact on the price of raw materials and particularly on oil. In 2015 the world economy was, at different times, affected by renewed misgivings over the solvency of Greece, the standardisation of the monetary policy of the American Federal Reserve, the unremarkable growth of business profits and the economic slowdown of emerging countries.

The bond market was propped up by the sharp drop in the price of crude oil, low rates of inflation and the bond purchase programme implemented by the ECB. Although in general bonds prices fell, these ended up being less than expected.

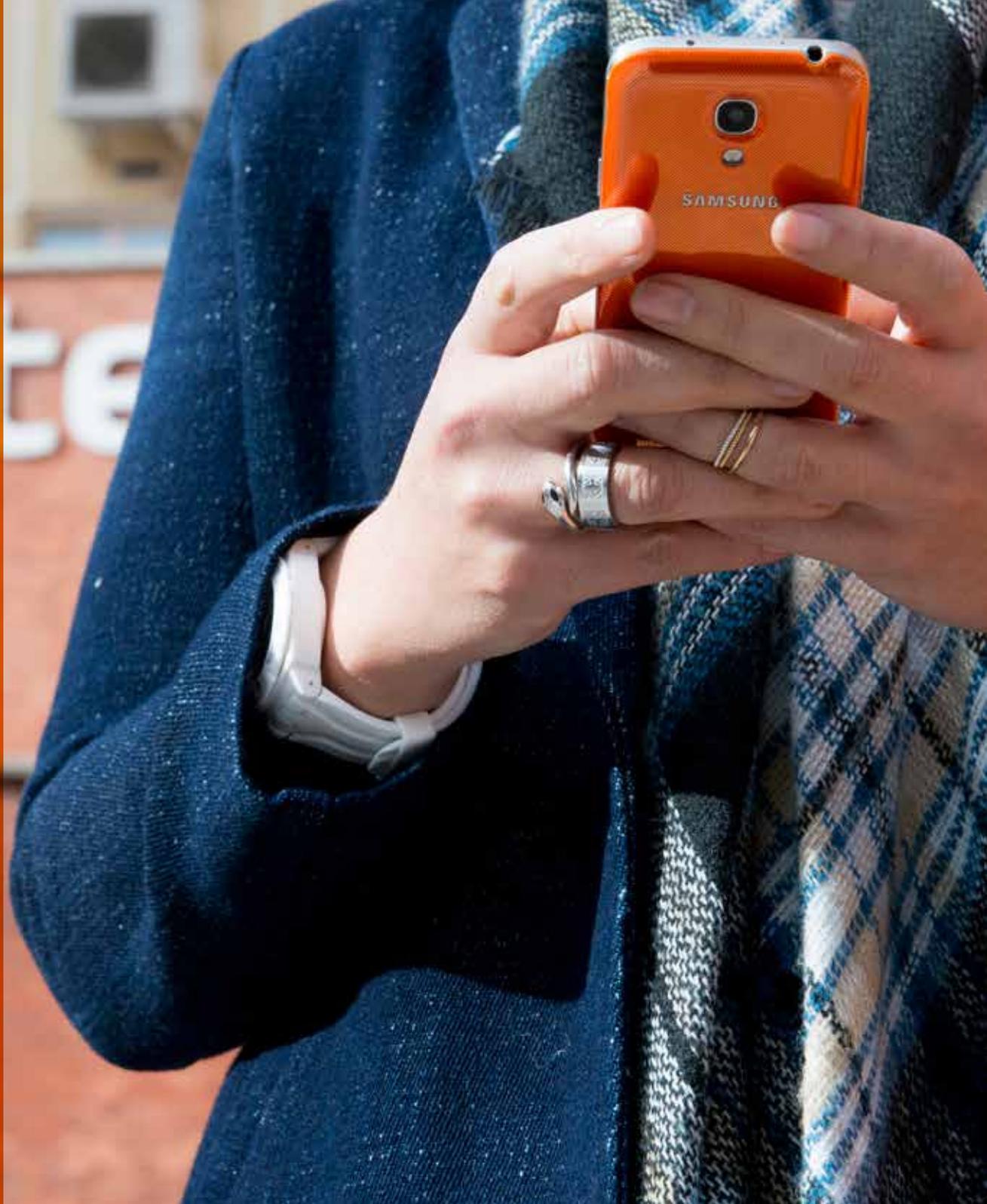
The following table shows how the main stock exchanges evolved over 2014 and 2015, always in local currency.

Region	Index	Var.% 2015	Var.% 2014
Germany	DAX	9.6%	2.7%
Brazil	Bovespa	-13.3%	-2.9%
China	CSI 300	5.6%	52.0%
Spain	Ibex - 35	-7.2%	3.7%
The United States	Nasdaq 100	8.4%	19.2%
The United States	S&P 500	-0.7%	12.4%
Eurozone	EuroStoxx - 50	3.8%	0.9%
France	CAC - 40	8.5%	-1.2%
India	Sensex	-5.0%	29.4%
Japan	Nikkei - 225	9.1%	7.1%
United Kingdom	FTSE 100	-4.9%	-3.0%



# 03 results

Summary of Results  
Rating and Bankinter shares



## Bankinter Group. Consolidated Balance Sheets as at 31 December 2015 and 2014 (Thousands of Euros)

ASSETS	31-12-2015	31-12-2014 (*)	LIABILITIES AND NET WORTH	31-12-2015	31-12-2014 (*)
CASH AND DEPOSITS WITH CENTRAL BANKS	925,361	357,327	LIABILITIES		
HELD-FOR-TRADING PORTFOLIO	4,473,638	5,353,482			
Deposits with credit institutions	1,009,596	544,528	HELD-FOR-TRADING PORTFOLIO	3,769,080	2,441,491
Customer credit	808,476	1,967,180	Deposits by credit institutions	735,427	270,621
Debt securities	2,264,761	2,345,496	Customer deposits	995,019	451,559
Equity instruments	34,764	59,320	Trading derivatives	464,958	322,598
Trading derivatives	356,041	436,958	Short positions in securities	1,573,676	1,396,713
<i>Memorandum items: Loaned or pledged</i>	1,790,311	1,700,679	OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	57,209	49,473			
Equity instruments	57,209	49,473	FINANCIAL LIABILITIES AT AMORTISED COST	49,836,994	49,990,680
<i>Memorandum items: Loaned or pledged</i>	-	-	Deposits by central banks	3,017,983	3,240,433
AVAILABLE-FOR-SALE FINANCIAL ASSETS	3,530,153	3,013,813	Deposits by credit institutions	1,792,316	5,249,425
Debt securities	3,377,008	2,845,308	Customer deposits	32,820,400	29,966,129
Equity instruments	153,145	168,505	Debt securities	10,484,882	9,311,034
<i>Memorandum items: Loaned or pledged</i>	460,940	746,292	Subordinated liabilities	594,563	608,198
			Other financial liabilities	1,226,850	1,615,461
LOANS AND RECEIVABLES	45,479,314	44,006,521			
Deposits with credit institutions	850,451	1,113,441	ADJUSTMENTS TO FINANCIAL LIABILITIES DUE TO MACRO HEDGES	-	-
Customer credit	44,182,633	42,446,723	HEDGING DERIVATIVES	11,489	20,241
Debt securities	446,230	446,357			
<i>Memorandum items: Loaned or pledged</i>	294,267	356,515	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-
PORTFOLIO OF INVESTMENTS HELD TO MATURITY	2,404,757	2,819,482			
<i>Memorandum items: Loaned or pledged</i>	-	2,805,745	LIABILITIES UNDER INSURANCE CONTRACTS	630,983	614,780
ADJUSTMENTS TO FINANCIAL LIABILITIES DUE TO MACRO-HEDGES	-	-	PROVISIONS	95,868	88,236
HEDGING DERIVATIVES	160,073	148,213	Provisions for pensions and similar obligations	458	818
			Provisions for risks and contingent commitments	8,312	7,499
NON-CURRENT ASSETS HELD FOR SALE	318,287	356,671	Other provisions	3,938	7,141
			Provisions for taxes and other legal contingencies	83,160	72,778
INVESTMENTS	39,424	29,726	TAX LIABILITIES	314,940	312,416
Associates	38,681	28,857	Current	172,949	135,054
Joint ventures	743	869	Deferred	141,991	177,362
INSURANCE CONTRACTS LINKED TO PENSIONS	343	714	OTHER LIABILITIES	202,279	221,686
REINSURANCE ASSETS	2,889	3,006	<b>TOTAL LIABILITIES</b>	<b>54,861,623</b>	<b>53,689,530</b>
TANGIBLE ASSETS	493,114	467,362	NET WORTH	3,798,177	3,643,445
Property, plant and equipment -	417,280	412,838	SHAREHOLDERS' EQUITY	3,689,436	3,513,914
For own use	395,348	388,181	Share capital	269,660	269,660
Leased out under operating leases	21,932	24,657	Authorised	269,660	269,660
Investment property	75,834	54,524	Share premium account	1,184,268	1,184,268
<i>Memorandum items: acquired under finance leases</i>	-	-	Reserves	1,996,421	1,853,783
INTANGIBLE ASSETS	266,693	282,327	Retained earnings (losses)	1,995,683	1,860,226
Goodwill	164,113	164,113	Retained earnings (losses) of companies accounted for by the equity method	738	(6,440)
Other intangible assets	102,580	118,214	Other equity instruments	1,339	-
TAX ASSETS	348,238	298,172	Other equity instruments	1,339	-
Current	201,391	154,294	Less: treasury shares	(988)	(771)
Deferred	146,847	143,878	Profit (loss) for the year attributable to the parent company	375,920	275,887
			Less: dividends and similar payments	(137,184)	(68,913)
OTHER ASSETS	160,317	146,685	VALUATION ADJUSTMENTS	108,741	129,531
Other	160,317	146,685	Available-for-sale financial assets	107,084	123,727
			Foreign exchange differences	(3,337)	220
			Other valuation adjustments	1,288	1,162
			Entities accounted for by the equity method	3,706	4,422
			NON-CONTROLLING INTERESTS	-	-
<b>TOTAL ASSETS</b>	<b>58,659,810</b>	<b>57,332,974</b>	<b>TOTAL LIABILITIES AND NET WORTH</b>	<b>58,659,810</b>	<b>57,332,974</b>
MEMORANDUM ITEMS:					
CONTINGENT RISKS	3,229,661	2,736,529			
CONTINGENT COMMITMENTS	10,989,833	13,527,713			

(\*) Presented for comparative purposes only.

## Consolidated income statement corresponding to the financial years ended 31 December 2015 and 2014 (Thousands of Euros)

	(Debit)/ Credit	
	2015	2014 (*)
INTEREST AND SIMILAR INCOME	1,283,765	1,404,321
INTEREST EXPENSE AND SIMILAR CHARGES	(414,311)	(648,963)
<b>NET INTEREST INCOME/EXPENSE</b>	<b>869,454</b>	<b>755,358</b>
RETURNS ON EQUITY INSTRUMENTS	6,681	8,004
SHARE OF PROFIT OR LOSS OF COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD	18,223	16,962
FEE AND COMMISSION INCOME	390,148	365,298
FEE AND COMMISSION EXPENSE	(80,275)	(73,891)
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (net)	66,151	90,084
Held for trading	12,360	14,982
Other financial instruments at fair value through profit or loss	(3,183)	1,163
Financial liabilities not valued at fair value through profit or loss	57,707	74,058
Other	(733)	(119)
FOREIGN EXCHANGE DIFFERENCES (net)	52,956	43,211
OTHER OPERATING INCOME	695,783	682,500
Income from insurance and reinsurance contracts written	669,031	651,549
Other operating income	26,752	30,951
OTHER OPERATING EXPENSES	(450,306)	(438,703)
Expenses from insurance and reinsurance contracts written	(361,734)	(362,487)
Other operating expenses	(88,572)	(76,216)
<b>GROSS OPERATING INCOME</b>	<b>1,568,815</b>	<b>1,448,823</b>
ADMINISTRATIVE EXPENSES	(699,401)	(655,473)
Staff costs	(393,459)	(368,738)
Other general administrative expenses	(305,942)	(286,735)
DEPRECIATION AND AMORTISATION	(61,653)	(63,773)
PROVISIONING EXPENSE (NET)	(25,254)	(41,536)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(189,301)	(237,390)
Loans and receivables	(178,979)	(233,874)
Other financial instruments not valued at fair value through profit or loss	(10,322)	(3,516)
<b>OPERATING PROFIT (LOSS)</b>	<b>593,206</b>	<b>450,651</b>
IMPAIRMENT LOSSES ON OTHER ASSETS (net)	(442)	(118)
Goodwill and another intangible assets	-	(168)
Other assets	(442)	50
GAINS (LOSSES) ON THE DISPOSAL OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	(2,001)	(2,980)
NEGATIVE GOODWILL ARISING IN BUSINESS COMBINATIONS	-	-
GAINS (LOSSES) ON NON-CURRENT ASSETS HELD FOR SALE NO CLASSIFIED AS DISCONTINUED OPERATIONS	(70,433)	(54,714)
<b>PROFIT BEFORE TAX</b>	<b>520,330</b>	<b>392,839</b>
CORPORATION TAX	(144,410)	(116,952)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>375,920</b>	<b>275,887</b>
PROFIT FROM DISCONTINUED OPERATIONS (net)	-	-
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>375,920</b>	<b>275,887</b>
Profit (loss) attributable to the parent company	375,920	275,887
Profit (loss) attributable to non-controlling interests	-	-
<b>EARNINGS PER SHARE</b>		
Basic earnings (euros)	0.42	0.31
Diluted earnings (euros)	0.42	0.31

(\*)Presented for comparative purposes only.

## Consolidated statement of recognised income and expense corresponding to the financial years ended 31 December 2015 and 2014 (Thousands of Euros)

	Financial year 2015	Financial year 2014 (*)
CONSOLIDATED PROFIT FOR THE YEAR	375,920	275,887
OTHER RECOGNISED INCOME AND EXPENSE	(20,790)	86,359
<b>Items that will not be reclassified to income statement;</b>	<b>126</b>	<b>1,162</b>
Actuarial gains and losses in defined benefit plans	180	1,659
Non-current assets held for sale	-	-
Entities accounted for by the equity method	-	-
Corporation tax related to items that will not be reclassified to income statement	(54)	(497)
<b>Items that may be reclassified to income statement;</b>	<b>(20,916)</b>	<b>85,197</b>
<b>Available-for-sale financial assets -</b>	<b>(30,149)</b>	<b>117,317</b>
Revaluation gains (losses)	1,845	159,725
Amounts transferred to income statement	(31,994)	(42,408)
Other reclassifications	-	-
<b>Cash flow hedges -</b>	<b>-</b>	<b>-</b>
Revaluation gains (losses)	-	-
Amounts transferred to income statement	-	-
Amounts transferred to initial carrying amount of hedged items	-	-
Other reclassifications	-	-
<b>Hedges of net investments in foreign operations -</b>	<b>-</b>	<b>-</b>
Revaluation gains (losses)	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
<b>Foreign exchange differences -</b>	<b>(5,081)</b>	<b>27</b>
Conversion gains (losses)	(4,321)	27
Amounts transferred to income statement	(760)	-
Other reclassifications	-	-
<b>Non-current assets held for sale -</b>	<b>-</b>	<b>-</b>
Revaluation gains (losses)	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
<b>Actuarial gains (losses) in pension plans</b>	<b>-</b>	<b>-</b>
<b>Companies accounted for by the equity method -</b>	<b>(715)</b>	<b>3,056</b>
Revaluation gains (losses)	(715)	3,056
Amounts transferred to income statement	-	-
Other reclassifications	-	-
<b>Other recognised income and expense</b>	<b>-</b>	<b>-</b>
<b>Corporation Tax</b>	<b>15,029</b>	<b>(35,203)</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSE</b>	<b>355,130</b>	<b>362,246</b>
Attributable to parent company	355,130	362,246
Attributable to non-controlling interests	-	-

(\*)Presented for comparative purposes only.

## Consolidated statements of changes in net worth corresponding to the financial years ended 31 December 2015 and 2014

(Thousands of Euros)

	NET WORTH ATTRIBUTABLE TO THE PARENT COMPANY											
	SHAREHOLDERS' EQUITY											Total Net Worth
	Share capital	Share premium	Retained Earnings (Losses)	Other equity instruments	Less: Profit (loss) for the Treasury year attributable to Sharethe parent company	Less: Dividends and Similar Payments	Total Shareholders' Equity	Valuation Adjustments	Total	Non-controlling interests		
<b>Opening balance as at 31/12/2014</b>	269,660	1,184,268	1,853,783	-	(771)	275,887	(68,913)	3,513,914	129,531	3,643,445	-	3,643,445
Adjustments due to changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to correct errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted opening balance	269,660	1,184,268	1,853,783	-	(771)	275,887	(68,913)	3,513,914	129,531	3,643,445	-	3,643,445
Total recognised income and expense	-	-	-	-	-	375,920	-	375,920	(20,790)	355,130	-	355,130
Other changes in net worth	-	-	142,638	1,339	(217)	(275,887)	(68,271)	(200,398)	-	(200,398)	-	(200,398)
Share capital increases	-	-	-	-	-	-	-	-	-	-	-	-
Share capital reductions	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends and similar payments to shareholder	-	-	-	-	-	-	(206,215)	(206,215)	-	(206,215)	-	(206,215)
Transactions with/contributions to treasury shares (net)	-	-	249	-	(217)	-	-	32	-	32	-	32
Transfers between net worth items	-	-	137,943	-	-	(275,887)	137,944	-	-	-	-	-
Increases (reductions) in net worth resulting from business combinations (net)	-	-	-	-	-	-	-	-	-	-	-	-
Discretionary transfer to social projects and funds (Savings banks)	-	-	-	-	-	-	-	-	-	-	-	-
Payments in equity instruments	-	-	(12)	1,339	-	-	-	1,327	-	1,327	-	1,327
Other increases (reductions) in net worth	-	-	4,458	-	-	-	-	4,458	-	4,458	-	4,458
<b>Closing balance as at 31/12/2015</b>	269,660	1,184,268	1,996,421	1,339	(988)	375,920	(137,184)	3,689,436	108,741	3,798,177	-	3,798,177

	NET WORTH ATTRIBUTABLE TO THE PARENT COMPANY											
	SHAREHOLDERS' EQUITY											Total Net Worth
	Share capital	Share premium	Retained Earnings (Losses)	Other equity instruments	Less: Profit (loss) for the Treasury year attributable to Sharethe parent company	Less: Dividends and Similar Payments	Total Shareholders' Equity	Valuation Adjustments	Total	Non-controlling interests		
<b>Opening balance as at 31/12/2013</b>	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 policy	-	-	(25,824)	-	-	(25,524)	-	(51,348)	-	(51,348)	-	(51,348)
Adjustments to correct 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 recognised income and expense	-	-	-	-	-	275,887	-	275,887	86,359	362,246	-	362,246
Other changes in net worth	985	11,623	135,473	(12,609)	(260)	(189,900)	(16,311)	(70,998)	-	(70,998)	-	(70,998)
Share capital increases	985	11,623	-	(12,609)	-	-	-	-	-	-	-	-
Share capital reductions	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends and similar payments to shareholder	-	-	-	-	-	-	(70,167)	(70,167)	-	(70,167)	-	(70,167)
Transactions with/contributions to treasury shares (net)	-	-	846	-	(260)	-	-	586	-	586	-	586
Transfers between net worth items	-	-	136,044	-	-	(189,900)	53,856	-	-	-	-	-
Increases (reductions) in net worth resulting from business combinations (net)	-	-	-	-	-	-	-	-	-	-	-	-
Discretionary transfer to social projects and funds (Savings banks)	-	-	-	-	-	-	-	-	-	-	-	-
Payments in equity instruments	-	-	(205)	-	-	-	-	(205)	-	(205)	-	(205)
Other increases (reductions) in net worth	-	-	(1,212)	-	-	-	-	(1,212)	-	(1,212)	-	(1,212)
<b>Closing balance as at 31/12/2014</b>	269,660	1,184,268	1,853,783	-	(771)	275,887	(68,913)	3,513,914	129,531	3,643,445	-	3,643,445

## Consolidated cash flow statements corresponding to the financial years ended 31 December 2015 and 2014 (Thousands of Euros)

	2015	2014 (*)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>270,219</b>	<b>(805,031)</b>
Consolidated profit (loss) for the period	375,920	275,887
Adjustments to obtain cash flows from operating activities -	456,061	497,404
Depreciation and Amortisation	61,653	63,773
Other adjustments	394,408	433,631
<b>Net increase/decrease in operating assets -</b>	<b>1,564,834</b>	<b>3,381,096</b>
Held for trading	(879,844)	1,006,909
Other financial assets at fair value through profit or loss	7,736	31,315
Available-for-sale financial assets	550,440	416,840
Loans and receivables	1,805,692	1,781,966
Other operating assets	80,810	144,066
<b>Net increase/decrease in operating liabilities:</b>	<b>1,158,713</b>	<b>1,907,753</b>
Held for trading	1,327,589	689,769
Other financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	(119,698)	1,081,241
Other operating liabilities	(49,178)	136,743
<b>Payments made / received in respect of corporation tax</b>	<b>(155,641)</b>	<b>(104,979)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>519,234</b>	<b>517,966</b>
<b>Payments -</b>	<b>(106,312)</b>	<b>(110,341)</b>
Property, plant and equipment	(83,021)	(83,976)
Intangible assets	(23,291)	(13,275)
Investments	-	(13,090)
Non-current assets and associated liabilities held for sale	-	-
Held-to-maturity investments	-	-
<b>Payments received -</b>	<b>625,546</b>	<b>628,307</b>
Property, plant and equipment	29,440	34,627
Intangible assets	6,859	-
Investments	-	-
Non-current assets and associated liabilities held for sale	176,098	193,934
Held-to-maturity investments	413,149	399,746
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(219,275)</b>	<b>(175,643)</b>
<b>Payments -</b>	<b>(283,799)</b>	<b>(225,995)</b>
Dividends	(206,215)	(90,097)
Subordinated liabilities	(13,300)	(86,300)
Acquisition of own equity instruments	(64,284)	(49,598)
Other payments related to financing activities	-	-
<b>Payments received -</b>	<b>64,524</b>	<b>50,352</b>
Subordinated liabilities	-	-
Issue of own equity instruments	-	-
Disposal of own equity instruments	64,524	50,352
Other payments received related to financing activities	-	-
<b>EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>570,178</b>	<b>(462,708)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>878,704</b>	<b>1,341,412</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,448,882</b>	<b>878,704</b>
<b>MEMORANDUM ITEMS:</b>		
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,448,882</b>	<b>878,704</b>
Cash	199,419	139,512
Cash equivalents at central banks	723,662	217,555
Other financial assets	525,801	521,637
<b>Total cash and cash equivalents at end of period</b>	<b>1,448,882</b>	<b>878,704</b>

(\*) Presented for comparative purposes only.



In 2015 the Bankinter Group obtained their highest profits to date, predominantly deriving from return customers.

## The greatest profits in the bank history

In 2015 the Bankinter Group obtained their highest profits to date, predominantly deriving from return customers. The return on equity (ROE) was placed at a high point in the sector, at 10.9%. And all this occurred when the bank was maintaining its traditional competitive edge in terms of quality assets and solvency level.

Those results were underpinned by an improvement of all the margins, particularly significant in the businesses in which the bank has been investing its efforts over the last few financial years. In some cases it has been traditional businesses (Private or Business Banking), whilst others have been bolstered most recently ( Personal Banking and, above all, Financing of Consumption).

In the commercial sphere, the encouraging performance of some financial products that generate a greater entailment with the customer, such as mortgages and salary accounts, were of particular note.

Here are the most outstanding data of the year:

**Profits.** In 2015 the Group obtained a net profit of 375.9 million euros, and gross profit of 520.3 million euros, which amounted to increases of 36.3% and of 32.5%, respectively, when compared to the previous year.

**Non-performing loans.** At the close of 2015 this was at a rate of 4.1% as opposed to 4.7% one year earlier, less than half of the sector average (10.3% in November). The gross value of the portfolio of foreclosed assets was 531.3 million euros, denoting a 9.3% decrease and 40.1% coverage.

**Solvency.** The capital ratio (CET1 fully loaded) was at 11.6%, one the highest in the Spanish banking system and well above regulatory demands.

**Liquidity.** The ratio of deposits over loans went up from 78.3% to 83.5%, with a liquidity gap of 8,500 million euros, two billion less than in 2014. Maturities of wholesale issuances pending until 2019 totalled four billion euros. To honour these, the bank had liquid assets valued at 9,100 million euros and a bond issuing capacity valued at 5,100 million euros.

**Net interest income.** Despite the low interest rate environment at present, it rose by 15.1%, reaching 869.5 million euros, supported by larger volumes and by a reduction in capital costs. The net interest income of the last quarter was +2.5% higher than that of the previous quarter; and +5.1% above the same period in 2014.

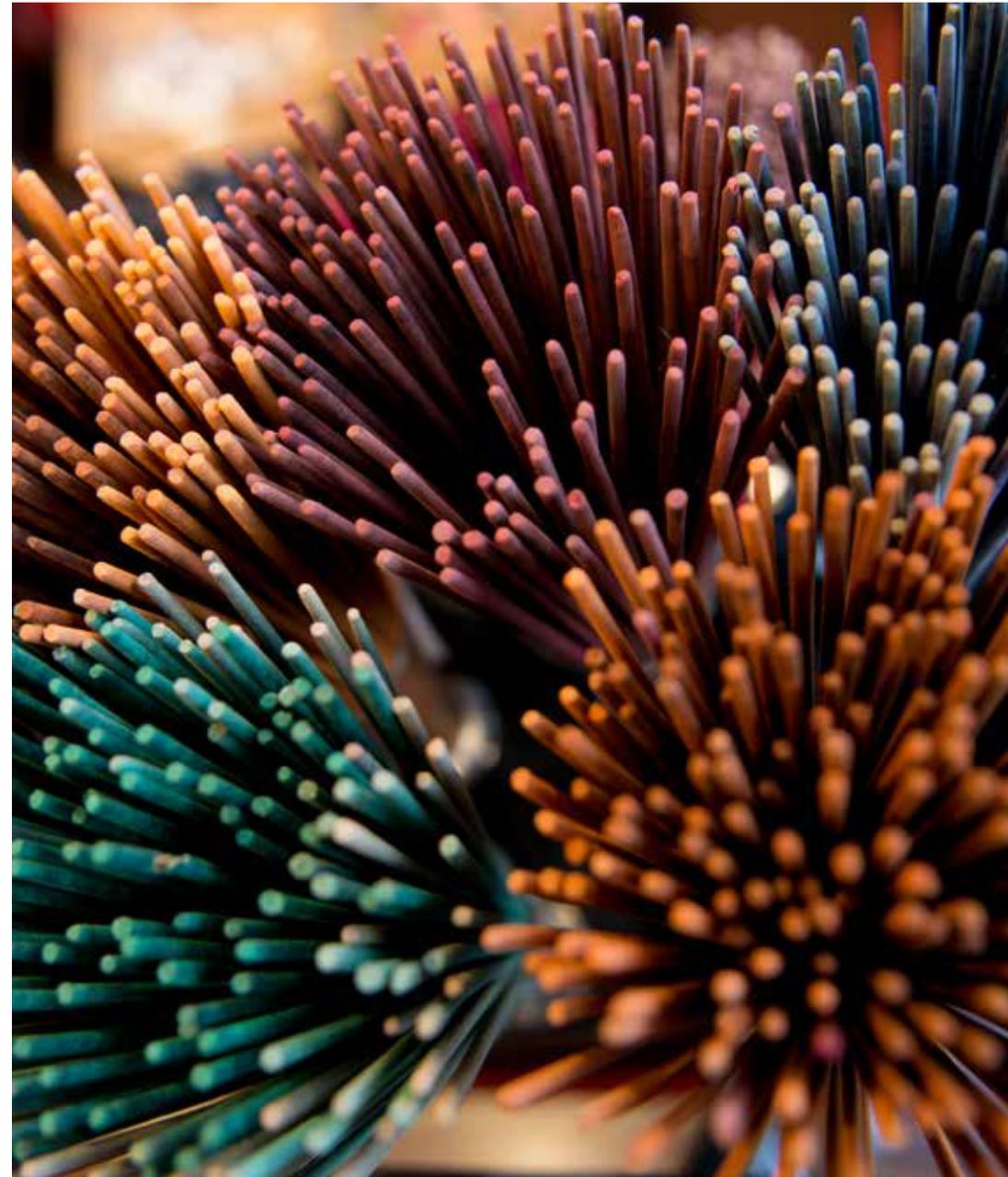
**Gross income.** It rose to 1,568.8 million euros, a +8.3% increase, which was above all due to the positive performance of fees, whose net amount grew by 6.3% with respect to the previous financial year. Businesses such as equities and asset management had a favourable performance, despite the downturn of the markets in the last half. Off-balance sheet resources not only increased by 24.7% in volume, but they did so to a large extent thanks to

products that provide greater added value for the customer and greater returns for the bank.

**Pre-provision profit margin.** It totalled 807.8 million euros on 31st of December, 10.7% more than on the same date in 2014. The rise in expenses to cover the costs of implementing new lines of business and of optimising technological systems did not prevent the efficiency ratio of the banking division with repayments being optimised for the fifth consecutive year, until standing at 43.7%.

**Total assets.** They rose to 58,659.8 million euros, a +2.3% increase. The total volume of credit to customers was 44,182.6 million, with a net increase of 4.1%, unlike what occurred in the sector as a whole, which highlights the bank's firm response to the demand for financing from families and companies.

**Funds under management.** They experienced remarkable growth, which was 17.8% to be specific, and reached 65,317.5 million euros. Retail resources rose by 14.2%, and off-balance sheet managed resources (investment funds, pension funds and wealth management) did so by 24.7%.





**Private Banking.** 5,500 million euros of new net assets were gained and the total volume managed reached 28,000 millions euros, compared with 23,100 in 2014. The number of active customers increased to 22%. In collective investment schemes (sicav), Bankinter is still one of the leading market players having 461 at the close of year, a +20% rise. The bank takes second place in the national ranking by number of companies and has a market share of 13.5%.

**Companies.** Loan investment grew one year more. Its balance on the 31st of December 2015 was 19,700 million euros, 5.6% more than in the previous year. For active customers, there was a 6.9% rise (5,700 new active companies in the year).

**Insurances.** The subsidiary Direct Line consolidated the improvements made in premiums and in policies, and at the same time kept this line of business highly profitable, with a ROE of 29.8% and one of the best combined ratios of the market, 86.7%. The total number of policies rose to 2.37 million (+6.4%) by the close of 2015. Last year, there was an 18% rise in home insurance.

**Consumption financing.** The Bankinter Consumer Finance investment figure rose by 71% to reach 719 million euros. At the end of 2015, it had 190,000 customer accounts, after these rose by 121%.

**Mortgages.** The new value of this was 1,857 million euros, 19.8% more than in 2014. According to data from the INE (Spanish Statistical Office) in October 2015 Bankinter had a 7% market share of new mortgages production.

**Salary Accounts.** The net balance came to 4,199 million euros, 22.5% more than twelve months earlier.

**COINC (Bankinter online savings platform).** After only three years of life, the volume of assets deposited in this online platform, one of the main ventures of the digital banking institution, exceeded 1,000 million euros belonging to 84,000 customers. At the close of year, +47% compared to 2014,



At the close of the financial year, Bankinter's share capital structure was made up of 61,386 shareholders.

## Good progress in a tough year for the stock exchange

**Share capital.** At 31 December 2015, the Bankinter share capital was represented by 898,866,154 shares with a par value of 0.30 euros each, fully subscribed and paid-out. All shares are represented in book entries, officially listed on the Madrid and Barcelona Stock Exchanges, and subscribed on the continuous market.

At the close of the financial year, Bankinter's share capital structure was made up of 61,386 shareholders. Residents held 55.80% of share capital and the other 44.20% was in the hands of non-residents. Registered shareholders with over 5% of share capital are detailed in the attached chart. Bought-back shares were 150,080.

### Shareholders with significant holdings 31/12/15

Name	Total shares	%
Cartival, S.A.	205,505,462	22.86
Corporación Masaveu, S.A. (*)	44,959,730	5.00
Standard Life Investment (Holdings) Limited (**)	47,451,105	5.28

### Share ownership structure by number of shares 31/12/15

Tranches	No. of shareholders	%	Nº shares	%
From 1 to 100 shares	19,855	32.35	263,937	0.03
From 101 to 1,000 shares	18,031	29.37	8,873,528	0.99
From 1,001 to 10,000 shares	19,436	31.66	65,285,838	7.26
From 10,001 to 100,000 shares	3,769	6.14	89,839,446	9.99
More than 100,000 shares	295	0.48	734,603,405	81.73
<b>Total</b>	<b>61,386</b>		<b>898,866,154</b>	

### Summary by type of shareholder

Residents	60,574	98.68	501,605,011	55.80
Non-residents	812	1.32	397,261,143	44.20
<b>Total</b>	<b>61,386</b>		<b>898,866,154</b>	

(\*) This percentage of Bankinter's share capital ownership of Corporación Masaveu is part of rights of indirect vote that the adviser of Bankinter, Mr. Fernando Masaveu possesses on the share capital of the company. Mr Fernando Masaveu possesses 5.31% of the voting rights of the share capital of Bankinter, directly or indirectly.

(\*\*) Notified voting rights declared by the company on the website of the CNMV.

The most significant data on Bankinter stock in 2015 are summarised in this chart:

Data per share for the period, as at 31/12/2015 (euros)	
Earnings per share	0.42
Dividend per share	0.23
Theoretical account value per share	4.23
Share price at the start of the year	6.70
Minimum intraday share price	5.88
Maximum intraday share price	7.40
Last share price	6.54
Revaluation over last 12 months (%)	-2.34

Market ratios as at 31/12/2015	
Price/Theoretical accounting value (times)	1.55
PER (price/earnings, times)	15.64
Dividend yield (%)	3.51
Number of shareholders	61,386
Number of shares	898,866,154
Number of shares of non-residents	397,261,143
Average daily trading (number of shares)	4,780,231
Average daily trading (thousands of euros)	32,198

<b>Market capitalisation (thousands of euros)</b>	<b>5,882,180</b>
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**Evolution of stock.** In 2015 the Spanish Stock Exchange suffered from the economic uncertainties and geopolitical tensions that shook several regions of the world, aggravated in Spain by territorial tensions and the general elections with doubtful outcomes. In this setting, Bankinter stock was not exempt from the general downturn, although it just lost 2.34% of its value, compared to the 7.15% drop the Spanish market recorded on the Ibex 35 and the 3.25% fall of the STOXX Europe 600 Banks. Therefore it compares very favourably with both the remaining domestic and European financial institutions.

The stock exchange scorecard from recent years has been very positive for the bank, which closed 2015 with a capitalisation of 5,882 million euros, three and a half times that registered at the close of 2012 (1,770 million). This positive performance, even leading to a maximum quotation price of 7.40 euros per share during the year, approaching historic records, together with a dividend yield of 3.5%, made shareholders' gains for the period +1.1%. Thus for another year, it was the listed bank stock with the best yields in Spain for shareholders.

### Share price



**Dividends policy.** Bankinter continued to pay its dividends in cash each quarter, thanks to the business's solid growth and good situation in terms of solvency, letting it avoid the steep restrictions established by supervisors in recent years to preserve capital.

Bankinter, therefore, distributed four cash dividends among its shareholders, one supplementary to the financial year 2014 and three for 2015, which represented approximately 50% of the ordinary profit obtained in the first three quarters, where the fourth remains outstanding and supplementary and will be paid against the profits for the complete year, that will be passed at the 2016 General shareholders Meeting. The distribution of dividends for 2015, to the publication date of this report, is:

**American Depositary Receipts (ADR)** is a product which allows residents of the United States to invest in foreign companies in their own currency and with dividend payments also made in dollars. The Bankinter programme is Level 1 administered by the Bank of New York-Mellon, with 144,912 ADRs in circulation at the close of 2015.



#### Distribution of dividends for 2015, as at the publication date of this report

Deposit date	Dividend per share (euros)	No. of shares	Bought-back shares	Shares with voting right	Amount (euros)	Results for the period
27/06/2015	0.0485229	898,866,154	201,870	898,664,284	43,605,797	2015
03/10/2015	0.0520743	898,866,154	357,369	898,508,785	46,789,216	2015
26/12/2015	0.0520735	898,866,154	343,713	898,522,441	46,789,208	2015
<b>Total</b>	<b>0.1526707</b>				<b>137,184,221</b>	

## Shareholder Office

### Anticipating needs as an objective

Created in response to the demand for greater transparency of listed companies, the Shareholder Office is a communication channel that passes on suggestions and clarifies any queries minority shareholders may have, via direct and personal dialogue.

Most enquiries usually refer to issues such as current listings or share history, dividend amounts and payment dates, the contents of the Corporate Report and details of the General Shareholders' Meeting. To anticipate these issues, Bankinter publishes communiqués of interest for its shareholders on a regular basis.

The office is also entrusted with providing information on share composition and its movements, both internally and to supervisory bodies, as well as ensuring the Securities Market Code of Conduct is adhered to and which the Bankinter staff must observe with regard to the actions the bank takes.

**Transparency.** The bond with shareholders is based on the project 'You First', in virtue of which the bank regularly informs its shareholders (by mail postcard, SMS and email) about all pertinent company news.

Bankinter gets in touch with its shareholders so that they are the first to know about dividend payments and amounts, quarterly results or significant events (capital increases, changes to the Board, etc) published in the CNMV (Spanish National Securities Market Commission).

#### Shareholder Office

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The Shareholder Office is a communication channel that passes on suggestions and clarifies any queries minority shareholders may have, via direct and personal dialogue.



## Rating

### Trustable investment

Bankinter kept all its ratings at “investment grade” throughout 2015, improving its rating and outlook as regards some of its agencies.

In 2015, Standard & Poor’s lifted last years rating to BBB - with stable outlook. Likewise, Moody’s improved the company’s rating to Baa2 in the long term and P-2 in the short term in June, and also raised the outlook to stable. Moreover, DBRS, in its September sectorial review, and in exclusive reference to “systemic” support ‘to the bank under the new European resolution regulation, just as to most companies in the sector, raised the long-term rating from A (low) to BBB (high) maintaining the short term outlook as R-1 (low) and raising the outlook from negative to stable.

Additionally all ratings were confirmed as investment grade in September, after announcing the purchase of Barclays retail business in Portugal. According to Standard & Poor’s, it is a ‘manageable operation’, which will open up business opportunities for the company in the middle and long term.

Bankinter has at least one meeting a year, which lasts an entire day, for its annual review with each of the credit rating agencies. At these meetings the situation of the bank is fully reviewed such as its business strategy, financing, investment grade, capital and liquidity, etc., at which all senior executives attend.

Agency	Date	Long-term	Short-term	Perspective
Standard & Poor's	27/11/14	BBB -	A3	Stable
Moody's	17/06/15	Baa2	P-2	Stable
DBRS	29/09/15	BBB (high)	R-1 (low)	Stable



## Investor relations

# Seamless and transparent communications

The Investor Relations Department, integrated into the Bank's financial division, saw growth in business activity in 2015 due to Bankinter's purchase in Portugal. To report on this business, there was an extraordinary conference with analysts at the beginning of September, in addition to the four regular ones in which the quarterly results are presented, in January, April, July and October. These reports, which are done entirely by teleconference or "webcast", usually connect some 100 analysts and institutional investors from around the world.

The main aim of the Investor Relations Department is to provide information on how the different lines of business and activities are evolving, as well as on the bank's current and future strategy, always adhering to the principles of equality, fluency and transparency required by regulators. In addition to regular reports by webcast, the department managers meet regularly with specialised sector analysts, who write reports about Bankinter to ensure

the figures and published information are consistent and truthful .

Direct contact with institutional investors preferably take place within the framework of the multiple international conferences called for this purpose by the main stock exchanges and investment banking companies in different countries, usually the United States, Canada and Europe, which bring together a sizable group of institutional investors, portfolio managers, analysts and private bankers, etc.. and Bankinter usually numbers among them. Outside those forums, the Investor Relations Department welcomes some 300 qualified investors each year, both in individual sessions and in small groups organised by brokers at the bank's headquarters on Paseo de la Castellana in Madrid.

Another of the division's tasks is to organise several road-shows to visit investors or potential ones in the world's financial capitals: New York, London, Paris, Rome, Frankfurt, Zurich, Geneva,

etc. How the Bank's different lines of business and activities are evolving, the regulatory framework, the sector situation and the economic and political outlook of Spain are some of the issues that most appeal to attendees.

At the close of 2015, 44.2% of the stock of the bank was in the hands of non-resident investors, the large majority institutions, which represented a year-on-year increase of over two percentage points. The challenges of the Investor Relations Department include exploring new markets such as Asia, the Middle East, Latin America, etc, to increase the international share base.

### New sensibilities

The growing sensitivity of international investors on subjects such as Sound Corporate Governance, environmental friendliness and sustainability has led the department to forge closer relations with different specialised agencies that measure Bankinter by these types of sustainability criteria. These agencies, as well as proxy advisors, draw up rankings, reports and indexes in which Bankinter tends to hold a prominent position for those investors that want to invest under sustainability criteria.

#### Investor relations

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# 04 strategy and business model





Bankinter's strategy has been marked by its commitment to growth.

## Strategy

### Growth and flexibility

Bankinter's strategy is essentially growth oriented. Its trajectory over the course of time has been marked by its commitment to growth. Even during the recent financial crisis, obliging the sector to contract its activities in many areas, Bankinter's main business indicators still continued their upward trend.

Historically, the growth of Bankinter has occurred organically. In its half century of experience, the bank's development has been done by its own means, without external acquisitions. However, in September 2015 Bankinter announced the purchase of the Barclays retail business in Portugal. This was not about a change in strategy, but is an important turning point, because it had never taken a decision with these characteristics and also because it represents the first step toward internationalisation of a bank that--until now--had been exclusively operating in Spain.

#### European outlook

The explanation for the operation in Portugal must be sought in the need to expand the horizon of a business model that has proven to be successful on the Spanish market. The eurozone, with a single banking supervisor, a single currency and common legal guarantees, already comprises part of the bank's natural business environment. In addition, Portugal offers a great potential for growth, due to its geographic, economic and commercial proximity, as well as the factor that some of Bankinter's leading customers requested services there. Moreover, the difficult situation of the Portuguese economy is a challenge that can be converted in an opportunity for growth. The bank's management experience during complex times was roundly proven during the financial crisis in Spain. In that phase of severe reductions and restructurings, Bankinter made good use of its better starting position compared to other institutions, to

continue growing and gaining in market share. Finally, the assets acquired from Barclays are a healthy business that is well managed and that fits perfectly with Bankinter's strategic positioning, due to its orientation toward high revenue customers, both for private and personal banking.

### Strategic response

The expansion to Portugal is also part of the bank's strategic response to the growing difficulties to make the traditional banking business model profitable, which is largely based on net interest income. The evolution of interest rates, close to zero, limits credit institutions' capacity to earn money by taking deposits and giving loans. To overcome this dependence on interest income, Bankinter wants to take advantage of the network and skills of its professionals in Portugal, with the aim of growing those businesses in which interest rates are not essential, such as private banking and assets management.

To the same end, in 2015 Bankinter strengthened its lines of business that were less dependent on net interest income on the Spanish market. This is the case for Enterprise Banking (with the growing contribution from International Business), Private Banking (well supported by the agent network and complemented by the Luxembourg branch) and even consumer financing. Although the latter is dependent on the evolution of interest rates, thanks to the higher margins in this line of business, it has a greater potential for returns than other areas centred on credit transactions.

### The innovation gene

Another of Bankinter's strategic core areas is innovation, which is part of the institution's corporate genes and has let it become established on the cutting edge with regard to its offering of products and services in the national financial sector. From the bank's point of view, the key to the innovation process is not so much having ideas,

but translating them into sustainable business sources and foreseeing the large changes the industry will face. In short, it is not about launching loads of laboratory projects on the market but is instead about understanding what customers need and transforming this knowledge into a profitable business opportunity for the bank.

The most obvious example of this policy is COINC. This financial services platform is not simply a project to apply digitisation to the traditional banking business, but instead is a complete digital ecosystem in and of itself same with great operating simplicity. The fact that all operations in COINC can be done online is attractive to young customers and a formula for success, as it makes the disintermediation and entry of large technology companies with which youth are already familiar difficult.

### The challenges for 2016

Bankinter's strategic challenges for 2016 can be broken down into two broad areas:

**Vertical projects** to deepen the organic growth strategy and maximise business in Private Banking, Enterprise Banking and consumer financing, as well as integrating the Portuguese business.

**Cross-area projects** to renew the technological platform, redesign processes and develop digital banking.

These past and future action lines make Bankinter's flexibility clear for competing in an extremely complex scenario, beset by low interest rates, growing regulatory pressures, new geopolitical balances, the technological revolution, customers' behavioural transformation and more intense competition. The speed of the changes that are taking place in the financial sector demands quick and decisive responses. Only flexible companies will be able to put them into practice successfully.



One of Bankinter's strategic objectives is to optimise capital as a foundation for long-term sustainable growth and value creation for shareholders.

## Equity

### The foundations for sustainable growth

One of Bankinter's strategic objectives is to optimise capital as a foundation for long-term sustainable growth and value creation for shareholders. Its management policy, business model and prudent risk profile ensure that it operates with capital levels above those required by regulators and supervisors. These qualities also contribute to shareholders receiving solid remuneration that can have continuity over time.

Since the entry into force of the new solvency regulations, known as Basel III, in January 2014, Bankinter has upheld one of the highest quality capital ratios of all Spanish banks. The strength of its solvency level was made clear in the latest stress test performed by the European Central Bank (ECB) and the European Banking Authority (EBA). This proof of hard work, done in 2014, attributed the best results of all listed Spanish banks to Bankinter.

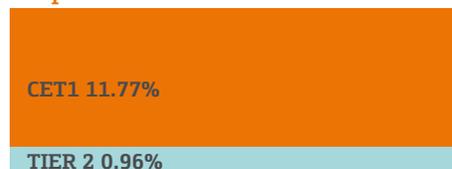
During 2015, Bankinter has continued to actively manage its equity in order to strengthen its leadership position in terms of solvency in the Spanish banking sector and to ensure the maximum quality of its capital.

Bankinter's capital base was strengthened throughout 2015, with total capital of 3467 million at year end, a 3.2% year-on-year increase, and Common Equity Tier 1 capital (CET1) of 3207 million, 5.1% more than in 2014. The total capital ratio was 12.7% and the CET1 ratio reached 11.8%.

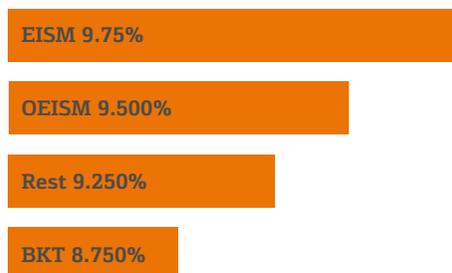
The maintenance of the bank's equity quality merits mention. The proportion of CET1, the highest quality capital, over all equity was 92.5% in 2015.

### Capital ratio composition at the close of 2015

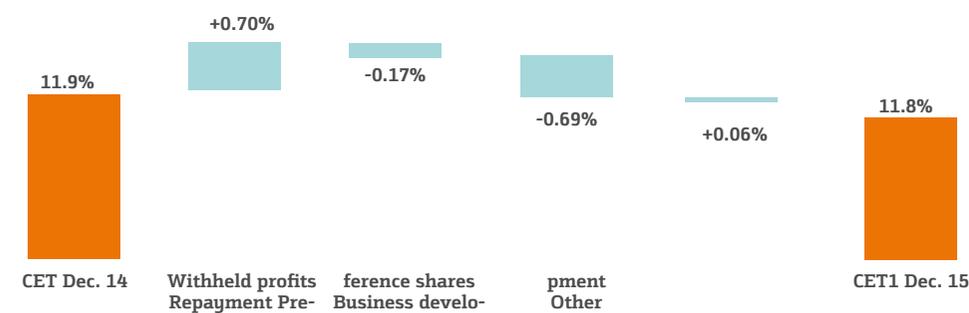
Capital ratio 12.73%



### ECB CET1 2016 requirements for Spanish banks



### CET1 evolution (%) in 2015



The main variations in Bankinter's CET1 ratio over the course of the fiscal year come from:

- The organic generation of results, with a year-on-year improvement
- The early redemption of an issue of preference shares
- Growth of assets weighted by credit risk and counterpart, as a consequence of the positive evolution of the business. The assets weighted by market and operational risk also grew due to increased activity

In November 2015 the ECB notified companies the minimum capital requirements with which they must operate starting on January 2016, as a consequence of the supervisory review and evaluation process (SREP). In the comparative analysis of requirements demanded by the regulator, Bankinter was shown to have a much lower risk profile than the sector average.

According to the supervisor, Bankinter should have a minimum CET1 capital ratio of 8.75%, which includes 4.5% for Pillar 1 and 4.25% for Pillar 2 requirements, including the capital conservation buffer. It is the smallest minimum capital ratio of all Spanish banks required by the ECB after the supervisory review.

The aims of the 2015 supervisory review included:

- Evaluate the effectiveness and completeness of strategies and processes to manage the internal capital.
- Assess the allocation and distribution of internal capital available to cover the risk nature and level of each company.

- Analyse the strategies' robustness, policies, processes and technological systems in place at companies to identify, measure and monitor the risks inherent to their business

This minimum 8.75% level required for CET1 compares to the CET1 ratio the company had at the close of 2015, 11.77%, representing 302 basis points above that which is required by the European institution for 2016, situating the bank among the companies with the greatest capital clearance over the CET1 ratio. The bank's margin has enabled it to distribute results with no limitations.

Considering the complete application of the European solvency regulations, known as 'fully loaded', Bankinter's CET1 ratio was 11.6% at year end. The difference between the progressive application and the complete application of the standard by Bankinter is immaterial and, therefore, the company has no need to extend its application or take any additional actions to adjust to regulatory requirements.



# 05

## Corporate government

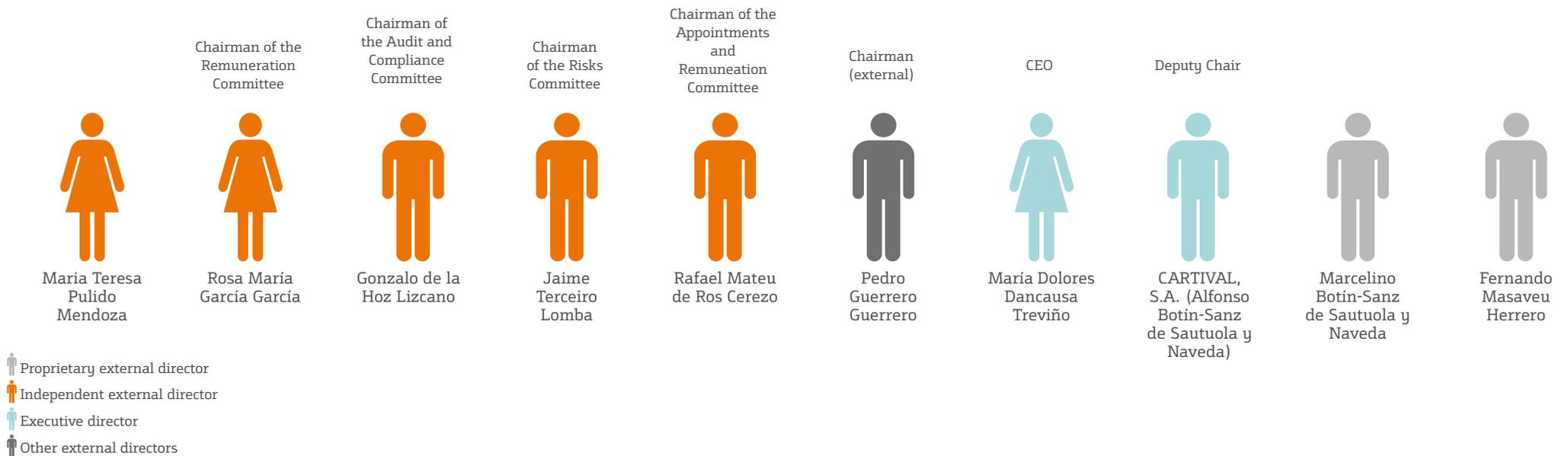
## Governance structure and composition

### Size and composition of the Board

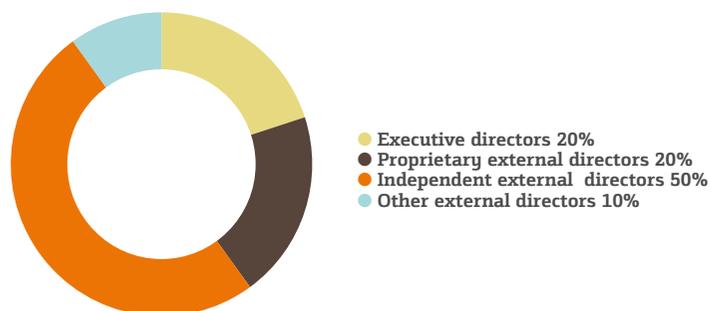
The Board of Directors of Bankinter, S.A. is formed by ten members, that are characterised by their professional capability, integrity and independent judgement. The Appointments and Remuneration Committee annually verifies the status of each director,

which is subject to the approval of the Board of Directors.

Of its ten members, two are executive directors and eight external. Of these eight, five are independent, two are proprietary and one is, in the Board's opinion, neither proprietary nor independent.



## Composition of the board at present



### Aspects of the Board composition

Number of directors	10
Duration of term	4 years
Separation between CEO and Chairman	Yes
Majority of independent directors appointed to the Board	Yes
Majority of external directors appointed	Yes
Independent directors on the Board.	50%
Number of meetings in 2015	14

In the financial year 2015 the following changes took place in the composition of the Board of Directors:

On 18 March 2015, Mr. John de Zulueta Greenebaum announced to the Bankinter Board of Directors his decision to stand down from his role as director.

It will be possible to elect directors for 4-year terms, and re-elect them once these have finished.

**Bankinter firmly believes in the importance of balancing power** in decision-taking procedures, and there is, just as shown in the company Articles of association, a clear division of power between the non-executive chairman and the CEO.

#### **The number of independent directors appointed to the Board is very high:**

The Bankinter Remuneration Committee is just made up of independent directors and the Committee for Auditing and Compliance With Standards, the Risk Assessment Committee and the Appointments and Corporate Governance Committee is made up of a majority of independent directors (75%) and all of these are chaired by independent directors.

**Even so at Bankinter there is a division of powers between the non-executive Chairman and the CEO**, the Bankinter Articles of association envisage the possibility of appointing a co-ordinator director among its independent directors, whose powers will be likewise established.

**Bankinter establishes clear dedication rules**, and sets limits to the number of Boards of other companies which its directors may sit on.

**Members of the Bankinter Board of Directors have wide-ranging knowledge and experience**, and in gender-equality terms, it should be stressed that 30% of board members are women.

**The attendance ratio of Directors to the Board is 100%.**

## Committees of the Board of Directors

The Board has set up an Executive Committee whose powers have been delegated. Furthermore, the Board of Directors has other committees with powers of supervision, notification, assessment and proposal, such as the Committee for Auditing and Compliance with Standards, the Risk-assessment Committee, the Remuneration Committee and the the Appointments and Corporate Governance Committee.

In the Regulations of the Board of Directors, available on the company website, the powers assigned to each of these is detailed.

The Composition of said Committees is as follows:



## A selection and range of directors

As of 18th of November 2015, the Bankinter Board of Directors passed the selection and succession of directors Policy, according to which, the selection and succession of directors process will be guided by the following general principles:

- i. They will guarantee the regulations applicable are complied with and will be carried out respecting the composition characteristics of the Board of Directors's as set out in the Articles of association and in the Board Regulations.
- ii. They will encourage there to be a clear majority of independent directors on the Board and make as few executive directors as possible taking into account the complexity of the Group.
- iii. They will guarantee that there is an appropriate balance between proprietary and independent directors, hence reflecting, as far as possible, the proportion there is between the share capital with voting rights represented by the proprietary directors and the rest of the share capital.

iv. They will ensure diversity of nationalities, of gender and experiences, so that decision-making is enriched and so that many different points of view are heard for debating matters under their responsibility.

v. They will guarantee the stability of the Board of Directors in line with measures taken by the Company to ensure, whenever possible, that the appointment or the re-election of directors does not affect any more than a quarter of the members of the Board in a financial year.

The process for electing directors must be based on an analysis of the needs the Company has and the organisations that its Group is made up of. Said analysis will be carried out by the Board of Directors on the advice of the Appointments and Corporate Governance Committee.

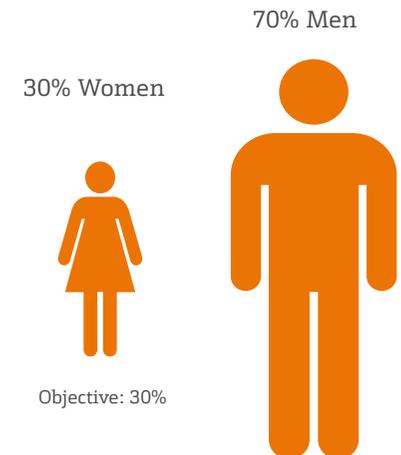
Candidates for Company directorships must be honourable, ideal and of proven solvency, authoritative, have experience, be qualified, have training, be available and committed to these positions.

The Appointments and Corporate Governance Committee will assess the balance of the responsibilities, skills, knowledge, range and experience necessary for the Board of Directors. According to this, it will define the powers and aptitudes needed for the candidates who will fill each vacancy and it will assess the exact time and dedication needed for their duties to be carried out effectively.

From a general perspective, Bankinter is supported by external advisers to select the candidates who have the potential to sit on the Board of Directors as independent directors.

As for gender-equality, Bankinter is committed to equal opportunities between men and women, which is corroborated by making the selection processes objective, exempt from unfair conditions or bias which may limit the access of women to directorship appointments. Therefore, in each case the independence, professional value, capacity and experience in the sector the candidates have is assessed. In the candidate selection process, there are always women amongst those assessed.

Due to this commitment, in 2010 a woman was appointed to the Board of Directors, as an executive director and was the first female executive director in the company. Later in 2014 and 2015, two women were appointed as independent directors by which a 30% ratio of women on the Board was obtained, having reached in advance the objective agreed to internally in the document "Objective of representing the lesser represented sex on the Board and guidance on how to reach said objective", taken by the Board of Directors in 2014, and which establishes the Code of Sound Governance of Listed companies for 2020.



## Succession plans for the Chairman and the executive directors

In accordance with the Policy approved by the Board in 2015, Board member succession processes will guarantee that the same is carried out in a planned and coordinated fashion, protecting the continuity of the business without any upset.

The Appointments and Corporate Governance Committee looks to ensure the existence of succession plans and update them for the Chairman and the executive directors of the company and, where applicable, to formulate proposals for the Board of Directors so that this succession is carried out in a planned and orderly way. This analysis is submitted to the Board of Directors on an annual basis.

### Rules on the internal substitution of the Chairman:

Board regulations contemplate rules of internal substitution in the event the Chairman of the Board of Administration, for circumstantial reasons finds it impossible to fulfill his duties, as much as when he possesses the executive faculties needed, as when he does not, this is currently the case in Bankinter.

In particular, when the Chairman steps down, the Deputy chairman of the Board of Directors will be responsible for convening the Board meeting, as foreseen under the Regulation thereof, at which it will be decided who among its members will occupy the above-mentioned position. The Board will endeavour to ensure it possesses the sufficient number of qualified members to carry out these functions. If the Board, when meeting, decides that the candidates should be external ones, it will request that the Appointments and Corporate Governance Committee initiates a selection process to cover the aforementioned position.

### Secretary of the Board:

The Regulations of the Board of Directors contain an article that includes the functions of the Secretary, attributing all those which the Capital Companies Act says correspond to him and in line with the best corporate governance practices, among which are those of caring for the formal and material legality of the Board's actions, ensuring compliance with corporate governance recommendations assumed by the bank and ensure that the procedures and rules of governance are respected and regularly reviewed.



On 16 December 2015, the Board of Directors approved a process for the preparation of Board meetings and their committees, assigning to the Secretary of the Board, among others, the functions related to assisting the Chairman to ensure that directors receive information relevant to the performance of their duties in good time and in the appropriate format.

### Functioning of the Board:

According to the Regulations, the Board shall, before the start of each financial year, approve the programme of meetings for the following year and the schedule planned for them, with the Directors being entitled to propose additional items for the agenda. The schedule and agenda may be amended by the Board or by decision of the Chairman, who shall report the modification to the Directors well in advance except in urgent cases. The minimum number of meetings will be 10 per year (well above the legal requirement to hold meetings once a quarter).

Accordingly, the Board of Directors of Bankinter has met fourteen times during 2015.

Moreover, as has been indicated in the previous section, in 2015, the Board of Directors approved a method of preparing Directors' meetings and their committees following a proposal from the Appointments and Corporate Governance Committee. Notice shall be given well in advance of the date of the session, except in cases of urgency or need. The above-mentioned procedure includes among others the following aspects:

- Schedule of Board meetings and their committees.
- celebration Way and place of sessions Mode and venue of meetings
- Convening and Agenda of each meeting.
- Time and means for the provision of documentation that will be analysed and discussed at each meeting.
- Means of communication with the directors responsible for fulfilling the present procedure.

It is guaranteed that Directors receive the necessary information to carry out a suitable assessment of corresponding operations or decisions prior to the holding of the Board's meetings and Committees, so that they can reasonable prepare for the meetings and actively participate in the debates.

### Development of the sessions:

The Board of Directors has either directly or through its committees fully exercised its supervisory role in 2015. It has taken timely note of and has been constantly aware of the progress and activity of the different business areas of the Bankinter Group, and of general affairs specific to its own scope of supervisory functions, and, most prominently, the definition of the strategic objectives of the organisation, which have been analysed in this exercise by the Board in monographic sessions. Similarly, members of the Board have been informed about the conclusions of the different internal and external audit reports, among many other matters dealt with, such as the management and control of risks associated with the Bankinter Group.

### Dedication to the Board's tasks:

Directors are required to devote to their duties the time and effort necessary for the effective performance of the same and always respect the limitations on the maximum number of Boards they may belong to as established by law.

Directors must ensure that absences at meetings of the Board of Directors and the Committees of which they are members are reduced to cases where it is indispensable.

These requirements have been adequately met by all members of the Board of Bankinter, with an attendance rate of 100% and full commitment to the analysis and discussion of the issues that have been placed before them through the study of the supporting documentation and such other information required to that effect.

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

The powers of the Board include that of conducting the annual evaluation of its performance and that of its committees and propose, on the basis of its results, an action plan to correct any deficiencies.

Significant weaknesses have not been detected in the latest evaluations which have obliged to the Board to adopt corrective measures; even so, some suggestions which have surfaced as a result of the latest auto-assessments have been put in practice by the company.

The Board of Directors has decided, following recommendations from corporate governance, that at least every 3 years this evaluation be carried out by external advisers. In 2015, this was not carried out externally due to the recent incorporation of new board members and compositional changes in committees, the latter require an operational period which would then allow an external evaluation to really contribute added value to the company.

## Remuneration and incentives

Description of the remuneration system

Principles and components of Directors' compensation packages can be consulted in the Policy on directors' remuneration and in the Annual Report on Directors' compensation packages which is subject to a vote by the General Meeting.

Bankinter, as part of its policy of good governance, from its very entry into force decided to implement and enforce recommendation 40 of the then Unified Good Governance Code of listed companies by submitting its report on the remuneration policy of directors to the General Meeting as a separate item on the agenda and for consultation purposes. Thus from 2008 the bank's shareholders have the opportunity of pronouncing expressly on the above-mentioned remunerations report. Currently, the report on the remuneration of Directors is regulated by the Law on Corporations, which makes it mandatory for listed companies to submit this to a consultative vote at the Shareholders' Meeting.

The **external advisers do not receive variable remuneration.**

**Bankinter's variable compensation package is limited,** and is defined in absolute amounts.

The **deferral period for variable remuneration is three (3) years** in the variable compensation package.

Bankinter has established **recovery mechanisms** (clausulas malus and clawback) for variable remuneration.

**There are no indemnity packages.** In the case of the CEO, the indemnities provided for in the contract with the company because of her prior employment in Group companies apply exclusively in terms similar to those for ordinary labour relations in Workers' Statute cases.

Bankinter has approved a **long-term incentive plan** with quantifiable objectives that provide its payees with a long-term vision of the bank thus generating a culture of sustainability.

The Shareholders' Meeting is the competent body to approve the maximum annual amount due as compensation to all the Directors in their capacity as such. This amount remains in effect as long as the Shareholders' Meeting does not agree to its modification, although the Board may reduce the amount in the years when it is deemed warranted.

The specific amount that corresponds to the concepts identified in the Articles of Association to each of the directors and the payment will be subject to decision by the Board of Directors. To this end, it shall consider the positions held by each director on the body itself and their membership and attendance on the various Committees.

Currently, this remuneration has two components: i) a fixed annual allocation and ii) attendance allowances.

Directors are entitled to remuneration (salaries, incentives, bonuses, pensions, insurance and severance payments) that, proposed by the Remuneration Committee and agreed to by the Board of Directors, are deemed appropriate for performance relative to other features in the Company, whether executive

or not, other than those that entail supervision or decision taking as members of the Board.

The variable components of the compensation package will be set in such a way that an appropriate ratio between fixed and variable components emerges from the total compensation package.

The variable components do not exceed one hundred percent of the fixed components of the total of each director's remuneration, unless the general meeting approves a higher ratio, which in no case is to exceed two hundred percent of the fixed component of total compensation, under the terms established by law.

### Transparency

In the notes to the financial statements, the remunerations received by each director are disclosed, on an individualised basis and detailing the amounts corresponding to each item of remuneration. Additionally these items appear individually in the report as well as the remuneration which corresponds to the executive functions entrusted to the company's executive directors.



# 06 risks

Risk management  
Regulatory Compliance  
Data protection  
IT security





Bankinter carries out business with a prudent risk profile, pursuing a balanced balance sheet and a recurring and healthy income statement, to maximise the institution's long term value.

## Risk management

### Prudent risk appetite framework

Bankinter has a risk management model of proven effectiveness, aligned with regulatory standards and international best practices, and proportional to the scale and complexity of its activities.

The final responsibility for risk management is with the Board of Directors, which approves the risk strategy on an annual basis and, especially, defines the Appetite for Risk framework, which establishes:

- The type and levels of different risks that the Group considers reasonable to take on in developing its business strategy.
- A set of metrics and key indicators to monitor and manage risks. They cover variables including risk levels and cost, profit, liquidity and capital. For every metric, a tolerance and limit are established that, if reached, activate the adoption of corrective actions.

The risk strategy is divided into two planes: the risk appetite statement and its management principles:

**Risk appetite statement.** Bankinter carries out business with a prudent risk profile, pursuing a balanced balance sheet and a recurring and healthy income statement, to maximise the institution's long term value.

**Risk management principles.** The risk appetite and tolerance that the Group assumes are adapted to these principles:

- Management strategies, policies, organisation and systems that are prudent and suitable to the size, scope and complexity of the company's lines of business, based on quality banking practices.
- Low or moderate exposure to credit risk, with a non-performing loans index in the lowest range of the Spanish financial system.

- Suitable coverage of problematic assets.
- Appropriate remuneration of invested capital to ensure minimum returns on the risk-free rate throughout the cycle.
- Low market risk level to limit losses under stress scenarios.
- Intense growth in strategic priority sectors of large and medium-sized enterprises.
- Balance of credit investment portfolio of individuals and businesses.
- Balanced growth of retail financing resources and their cost optimisation.
- Diversification of wholesale financing sources, both from the point of view of instruments and markets and maintenance of a balanced maturities profile.
- Risk diversification to avoid excessive concentration levels.
- Limitation of business in potentially risky sectors, like those related to real-estate development and construction, or with a negative impact on the bank's reputation.
- Moderate interest rate risk appetite.
- Structural position very small for foreign currency.
- Optimisation of efficiency ratio.
- Maximisation of shareholders' value generation throughout cycles via dividends and stock revaluation, over a strong capital and liquidity base.
- Capital level Common Equity Tier 1 (CET1) within the fluctuation band the company established, higher in all cases than the regulatory minimum.

Bankinter also has a corporate governance model that is aligned with the most demanding supervisory standards. To stimulate and reassert its solid risk culture, it has a highly qualified team supported by advanced information systems, which are core areas of the bank's management. These items are described in greater detail in the Prudential Relevance Report and in the annual Corporate Governance Report. Complementary financial data are in the Group's Legal Report. The location and main sections of these documents are detailed at the end of this section with regard to risk management.



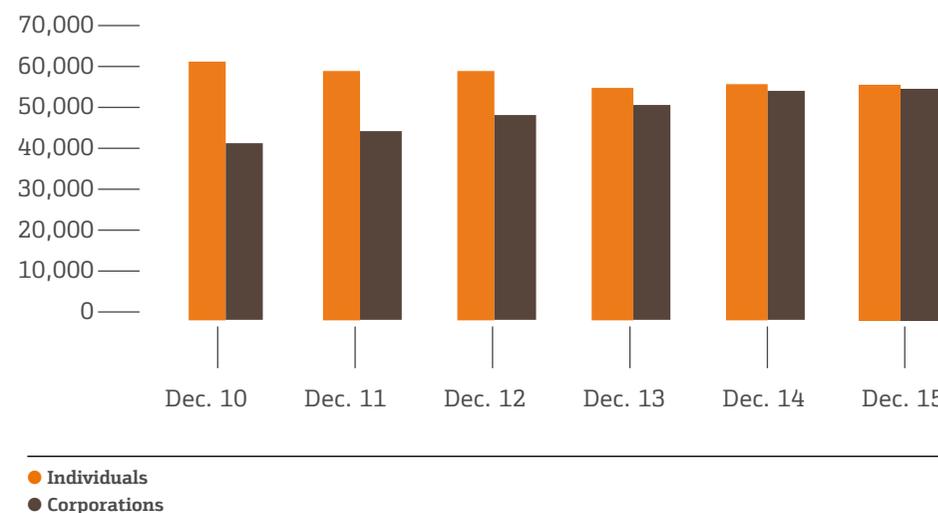
## Credit risk

Credit risk is the possibility of suffering losses stemming from non-compliance with debtors' contractual obligations. Its evolution is conditioned by the economic and financial environment. For Spain, in 2015 the economy consolidated its recovery and the GDP grew above 3%. In 2016 the maintenance of favourable conditions is expected and that basic imbalances continue to be reduced (unemployment and public and private debt), although political instability is a factor of uncertainty.

In this context, the volume of new system credit transactions increased in 2015, although total credit continues to drop, due to the higher volume of repayments. According to Bank of Spain data, in November 2015 home and non-financial business loans were 2.2% and 1.4% lower, respectively, than in the same month of the previous year.

In contrast, the quality of Bankinter's assets led to it having behaviour above the sector average, with growth of 4.4% in computable credit risk (including investment and off-balance sheet exposure). The distribution of its credit portfolio between individuals and companies moved towards balance, as can be seen in the attached chart. In 2015 the risk with individuals grew 2.3% (until representing 51.4% of the total) and with companies, 6.8% (48.6%).

Credit risk – Portfolio evolution (in millions of euros)

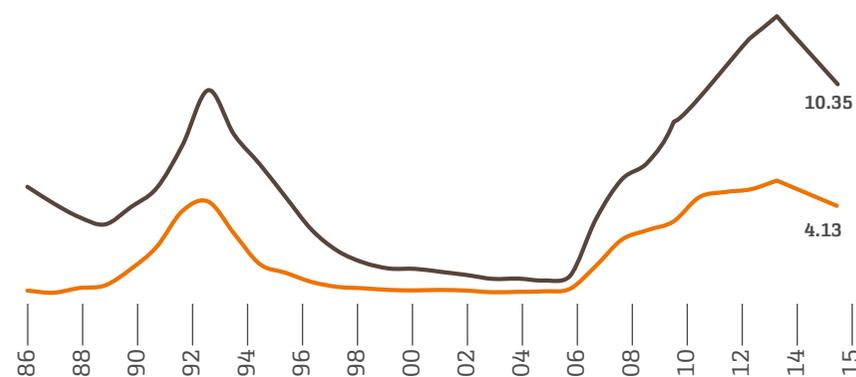


## Non-performing loans

In terms of non-performing loans, the fiscal year closed up with an index of 4.13% (or 59 basis points less than the previous year), compared to 10.35% for the sector as a whole, according to Bank of Spain data from November 2015. The volume of problematic and foreclosed assets were also much lower than for the Group's main competitors. At the close of December 2015 the foreclosed assets portfolio was 531 million euros, 1.1% of total credit risk, with a 9.3% reduction during the year. At-risk exposure dropped to 2039 million, an 8.7% decrease.

Asset quality	31/12/2015	31/12/2014	Variation	% var.
<b>Computable risk</b>	<b>49,415,783</b>	<b>47,321,948</b>	<b>2,093,836</b>	<b>4.42</b>
<b>At-risk exposure (includes contingent risk)</b>	<b>2,039,239</b>	<b>2,232,732</b>	<b>-193,493</b>	<b>-8.67</b>
Provisions for credit risk	856,302	953,022	-96,720	-10.15
<b>Index of non-performing loans (%)</b>	<b>4.13</b>	<b>4.72</b>	<b>-0.59</b>	<b>-12.50</b>
Coverage rate (%)	41.99	42.68	-0.69	-1.62
Foreclosed assets	531,348	585,830	-54,482	-9.30
Provision for foreclosures	213,061	229,159	-16,098	-7.02
Foreclosure coverage (%)	40.10	39.12	0.98	2.51

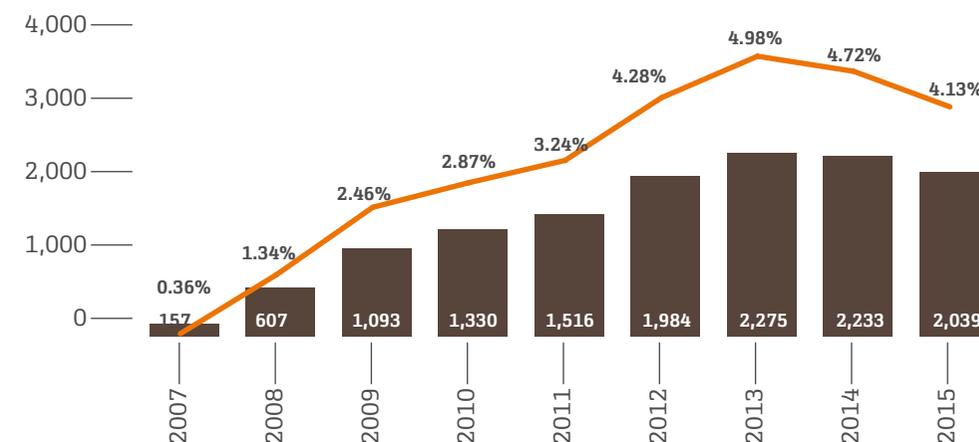
### Evolution of non-performing loans rate (%)



● Sector  
● Bankinter

Source: Banco de España.  
November 2015 for the data of the sector.

### Evolution of doubtful balance and non-performing loan rate



● Doubtful debts (Mill. €)  
● non-performing loans ratio

## Distribution of credit risk

The company regularly monitors risk diversification by sectors, geographic location, products, guarantees, customers and offsets, and it has established policies on the maximum permitted risk concentration. The geographic distribution of credit by regional offices is depicted in the graph below.

By customer sectors, the credit portfolio distribution was:

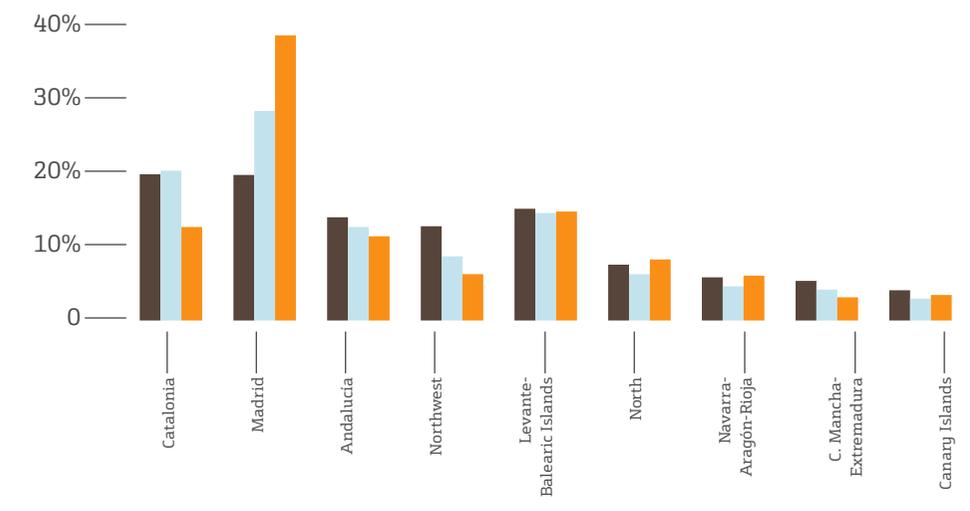
**Individuals.** In 2015 a slight reactivation of credit demands from individuals was registered, supported by the improvement of the economic situation. This fact, accompanied by the stabilisation of the real estate market in the regions in which Bankinter has the strongest presence, made it possible to increase financing to individuals. The total portfolio (24,849 million euros at

year end) maintained its high credit quality, with a non-performing loans of 2.97%.

**Corporate banking.** Bankinter has extensive experience in this sector, and its business is more internationalised and therefore less exposed to Spain's economic cycle, which is why its non-performing loan rate is lower. Investment in 2015 dropped slightly (13,353 million euros, 3.9% year-on-year decrease) with a non-performing loans ratio of 1.97%.

**Developers.** Bankinter establishes criteria that are highly prudent for accepting real-estate development operations, selecting exclusively viable projects by solid development companies with accredited experience. The balance in developer credit when the year closed was 971 million euros, representing 2.0% of credit risk, much lower than the average exposure of the Spanish banking system.

## Geographic distribution of credit



- GDP
- System
- Bankinter

Sources: GDP, INE 2014; System credit, Bank of Spain 3Q15; Bankinter 4Q15

## Small and medium-sized enterprises.

The largest growth in risk in the fiscal year was recorded in the small and medium-sized enterprises segment, located at 10,243 million euros when the year closed, with a positive year-on-year variation of 26.4% and non-performing loan rate of 8.15%. The company applies automated decision-taking models for managing this segment, along with a team of analysts with extensive experience.

## Internal rating models

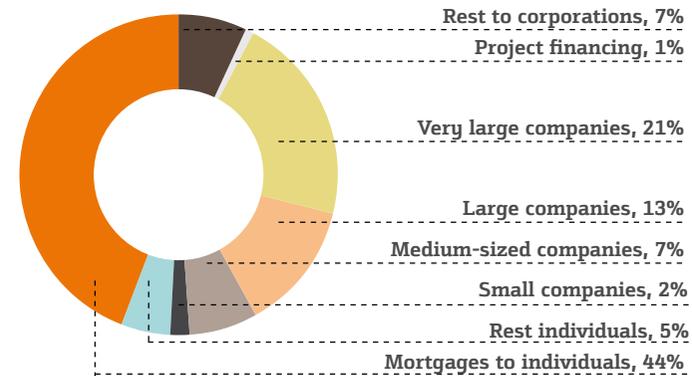
Bankinter has used internal rating models as a support tool for taking decisions on credit risk since the nineties. These models let the credit quality and solvency of transactions and customers be assessed, and provide quantitative measurements of credit risk. Their main uses are the support for approvals, price setting, monitoring of portfolios and support for recovery, facilitating active management of the risk profile.

Internal rating models also facilitate the homogeneous grouping of customers and transactions with comparable credit levels. The models are also calibrated to assess expected and unexpected losses of foreseeable capital. These metrics are fundamental for managing and monitoring credit risk.

Bankinter has rating models both for retail sectors (mortgages, consumer spending, SMEs...) as well as for the wholesale sectors of Corporate Banking. These statistical models are developed with information at the level of customers, transactions and macroeconomics, combined for wholesale part with skilled analysis. The models are updated and monitored periodically to ensure their power of discrimination, stability and accuracy under a strict governance schema. The Model Committee and the Executive Risk Committee are responsible for approving Bankinter models. The Risk Commission also receives regular information on the status and monitoring of the models.

The distribution of exposure at default (EAD) by internal sectors or categories is shown below.

## EAD distribution according to internal categories



## Structural and market risks

From the viewpoint of structural and market risks, 2015 was marked by depression of inflation in the main economies, which favoured considerable activity by central banks to provide liquidity to financial agents and to intervene in public debt financial markets. In some markets, the systematic purchases of public debt by the central banks decreased its depth.

The year on markets was characterised by the appreciation of the dollar, continued drops in raw material prices and equity volatility.

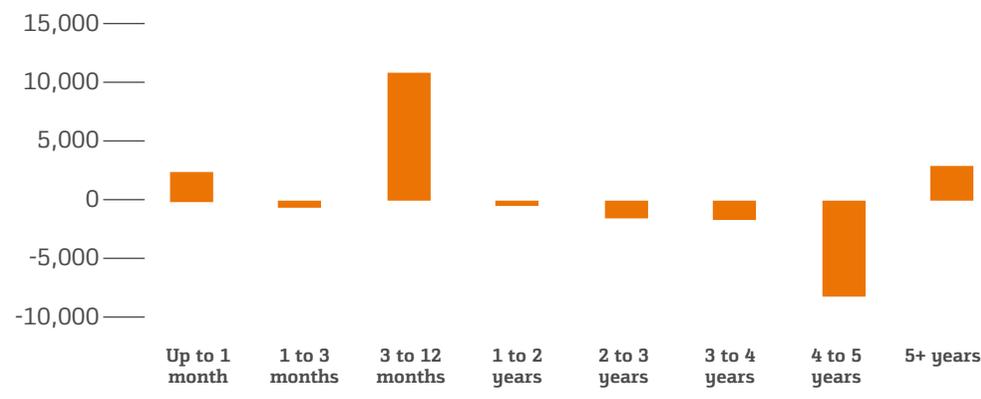
### Structural interest rate risk

Structural interest risk is defined as an institution's exposure to potential losses due to variations in market interest rates, as a result of different temporary maturity structures and adjusted values in the overall balance sheet.

Bankinter actively manages this risk with the aim of protecting its financial margin and preserving its financial value when faced with interest rate variations.

The situation in the interest risk arena (gap) of the Bankinter Group at the close of 2015 was:

Interest risk (gap) \*



Data in millions of euros.

(\* ) 'Gap' interest figures include the Group's banking book.

On the other hand, dynamic simulation analyses are carried out that allow the sensitivity of the financial margin to be estimated under different scenarios of interest rate movements. Similarly, and with a longer-term view, the sensitivity impact that interest rate movements would have on the company's economic value is analysed.

The exposure to interest rate risk of the net interest income in the face of variations of +/- 100 parallel basis

points in the market interest rates is +/- 3.6% for a 12-month horizon. Given the current level of rates and taking into account that a floor is applied at 0%, as recommended by the supervisory authorities, the sensitivity in the face of the rise and reduction of rates is significantly different. The sensitivity of the economic value under parallel movements of 200 basis points at the close of 2015 was placed at +6.8% of its internal capital.



## Liquidity risk

Structural liquidity risk is associated with the company's capacity to handle the payment obligations it takes on and to finance its investment business. The bank actively manages its liquidity situation and its impact, as well as the actions to execute both in normal situations and in exceptional circumstances due to internal causes or market behaviours.

Measures used to control liquidity risk include monitoring the evolution of gap and liquidity, as well as obtaining information on and analysing the specific situation of balances resulting from sales transactions, wholesale maturities, interbank assets and liabilities and other financing sources. These analyses are performed both under normal market conditions and simulating different scenarios of liquidity needs that could stem from different business conditions or market variations.

During 2015 the commercial gap (difference between investment and customers' resources) was reduced by 2,430 million. As a result, the percentage of credit investment that is financed by customer resources rose from 78.3% to 83.5%. On international markets, 2750 million euros were placed in mortgage bonds at 5, 7 and 10 year terms under the fixed income programme registered with the CNMV, which also diversifies the Bankinter debt maturities and gives it a solid liquidity position.

To respond to the demand for short term titles, the bank used programmes of short term securities, primarily on the domestic market, with its promissory note programme. The balance of promissory notes placed on the wholesale market was 547 million on 31 December.

## Market risk

Market risk is the possibility of suffering losses stemming from adverse movements in the market prices of negotiable financial instruments with which the bank trades, as a result of variations in factors such as interest rates, exchange rates, credit spreads and other financial variables.

Bankinter measures the value at risk with the historic VaR methodology with data for one year and a confidence interval of 95%.

An asset portfolio's value at risk (VaR) is the maximum potential loss that could occur to it on a specific timeline, with a statistical confidence level. Given the instability of recent years, Bankinter maintained the limits from the previous year in VaR terms.

The chart below depicts VaR values at the close of 2015 for trading positions:

2015 VaR Trading (Millions of euros)	Latest
Interest rate VaR	0.37
Equity VaR	0.24
Exchange rate VaR	0.06
Volatility rate VaR	0.03
Credit VaR	0.00
Total VaR	0.48

Confidence level 95%, 1 day timeline

Moreover, there is monthly monitoring of the VaR for the portfolio positions of the subsidiary Línea Directa Aseguradora, using the historic simulation methodology. The VaR of the Línea Directa Aseguradora portfolio was, under the same hypotheses, 2.39 million euros at the close of December 2015. The same monitoring is performed of the possible risk that the subsidiary Bankinter Luxembourg could incur. With the same methodology, for 2015 its VaR was estimated at 0.10 million euros.

Stress testing, or analysis of adverse scenarios, is a complimentary test to the VaR. Stress test estimates quantify the potential loss that extreme movements in risk factors to which a portfolio is exposed could cause to the portfolio. Stress test scenarios are obtained by analysing the behaviour of these risk factors under historic conditions, simulating the impact that sharp changes in interest rates, stock

exchanges, exchange rates, credit spreads and significant volatility changes could have on the portfolio. Moreover, the movements observed in relevant historic crises are also simulated.

The chart below details the estimated stress test data of the bank's trading positions at the close of 2015, using the most extreme scenario of movements of the different risk variables.

Applying the same scenarios to the positions of the Línea Directa Aseguradora portfolio at the close of 2015, stress totalled 33.48 million euros. For the Bankinter Luxembourg portfolio, stress represented 0.79 million euros.

Stress Testing 2015 (Millions of euros)	Medium	Latest
Interest rate stress	3.58	4.73
Equity stress	2.28	1.63
Exchange rate stress	0.72	0.39
Volatility stress (*)	1.53	1.16
Credit stress	0.00	0.00
Relative credit stress	6.91	5.52
Total stress	15.02	13.42



## Operational risk

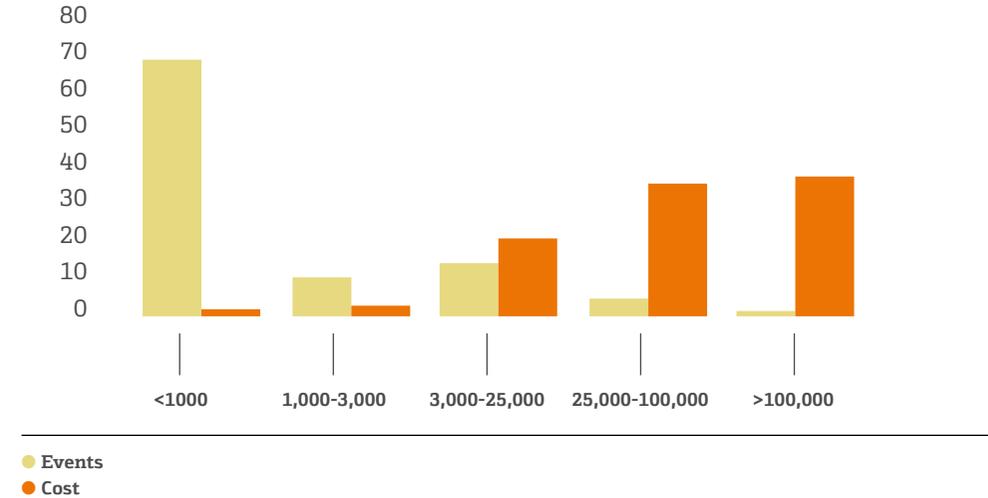
Operational risk is defined as the possibility of suffering losses due to failures of processes, people or internal systems; or due to external events, such as legal incidents or natural disasters, excluding strategic and reputational risks.

The model to manage operational risk that Bankinter follows is known as the standard method according to solvency regulations in force. Moreover, Bankinter ensures access to best sector management practices by participating in the Spanish Operational Risk Consortium, a private forum of financial institutions to exchange experiences in this field.

These losses are concentrated mainly in the branch distribution network (with 83%), despite the larger volume of transactions done via remote channels. This makes the relevance of the human factor clear in unleashing operating errors, as well as highlighting the strength of automated features and contracting procedures employed on Bankinter's remote networks (internet, telephone and mobile banking).

With regard to loss events, Bankinter's operational risk profile is summarised in the charts below:

Percentage breakdown by amount intervals



Percentage breakdown by line of business



## Reputation risk

Reputational is defined by the Bank of Spain as those stemming from the institution's actions that make negative publicity possible related to its business practices and relations, that can cause a loss of trust at the institution, and thus affect its solvency. It is also true that actions attributed to the company can also affect, not only solvency, but other aspects such as loss of customers, sanctions, difficulty in accessing financing... in short, the whole business.

There are currently no specific regulations to control and quantify this type of risk, but although there has been a recent trend among the main international regulators to delimit it with greater clarity.

Bankinter's reputational risk map is key for identifying risks and establishing levels to prioritise them. The main risks and possible improvements to the management system are integrated into the corporate risk map, designing action plans to reduce the probability of their occurrence and mitigate their possible impact.

One of the important factors to foresee reputational risks is understanding market and environmental trends, as well as knowing what is being said about the company in the media and on social networks. To this end, Bankinter has a measurement system that analyses all this information and considers its reputational impact.

The Bank also has a periodic diagnostic and measurement system to gauge the perception and expectations of the company's stakeholders. Based on RepTrak® methodology, this system lets the key reputation influences be identified, and have an active influence on the most worrisome ones.

The company's Products Committee identifies and evaluates possible reputational risks prior to launching a new product or service.

A series of internal and external indicators that impact the bank's reputational risk have also been defined, in accordance with the directives set by the European Banking Authority.

Lastly, it merits mention that the Bank's Corporate Reputation Department has developed a crisis management plan, with the aim of establishing the communication channels and action protocols for any emergency or crisis, in order to protect the institution's reputation and uphold business continuity.



## Regulatory Compliance

### Above all, an ethical commitment

One of the Bankinter Group's essential corporate issues and the foundation of its organisation is the strict compliance with all legal provisions. Obtaining business targets must be done in a way that is compatible at all times with the compliance not only of regulations in force, but also with the best practices required of its business. Therefore, this issue represents not only a legal obligation, but also an ethical commitment, to Bankinter.

Activities that violate the law and entail relevant reputational risk that can materialise both with customers, and markets, employees and the authorities. This is why managing the risk of regulatory non-compliance is necessary. Non-compliance risk is usually defined as the current or future risk to earnings and capital stemming from violations or non-compliance of laws, rules, regulations, agreements, prescribed practices or ethical guidelines that can lead to sanctions, damages or cancellation of contracts and can harm the company's reputation.

Within the control framework that all credit institutions must have, the regulatory compliance function is thus designed in accordance with international best practices and recommendations as a second line of defense, starting from the responsibility of all business units for regulatory compliance, as a first line of defense, where this compliance function is therefore subject to verification by internal audit, as a third line of defense.

During 2015 the internal institutional framework was strengthened for the compliance function, by creating the Regulatory Compliance Committee, as a senior management body responsible for monitoring the compliance policy for the bank's activities. The purpose of the Regulatory Compliance Committee is thus as a control body on the first line of defense, responsible for executing policies on regulatory matters and regulatory compliance that are established at any given time by the Board of Directors' Regulatory Compliance and Audit Commission.

The attainment of business targets must be done so that they are always compatible with compliance with not only current regulations, but also with best practices.

The Group's organic framework for regulatory compliance is also rounded out with other committees:

**The Criminal Prevention and Professional Ethics Committee**, which is entrusted with supervising the functioning and compliance with the criminal risk prevention model implemented at the Bankinter Group, as well as exercising disciplinary powers with regard to non-compliances with the Code of Professional Ethics and other internal regulations applicable to the different businesses of Group companies.

**The Products Committee**, whose mission is to approve the launch, modification and cancellation of the products and services offered to retail customers.

**The Internal Control Body**, whose main mission is to establish and approve policies on preventing money laundering and financing terrorism, in accordance with Act 10/2010 and its regulatory implementation, which are those which establish the Bankinter Group's preventive framework, as well as ensuring compliance with them.

**The Money Laundering Prevention Area**, which is part of the Compliance Unit, is responsible for ensuring compliance with the policies and procedures adopted by the company with regard to the prevention of money laundering, as well as analysing any suspicious transactions detected and, where applicable, reporting them to the Executive Service of the Commission for

the Prevention of Money Laundering and Monetary Offences (SEPBLAC). The Money Laundering Prevention Area periodically reports its activities to Bankinter's Body of Internal Control and Communication.



## Data protection

# A guarantee of integrity and confidentiality

Bankinter, SA has always been one of the pioneers in committing to personal data protection and information confidentiality, as well as offering its customers measures that ensure compliance at all times with Organic Law 15/1999 on Personal data Protection (LOPF) and its implementing regulations, which entered into force on 19 April 2008 with Royal Decree 1720/2007 of 21 December, adapting its systems to these laws.

The bank's personal data protection policy rests on two core areas: legal and technical observance. All contracts that customers sign with Bankinter, SA have a data protection clause, not only to receive their consent for processing their data, but ensuring that they are also provided with detailed information

on the purpose for processing these data. Similarly, at the time of signing the contract, they are given the possibility from the outset of opposing the processing of their data for commercial purposes, by ticking a box that lets them indicate their wishes.

The data protection clause also notifies customers of their rights of access, rectification, cancellation and opposition to the processing that are available to them and the way to exercise these rights, ensuring that they have power to control their personal data. Simple fast communication channels have been enabled for this purpose, including telephone banking and writing to address provided to this end, and they can also go into their branch.

With regard to data confidentiality and security, the Bankinter, SA security policy guarantees at all times that data are transmitted by suitable, reliable and secure channels, ensuring the integrity and confidentiality of transactions executed by customers. Bankinter, SA has also made the commitment to regularly supervise security measures, conducting audits of its own systems and the systems of the suppliers with which the bank has business relations and that may have access to customers' personal data.

With regard to training, there is an online course mandatory for all employees.

During 2015, no sanctions were received for data protection.

In short, Bankinter, SA continues to fulfill its commitment each year of guaranteeing all customers the protection, integrity and confidentiality of their data, strengthening and innovating the strict internal protection measures.

At the close of 2015, no sanctions had been received for data protection.

## IT security

### A living system to tackle fraud

Bankinter is firmly committed to IT security and to the confidentiality of its customers' information.

Many of the systems and products that are used to secure them are developed internally, which is a guarantee of adaptation to the objectives that are pursued. Consequently and in a sector like banking that is beset by continuous internet attacks, the fraud level at Bankinter is very low.

The bank's commitment to security is endorsed by the prestigious British Standards Institution (BSI), which once again has awarded the bank certificates ISO 22301:2012 for its system for managing business continuity, and ISO/IEC 27001:2013, for managing information security.

During 2015 the company also improved its security mechanisms for executing specific online banking transactions by adding a new authentication factor that complements the coordinates card with customers' mobile phones.

Bankinter's online fraud prevention systems also protect customers through the detailed analysis of all connections and transactions done on its websites. The application of an expert system automatically generates metrics that establish the risk level of each internet action. If there is any doubt, an analyst revises the operation and takes a decision in a matter of seconds. In this way, the protection model is living, in permanent evolution, and is adapted to the changing risk scenarios.

The high degree of system reliability lets excellent security levels for transactions be maintained, with almost zero impact on customers' legitimate activity.

#### New Management Plan

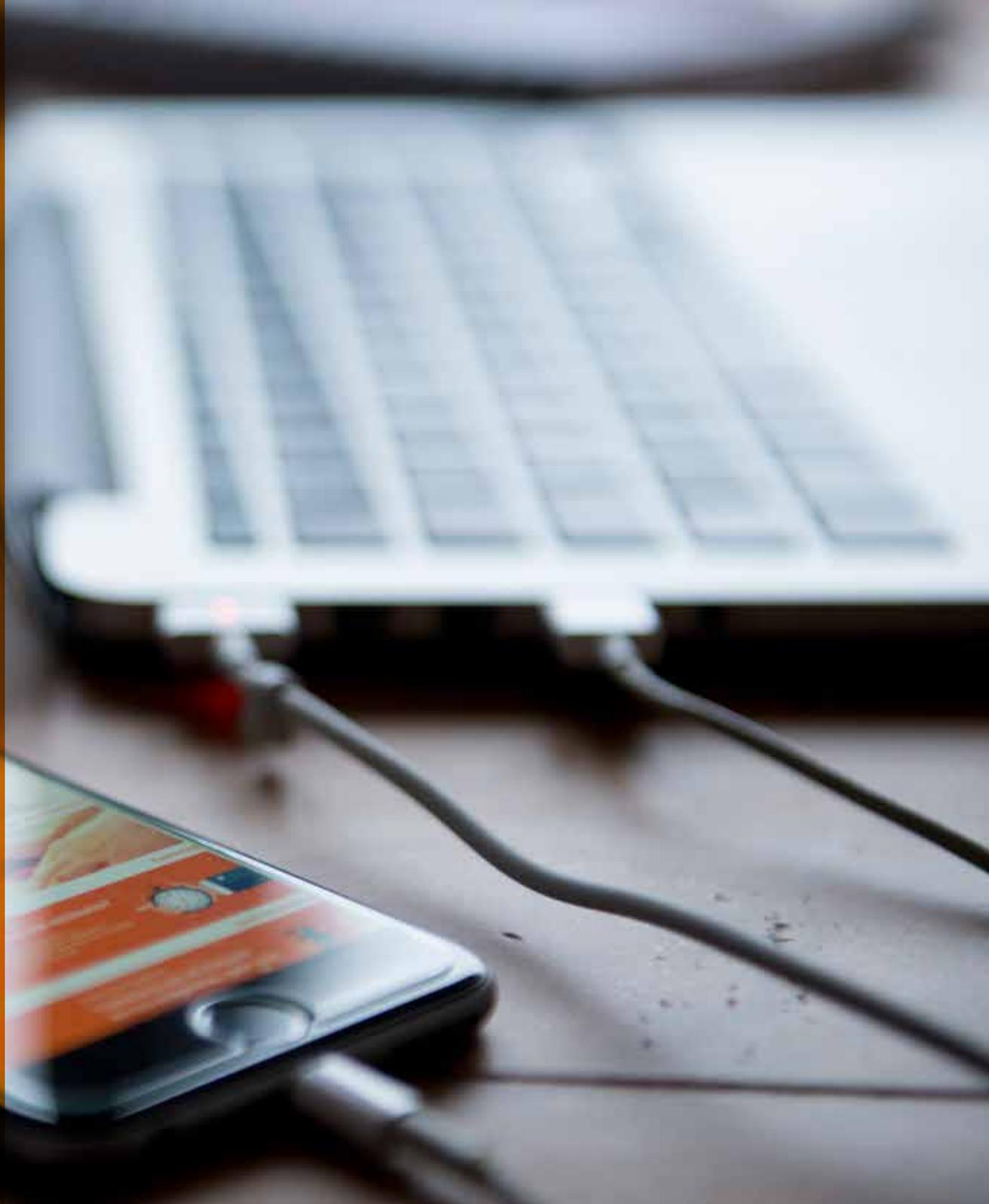
In 2015, Bankinter drafted a new Management Plan that establishes information security strategies and objectives for the next three years. The programme includes a series of initiatives, projects, investments and government regulations, which will ensure that Bankinter continues to be on the cutting edge with regard to innovation and protecting the information and assets of customers, employees and collaborators.

During 2015 the company improved its security mechanisms for executing specific online banking transactions.



# 07 business

Business areas  
Other businesses  
Networks and Channels  
Capital Market  
Marketing  
CRM  
Quality  
Customer service



A close-up photograph of a person in a yellow shirt writing in a notebook with a pen. Another person is visible in the background, looking on. The scene is lit with warm, golden light, possibly from a window. An orange semi-transparent banner is overlaid across the middle of the image, containing the text 'a business areas' in white.

**a  
business areas**

## Private Banking Growth and loyalty

Private Banking had an excellent 2015. The first half of the year was positive, and subsequently slowed down due to customers' reservations as a result of the Chinese Crisis, as well as other issues that shook the market. From October, however, things went back to normal thanks to the Stock Market's recuperation, whose cycles largely depend on Bankinter's strategic activities.

The objective of Private Banking it is to increase its customer base, in particular customers who are searching for a trustworthy portfolio manager in order to best optimise the profitability of their money, with reasonable security margins. Responding to these needs requires highly qualified staff who go through a process of continual training.

This training consists of staying up to date with knowledge, weekly meetings with Bankinter Asset Management leaders and a daily update on market developments. Thanks to this and to their independent judgment, private bankers offer the best advice with respect to investments and taxes, the two matters that concern customers the most.

Reinforcements and improvements to the Private Banking service, as well as the constant renovation to its product portfolio, led to a new increase in net worth under management. The year ended with 28,000 million euros, 21% more than in 2014. In 2015, Bankinter also ranked second in a ranking for collective investment schemes (SICAVS), with 461 and an annual rise of 20%.

This means that one for every three SICAVS set up during the financial year corresponded with the Bank.

The reasons behind this success can be found in the rigorous selection process, good preparation and staff's sense of responsibility, which explains the increased quality perceived by customers. In fact, the Private Banking team is considered to be one of the best in the country. These achievements include the image of solvency and security that the brand transmits and the implication of Senior Management in achieving the objectives set out.

After three years of growth, the Private Banking division of Bankinter aspires to keep acquiring new customers in 2016,

but also to earn their loyalty and to achieve a greater volume of delegated assets, either directly or via funds, maintaining the profitability achieved thus far.

	2015	2014	% Dif.
Acquisition (No. customers)	6,094	5,239	16.3
Total Resources (in mill €)	16,311	13,348	22.2
Typical Resources (in mill €)	7,285	6,265	16.3
Investment (in mill €)	2,624	2,368	10.8

## Personal Banking

### A successful transformation

The improvement in economic expectations, together with low interest rates, meant that in 2015 customers demanded new investment proposals. This provided business opportunities that had disappeared during the hardest years of the crisis and which reappeared during the recovery.

The switch in context coincided with the process of strengthening Personal Banking, the area of the organisation dedicated to the segment of customers with assets of between € 75,000 and one million euros. This customer group, requires custom-made management, specialised attention, a high level of service and a product offering which is adapted to the needs of each customer.

To reinforce this service, in 2014, Bankinter started a process to transform Personal Banking, as it had done previously with Private Banking (one of the hallmarks of Bankinter). To that end, the company embarked on a major effort to develop new products, improve customer service and the training of specialised managers to protect customers in this segment.

#### Improve customer service levels

Personal Banking's activities operate around a manager, with the aim of giving customers the best service possible. For this, the manager needs more and more sophisticated tools which allow him to properly develop his work. Thus, he is able to choose the financial products that best fit the customer's risk profile and needs, helping customers with a savings plan for their retirement, and providing solutions to their financing needs: mortgages, credit facilities, personal loans, etc.

The improvement and transformation effort paid off in 2015, with an increase of 6.4% in the number of active customers. The development of the 'Non-Salary Account', especially for the self-employed and entrepreneurs, and the 'You and I' Account, for couples with separate economies, contributed to the increase.

The great challenge for Personal Banking is to consolidate changes that were put in motion throughout 2015.

	2015	2014	% Dif.
Acquisition (No. customers)	27,025	26,781	0.9
Total Resources (in mill €)	14,441	13,192	9.5
Typical Resources (in mill €)	9,045	8,554	5.7
Investment (in mill €)	7,484	7,055	6.1



## Retail and Foreigners

### Growth in a very competitive environment

In 2015, the market for private customers was characteristically highly competitive. Competition for the capture of customers was especially intense in two business areas:

- From the point of view of assets, the competitive pressure on mortgage lending increased. The result was a very significant decrease in the interest rate differentials offered and greater product diversification. Bankinter responded to the challenge of the market with innovative proposals, both fixed and variable mortgages. With a pioneering spirit, the bank also launched a mixed mortgage, which, for time intervals allows you to choose if the loan has a fixed or variable interest rate. The result of this strategy in the Individual customer segment was an increase in the contracting of new mortgages by 21%, which has meant the registration of 658.1 million euros worth of mortgages throughout the year.

The high level of activity during 2015 in the registration of personal loans in the Individual customer segment should be emphasised. During 2015, 134.7 million euros worth in registrations were taken, 46% more than in the previous year.

- From the point of view of liability, competition intensified especially in the Salary Account segment. Given the reduction in interest rates and the narrowing of margins, banks strengthened their proposals regarding acquisition related products. Bankinter was one of the first banks to offer very competitive returns on its Salary Account, where in certain conditions the client would obtain a high return on the money deposited. In 2015, the balance of the Salary Accounts portfolio increased by 22%.

In addition to these strategic lines of action, the company also developed other products to meet the needs of all customer profiles. This applies, for example, to the 'You and I' account aimed at couples who combine separate and common accounts, or to the Non-Salary Account in which the company proposed several advantages in return for linking receipts and spending per card. The offer

of pre-authorised consumer loans, which are granted to selected customers who meet certain pre-conditions has also been strengthened.

Looking to the financial year 2016 no significant changes are expected in the personal market, so Bankinter will look into its strategies for customer acquisition, mortgages and salary accounts.

Retail Banking	2015	2014	% Dif.
Acquisition (No. customers)	32,047	32,259	-0.7
Total Resources (in mill €)	3,915	3,407	14.9
Typical Resources (in mill €)	3,110	2,724	14.2
Investment (in mill €)	14,060	14,338	-1.9

## Consolidation in the Segment for Foreigners

The market of individual foreign customers, centred most notably around mortgage financing, was consolidated in 2015. The number of new customers went up to 2,863, with an increase of 7% in active customers. Total resources also evolved in a similar way, with a rise of 17.4%. The amount from the contracting of new mortgages went up to 66.5 million euros, which meant an increase of 39% on the previous year.

The Foreign Client Segment is concentrated in coastal areas, most notably in the Mediterranean and in the Canary Islands, where they usually acquire a residence. For this, they need appropriate financing and they also demand high quality specialised services.

In order to provide this group of customers with the appropriate attention, Bankinter has highly trained staff with language skills and knowledge of their specific needs.



Foreigners	2015	2014	% Dif.
Acquisition (No. customers)	2,863	2,796	2.4
Total Resources (in mill €)	243	207	17.4
Typical Resources (in mill €)	219	185	18.2
Investment (in mill €)	653	669	-2.4

## Enterprise Banking

### A new structure for a better service

During 2015, Enterprise Banking had to become familiar with an environment characterised by the narrowing of margins, as a result of the fall in interest rates.

In order to grow, rationalise resources and improve its relationship with customers, the bank completed a profound transformation in the area, the latter segmented the attention directed at companies into three levels, depending on their annual sales volume: SMEs (up to five million), Businesses (from five to 50 million) and Corporate (starting from 50 millions).

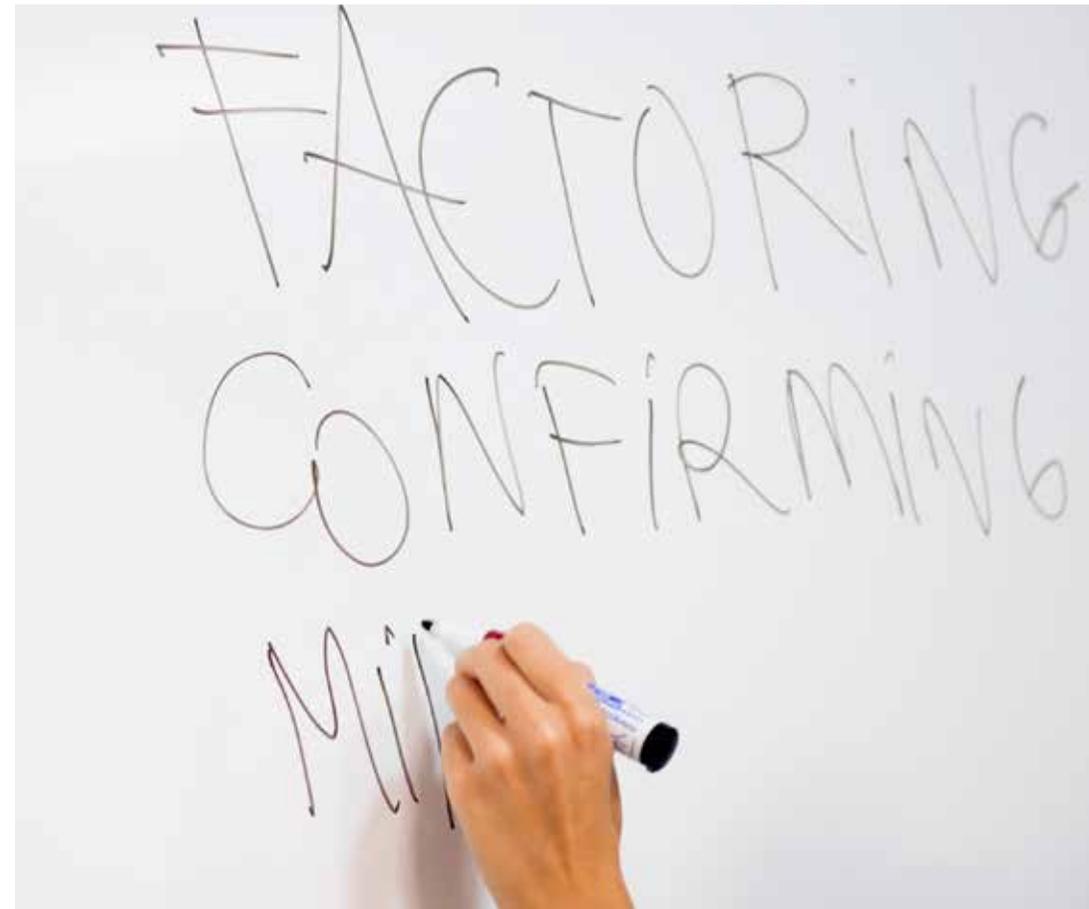
A new structure was created with the aim of growing and generating more income; of better managing customers by offering specific products, services and advice matched to the companies' needs according to their size; improving service quality; creating specialised centres for each segment; assigning specialised professionals in every segment and adapting Basel and European Central Bank criteria, which are going to be used to supervise the main Spanish and European financial institutions.

The transformation of the Business area required the reubicación of most of the customers, which today are allocated to new centres and mentors with a greater degree of specialisation.

The restructuring took place in phases. First, a pilot programme was completed in the Northern Area. Using the experience gained during the first half of 2015, the plan was extended to Madrid, Andalusia, the Balearic Islands and Levante. During the other half of the year it was the turn of the rest of the territorial network, which in Spain, at 31 December had:

- 361 SME Centres inside general branches to provide 62,868 active customers with services.
- 78 Business Centres, for 19,476 customers.
- 22 Corporate Centres, for 5,578 customers.

Between the 22 corporate centres there are three dedicated exclusively to big corporations (customers invoicing more than 1,000 million): two in Madrid and one in Barcelona.



## Area Results

While proceeding with the restructuring, Enterprise Banking continued in 2015 with its ordinary activities, which resulted in a rise in investment to nearly 19,900 million euros, 1,100 million more, or 5.6% higher than at the end of previous year. Really significant was the growth in the volume of Signature Risk (documentary guarantees and business), which reached more than 2,900 million euros, after increasing by 21%. The market share of new business climbed to 5.4%, almost double that four years earlier.

Enterprise Banking earned a gross profit of 528 million euros, 1% more than in 2014.

## Objectives

Each of the three major segments of Enterprise Banking for 2016 is assigned specific objectives, always within the context of service improvement and results:

- SMEs: increase in related business (payments and collections), seeking synergies between Private Banking and Personal Banking and adequacy in the price of financing risk.
- Companies: significant increase in the customer base, supporting international expansion, investment banking services and also the adequacy of the price of risk.
- Corporate: defend the current margins, gain market share in overseas business, expand the presence of Banning Partnet (offices in large companies) and strengthen the expertise of professionals who are dedicated to large corporations.

	2015	2014	% Dif.
Acquisition (No. customers)	16,194	18,186	-11.0
Total Resources (in mill €)	13,743	12,048	14.1
Typical Resources (in mill €)	12,836	11,108	15.6
Investment (in mill €)	19,896	18,836	5.6



## Investment Banking

### Leaders in the middle-sized company market

The Investment Banking service reinforced its leading position in the mid market in 2015, or segment of medium-sized companies. With a history of just four years, Bankinter Investment Banking has become the market's benchmark in this segment of financial activity.

Results from the area have benefitted from a global economic environment characterised by abundant liquidity and a low return on assets, which has resulted in a constant search for investment opportunities.

In this favorable context, the 2015 financial year confirms the growth expectations in the mid market segment, where the strength of the Bankinter brand and the relatively low level of competition provides the opportunity to reach wide areas of business.

Especially important, in this sense, is the reputation of the bank from the point of view of profitability and risk management (it has the highest return on equity and the lowest non-performing loans rate in the sector), making it possible to overcome entry barriers and access a market with great potential for growth.

#### Four axes of growth

Bankinter's Investment Banking proposal is divided into four main areas. These concern its results and objectives:

**Mergers and acquisitions** It is a market with a high growth rate, since it benefits especially from an abundance of liquidity and low interest rates. Cheap and accessible financing opens up more possibilities of leveraging this type of operations. In addition, narrow margins promote decision making and export consolidation, which also favours the expansion of the market for mergers and acquisitions. During 2015, Bankinter Investment Banking worked on 13 operations, giving financial advice to both industrial customers (23%) and financial customers (77%), having successfully completed the sale of Grupo Vitalia to Portobello Capital, among other operations.

**Capital Market.** A very strong first half of 2015 has allowed capital market operations as a whole (bonds and equities) to reach a record level in 2015. Bankinter participated in some of the most important ones, such as the floatations of Aena and Talgo, in addition to participating with special involvement in two capital enlargements carried out by Merlin Properties. Also deserving a special mention is our participation in a successful convertible bond issue for IAG, just as in the high yield bond issues for other companies such as ENCE or Grupon Antolin. In order to respond to increasing demand (there are also good prospects for 2016), during the year Bankinter reinforced its broker, Bankinter Securities (formerly Mercavalor), with the addition of highly qualified teams to strengthen the analysis areas for companies and the distribution of fixed income and equities to domestic and foreign institutional investors.

An activity also in progress is that of private placements, these allow companies to finance themselves confidentially and are closely tailored to their needs by offering securities to a small group of institutional investors or even just one.

**Structured financing.** In 2015 a high growth rate was registered. It is an activity which entails more risk, but maintains levels of return higher than 3%, well above those offered by other assets. In 2015 operations were signed worth about 563 million euros and the portfolio rose to nearly 840 million. The objective for 2016 it is to maintain that level of growth.

**Alternative financing.** It solves the financing needs of companies which traditional banking service channels do not cover. Bankinter was pioneering when it entered this market in 2014, while limiting its scope to operations that generate value for companies. It is another niche activity with great prospects and, to enhance it, partnership agreements were signed with the Magnetar Capital fund and the insurer Mutua Madrileña. In 2015, together with Magnetar, it signed a financing operation valued at 60 million euros. Similarly, Mutua Madrileña with Bankinter participated

in the financing of an LBO (leveraged buy out operation).

### A proven strategy for the future

The Investment Banking service's good results are based on a business strategy focused on supporting the company's network. Unlike the Anglo-Saxon model, where investment banking activities are usually segregated from commercial ones, Bankinter took the decision to create an interlaced structure.

In this way, the customer benefits at the same time from the proximity of their usual adviser and from specialised corporate advice. The model is also efficient for the company, since it generates a lot of long-term value for the network, strengthening the bank's brand and building client loyalty, although its development is more complex because it demands extra effort on the part of the commercial structure.

Therefore, the objective in the short and medium term is to enhance that strategy and make the best use of the advantages it offers.



## International Business

### A commitment without names

During the period 2008-2014, the foreign sector served as a lifeline for Spanish companies, who took refuge in internationalisation to offset weak domestic demand. In 2015, the situation changed because of the recovery in home consumption and investment. However, the exporting base, that was expanded significantly during the crisis, has continued to be steady and has become part of the day to day activity of Spanish companies. In fact, companies no longer distinguish between business names (domestic or international) and require joint solutions to their needs.

Bankinter has adapted to these changes and it has made an all-inclusive commitment to support the consolidation of Spanish companies in foreign markets, starting from the idea that project know-how is more significant than the mere financing of the same.

These are its main products:

**Guarantees.** The bank guarantees payment of the commitments and obligations that the company has acquired with third parties abroad.

**Import letters of credit.** It is a means of payment for importers in which Bankinter is an intermediary between the parties agrees to pay the exporter in the agreed form if the latter meets the requirements of the importer.

**Export letters of credit.** It is a means of payment by which a foreign bank, following its customer's order, agrees to pay, accept or negotiate documents that will be presented through Bankinter, payable by one of its customers (payee).

**Medium and long-term structured financing.** Financial solutions for our customers which accompany the productive investment of Spanish companies abroad.

These financing operations of foreign activities are off balance exposures and have a low capital cost, which favours capital planning and compliance with the regulatory demands of the company.

Activity in International Business in 2015 was focused on the following lines:

**Consolidation of strategic alliances** with international banks, above all from France and Germany.

**Participation in trade fairs** both in Spain and in countries with a great potential for exports and investment in 2016, USA, Cuba, Southeast Asia, etc.

**Intensification of training activities** in the network to homogenise products and criteria.

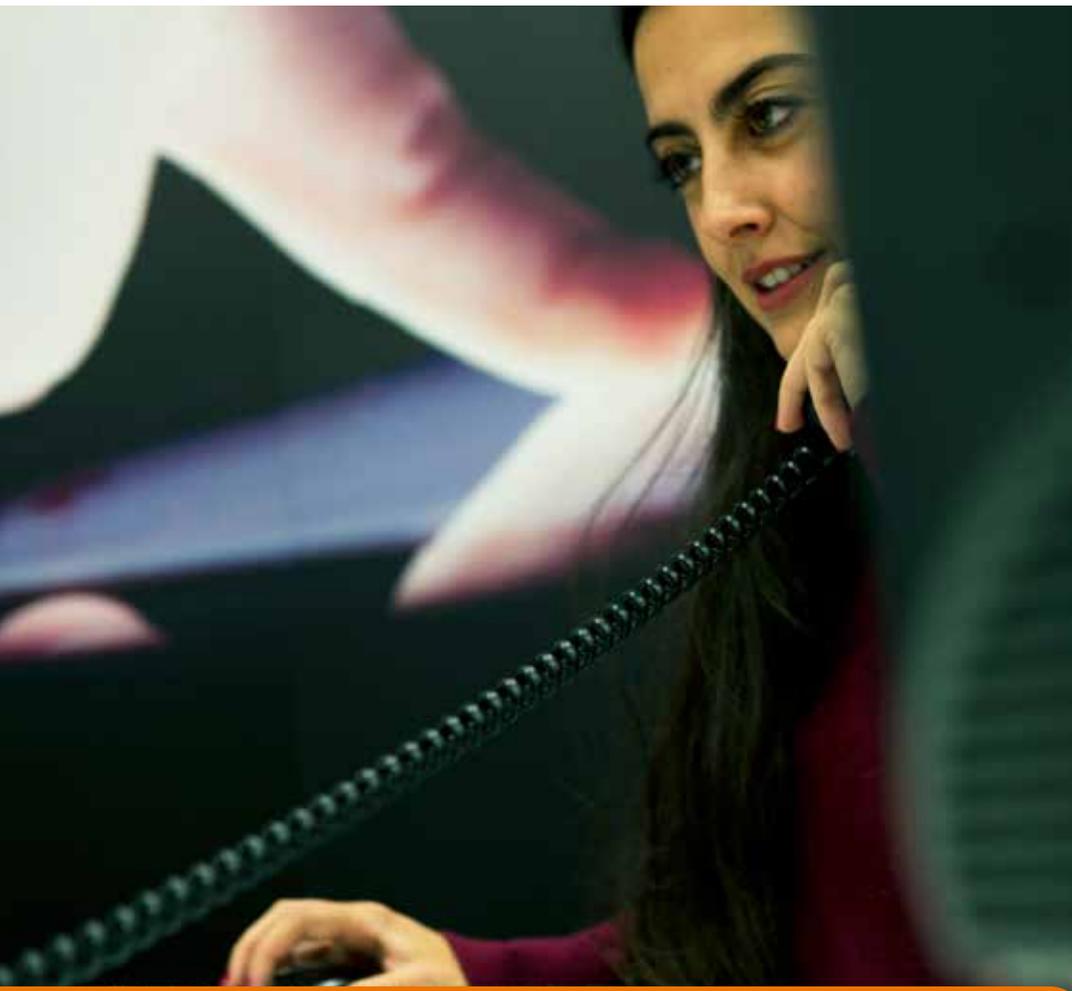


The result of this effort has amounted to 48,000 million euros in brokered transactions, backed up by an investment of 2,700 million euros, having grown by 50% compared to 2014, which represents a 22% growth in net gross income in the international area.

The priority sectors were infrastructure, rail, renewable energy and the automotive sector; and the busiest regions were the Middle East, Europe, USA, Canada, Latin America and Africa.

For 2016, the goal is to maximise Bankinter's good credit quality and investment score, which allows it to offer better prices, especially in public procurement projects. Portugal's entry into the market also opens new lines of penetration.





The institution's success in Private Banking and Retail Banking, together with low interest rates have created great demand for products.

## Capital Market

### Activity in all lines of business

Trading, distribution of treasury products and management of bank balances are incorporated into the Capitals Market.

Some of the main hallmarks of 2015 were consolidation of the improvement in the Spanish economy and stabilisation of the Treasury conditions for accessing financial markets. The European Central Bank's market interventions on monetary policy supported this stabilisation and also contributed to other eurozone issuers having better access to the market. Interest rates in the Eurozone have been lower due to growth and inflation being lower than foreseen.

Unlike with the Eurozone, the promising pace of the United States economy has allowed the Federal Reserve to create expectations of a rise in interest rates which in December led to the first change in these rates since the start of the crisis..

In the first part of the year the focus was on matters such as the Troika negotiations with Greece. And from summer, the situation of the emerging markets, especially China and Brazil, and the change in the price of oil created volatility and uncertainty in the markets.

In this setting, all Trading lines of business were active including the foreign exchange and, equity markets and particularly the fixed income market, with its status as a market creator for public debt and bills and co-leader in the issue of government bonds from the Spanish treasury .

The success of this organisation in the Private Banking and Personal Banking sectors, together with low interest rates have created great demand for the products designed in the Distribution area. Moreover, the excellent work of this organisation must be stressed in helping our customers access foreign exchange and fixed income markets and for the results obtained from their interaction with institutional customers.

As regards balance sheets management, the improvement in Bankinter's liquidity position continued throughout the year backed up by the extraordinary gains in network resources and debt issues, positioning Bankinter as one of the most recurrent and respected issuers on international markets. In this regard, the great success of three issues of mortgaged bonds are noteworthy:

All issues were extensively oversubscribed. The diversification of maturity terms can be observed, which will minimise refinancing difficulties when they mature.

The bank's exposure to short term wholesale issues is still small and in December 2015, this figure stood at 547 million euros.

The institution's interest rate risk was monitored and managed, and it has remained at acceptable levels. Indeed, the positioning of the fixed income ALCO portfolio and balance sheet covers minimised the negative impact of Euribor interest rates, to which the majority of the bank's investments are benchmarked.

The bank's policy was to cover all structural foreign currency positions. In this regard, the Bankinter income statement was not affected by fluctuations in the main currencies in 2015

Date issued	Amount (in millions of euros)	Interest rate
05/02/2015	1,000	10 years MS+0.38%
03/08/2015	1,000	7 years MS+0.23%
09/10/2015	750	5 years MS+0.40%



# b other businesses



## Bankinter Gestión de Activos

### Profitability in difficult times

Collective investment in 2015 was faced with two key circumstances. On the one hand, the volatility of the markets, which alternated between sharp rises and falls, the latter during the summer and in December. Furthermore, investment in fixed income, with yields close to zero, scarcely attractive for investors, was used to reduce risk as an asset haven until uncertainties dissipated.

All this meant that, for the whole sector, investment and pension funds behaved irregularly but still very positively in the majority of funds. Likewise, investment companies with variable capital also maintained their progress from previous years (SICAVS) as well as delegated portfolios, that is, those which are managed by professionals with a client's generic authorisation.

Bankinter Asset Management - the Group's business in charge of collective investment - moved around in this complex environment with the clear objective of, so to speak, tailoring suits for its customers which were always becoming more made-to-measure, with

dynamic products able to adapt to the markets' changing circumstances. The detailed results were:

**Investment funds.** At the end of 2015 managed assets closed at 7,417 million euros, rising by 2.5%. Currently the Managing body sits in ninth position nationally for managed assets, representing 3.4% of the total. The figure for assets rises to 13,605 million if all marketed investment funds are added together, as much as for the bank's managing body as for its other international managing bodies, which means a growth of 23.2%.

**Pension funds.** The wide range of products offered by Bankinter which are aimed at the retired segment led to the bank managing assets of 2.086 million euros in 2015. That is equivalent to an improvement of 7.7% over the 1,936 million euros from the previous year.

**SICAVS.** At the end of 2015, there were 461 being managed, 20% up on 2014. Thanks to this, the bank held second place in the national ranking for that item, with a market share of 13.5%.

**Delegated Management.** Investment via Delegated Management products constitutes one of the bank's clear commitments. Whether it is in portfolios or in funds of funds, Bankinter Asset Management offers specialised management in keeping with the risk profile of each client. In addition, this service is offered not only to the highest Private segment, but also to the customers of Personal or Private retail banking customers, which is not very common in the domestic market. The results obtained in these products guarantee an annual growth of over 70% in these products, ranking, in December 2015, managed assets of 3,320 million.

To address this growth, it was necessary to expand and improve the management team and support staff. Its work was recognised with the award for best national manager of the year for the second consecutive year, awarded by Expansión-Allfunds.

The future, predictably, will continue to be highly volatile in the markets and interest rates will be meagre, which will compel us to carry out a more specific style of management, emphasising the quality of the service rendered. At the same time, it will be necessary to continue expanding the range of products likely to satisfy investment needs, as much for the benefit of customers of Private Banking as for those of Personal Banking.

## Equities

# Reinforced leadership

During 2015 there was a correction of the growth trend initiated by equities in late 2012 and it reached maximum speed in 2013 and 2014. That reduction generated an increase in market volatility, which made it necessary to professionalise investment decisions to cope with client demand which had doubled: further advice and increasingly accurate management tools.

Bankinter addressed this situation by working along two lines, information and training for customers:

**Information.** 22 Master Class and Stock Exchange Forum sessions were organised, both in main provincial capitals and in some large municipalities. More than 2,200 customers attended, they could get to know first-hand the opinion of professionals on share incomes and about the most advisable behaviour to adopt at all times.

**Training.** Bankinter professionals from this area gave training sessions on tools for direct investment in markets and on related products such as custom-made investments, or delegated investments, exclusive to Bankinter.

From a commercial point of view, Bankinter maintained its flat rate for customers with equities, improved its commercial offer for new customers, but also for the former. Throughout 2015 periodic offers were launched to attract investors, be they completely new ones or ones who had previously had their portfolio with other companies. Additionally the range of quoted funds was perfected (ETFs) and a new version of the Broker Plus management platform got started, it improved its operational speed. Furthermore, the improvement process of its broker app was continued.

### Profits going upward

In 2015, the bank's business in equities earned it a profit of 53 million euros, up 14.2% with respect to the previous year, emphasising the contribution of Private Banking. Cash deposits increased even more: by 16%. The evolution of ETFs improved by 44% compared to 2014 thanks to their flexibility, which allows both the more conservative customers to invest in them and those with less risk aversion, generating a greater contribution in the contracting of international markets, the result of diversification.

All of this contributed to reasserting the bank's leadership in the business of equities, which has a wide range of products and services. Customers can carry out spot transactions in domestic and international markets, including investments in derivatives (warrants

and futures); they can do it with credit, making good use of bullish and bearish opportunities, or contract ETFs. If they prefer, they have tools to manage risk for themselves, through stop orders, dynamic, indexed and related orders, and those with conditions and restrictions, etc.

One of the objectives for 2016 is to favour a radical change in that range of tools, in order to differentiate between the uses that the least sophisticated customers demand and those that the most sophisticated investors require. New tools will bring unknown advantages to the market.

## Bankinter Consumer Finance

### The state of the recovery

With the improvement in the economy, consumer credit recovered in Spain during 2015, although still rather timidly. Similarly, indexes of non-performing loans decreased, the growth of which had been very high at the start of the crisis.

In this context, last year Bankinter Consumer Finance – the Group's business which is specialised in credit cards and consumer loans – decided to implement an area for new businesses, with the aim of attending to, in the best possible way, its customers' demand for financing.

This newly created area is, amongst other things, meant to offer crossed loans to Obsidiana credit card holders, who already enjoy the most flexible conditions in the market, they can adjust the loan payments they have made to their income stream by using plastic, without needing to accumulate them at the end of the month.

Within new businesses, Bankinter Consumer Finance also designed a loans format with a prescriptor, in order to finance purchases in certain establishments with which the bank maintains corresponding agreements.

Those loans will be launched on the market throughout 2016.

#### Traditional business

In addition, Bankinter Consumer Finance, with a young and highly qualified team continued to develop in 2015 the two traditional pillars of its business:

- The already mentioned Obsidiana card, not only provides credit facilities, but offers the client other advantages, such as specific discounts on certain products and services. Including, during 2015, the management of the Única Card for Bankinter's customers.
- Classic consumer loans, either automatically granted through a card or pre-authorised. To assess the latter, it has a refined data analysis system, which calibrates the risk-profitability of each operation and sets a specific price depending on the applicant profile.

Thanks to all of this, in 2015, Bankinter Consumer Finance managed to increase its client base by 51%. The number

of customers reached 728,000, as against 484,000 in 2014. The average investment per customer was 987 euros, which represented an increase of 14% compared to the previous year.

For 2016, the company's intention is to continue making good use of the opportunities that the economy's recovery has generated and, specifically:

- Seek new strategic partnerships with large companies that are willing to use as tools of loyalty the finance products of Bankinter Consumer Finance.
- To develop advanced instruments so that customers can access their loans with all guarantees, with maximum comfort and in the briefest space of time possible.



## Insurance

# A year of consolidation

Bankinter's insurance business contributed some income in fees, 29.9 million euros in 2015, a similar figure to that of the previous year. It is therefore a year of consolidation, in which the fruits of previously taken strategic decisions were collected.

One was the launch during 2014, with Mapfre, of Bankinter Seguros Generales, which distributes multiple risk insurance for companies, shops and offices as well as various types of funeral insurance. Mapfre and Bankinter jointly carry out the technical design of the products so that they more closely fit the needs of the bank's customers. The management of the policies is carried out by Mapfre as it is a job for an insurer and the marketing is carried out exclusively via the bank's branch network.

Within the field that is not life insurance, in 2015, Bankinter also started to offer liability insurance and that of individual health, in a mediatory role, in order to cover the increasing demand for this

kind of product. This mediatory role means that customers are advised about all the options they have in front of them, although they do not form part of Bankinter Seguros Generales' catalogue, and later on they have a free choice regarding the one which would better suit their needs.

### The specific weight of pension funds

As for pension fund marketing commissions, they experienced a sharp rise in 2015, thanks to outstanding commercial activity in these products rising from 10.3 million euros in 2014 to 11.7 million, representing an increase of 11%. Because of these products, the assets managed by Bankinter increased 7.7%, reaching 2.086 million euros, due to their intensive commercial collection and asset management.

Bankinter currently markets a total of 22 funds: 19 individual pension funds, two connected with employment

systems and one with a voluntary social security company (EPSV). Its portfolio was well balanced, 30% equity, 28% short term fixed income, 17% fixed and guaranteed income and the remaining 25% invested in balanced and fixed long term income funds.



## Bankinter in Luxembourg

### A distinguishing element

During 2015 Bankinter in Luxembourg has established itself as the solution for all those Private Banking customers that look for geographical diversification in their financial assets. The fact that Bankinter remains the only Spanish bank with its own banking licence in Luxembourg gives the Bankinter Group a differential element when compared to other domestic banks, allowing it to provide its customers with a complete, comprehensive offer according to their needs.

At the end of 2015, Bankinter's resources in Luxembourg and its SICAV rose to 1,312,000,000 euros, which represents a 68% growth with respect to the end of the previous year. Beyond this significant growth, discretionary asset management, where the Luxembourg subsidiary has particularly stood out, has experienced a growth of 107% with respect to the close of the previous year.

The prospects for 2016 are promising, not only due to customers' increasing awareness of the need to geographically diversify their assets, but also due to the opening of a new market after the Bankinter Groups' recent acquisition of Barclays Portugal.



## Bankinter Global Services

### New name, new strategy, equal importance

In 2015 Bankinter's operating technology and services company had its fifth anniversary for providing services both to the bank and to external customers. During that period, its professionals learnt how to improve and evolve, often comparing internal developments to outside competitors in key services such as information security and quality, control processes and the specialisation of operational services.

Throughout that period, the operating technology and service subsidiary classified and catalogued all the services it provided to the bank, and monitored and measured its indicators. Thus and with complete transparency, the bank had knowledge of its cost of services, its quality level and its business volume, as a step prior to optimising them.

In 2015, Bankinter decided to change the company name (the former Gneis became Bankinter Global Services) to strengthen the brand image and, most significantly, reoriented its strategy in order to focus exclusively on the internal function. The company's organic growth and its growing needs for operational and technological transformation advised this change in approach. The subsequent acquisition of the Barclays retail business in Portugal, which necessitated additional work for this merger in 2015, which will continue into 2016, simply confirmed the advisability of Bankinter Global Services working exclusively to provide its services within the organisation of the bank.

#### The challenge of 2016

The Portugal project is the company's biggest challenge for 2016. Bankinter Global Services plays an extremely important role in establishing the company on the international market--as proven by the opening of the office in Luxembourg--and the Barclays operation requires the development of a programme to integrate its lines of business with the bank's platform. Furthermore, Bankinter Overall Services is investigating a plan to transform the present technological and operational structure and to adapt its operation to the most advanced tendencies of the financial sector, on both a national and international level.

bankinter.  
Global Services

## Línea Directa Aseguradora

### A leading company in its sector



The company has just ended the best year in its history, growing in terms of profit, volume of premiums and its portfolio.

Direct Line Insurance, wholly-owned by Bankinter, is the leading company in terms of direct insurance sales in Spain, with a market share of almost 60% among companies that operate over the telephone and online. Besides maintaining one of the highest growth rates in the sector, it also boasts one of the best Customer Satisfaction Ratings (CSAT 80.25), 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 over the 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.

**Excellent results.** During 2015, the company recorded a net increase of about 144,000 policies, representing a growth of 6.4% with respect to the previous year. In this regard, the total volume of the portfolio has exceeded 2.3 million customers, which is a particularly impressive figure when considering that the number of insured vehicles in Spain only rose 1.1% last year.

With respect to the volume of premium issued, Línea Directa reached 679.7 million euros, 4.5% more than in 2014. This is thanks to the recovery of Motor branch (+2.8%), and to the strong growth experienced by the Home branch (+20.5%), much higher than overall increase in the sector, which only equated to 1.7% for vehicles and at 2.1% for home insurance.

Furthermore, Earnings before Taxes (EBT) was 139 million euros, corresponding with +4%, which, in turn, has increased net profit by 6%, reaching 99.4 million euros, the best in

the company's history. Furthermore, in 2015 Línea Directa achieved a ROE of 29.8%, a technical provisions coverage of 148% and a capital adequacy ratio of 204%, consolidating it as one of the most profitable and stable insurers in the sector.

These results have been possible thanks to a strategy based on quality, flexibility and specialisation, in which, during recent years, various business proposals have been developed and adapted to each client. Following on from this, 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 two of the most innovative brands in the industry.

#### **The best Combined Ratio in the sector.**

Another of Línea Directa's great results of 2015 has been its Combined Ratio, which has decreased to 86.7%, one of the lowest in the insurance sector. This indicator, which is key for any insurance company, measures the profitability of insurance activity by relating the claims cost and the running cost with the volume of premiums issued.

The result in 2015 has been possible thanks to great operational efficiency and excellent risk selection, which drastically reduced the loss ratio to 67.7%, an all-time low for Línea Directa.

**The value of reputation** After having been included in MERCOR Business and MERCOR People rankings for several years, in 2015, Línea Directa was entered in MERCOR CSR (Corporate Social Responsibility) rankings for the first time, consolidating it not only as one of the most responsible companies in the country, but also as having some of the best Corporate Governance standards. The report, which takes the opinions of managers, CSR experts, NGOs, consumer associations, journalists and financial analysts into account, ranks Línea Directa at number 4 in terms of its reputation in the sector and 85 in the whole country.

## **Road Safety. Here and Now.**

The Línea Directa Foundation was created in 2014 with the aim of fighting against traffic accidents, promoting values such as safe driving and responsible behaviour behind the wheel. That is why, using the slogan 'Road Safety. Here and Now', the Foundation centres its activity around four areas: Dissemination, Research, Training and Social Action, always with the common denominator of fighting in favour of the Road Safety.

Three powerful reports were written in 2015 and were widely discussed in the media, thus making drivers aware of the need to maintain safe driving standards. This year the Línea Directa Foundation presented three studies: 'Traffic fines, penalties or lessons?', 'The Influence that having older cars on the road has on traffic accidents (2008-2013)' and 'Passengers and their influence in preventing traffic accidents. A gender perspective'.

Furthermore, the Foundation held the Journalistic Prize of Road Safety once again, which has been recognising the importance of the media's work in the prevention of traffic accidents for over a decade, stimulating the publication of reports and the promotion of road safety.

Another action that had a large impact was the 'Not a drop of alcohol behind the wheel this Christmas' campaign, in which the Línea Directa foundation, in collaboration with CEPSA and the Association for the Study of Spinal Injuries (AESLEME), distributed 5,000 breathalysers across various petrol stations in Madrid, Barcelona, Valencia and Seville.

2015 also saw the first edition of the Entrepreneurs and Road Safety Prize, a unique competition in Spain, with a 20,000 euro prize as an investment, including training, mentoring and access to rounds of financing. The first edition received more than 60 candidates focused on preventing traffic accidents.

## Bankinter Securities

### Going after international markets

In 2015, Bankinter underwent a commercial repositioning of its securities broker, with the primary objective of expanding its field of activity to the main international stock markets. To this end, the company (previously called Mercavalor) changed its name to Bankinter Securities, a more familiar name for national and foreign investors. Additionally, the brand has since realigned its image with the Group's corporate identity and that of its affiliates.

In parallel with these changes, the company strengthened its staff, that is now composed of 20 professionals, including a new sales team focused on new international markets. Traditional activity based on the brokerage of national variable income markets and fixed rates will also benefit from these incorporations and technological investments, which will also support investment banking.

The reorientation of the securities business during 2015 finalises the process initiated in December 2013 with the rest of the shareholders acquiring 74.99% of the share capital of Mercavalor, of which

Bankinter already held 25.01%. The full integration of this company was the first step to complement its service offering towards a more overall format, with a greater focus on assets management and specialised advice, in accordance with the pre-existing quality standards and efficiency of the Group.

The challenge that Bankinter has set is to place itself among the five great Spanish operators in the sector in the medium term.

In 2015, fee income increased by 36% with respect to the previous year, reaching an EBT of 6.7 million euros, corresponding with an increase of 62% compared to 2014. The traded business volume reached 34,352 million euros, representing a market share of 1.8%, after applications.

As for markets, it should be highlighted that the national market still represents 78% of income, with an increase of 6% with respect to the previous year; and the international market already represents 22%, with a growth of 64% with respect to 2014.

bankinter.  
Securities





**C**  
**channels and networks**

## Branch network In full digitisation process



Most managers now have tablets at their work stations, with which they can carry out tasks ranging from collecting a biometric signature to expediting cash flows.

The improvement in the economic outlook has led to a gradual increase in movement at the branches, which lost substantial business during the hardest years of the crisis. One of the symptoms of this recovery is the volume of signed mortgages, which grew by around 21% in 2015. Property financing is not one of the main goals of Bankinter, but it gives a lot of life to the Network and it grants the opportunity to talk with customers about other products and services that the bank can offer them.

Those who returned to the branches at the first signs of recovery have discovered that they are completely adapted to the brand image and in the midst of a digitisation process. The latter is extremely significant for two reasons;

- It contributes to consolidating the perception of Bankinter as a company that is at the technological forefront.
- It helps to bypass paper as a necessary component of operational documentation, which is more and more copious because of regulatory demands.

Most managers now have tablets at their work stations, with which they can carry out tasks ranging from collecting a biometric signature to expediting cash flows. The use of email is also being fostered to give notifications of charges to accounts, reports and even to subscribe investment funds via the password card.

### Convenience and time

All of this results in greater convenience for customers. But, basically, it frees up time so that branches are dedicated to what really contributes value to the bank: personal advisory services and marketing products. These tasks are carried out in accordance with the best practices protocol assumed by the bank, whose application is regularly supervised. During 2015, quality audits were completed in the General Branches.

On 31 December 2015, Bankinter had 361 General Branches, 48 Private Banking Centres, 78 Business Centres and 22 Corporate Centres. General branches are mainly in medium-sized and large urban centres, whereas business centres are located in industrial estates. Enterprise Centres and Private Banking Centres are distributed across the primary cities in Spain.

No new openings have been planned for 2016. The objective is that the Network completes its digitisation, extending it across all processes, except for that of advising. It will also improve its value proposal, with a mix of good products and quality of service. With this objective in mind, those responsible for the Network will continue working so that professionals integrated into this network have better training and a stronger capacity to adapt.



## The Network of Agents Muscle to attract high-value customers

The Network of Bankinter Agents is a business model whereby the company is associated with highly regarded financial professionals. Bankinter shares profits generated by the joint activity with these professionals, without incurring in the costs of a traditional branch. In this way, these agents contribute their knowledge and their customers, whereas the bank provides its financial product portfolio, as well as the potential and accredited reputation of its brand.

The priority of the Agents Network, which is considered to be one of the strongest in the country, is focused on attracting high-value customers. For this reason, the Network directs its activity

towards Private Banking customers, who request financial services that are adapted to their needs. In this regard, the Network works in close contact with the bank's Private Banking sector and its members receive continuous training so that they can offer the highest quality service and bring value to their customers.

In 2015, the bank's commitment to this business led to the incorporation of more than one hundred new agents, who brought around a growth, both on and off the balance sheet, of more than 2,000 million euros, raising the total of managed client resources to 11,300 million euros. More than 3,000 million of this corresponds to investment

funds, whose assets increased by more than 60%. Furthermore, the number of SICAVS under management rose considerably, jumping from 78 to 125.

The objectives for 2016 are to consolidate this growth through a stronger relationship with the area of Private Banking, as well as to control the process of the network's expansion, which has grown quickly and significantly over recent years.

### Agent centres, a direct connection

Agents of the Bankinter Network, as the independent professionals that they are, work from their own offices. However, a select group are physically located in so-called Agent Centres, which are high-standard facilities that the company provides for them, allowing them to establish a more direct connection between the client and the Bankinter brand. There are nine centres like this in Spain: two in Madrid and one in Zaragoza, Barcelona, Sevilla, Valencia, Alicante, Las Palmas and Logroño.

The Network of Agents directs its activity towards Private Banking customers, who request financial services that are adapted to their needs.

	2015	2014	% Dif.
Acquisition (No. customers)	7,230	4,703	53.7
Average controlled resources (in thousands of euros)	5,121	3,357	52.5
Average customer deposits (in thousands of euros)	1,572	1,191	32.0
Average investment	1,574	1,609	-2.2

## Partnet Banking

### The victory of the collaboration

It is currently very fashionable to share ideas and results in the world of business, but Bankinter has been doing it successfully for many years. In 1991, the project that we now know as a Partnet Banking was born and, since then, it has continually generated profits for the parties involved, year after year.

Banking Partnet is a network that runs parallel to that of conventional offices based on alliances with large companies, designed to develop financial services with them. The agreement consists of installing 'a Bankinter branch' within the company. The bank provides the technology and the knowledge; the company promotes its services among

employees, customers and suppliers, and a part of the profits of this collaboration are distributed between both parties.

This business model, based on confidence and transparency, led the way to the acquisition of 2,054 new customers in 2015, raising the total to 33,380. Overall, nearly 400 companies have Bankinter Partnet Offices, including Atresmedia, Accenture, Mediaset, Meliá, Cepsa, EY, McKinsey, IBM and HP. The earnings before tax in 2015 was 31 million euros, thanks to the very low level of non-performing loans (1%; ten times less than the average of the sector), a strong balance sheet and a very low level of structural costs.

If Partnet Banking has worked well up to now, the future is certainly promising. Its commitment to transparency, collaboration and a focus on the medium term are not only coherent with Bankinter culture; they also fit with the principles of sustainability and Good Corporate Governance that are being imposed in the financial sector. On the basis of these criteria, the bank proposes several pillars for growth:

- Expand the radius of action, reaching collaboration agreements with securities agencies and international banks for the custody of its financial instruments.
- To take advantage of the expansion into Portugal. The acquisition of Barclays allows the bank to export the Partnet Banking model to large Portuguese companies.
- Concentrate efforts in the sector of Private Banking, which is that with the most potential.
- Refine the network of members. The objective it is to homogenise the profitability of the offices.

This business model, based on trust and transparency, led to the acquisition of 2,054 new customers in 2015.

	2015	2014	% Dif.
Acquisition (No. customers)	2,054	2,272	-9.6
Average controlled resources (in thousands of euros)	3,354	2,762	21.4
Average customer deposits (in thousands of euros)	2,220	1,821	22.0
Average investment	1,970	1,815	8.6

## Remote network

### An advanced service that generates value

The client no longer needs a physical location in order to connect with the bank. Instead, customers need the company to be contactable via email, internet or over the telephone in order to meet their needs. Bankinter's remote network services respond to this need with specialised teams, which, as well as managing new client communication trends, are capable of taking initiative and acting proactively.

Thus, for example, the telephone banking service has evolved from the customer support service, which continues to function correctly with

quality assurance, working towards business activity that is aimed at results.

With this approach, the professionals using this platform not only receive calls, but also contact customers to offer them products and services adapted to their profiles. Similarly, Bankinter has teams that are specialised in client retention, both in the insurance sector and the pension plan sector, intervening when customers wish to cancel their services. This is how great value is generated for the company. The service is provided from Bankinter's facilities in Spain, and always with professionals in the region.

The Telephone Banking service is one of the most valued from the client's perspective, with a customer satisfaction rating and referral rating of 49.2% and 40.35%, respectively.

#### Remote client care

Another form of remote client attention is that which takes place when a client has either been signed up over the phone or online, and who therefore has not been allocated a physical branch. In such cases, the remote client care process is initiated, which allows the client to make consultations or carry out operations over the phone or online.

The above-mentioned procedure is also in place for customers that have been allocated a physical branch but who wish to engage in such remote services.

Remote client care, which is provided to the Retail, Personal Banking and Partnet Banking segments, and to the Agent Network, is supported by the bank's CRM system. This system, which interacts with the commercial network and constructs predictive models of preference, facilitates the ability to give advice and to manage the needs of customers remotely.

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

## Multi-channel banking

### Wherever, whenever and however



The company launched its new mobile banking service, an innovative and agile version that allows customers to operate and consult their accounts, regardless of the device they are using.

Remote channels are being used more and more by Bankinter's customers. The channel that is by far used the most is the Internet. Of all the transactions made with the bank in 2015, 58.6% were carried out online. If we break this figure down, we can see that business customers are those who used the Internet the most for such transactions, representing 87.1% of the sector, whilst the percentage for Private Banking is 66.8%; Retail Banking, 63.2%; and Personal Banking, 66.9%.

In this context of new demands, Bankinter considers that this multi-channel approach, understood as the possibility to interact via various channels easily and instantly, without losing any information, is key in adapting services to client behaviour, wherever they are.

For this reason, in 2015 the company launched its new mobile banking service, an innovative and agile version that allows customers to operate and consult their accounts regardless of the device being used (tablet or smart phone).

Thanks to the new Bankinter application, it is possible to see movements on accounts, carry out national and international transfers, operate with investment funds, make deposits and even return debits. The system also keeps customers informed via a new notifications system, which sends customised alerts to the mobile device, and also gives them the option of receiving notifications via sms MESSAGES.

At the end of 2015, and coinciding with new charges for ATM services, Bankinter also launched an app to let its customers know, using a geolocation system, where they can withdraw cash without being charged. The application provides the location of the ATMs as well as directions.

In 2015, the bank also made a new online registration system available to prospective customers. With this new process, any individual interested in becoming a client with Bankinter will be able to do so completely virtually, without the need to attend a physical branch. The process of information, identification and verification is very simple, and the future client is guided throughout to solve any unforeseen events that may emerge. Furthermore, customers can stop the process at any moment and come back at a later moment, picking up from where they left off.

Other improvements to online operations were the following:

- On the online broker website, new kinds of orders and conditions are now accepted with respect to ETF operations.
- Companies that need financing for their foreign activities can carry out transactions of discount without resource online.
- The new Communication Room is highly functional and adapts itself to any device to respond to media needs. In addition, the information is published with great speed. Furthermore, it has new multimedia areas and is adapted for Social Networks so that the information can be shared (in the case of Twitter, headlines or sections of new stories).



## Social networks

### Growth, education and optimisation



Social networks are also an extremely useful tool for keeping in touch with the company's public image and, consequentially, for improving its reputation.

In 2015, Bankinter maintained its social media growth and exploitation strategy, constituting an important factor of change in the business digitalisation procedure. Thanks to these platforms, the bank can get a better understanding of customers' needs and thoughts, as well as attract new customers, inform them about matters that may be relevant to them and promote customers. Social networks are also an extremely useful tool for keeping in touch with the company's public image and, consequentially, for improving its reputation. The array of possibilities is growing by the day, as has been demonstrated with the emergence of new uses of technology (for example, Big Data and Social CRM).

On 31 December, Bankinter had 69,043 followers on Facebook (30.6% more than in 2014) and 42,811 on Twitter (+18.4%). During the year, the monitoring firm Alto Analytics detected 97,672 digital appearances of the brand, which corresponds with a growth of 10.8% on the previous year, including news and comments in online

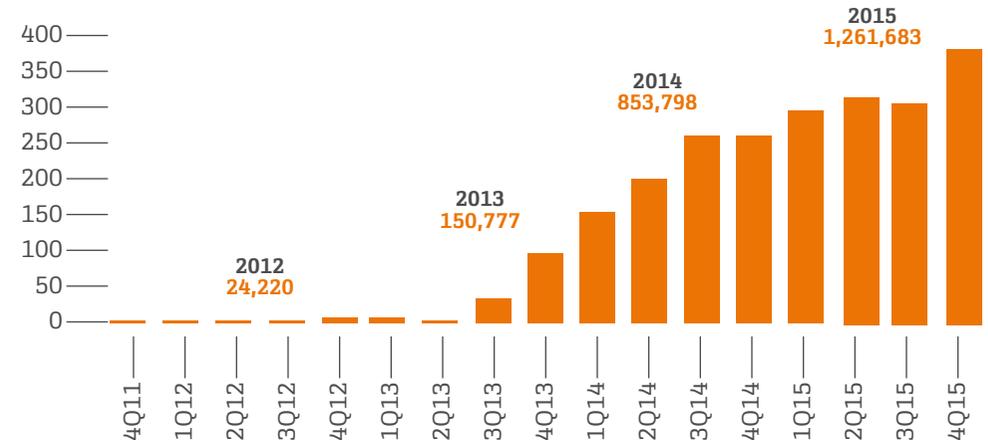
media outlets or forums. Together with this quantitative advance, once again the bank ended the year with a greater percentage of positive mentions on social networks (72%), according to details gathered on a monthly basis by the specialist company Acceso.

Bankinter drove a large part of these appearances thanks to an active digital campaign developed by the department of Social Networks, which belongs to the area of External Relations and CSR and provides a global and transversal service to the organisation. The 'Bankinter Blog' deserves a special mention, as it boosted its audience by 49%, reaching a total of 1,261,683 annual visits last year, according to data from Google Analytics. This digital space has become an information centre for customers and potential customers, which attracts more and more readers who are interested in financial news. Its content on personal economy (investment, property, taxation and saving) corresponds with the most read articles by the Blog's readers.

In 2015, Bankinter set the objective to investigate possible uses of social networks for the bank, both for individual customers and businesses. For this purpose, a project was set up with the CRM department to gain a better understanding of customers through Big Data tools. The first discoveries have been promising, and are sure to continue in the same fashion. Additionally, a plan was initiated to improve the customer attraction systems via LinkedIn, which is currently awaiting results and analyses.

For 2016, the bank will continue to expand its knowledge in the context of social networks, always in search of an approach to improve the business, its communication and its reputation.

Quarterly evolution of the Bankinter Blog readership (in thousands of visits)



## Marketing



It is worth highlighting the constant presence in digital media throughout the year, particularly in search engines and via affiliate marketing.

The marketing department designs and develops the most appropriate marketing actions in order to meet commercial objectives, supporting new product launches and services to various client segments, providing all of the necessary materials for commercialisation and communication.

During 2015, multiple marketing campaigns were actively developed, incorporating direct, digital and mass media. In this context, it is worth emphasising the bank's constant presence in digital media throughout the year, especially in search engines and affiliate marketing. Likewise, the marketing department has continuously supported the commercial network, preparing and distributing communication materials from various campaigns and organising events to develop commercial activities.

A significant landmark of 2015 was the simplification and rationalisation of the creative agencies that collaborate with the marketing department in preparing and launching all campaigns,

both in direct and mass media, as well as strengthening the creativity of all communications.

As a consequence, the positioning axis of being 'Decidedly persona' was born, which positions Bankinter as a bank that prioritises individual attention over mass attention.

The improvement to advertising results measurement systems has been another field in which work was carried out throughout the year. Specifically, and with respect to improvements in the efficiency of purchasing advertising media, a measurement system has been developed via comparing prices with a 'benchmark', formed by key advertisers in the country, which has led to improved efficiency when purchasing advertising.

With respect to improving the efficiency and results of the campaigns, the econometric models created in 2013 have continued to develop. This evolution will allow for the learning

pathway and improvement process to continue in each campaign launched. On a more technical level with respect to advertising efficiency, via models of direct response attribution, the area is now more capable of measuring the return on television spots, by channel, days of the week, time slots, etc., which allows for an optimal mixed-media proposal to be developed, maximising the ROI on all advertising campaigns.

In a digital context, the marketing department made developments in the management of search engine actions in 2015, by implementing a robot that automises the optimisation of SEM campaigns (advertising on search engines), analysing all of the information online (competition, consumer behaviour, etc.), which allows for planning to be adjusted in real time when obtaining the most efficient and effective result.

With respect to marketing at the point-of-sale, with an aim to optimise and better control the spaces and materials of the General Branches, an integral audit of the offices was carried out, which allowed the databases to be updated, adjusting the formats and creative aspects to the available spaces,

thus improving the effectiveness of material production and the efficiency of advertising messages and creativity.

With respect to direct marketing, the traditional activity of client-focused communications has been maintained, with an objective to help in product cross-selling. In addition, the acquisition of groups has been supported via personalised offers.

Among the most relevant initiatives and campaigns of 2015, the following stand out in particular:

**Bankinter 5% Salary Account Campaign:** launched in January and continuing until February 2015, the aim of this campaign was to capture new customers and Salary Accounts.

The media plan incorporated TV spots, press, radio and digital media, as well as outdoor advertising with posters and billboards in the office network. Furthermore, the plan included specific actions with respect to search engines and affiliate marketing.

**1.50% Mortgage Campaign:** launched in February 2015, the aim of this campaign was to capture new customers, via the

offer of a new mortgage product, with an attractive price and special sign-up conditions.

The media plan included TV spots supported by display banners in digital media, as well as SEM and affiliate marketing.

Overall, both campaigns were remarkably successful, leading to the acquisition of new customers. Specifically, the two campaigns attracted 8,942 new customers.

Oferta para nuevos clientes.

## Cuenta Nómina

Hasta **5%** TAE el primer año <sup>(2)</sup>

Lo importante no es cómo se lo digamos, sino que nuestra cuenta nómina hace crecer su dinero.

Sin comisiones. | Con tarjeta de crédito gratis. | Asesor personal.

With respect to events organised by the marketing department, the "Gira Bankinter" or "Bankinter Tour" stood out in particular, seeing the singer Estrella Morente, along with a roster of invited artists, tour around 10 Spanish cities. The "Bankinter Tour", which, on this occasion, formed part of the events organised as part of the bank's 50th birthday, was deemed a classic; this being the sixth consecutive year that the tour took place, which proved hugely popular among the public. Specifically, during 2015, 14,000 people associated with the world of Private and Corporate Banking attended.

Additionally, with an aim to develop stronger relationships with customers and potential customers of Private Banking and Enterprise Banking, the following activities took place:

**Masterclass "Discover your Blue Ocean"** with Enterprise Banking customers and potential customers in 3 Regional Organisations of the bank, attended by 329 executives.

**Fusion Suite** with the violinist Ara Malikian and guitarist José Luis Montón, gathering 50 customers of Corporate Banking.

**Exclusive luncheons with Private Banking customers** attended by almost 750 people.

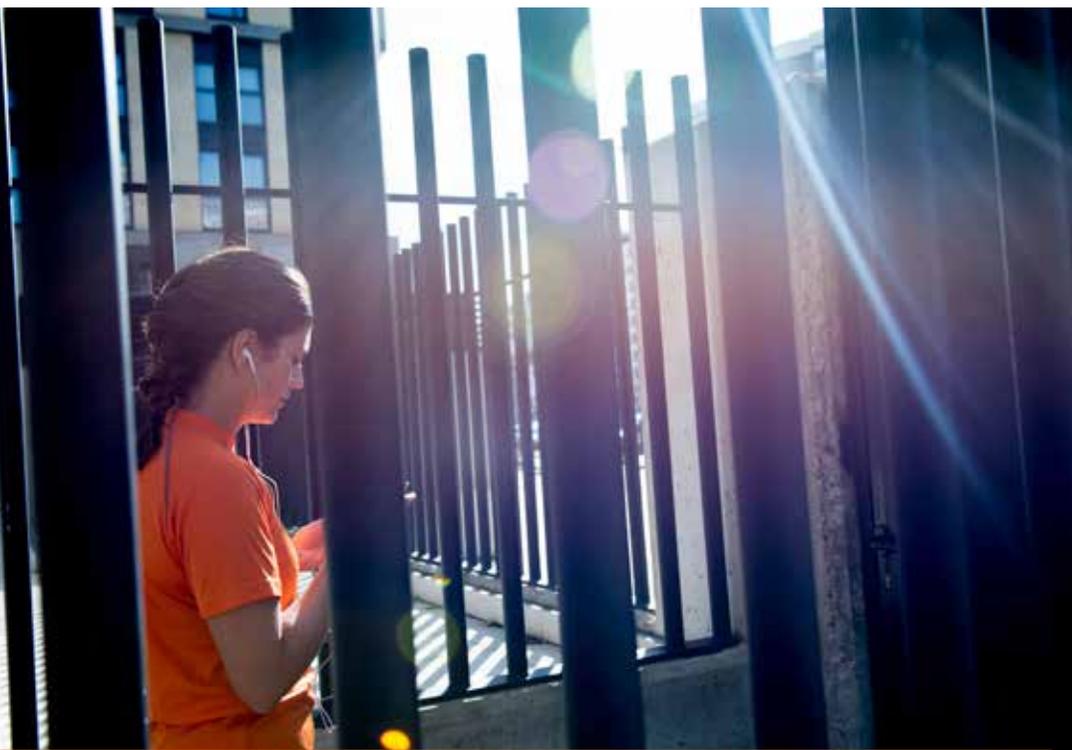
**Financial meetings** in different cities, with an objective to advise customers with high incomes and give them information with respect to investment funds with an original and innovative format. Almost one thousand people have attended these events, led by Javier Bollain, Managing Director of Bankinter Securities, Rafael Alonso, from the Area of Analysis, as well as invited fund managers.

**Intimate Events for Private Banking customers** in different Organisations; 5 Operas led by the soprano Pilar Jurado, and 5 Gastro-experiences, led by 5 Chefs awarded with Michelin stars.

In order to promote the Equities Business, **Masterclasses** were run, led by the Directors of Equities from each Organisation and the Analysis team.



## CRM (Customer Relationship Management) Intelligence in decision making



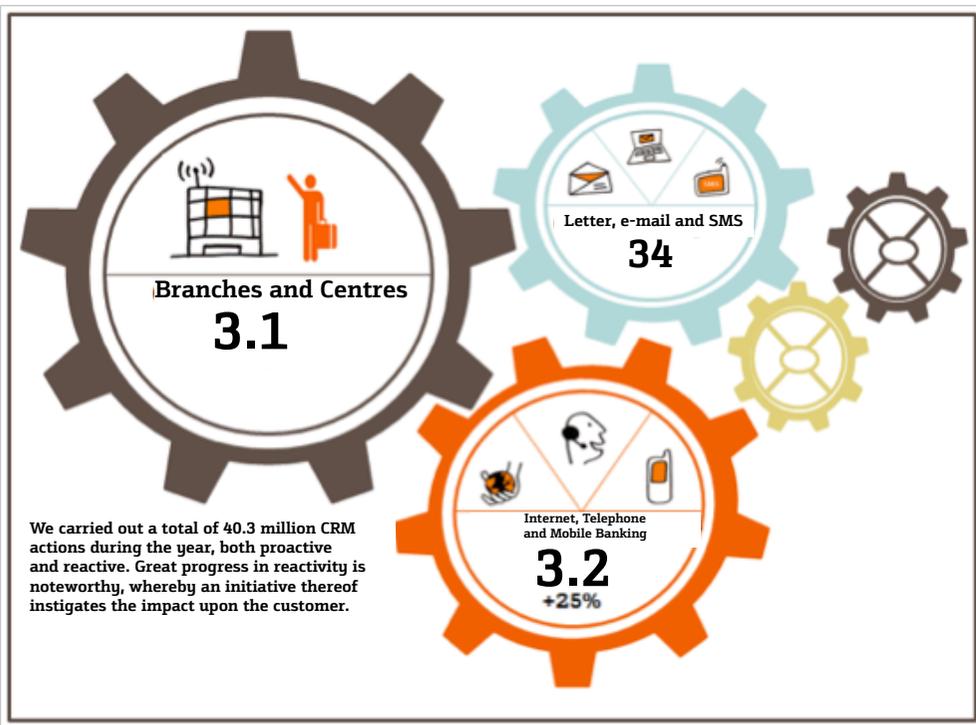
CRM is a strategic component in the activity of different areas and businesses within the bank, providing the necessary tools for launching and prioritising commercial actions.

CRM is the area responsible for getting to know the client (needs, preferences and all other relevant matters) and for having a unique vision thereof, with an aim to effectively and efficiently develop a relationship, from both a commercial point of view and from a general perspective of the client's experience with the bank, always striving to maximise profitability, satisfaction and relationships with the client, identifying what should be offered in each interaction, depending on the channel and the circumstances, based on behavioural patterns and results' analyses.

Thus, it is a strategic component in the activity of several of the bank's areas and businesses, providing the necessary tools for launching and prioritising commercial actions (events, algorithms and alerts), as well as the necessary business intelligence for complete client management and decision making.

In 2015, commercial actions with Commercial Banking customers were primarily focused on development and relationships with customers (with actions towards asset growth, payrolls, etc.), however, the increase in the number of commercial actions supporting the strategic commitment is worth highlighting. In Enterprise Banking, CRM actions have been focused around analysing the network and making it available, as well as opportunities to increase high-quality credit investments and to achieve successful business relationships. Furthermore, advancements have been continually made with respect to actions based around high-quality potential customers, using Big Data techniques, georeferencing and synergies among businesses, in instances that we consider to have high potential.

## Number of commercial actions per channel



Information expressed in millions of actions

New regulatory requirements, regarding investor protection, client identification or security online, indicate that the bank must contact its customers to explain these changes, all the while maintaining the commercial dynamic of the company at its highest levels.

The ability to contact customers has continually been improved in a more efficient manner thanks to periodical data updates; a vital requirement for commercial activities with customers, and, in particular, remote commercial activities.

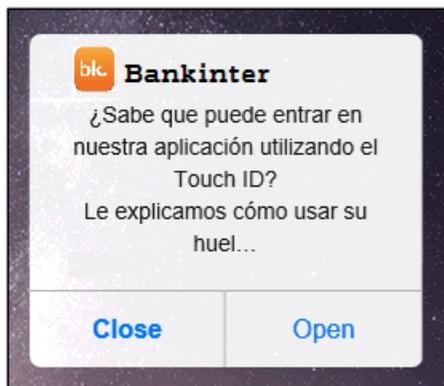
In 2015, digital transformation made a huge advance. Although the bank has spent years interacting with customers via remote networks, the rising use of mobile phones and tablets has meant that the bank, via its CRM, now offers its products and services via these devices.

In this regard, and by way of example, with respect to debits and credits that can occur in a client's account, financing products or investment products can instantly be offered to the client accordingly.



Another example of new advances in this 'multi-channel' world is the recent use of push notifications on mobile devices, which help to communicate certain operations (that are simple enough to be explained in a text message), and which facilitate everyday processes with customers, such as activating the fingerprint feature on iPhones or using geo-localisation. The bank is able to communicate with customers, not only according to their profiles, but also based on where they are located at a given moment. This has enormous application possibilities in the future.

Furthermore, in 2015, the transformation of Personal Banking and Enterprise Banking has been completed. For Personal Banking, tools such as reference portfolios have been developed, and all events and actions associated with the life-cycle of the client have been boosted. For Enterprise Banking, after re-segmentation, the foundations have been laid for a new commercial drive, customers have been reassigned and more specific business opportunities have been identified for each segment.



## Quality

### The recommendation thermometer



The ultimate aim is to identify priorities of activity and to promote their application across different areas of the bank and the business network.

The function of the area of Quality is to evaluate customer satisfaction with respect to the company and the quality of internal processes to drive initiatives that promote excellency in the service, and, as a result, enhance the relationship with customers and their recommendation of the bank.

With this purpose in mind, Bankinter carries out necessary metrics and studies in order to understand its internal and external projections across three areas: the opinion of customers with regard to the quality of personal and digital customer service channels; the opinion of the branches with regard to internal quality; and the position of the company with respect to the market. The ultimate aim is to identify priorities of activity and to promote their application across different areas of the bank and the business network.

#### The client indicator

As of 2014, the criterion of the recommendations constitutes the customers' opinion indicator. To measure this, the Net Promotor Score

is used (NPS), an index that evaluates customers' inclination to recommend Bankinter or its services on a scale from 0 to 10, classifying them into promoters, neutral and detractors. The result is the difference between the percentage of promoters (customers that recommend the bank) and the percentage of detractors (those that do not).

In 2015, the bank continued to transform its measurement systems and quality indicators in all customer surveys and market surveys. For this reason the methodology and calculation were modified, which prevents the bank from being able to establish a homogenous comparison in some variables, although in other cases indicators from 2014 could be updated to facilitate the monitoring of their development.

In any case, results from 2015 present a slightly positive evolution in the level of customers' recommendations of the bank, which is now at 22.9%, compared with 22.5% from the previous year.

This favourable trend is also detected in the sectorial studies of independent companies, in which Bankinter's assessments are, once again, far higher than those of the sector, placing it as one of the leading companies with regard to its service.

### Multi-channel experience

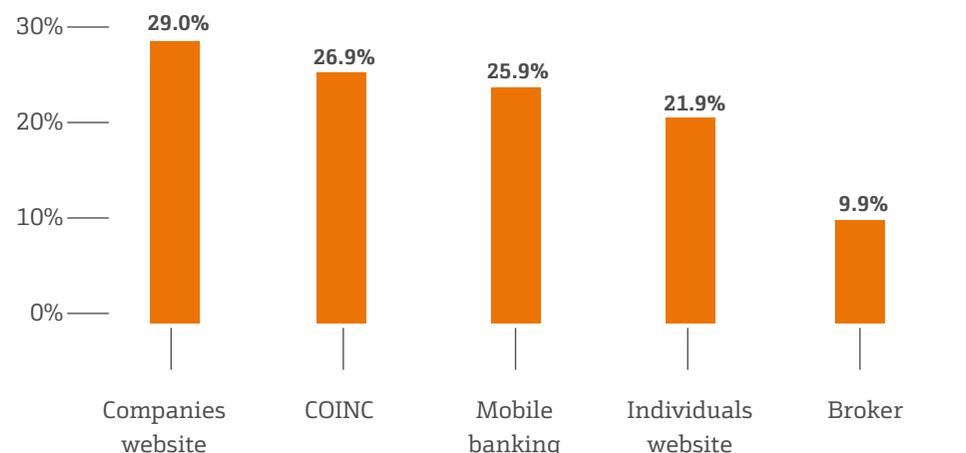
2015 saw the incorporation of the recommendation criterion as a quality indicator with Telephone Banking, and the measurement methodology was updated in the digital channels. Results show high customer recommendation levels with respect to personal customer service channels (NPS rose from 34.8% to 37.6%; and the assessment of the personal manager went from 53.1% to 54.5%).

#### Recommendation indexes

##### NPS personal customer service channels



##### NPS digital channels



## Improvements projects

The main objective developed in 2015 was the strengthening of the mobile banking service, whose design and navigation were completely updated, now incorporating new functions that allow customers to monitor their accounts and investments from their smartphone or tablet. Operations such as transferring pension plans from another company, making additional contributions to pension plans, password reactivation and the ATM locator, among others, further enriched the mobile banking service.

Furthermore, a new notifications system was designed, dealing with contracted services and products (anti-fraud alerts, movements and account positions, etc.), which can be activated free of charge from Bankinter's mobile banking application, and which allows customers to continually stay informed of positions and investments with the bank.

Procedure improvements, based on internal satisfaction polls and customer opinions, were based around refining existing processes, such as the online client sign-up process and internal treatment of incidents and claims.

## Results compared with the financial sector as a whole

Studies that measure Bankinter's results compared with its competitors draw very positive conclusions. These are two of the studies carried out in 2015:

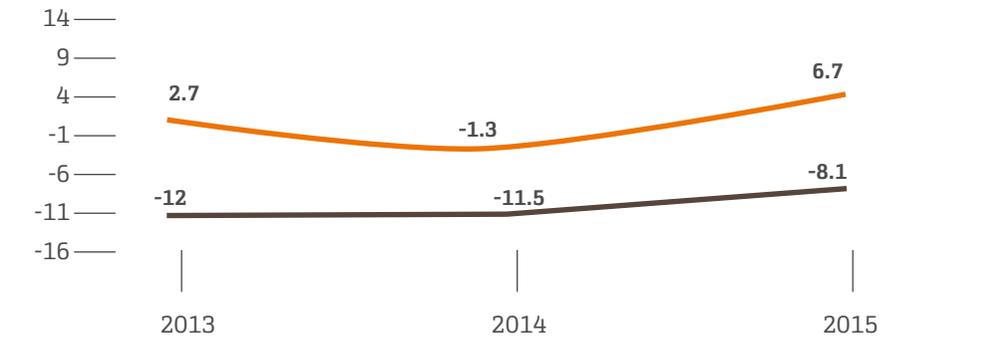
- NPS of Bankinter in retail banking (individuals). The *benchmarking* study (comparative analysis) of customer satisfaction in the financial sector, carried out by an independent company, shows that Bankinter offers a level of quality that is considerably higher than the average of the sector. In 2015 the difference was expanded to 15 points. The ratings within the study show improvements in the majority of assessed attributes, highlighting the positive development of the office, mobile banking, the offer of the product/price and incident management. This trend can be explained by the increase in the level of commitment and customer recommendations.

- Objective quality of the business network. The assessment of the bank in the EQUOS RCB study positions Bankinter as one of the leading companies in the sector. The study assesses the quality provided in the commercial network of branches of

the main financial entities in Spain, using the technique of mystery shopping. The development of the objective quality of Bankinter

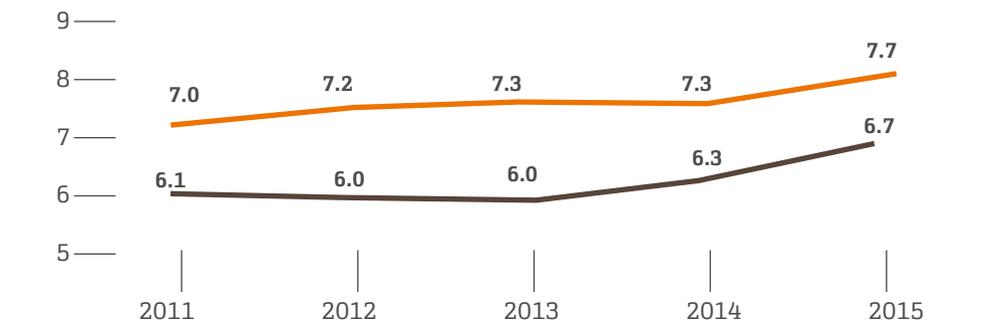
offices in 2015 was very positive. It underlined improvements to customer service, product explanations and documentation provided to potential customers at the end of their visits.

### Financial sector Benchmarking - Retail Banking



Source Stiga: Financial sector benchmark 2015

### Objective quality of the financial sector



Source Stiga: EQUOS study, RCB Analysis of objective quality in banking business networks

## Customer Service department Communication with the client

Bankinter's customers can direct any complaints and claims to do with the bank to the Customer Service department, through any of the available communication channels (website, mobile, physical branch, telephone, etc.). The objective of this department is to ensure correct attention, resolution and client communication. Modifications to management processes, registrations and incident analyses were implemented during 2015, in order to bring solutions and improvements to internal procedures related to the client.

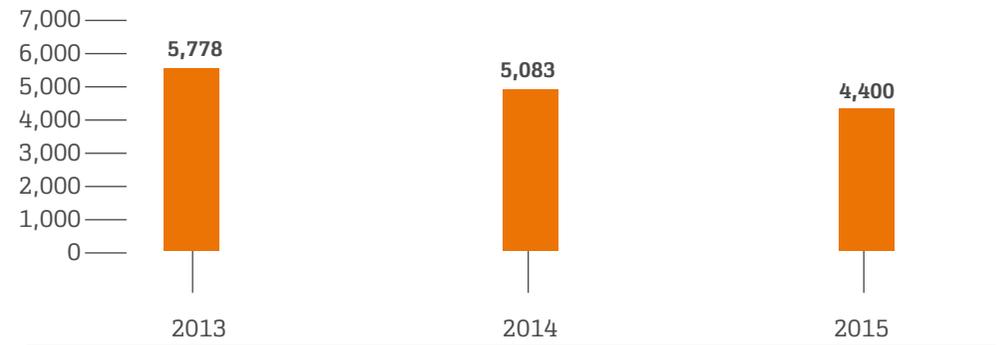
In 2015, complaints and claims processed by Customer Services decreased by 13.4% with respect to 2014, amounting to a total of 4,400, of which 47.9% were resolved within a period of 48 hours; claims of a financial nature amounted to 3,433, 44.9% of which resulted in a favourable resolution for the client.

With regard to the Bank's volume of transactions, the number of complains and claims fell to 1.52 per million transactions (against 2.19 the previous year).

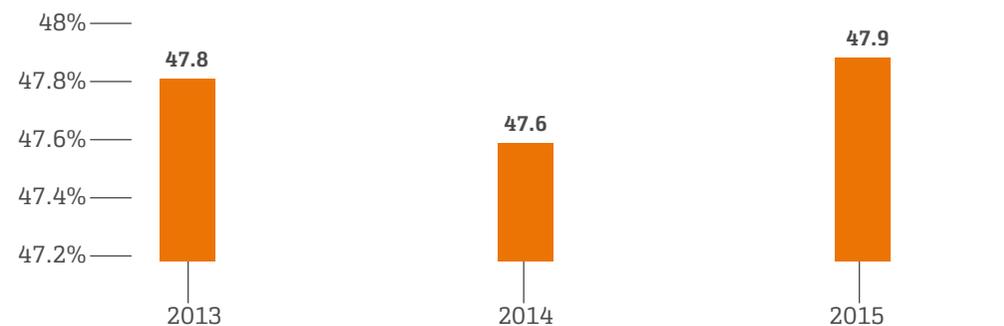
As well as the Customer Service Department, customers can also sent their complains and claims to a third-party body, namely the External Ombudsman, either because they disagree with the way the Bank resolved an issue, or because they simply prefer to address this body directly.

Additionally, should customers disagree with the responses received, they can direct their complaints and claims to the Complaints Departments of Banco de España, the Spanish National Stock Market Commission, or the Spanish Directorate-General of Insurance for matters corresponding with each respective body.

**No. of complaints and claims resolved**



**Percentage resolved in less than 48 hours**



A woman with long dark hair, wearing a red sweater, is shown in profile, looking down at a smartphone she is holding in her hands. The scene is lit with warm, orange light, likely from a lamp. In the background, a window with patterned curtains is visible, and a red object, possibly a bag or piece of clothing, is on a surface to the right.

# 08 innovation

Innovation Centre  
Technological milestones of the year  
Bankinter Innovation Foundation

## Innovation Centre

### The response to the challenge of digital banking.



The Bankinter Innovation Centre responds to the new challenges in the sector.

The terms 'innovation' and 'digital' are not synonymous, but almost. In the financial industry, innovation is concentrated in the development of digital banking. The Innovation centre of Bankinter responds to the new challenges of the sector from three angles:

**Acquire a better understanding of the client's relationship with technology** (what the client wants and how) to offer them appropriate services. The technological revolution and changes to consumer behaviour, for which there is much more information and possibilities than before, require new entities to have certain operational guidelines. Bankinter not only bases its innovation projects around products but also around solutions (e.g. digital wallet or software applications).

**Generate more efficiency in the organisation.** This entails offering the same services at a lesser cost. This is the case, for example, with the biometrical digital signature project set up by Bankinter. The platform allows customers to digitally sign contracts

using a touch-screen device and simultaneously create an electronic copy of a legally protected contract for it to be sent to head office. The new system simplifies procedures, saves time and eliminates administrative costs.

**Find new business models, as it is the case of COINC.** Bankinter's Innovation Centre analyses existing business models that are threatened by increasing regulatory requirements, new customer demands and the emergence of new technological players. It then proposes new ways to generate values. The key to innovation is not so much about having ideas, but rather translating them into sustainable business sources and anticipating major changes faced by the financial industry.

Together with these guidelines, the Innovation Centre analyses certain problems or challenges that are specific to the organisation, which it then works on in collaboration with the implicated departments in order to find a solution from an innovative perspective.

## COINC, the star project

During 2015, a major portion of the Innovation Centre's resources were used to develop the COINC project, a new financial product launched in 2012, and which has had a large impact in the Spanish market. The challenge is to transform COINC, which was born as a saving product, into a complete digital platform for financial services. In this regard, not only can COINC customers save using the system of targets, as they have done up until now, but they also have the possibility to access preauthorised loans, which are immediately granted, and to get discounts on online purchases (e.g. with Amazon or businesses that are members of the COINC club, such as Booking.com, Fnac or Expedia.es).

Other news from 2015 includes the creation of COINC Junior, which promotes saving for children and young people, and an update to the website's interface, both for desktop computers and smartphones/tablets, which revolve around the idea of simplifying account management actions and facilitating

operations. In 2016, COINC will provide its customers with the ability to manage their day-to-day expenditure, allowing for the direct payment of credit cards and bills. Furthermore, this will include a payment method, based on both a physical card and on smartphone. Throughout the year it will continue with its modernisation strategy, based around customers' facilities via the internet and mobile apps.

COINC it constitutes the spearhead of the bank's digitalisation model. Its development is implicating an important technological effort, which is also useful for other initiatives of the Bank.

The results of this commitment to enrich the project are very encouraging. In 2015, around 1,000 million euros were managed through COINC, which represents a growth of 47% with respect to 684 million euros in 2014. The growth in the number of customers was also very remarkable. Registered users rose from 60,583 to 84,000, which means an increase of 37%.



## Other noted projects

Together with COINC, the Innovation Centre of Bankinter gave priority to two other projects in 2015:

### Mobile digital wallet solutions.

Bankinter used the experience of the Mobile Virtual Card, launched in 2014, to continue investing in search for m-wallet solutions (purse or mobile wallet), in which it was somewhat a pioneer in Spain, allowing users to make payments for day-to-day items with their phones. For 2016, the m-wallet will allow for users to pay for purchases via the application with debit or credit cards, make payments between people, manage advanced notifications or receive a wide range of discounts with their mobile phone. The company considers these solutions to be strategic for its business. To develop these solutions and preserve their innovation projects, Bankinter has started to protect its know how and has already been granted a patent related to 'contactless' mobile payments and online payments.

**Mobile services for customers.** The intention it is to improve customers' relationships with the bank, adapting the mobile offer to new consumer demands, such as through specific software applications. In 2015, Bankinter launched a renewed and advanced version of its mobile bank service, designed especially to make good use of all the technological potential of new smart phones and tablets. The objective it is to optimise customers' experiences so that they can monitor their personal finances in real time, no matter where they are. A groundbreaker in Europe, Bankinter has offered a service for financial and stock market operations via mobile phone since 2005. In this period, the number of users of the service has not stopped growing and now, among those customers that are active online, has a penetration of 38.8%. In 2015, Bankinter increased its mobile banking user base by 9% with respect to the previous year, amounting to 172,824 active customers.



## Technological milestones of the year

### The constant influx of innovation



Technology is one of the Bank's main sources of competitive advantage, acting as an indispensable feeding mechanism to enhance innovation within the organisation.

Bankinter has always maintained a strategy of continual evolution in its technological architecture. Technology is one of the Bank's main sources of competitive advantage, acting as an indispensable feeding mechanism to enhance innovation within the organisation. Its effectiveness requires available systems that are robust and highly user-friendly.

In 2015, the enhancements made to the technological architecture of the company spanned across four areas:

**Customer platforms.** The bank improved remote services to its customers, such as the transactional website for individuals ([bankinter.com](http://bankinter.com)), the broker service ([broker.bankinter.com](http://broker.bankinter.com)) and the service area for businesses ([empresas.bankinter.com](http://empresas.bankinter.com)). To do this, the Bank used the latest technology available, much of which was originally conceived for non-financial purposes.

**The computer infrastructure.** The active management of Bankinter Global Services, the Group's technological department, led to great progress in the capacity to take on the increase in customers, improvements in response times, availability to operate 24 hours per day when faced with any type of incident, and a reduced cost in running systems.

**Internal work tools.** The company invested in improving employees' working environment, increasing their productivity and becoming more efficient with respect to relationships with customers.

**IT security and confidentiality of information.** In 2015, improvements were also made to data management operations and storage, allowing such systems and services to reach the highest levels of security, with an aim to protect them against any type of cyber-attack. Levels of fraud in Bankinter are very low.

## Bankinter Innovation Foundation

### A steady commitment to the future

In 2015, the Bankinter Innovation Foundation launched new initiatives to meet the objective that inspired its creation in 2003: Promote innovation and entrepreneurship as motors for creating sustainable wealth. To do this, the Foundation works with various groups in our society, from businessmen, executives and entrepreneurs, to those who will take on such positions in the future, such as students currently in higher education.

The Foundation works with four great initiatives: the Future Trends Forum, Akademia, Entrepreneurs and Cre100do. These initiatives can be described as a virtuous circle, beginning with the detection of main global trends in the world of innovation. These trends are then transmitted into the university

community and the real world, finally receiving the precise impulse to turn them into economic motors via business activity. These were their activities:

#### Future Trends Forum

The FTF is the first and only think tank in Spain dedicated to science and technology, and is one of the best 25 in the world according to the index elaborated by the University of Pennsylvania, incorporating more than 6,000 think tanks. It is made up of an exclusive group of 400 top-level experts, whose mission consists of anticipating the immediate future, detecting and analysing innovative trends that will transform society and business models in the medium term. During 2015 the following trends were analysed:

#### Big data and human performance.

The implications that the increasing amount of data that we produce by using credit cards, mobile phones, wearable technology (smart watches, electronic bracelets, etc.) and other devices were studied, with respect to their effect on people, governments and businesses. The conclusions of this study can be found at: <https://www.fundacionbankinter.org/ftf/bigdata>

**The machinery revolution.** An analysis of how new technological developments (Internet, robotics, artificial intelligence, etc.) will boost employment and job markets over the next decade, and a description of the best strategies for anticipating and facilitating changes. The conclusions of this study can be found at: <https://www.fundacionbankinter.org/es/web/fundacion-bankinter/segundaedadmaquinas>



**Cybersecurity.** Measures that should be taken to ensure the security of all information created by society were discussed, in a context of transparency, vigilance and safety. The meeting took place in December and conclusions will be published during the spring of 2016.

Cybersecurity was also a topic of debate in the three rounds of conferences that took place for the first time in 2015, under the general name of NextPractice. Using these conferences, the Foundation and Bankinter aim to consolidate a community of innovation, which discovers the opportunities and effects of trends analysed by the Future Trends Forum. The other two central topics of 2015, within the context of NextPractice, were *The second age of machinery* and *Open innovation*.

The Bankinter Innovation Foundation looks to promote innovation and entrepreneurship as motors for creating sustainable wealth.

## Akademia

This programme, launched in 2006 to influence education and to promote an innovative approach among future leaders, took place during the 2014-2015 academic year across nine universities, with an enrolment of 218 students.

Students attended tutorials and practical classes, in addition to several meetings with entrepreneurs who explained their experiences, with an aim to understand the tools that innovation will offer in the future. At the end of the course, each student presented a self-designed business model.

More than 40 professionals make up the teaching staff. The 2015-2016 courses was initiated in 12 universities, a significant increase from the 2 universities (Deusto and Valencia Polytechnic) that took part in the first year.

In 2015, the Akademia Open Project was initiated, which aims to open the Akademia experience to anybody who wishes to learn more about the particularities of the trends analysed in the Future Trends Forum. It offers online module courses, free of charge, with an instructional and pedagogic design, thus facilitating the understanding of innovation.

Alicante University collaborate in the project, contributing the technological platform. The first course of Akademia Open Project was titled *Innovation applied to medicine: 'Health a-la-carte'*. (Link; <http://unimooc.com/course/salud-a-la-carta/>)



## Entrepreneurs

It is a joint programme between the Foundation and Bankinter's Venture Capital area, launched in 2013, and which supports the enterprise in its early development phases, in addition to helping to promote the enterprise across Spanish society.

Around 1,200 projects have been presented since then, referring to a wide range of fields, such as renewable energies, nanotechnology and telecommunications. Of these 1,200 projects, 17% went past the initial filter and 1.6% received investments.



In 2015, funding was approved for seven projects:

**PlayGiga.** A cloud-based game distribution platform.

**TalentClue.** Recruitment software that automates the staff selection processes.

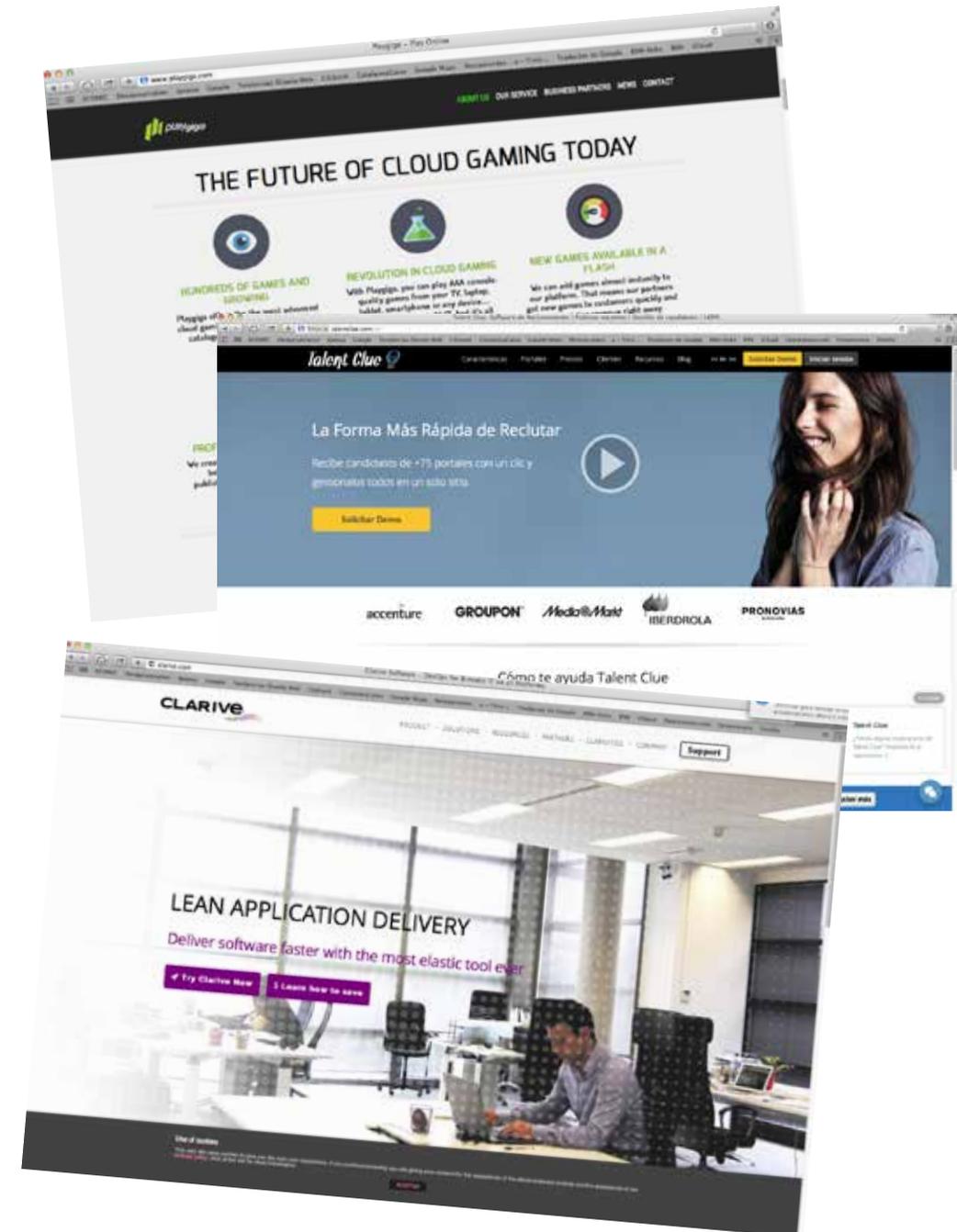
**Clarive.** Support tools for development and operations teams.

**QaShops.** Assistance to manufacturers and suppliers in publishing their catalogues around the world across all channels.

**Startupxplore.** Community of startups that connects with all players in the European ecosystem.

**Viuing.** The first portable device based on disposable, simple and functional TV technology, broadcasting in real-time everything that is going on at large events, public or private.

**Hundredrooms.** Metasearch engine for tourist apartments and holiday houses. It compares more than a million accommodations from a hundred different websites, offered by individuals.



## Cre100do has been up and running for a year.

Cre100do is a programme for business transformation initiated by the Bankinter Innovation Foundation, the Instituto de Comercio Exterior (ICEX) and the Circle of Employers, which, over the next 5 years, will accompany 100 Spanish companies on their path to become large businesses, and opening the path for many others.

Cre100do wants to develop a point of reference for the growth of companies that benefit the country, sharing high-impact concepts and business practices via the participation of 100 companies in the programme.

To do this, 15-25 companies are selected each year. Selected companies have an annual turnover of between 25 and 250 million euros, and the following five years consists of helping them to boost this turnover. Priority is given to sectors in which the positive impact of these companies can have a multiplier effect, applying criteria that allows for the growth potential to be assessed.

Top-level companies collaborate with the Cre100do programme, including: Accenture, Asesores Financieros Internacionales (International Financial Advisers), AT Kearney, Bankinter, Deloitte, Esade, Garrigues, IBM, IESE, McKinsey, Ramón y Cajal, PwC, Telefónica and the Foro de Marcas Renombradas Españolas (Forum of Renowned Spanish Brands). Top-level independent professionals also provide their support to the project.

The companies selected in 2015 were Mascaró, Matholding, Gocco, GMV, Egile, Natura Bissé, Premo, Jobelsa, Istobal, Fini, Normon, Ibi, Textil Santanderina, Atarfil, Pikolinos and Chocolates Valor.

# Cre100do.es

## Nuevas Grandes Empresas

Cre100do wants to develop a point of reference for the growth of companies that benefit the country, sharing high-impact concepts and business practices via the participation of 100 companies in the programme.



# 09 human factor

People  
Sustainability Plan  
Economic dimension  
Social dimension  
Environmental dimension  
Suppliers

## People

### Unique in generating employment



In 2015, once again, Bankinter generated employment. 409 people joined the Bank's teams during the year.

In 2015, once again, Bankinter generated employment. 409 people joined the Bank's teams during the year. It is an exceptional circumstance, since no other company in the Spanish banking sector increased staff in a consistent way during the financial year. Since the crisis, the financial sector has been emerged in a process of consolidating and reducing its capacity, which led to the corresponding negative effect on employment. According to data from the Banco de España, between 2008, the year that recorded an all-time high for employees in the sector, and 2014, 70,000 people lost their jobs, that is, 25% of the total. Faced with this trend, Bankinter has generated employment for three consecutive years, and now has a workforce of 4,405 staff.

#### Specialists

The net employment created in 2015 was concentrated mostly on senior and specialised roles that strengthened the departments of Risk and Regulatory Compliance, as well as commercial teams in the Branch Network. Furthermore, new positions strengthened key areas for the company's strategic development, such as Investment

Banking and Private Banking. The increase in staff numbers goes hand in hand with the solid evolution of the business, and is also coherent with its expansion projects. Aside from this, the generation of employment forms part of Bankinter's contribution to the Spanish economy, a weak point of which is the job market itself.

The creation of employment is an indicator of the Bank's ambition to increase its resources and turnover. However, Bankinter people management policy goes well beyond simple determination. The search for excellence, the appraisal of merit and the commitment to equal opportunities are some of its distinctive features. The ultimate objective it is to build an all-inclusive framework of activities based on the idea that employees are the principal asset to the company. To maintain this asset, the Bank sets up programmes to recruit professionals, takes care of their training, facilitates improvements to the work environment, stimulates motivation and promotes professional development. Here we will explore how these initiatives pan out.

## Attracting talent

Bankinter's reputation as an innovative company that looks after its employees is a beacon for professionals in the sector who want to work with the bank, and this facilitates its policy for attracting talent. This positive image has been developed over time, and was confirmed in 2015 with new recognitions, labelling the Bank as a good place to work and grow professionally. The strategy for attracting talent is developed across two key areas:

**Senior recruitment.** Recruiting professionals with prior experience with other companies. The arrival of such professionals brings new perspective to the Bank, enriching the knowledge of the workforce, and serving as a positive contrast to internal values.

**Identifying junior talent.** Bankinter carries out an internship programme for students, reserved for fresh graduates and those in the final years of their education, constituting what could be defined as the Bank's youth squad. In 2015, 190 people participated in the programme, and around 6% of these formed part of the workforce. Furthermore, Bankinter promotes agreements with universities and business schools, helping them to complete their graduates' training. Last year saw the first edition of the Master's course in Financial Markets and Banking, organised collectively by the Centro Universitario de Estudios Financieros (Cunef - the University Centre of Financial Studies) and Bankinter's Corporate University. The programme, which went up to January 2016, deals with a range of topics (as well as strictly academic training, it included paid internships with the Bank), and saw the participation of 26 students.



## Training and development

The axis of training is the Corporate University, which, in 2015, was consolidated as an initiative that not only completes and develops the professional skills and capacities of its employees, but also strengthens the corporate values of Bankinter. Its latest objective it is to improve the company's reputation.

The Bankinter Corporate University was created in 2013 as a strategic tool for creating value and exchanging information at the heart of the organisation. In its almost three years of life, it has reinforced its role as a meeting point for ideas that promote cooperations and facilitate mechanisms for sharing knowledge. Nowadays, a very significant part of the learning process does not come from conventional training, but rather from participating in collaborative settings, such as that offered by the Corporate University.

Its purpose takes place across two platforms:

**The physical Campus.** This is located in Tres Cantos (Madrid). The Campus has facilities and classrooms with a range of formats and capacities.

**The virtual Campus.** The virtual space has an increasing importance due to the development of new technologies. It grants access to all employees via the Bank's internal website.

The Corporate University is divided into schools. Thus, on the one hand, it has the **Business College**, where knowledge that the teams need to have a better understanding of the products and client interaction processes is shared. **The Technical Schools** ensure that professionals in the company are up to date with projects and new technologies. And, on the other hand, there is the **Talent School**, where training is given to employees to develop their skills and to support their

careers and professional development. The bank has development programmes for young professionals with high potential, who may well take on future positions with great responsibility, as well as programmes for experienced experts and programmes to support functional mobility.

A new feature for 2015 was the **Summer School**, which was able to lay the foundations of a self-development system, allowing the Bank's employees to access learning materials, on a voluntary basis, for subjects that interest them, such as languages, team management, using tools, commercial techniques and communication, etc.



## Talent promotion

In 2015, the second edition of the Horizon Programme, which is the axis on which the talent promotion policy is based. Its objectives are two-fold:

**Identify people** in the organisation with strong capabilities to develop the company's values in the future, and who display leadership potential.

**Provide them with training tools** and experience, which help their potential to develop fluidly and quickly, and in particular to facilitate improvements to their personal skills and team management.

Bankinter has another major tool in supporting internal talent, which is the rotation policy or internal mobility. In 2015, 28% of employees were given a new responsibility. It is a very encouraging statistic, given that taking on new challenges and responsibility is an important key in professional development.

Additionally, the bank has a Programme for their near 850 Personnel Managers. The Programme is based around training for people who manage teams, ensuring alignment in management styles and connecting the objectives of each personnel manager with the Bank's culture and values. The company has a map of competences that supports the processes and ensures that the professionals have developed key behaviours, such as being results-orientated, communicating assertively, being able to manage changes, develop people, work in a team, and having solid skills in leadership, organisation and delegation.

The new People's Website of Bankinter is a key tool for supporting the process of Talent Management, as it facilitates access to information and streamlines processes focused on internal mobility.

## Evaluation and development

Bankinter's evaluation and development system is an annual process that identifies employees with the best performance in the organisation, and designs appropriate professional development plans for them. Its intention is to offer a complete, objective vision of the professional competences and abilities of each employee, providing added value that allows the company to develop the way it behaves.

The person in charge evaluates employees in terms of performance - related to the acquisition of previously established quantitative and qualitative results - and commitment. Both aspects feature an evaluation that is formed from a conversation based around *feedback* feedback, and ends with a tailored development plan, advice and recommended reading in order to develop the abilities and behaviours identified.

Furthermore, employees and collaborators perform self-assessments to compare the competencies and skills they use in their daily work with the *feedback* received.



## Remuneration

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.

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 in the job position.

**2. A variable portion**, designed to be compatible with appropriate and effective risk management and in line with the agreed business strategy. It is applied to the whole workforce, differentiating by functional areas. Groups of employees with a direct business relationship with the customer or with an array of different activities have specific bonuses. The rest of employees have variable incentives, which are 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. 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. The development of Earnings Before Tax (EBT) for banking activities has an impact on the variable incentives for all groups.



## Corporate employee benefits

Bankinter offers **corporate benefits** that go beyond legal requirements and which apply to all employees.

These include:

- Assistance in educating employees' children.
- Medical insurance.
- Life insurance.
- Advances against monthly salary.
- Banking services and products 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 **also have right to the following benefits:**

- Mortgage loans (including novation).
- Housing construction loans.
- Review of interest rates of mortgages.
- Housing loans.
- Loans for other purposes (no proof is required).
- Advances. Those included in the banking collective labour agreement and those for the purchase of a computer, to pay for language courses, foreign immersion courses or postgraduate studies relating to the employee's professional activity.
- Simulation of pension plans.

There is also a **flexible remuneration system**, of a voluntary character, whereby the bank and the employee can agree to modify the composition (not the amount) of the remuneration package, substituting financial remuneration for non-financial remuneration, such as with nursery vouchers, shares, health insurance, training, contributions to pension plans or restaurant vouchers. In this way the employee maximises remuneration in two main ways: through the Bank's negotiating power to optimise the price and through the tax advantages accruing to certain products or services contracted through this system. Currently 48% 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 following circumstances: widowhood, orphanacy, 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.
- Annual contribution of 300 euros to the pension plan of all employees, pursuant to the provisions of the banking collective labour agreement, who have more than two years' service in the industry and whose pension commitments are not covered by any other scheme.

Furthermore, Bankinter forms part of the Plan Familia for Employees. Promoted by the Adecco Foundation, this programme 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 those related to leisure.

## Recognition

Bankinter's all-inclusive people management model received several forms of recognition in 2015. Some of the main acknowledgements were:

- Bankinter was certified by the Top Employer Institute as one of the best companies to work for in Spain, for the seventh consecutive year. The selection was based on criteria such as workforce planning, leadership development, professional career management or corporative culture. The analysis by the Top Employer Institute also took into account the importance that the company places on employee commitment, the intensive use of technology and personalised development.
- Bankinter ranked 16th in the classification of Merco Talento, a monitor that identifies the 100 most attractive companies to work for based on an analysis of various sources of information. The result represents a significant advance with respect to 2014 (ranking 24th) and 2013 (ranking 52nd), which corroborates the increasing prestige of the company's people management policy. To elaborate the study, Merco carries out surveys with employees of Spanish companies, university students, business schools students, Human Resources staff, experts, headhunters and the general public. Additionally, Merco ranked the bank as forming part of the TOP 50 of companies with the best reputation in Spain.
- Bankinter was ranked 31st on the list of the 100 best companies to work for in Spain, which is elaborated annually by the Spanish magazine Actualidad Económica.
- In 2015, Bankinter maintained its certification as having a Family Responsible Company Model. This certification, granted by the Más Familia Foundation, highlights companies that value the family and work life balance, that support equal opportunities, and which base their management processes on continual improvements to all related matters.

#### New additions to the workforce: processes and candidates

No. Selection Processes	No. Candidates
583	2,520

#### Internal rotation

No. Published vacancies	No. Candidates
104	398

#### No. training activities, hours of training and people trained

No. Training activities	People trained	Hours of training
394	4,301	253,154

#### Staff on 31 December 2015

##### Contract type

Contract type	Men	Women	Total
Indefinite	2,099	2,157	<b>4,256</b>
Temporary	75	74	<b>149</b>

Contract type	Men	Women	Total
Full time	2,164	2,206	<b>4,370</b>
Part time	10	25	<b>35</b>

##### Staff distribution by professional category

	Men	Women	Total
Administrative	177	331	508
Agents/Technicians	1,056	1,377	2,433
Directors	941	523	1,464
<b>Total</b>	<b>2,174</b>	<b>2,231</b>	<b>4,405</b>

##### Staff distribution by age

	Men	Women	Total
< 25 years old	9	9	18
25 - 30	138	190	328
31 - 35	395	516	911
36 - 40	521	575	1,096
41 - 45	318	457	775
46 - 55	558	414	972
> 55	235	70	305
<b>Total</b>	<b>2,174</b>	<b>2,231</b>	<b>4,405</b>

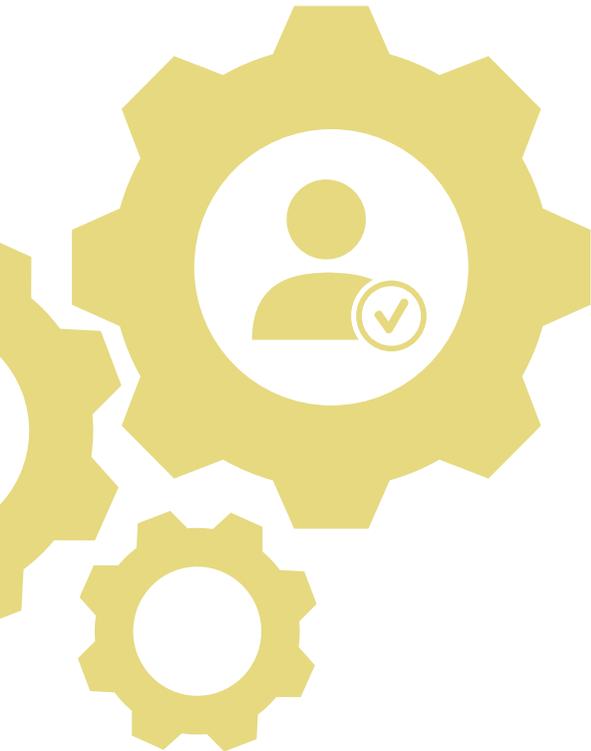
##### Staff distribution by time with the company

	Men	Women	Total
Up to 5	464	364	828
From 6 to 15	967	1,188	2,155
From 16 to 25	296	522	818
More than 25	447	157	604
<b>Total</b>	<b>2,174</b>	<b>2,231</b>	<b>4,405</b>

##### Staff distribution by region

	Men	Women	Total
Andalucía	188	168	<b>356</b>
Aragon	66	55	<b>121</b>
Asturias	42	29	<b>71</b>
Balearic Islands	26	29	<b>55</b>
Valencia	210	151	<b>361</b>
Canary Islands	44	81	<b>125</b>
Cantabria	25	25	<b>50</b>
Castile-La Mancha	35	31	<b>66</b>
Castilla-León	74	56	<b>130</b>
Catalonia	161	185	<b>346</b>
Extremadura	15	8	<b>23</b>
Galicia	38	43	<b>81</b>
La Rioja	12	13	<b>25</b>
Madrid	1,081	1,176	<b>2,257</b>
Murcia	28	28	<b>56</b>
Navarre	14	18	<b>32</b>
Basque Country	102	129	<b>231</b>
<b>Total</b>	<b>2,161</b>	<b>2,225</b>	<b>4,386</b>

19 employees work in the Luxembourg branch.



#### Staff distribution by nationality

Nationality	No. people
Germany	10
Andorra	1
Argentina	7
Belgium	6
Brazil	1
Bulgaria	1
Chile	3
Colombia	5
Cuba	6
Denmark	1
Ecuador	1
Spain	4,296
The United States	1
Russian Federation	1
Finland	1
France	11
India	1
Italy	3
Luxembourg	1
Morocco	5
Mexico	3
Norway	1
Netherlands	4
Pakistan	1
Panama	1
Peru	5
United Kingdom	3
Romania	1
Switzerland	8
Venezuela	10
Not given	6
<b>Total</b>	<b>4,405</b>

#### Days of absence

	2015	2014
Non-occupational disease	19,879	18,252
Female	14,695	13,766
Male	5,184	4,486
Maternity	12,108	12,009
Female	12,065	11,991
Male	43	18
Paternity	1,170	1,190
Female	0	0
Male	1,170	1,190
Work-related Injuries	703	611
Female	512	480
Male	191	131

#### Absenteeism rate

	Men	Women
<b>Total</b>	<b>0.553308824</b>	<b>1.565426471</b>

Days of absence due to common illness and work-related accident for every 100 hours worked

#### Accident rate

	Men	Women
<b>Total</b>	<b>0.000617647</b>	<b>0.002470588</b>

No. total accidents for every 100 hours worked

Human capital	2015	2014	2013	2012	2011
<b>Descriptive indicators</b>					
No. of employees	4,405	4,185	4,088	4,068	4,210
Average age (years)	41.19	40.93	40.30	39.58	39.00
Personnel costs (thousands of €) (*)	296.44	271.76	263.31	243.35	254.51
<b>Experience</b>					
Average years of service	13	13	13	12	12
Average years of service / 40 years (career) (%)	32.50	33.15	32.50	30.00	30.00
<b>Diversity</b>					
Breakdown by gender					
Men (%)	49.35	49.41	49.17	48.80	49.31
Women (%)	50.65	50.59	50.83	51.20	50.69
University graduates (%)	80.09	77.90	77.05	76.72	76.96
<b>Capacity and development</b>					
People who have received training (%)	97.64	94.00	95.35	96.06	78.08
Average no. of hours of training per person trained	58.86	47.31	35.81	38.85	40.08
Training investments over total wages (%)	1.2	0.8	0.5	0.6	0.8
Training investment per person trained (euros)	553	381	207	246	383
<b>Commitment and motivation</b>					
External rotation index (calculated with average staff headcount)	4.40	3.52	4.09	5.59	10.29
People with flexible remuneration (%)	47.79	45.07	39.92	35.15	30.74
New hires in last year/total staff (%)	9.28	5.81	4.33	2.19	2.76
<b>Productivity (thousands of euros)</b>					
EBIT/No. employees	118.12	93.87	63.87	37.90	57.04
GDP contribution per employee	185.85	150.60	132.16	115.83	119.70
Customer funds per employee	7,856	7,243	6,915	6,159	5,382
Credit investment per employee	10,030	10,143	10,077	10,339	10,120

\* Expenses without Linea Directa

Structural capital	2015	2014	2013	2012	2011
<b>Removal of hierarchy and Transparency</b>					
People participating in assessing competencies, performance and commitment	4,222	4,016	3,990	NDA*	NDA*
<b>Flexibility</b>					
Internal rotation (%)	28.22	19.00	16.72	19.80	22.28
People with business tablets and laptops (%)	26.17	25.50	26.22	27.88	27.72
People with business mobile (%)	67.04	76.30	63.92	63.74	63.06

\* Between 2011 and 2012 no competency evaluations were performed.

Relational capital	2015	2014	2013	2012	2011
<b>Customer relations</b>					
No. of private banking centres	48	42	38	38	59
People per branch or management centre	8.65	7.96	7.85	7.69	7.61
Staff linked directly to the business (%)	74.96	77.30	77.62	76.72	76.75
% of new active customers	9.07	8.75	8.65	7.82	6.23
New active customers per employee	18	17	16	14	11

# recipients

## Selected Name

Lucia Molpeceres Molpeceres  
Ana María Vázquez González  
Alfonso Castillo Lapetra  
Tamara Espinosa García  
Luis Álvarez-Ossorio García  
María Oréllana Rodríguez  
Esther Lavilla Palacios  
José María Vegas Cornejo  
Encarnación Jiménez Núñez  
Antonio Jesús Castillo Gallardo  
Francisco Ramos Vázquez  
José Luis Lorente Puerto  
Jorge Cuesta Rojo  
Javier Prieto Vargas-M.  
Cristina Martín García  
Javier Martín Casado  
Jorge G. Andreo Ramírez  
Mónica Rey Tobalina  
Rosa María Romero Reim  
José María Molina Mancha  
J. Vicente Calderón Bedoya  
Luis Alberto Bleda Giraldo  
Rafael Duarte González  
Andrés Aroca Roca  
María De the Sea Melchor Diez  
José Ángel Saro Ortiz  
Ester Castillo Šubias  
Angel López Lavín  
Gustavo Chova Morant  
Daniel Córcoles Nicolás  
Fernando A. Serrano González  
María Teresa Borja Vila  
Sergio Gómez Gil  
Fco. Javier Pardiñas Martos  
Beatriz Fernández Y Prida  
María Del Coro González González  
Angel Moreno Gavela  
Amelia María Mirón Gómez  
Paloma Rguez-Arango Fernández  
Yolanda Sanz Rey  
Isaac Mier Cáceres  
Gloria González Blanco  
Guillermo Catalán Mezquiriz  
Ana García Orden  
Estefanía Pérez Márquez  
Cristina Rodríguez Urcelay  
Leslie Carol Izurieta Manrique  
Raúl Moreno Moreno  
Jacqueline Karar Nuño  
Sergio Del Corral Vicente

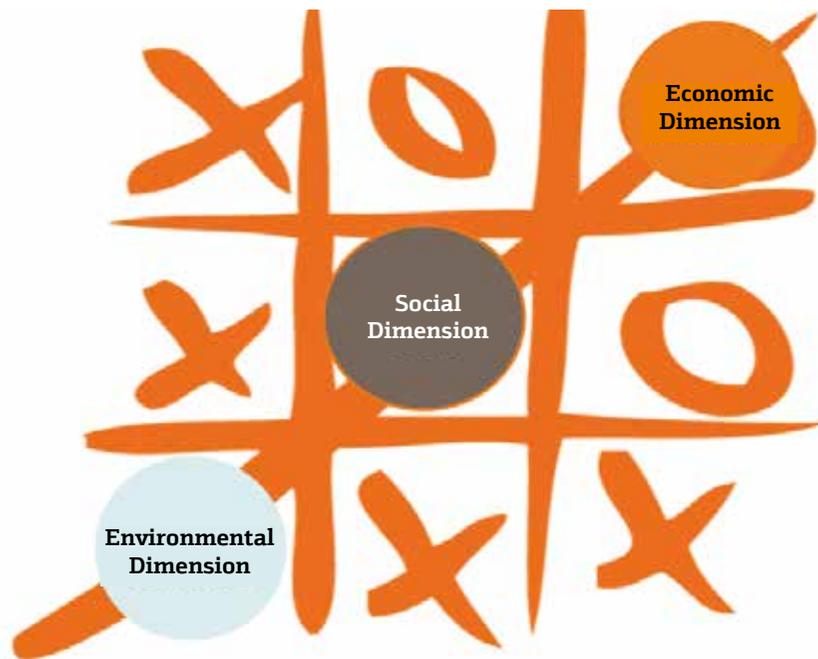
Elena Zaldívar Aparicio  
Juan Jacobo Prieto Álvarez  
Roxana E. Rodríguez Muro  
Gonzalo García Rojas  
José María Campos Cardenal  
Elena Gil Rampérez  
José Antonio Rodríguez Quintana  
Verónica Saint Michael Pérez  
Almudena Clavijo Puyol  
Esther Vegas Coello  
Álvaro Bernar Escardo  
Ana Prieto Témez  
Marcelina Cancho Rosado  
Inmaculada Muñoz De La Fuente  
Sarahi L. Gonzalvo Torrado  
Beatriz Rodríguez Guirado  
María José Pozo García  
José Antonio Martínez Jiménez  
Juan Miguel Herreros Chinarro  
Montserrat Francos Montero  
Gema Rebollo Guerrero  
Roberto Giménez Serrano  
M. Antonia López Rodríguez  
Manuel Prada Blanco  
Alberto Lebrato Martínez  
David Olivares Rodríguez  
Raquel Esther Garvi Monclus  
María Méndez Rodríguez  
Sergio Gavilán Peñalva  
Cristina Bautista Cabello  
M. Ángeles Cortés Ruiz  
Angel Llamas Llamas  
Alfonso Luis De Rojas Peinador  
Pedro Lucena Pérez  
Mercedes Bergua Barrena  
Beatriz Ruiz García  
Eduardo Cueda Casanova  
Leslie Carol Izurieta Manrique  
Jorge Rodríguez García  
Mario Romero Caamaño  
Concepción Irnán Pacheco  
Daniel Crespo Muñoz  
Elena Zaldívar Aparicio  
Luis Miguel Ambrona Dueñas  
Rafael Faura Alonso  
Helena Ortigosa Lora  
Ascension Cuadra Pérez-Santan  
Ana Belén Merino Rodríguez  
Dimas White Muñoz  
Ismael Sierra Ruiz  
Nuria Relañó García

María Trinidad Cayón Carrillo  
Yolanda Alonso De Los Santos  
Elena Zaldívar Aparicio  
José Andrés Osma Cantero  
Fernando E. Colás Fernández  
Fausto M. Rodrigo Trullen  
Raúl Bordonaba Royo  
Eduardo Rubio Campillo  
Francisco Vallado Martínez  
Antonio Murillo Gayo  
Rubén Villanueva Hermida  
Laura Martín Chicharro  
Enrique Delgado Gómez  
Santiago Iglesias Canle  
Álvaro Valencia Marín  
Luis Ponce De León Sánchez  
Rosa María Prieto Sánchez  
Jorge López Galán  
María Eugenia De Obeso Díaz  
María Reyes Fernández Arancón  
José Esteban Sanz López  
Carlos Muñoz Gómez  
Ignacio Quintana Urrutia  
Beatriz Torres Piñeyro  
Alejandro Gomes García  
Paula Pérez De Tudela Sabau  
Marta Luisa Ortiz Ortega  
José Luis Subirón Sanz  
Tomás Sevillano Martín  
Rubén Lobo Gómez  
Iván Ortega Agenjo  
Débora Riñones Gómez  
Julia Benavente Ruiz  
Ana Quiñones Gil  
Luis Benito Galiardo  
Álvaro Climent Guimera  
Borja Uriarte Villalonga  
Alfonso Pastor Pastor  
Gabriela Fernández-Yrueg Baselga  
Raúl Crespillo Maldonado  
Teresa López De Fresno  
María Esther Heredia López  
Rafael Alonso Gómez  
José Alberto Rodríguez Portilla  
Arturo Lozano Gómez  
Carlos A. Marchán Burriel  
Aránzazu Man of La Palma Martín  
Javier Jiménez Martín  
Suam Barrantes Sanz  
Ana Portillo Castillo  
Enrique Abellán Rodríguez

Gema Robledo Moronta  
Oriol Cañameras Autrán  
José Ramón Seco García  
Óscar Pascual Reboredo  
M. Raquel Santisteban Miguel  
Guillermo Garnica Santin  
Antonio Murillo Gayo  
Pablo José Godino Rodríguez  
Francisco Javier Cano Peláez  
Rosa Ana Viejo González  
Estibaliz González Calzada  
Santiago Iglesias Canle  
Mónica Garrido Vilchez  
Carlos Bermejo Torrejón  
María Mercé Marín Domingo  
Emma Montserrat Rodríguez  
Alejandro J. Vázquez Agustí  
Mónica Borrás Aliau  
Marta Franquet Parisi  
Juan Carlos Capel Calvet  
Patricia Gómez-Gil Díaz-Rio  
Adrián Béjar Biddlecombe  
Concepción Pedraza Oejo  
María Pilar Domínguez López  
Verónica García Moñiz  
Rubén Malmierca Sanz  
Luis Miguel García Monje  
María Álvarez Galbis  
Rosario Martínez Toledo  
Natalia Del Pino García  
Jorge Jesús Sevilla Serna  
Pedro José Barata Dávila  
Francisco Rodríguez Marrero  
Cristina Domingo Yoldi  
Lidia Rosa González Pérez  
María Teresa Falcón Brito  
María Soledad Sopranis De Olano  
Eduardo S. Pleasures Hernández  
Miguel Ángel Iglesias Varela  
Victor Manuel García Gonzalo  
Amadeo Vigo García  
Bruno Bejerano Gómez  
Jorge Vela Corral  
Gonzalo Prado Sexto  
Sonia Sánchez Castro  
José María Lobato Morgado  
Caesar Asunción Rodrigo  
Know her Vázquez Gabaldón

## Sustainability

### Threefold management to generate threefold value



Last year, Bankinter finalised its 2012-2015 'Tic Tac Toe' Sustainability Plan and laid the grounds for a new 2016-2020 Plan.

The 'Tic Tac Toe' Plan takes its Spanish name --Three in a Row-- from its main objective: the sustainable management of economic, social and environmental factors, aligned with the business. Bankinter's aspiration with this plan is to become established as a model for sustainability within the financial sector and to increase the generation of shared value with its stakeholders.

The action framework for the 'Tic Tac Toe' Plan is the Bankinter Sustainability Policy published in 2012, for which the Sustainability Committee ensures compliance. This committee is chaired by the institution's president and it meets at least every four months. The Steering Committee is regularly notified of advances in the strategic lines of the plan. Its organisation ensures the continuous improvement of its performance by developing a management system that details the guidelines from the international ISO 26000 manual and the Spanish standard SGE21 by Forética.

The 'Tic Tac Toe' Plan was designed after an analysis of the most significant changes experienced in the

environment, and the identification of three crises --economic, social and environmental-- as a result of the transformation of the economic model, a social change due to the investment of the demographic pyramid and the climate change phenomenon. Starting from that analysis, a battery of actions were defined, considered from a threefold perspective:

**Economic.** Considers the Enterprise Programme, which promotes and supports the most innovative entrepreneurial projects, and income tax with the incorporation of ESG criteria (environmental, social and good governance) in bank investment and financing policies.

**Social.** Channelled via the 'A Bank for Everyone' project, whose aim is to make Bankinter an inclusive company that is accessible to all people, regardless of their capacities.

**Environment.** The objective is to implement measures aimed at reducing the ecological footprint caused directly and indirectly by its activity.

These actions must also be founded on four core areas:

**Quality**, understood as bank personnels' commitment to excellence in the provision of service that is customised to customers' financial needs.

**Management systems**, in so far as they are tools for the continuous improvement of economic, social and environmental performance, audited externally and certified according to internationally recognised standards.

**The involvement of its strategic stakeholder groups:** customers, suppliers, third sector and, especially, employees, via corporate training and volunteering programmes.

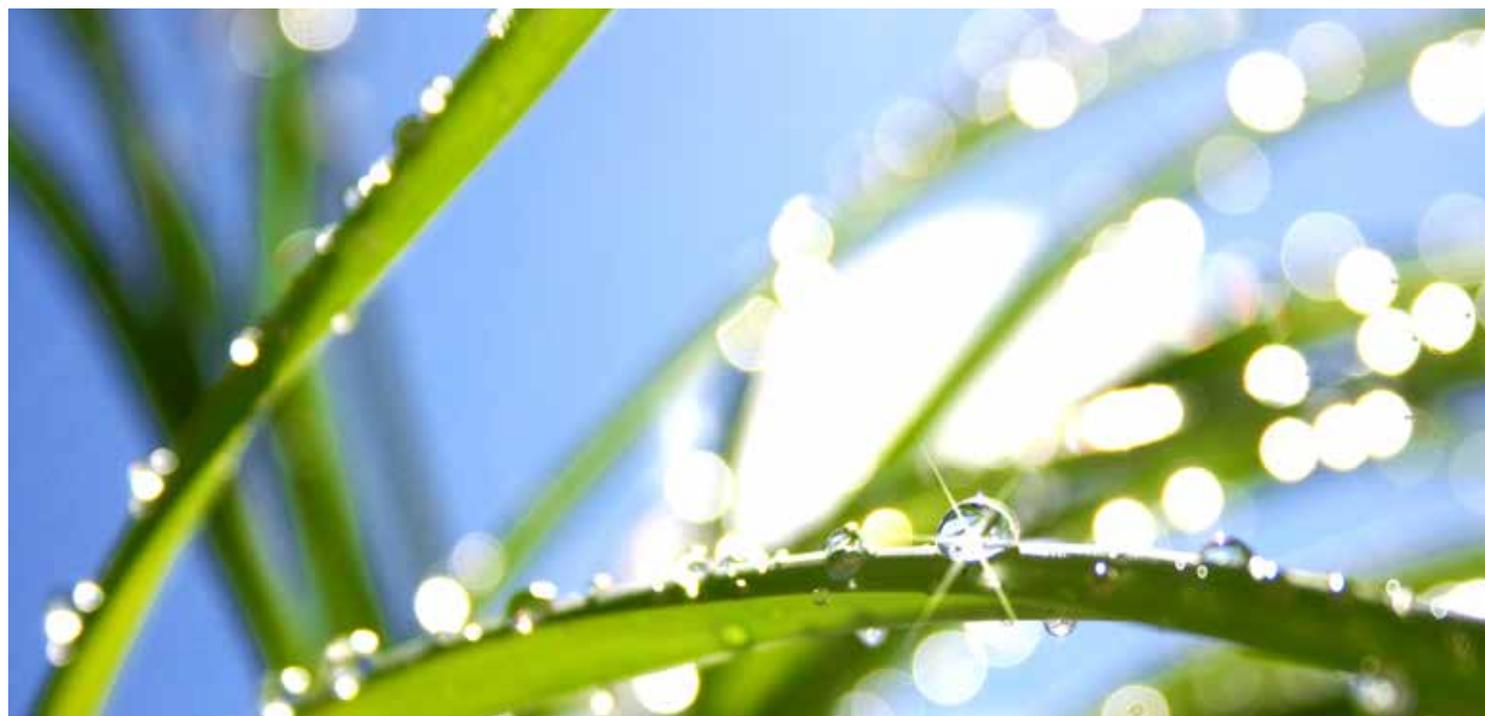
**The use of the best available technologies and the most innovative solutions**, which are the bank's identifying traits.

The most relevant indicators of 2015 were:

Relevant data	2015	2014
Recommendations fulfilled from the Unified Good Governance Code (no.)	61*	51*
Women in managerial positions (%)	35.7	34.31
No. of claims received on the confidential channel for employees	4	5
Corporate reputation index (general public) - Reptrak (no.)	57.3	57.0
Inclusion in sustainable stock market indices	FTSE4GOOD	FTSE4GOOD
Carbon footprint (Ton CO <sub>2</sub> ranges I and II per employee)	1.99	2.20**
Employees covered by UNE-EN-ISO Environmental Management System 14001 (%)	35.28	34.65
Employees covered by Accessibility Management System UNE 170001 (%)	6.54	8.05
Employee participation in the corporate volunteering programme (Mueve.te Programme)	620	425
Employees with disability out of total staff (%)	0.97	1.2
Branches accessible for people with reduced mobility (%)	99.5	99.5

\* Fulfil the recommendations applicable to the bank in 2014. In 2015, 61 were fulfilled, 2 are not applicable to the bank and 1 is explained pursuant to the code approved in February 2015.

\*\* The 2014 data has been recalculated based on the latest emission factors of the Spanish Office for Climate Change (OECC).





Bankinter plans its actions by taking these results into account and comparing them to an internal analysis.

## Materiality analysis

### What is important

Bankinter has identified the relevant factors of its activities to manage sustainability, in accordance with the directives established by the Global Reporting Initiative (GRI), an international association that promotes the use of sustainability reports to promote sustainable practices at organisations.

The identification of the relevant aspects of Bankinter's activities is done via what is known as a materiality analysis. This dynamic process lets us find out about the changes taking place in the surrounding area and in the expectations of different stakeholders, as well as to prioritise its efforts on those topics and areas that generate greater value for everyone, both internally and externally.

The methodology of the materiality analysis starts with the bank's value chain and regular dialogue with its stakeholders. Both variables provide the company with information on significant issues that must be taken into account for their economic, social and environmental management.

The primary dialogue mechanism Bankinter uses to this end are:

Stakeholder groups	Dialogue channels	Parties responsible for management
Shareholders	Shareholder Office	Manager of Shareholder Office
Investors and Analysts	Road-shows Meetings Questionnaires	Director of Investor Relations Director of Sustainability
Clients Clients with disability Elderly customers Entrepreneurial customers	Quality surveys Customer Service External ombudsman Banco de España Multi-channel banking	Director of Quality Director of Legal Advice Director of Sustainability
Regulatory bodies (Banco de España, CNMV)	Circulars	Director of Regulatory Compliance
Employees Employees with disability Volunteers	Opina surveys Quality survey Volunteering satisfaction survey Evaluation Confidential claims channel Expert blogs Forum: General and Organisations Corporate news Internal magazine Mailbox enquiries	Director of Personnel Management Director of Audit Director of Quality Director of Internal communication
Suppliers	Procurement portal Monitoring meetings	Director of Efficiency and Transformation
Shareholders Universities and Business Schools	Meetings Forums Meetings	Director of Foundation Communications and CSR Director

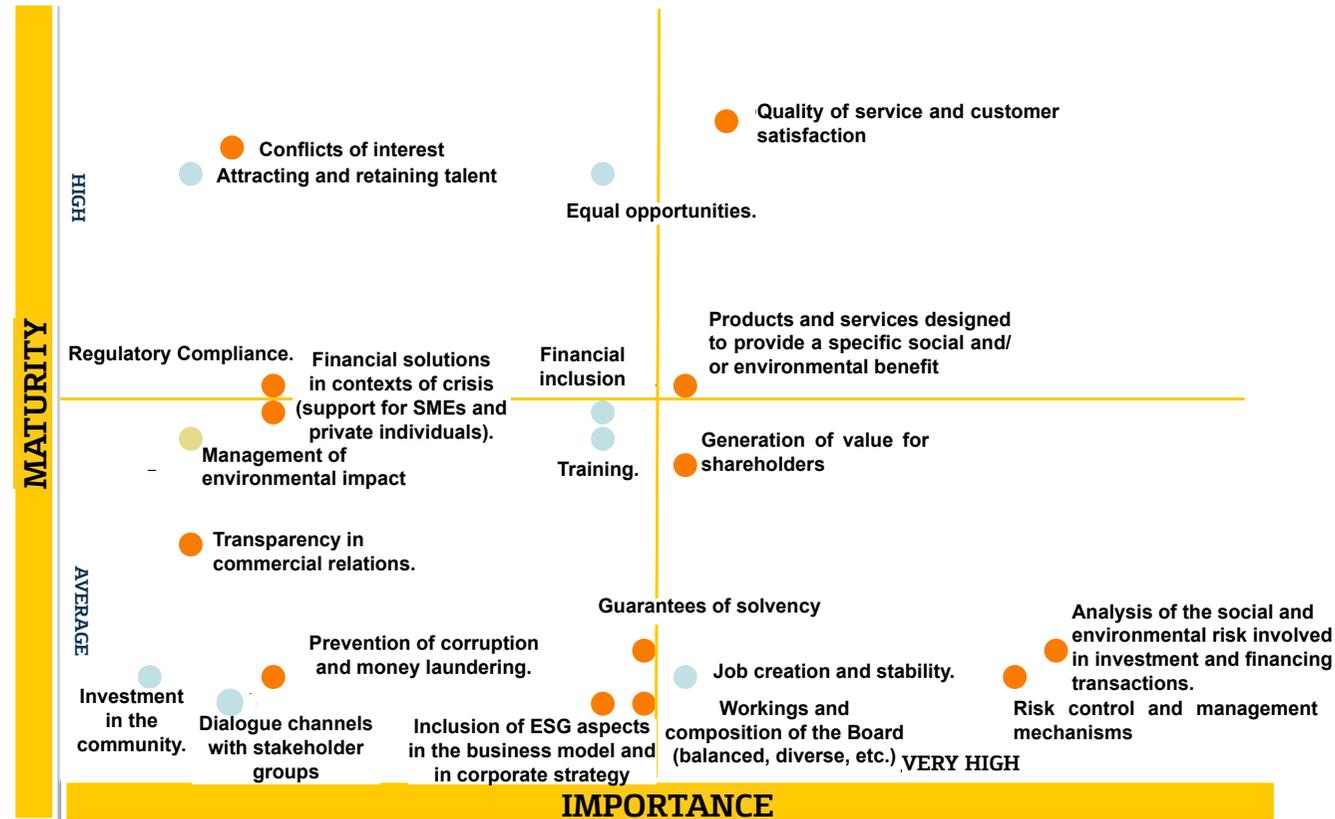
Stakeholder groups	Dialogue channels	Parties responsible for management
Trade unions	Observatories	Director of Person Management Director of Communications and CSR
Sector Employers' Association (AEB)	Meetings Working Groups Circulars	Director of From communications and CSR
Social third sector	Social involvement mailbox	Director of Sustainability
Environmental third sector	Social involvement mailbox	Director of Sustainability
Media	Press conferences Press releases Social networks	Director of Communications and CSR
Authority	Forums: AEB	Director of Communications and CSR
Society (rest not included above)	Social networks Corporate website	Director of Communications and CSR

(G4-18, G4-19, G4-20, G4-21, G4-24, G4-25, G4-26 and G4-27)

After significant sector issues are identified, they are prioritised according to the importance they have been assigned by the main analysts on sustainability and social and sector opinion leaders. Bankinter plans its action by taking these results into account and comparing them to the internal analysis conducted by the bank areas that are most directly involved in dialogue with stakeholders.

The result of this process is the materiality matrix, which graphically organises factors of the bank's business according to two criteria: the importance given it in the sector and its degree of maturity at Bankinter, namely its development within the organisation.

The current materiality analysis was performed in 2014. An update is planned for 2016. Nonetheless, just as explained in the section defining the 2016-2020 Sustainability Plan, stakeholders have been consulted on different matters to define the new strategic lines and their associated programmes.



■ List of most relevant aspects according to their scope:

**Economic dimension:**

1. Service quality and customer satisfaction
2. Regulatory compliance
3. Financial solutions in crisis settings
4. Board functioning and composition
5. Solvency guarantees
6. Control mechanisms and risk management
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 strategy
11. Conflicts of interest
12. Products and services designed to provide a specific social and/or environmental benefit
13. Analysis of social and environmental risk in investment and financing operations

**Social dimension:**

14. Equal opportunities

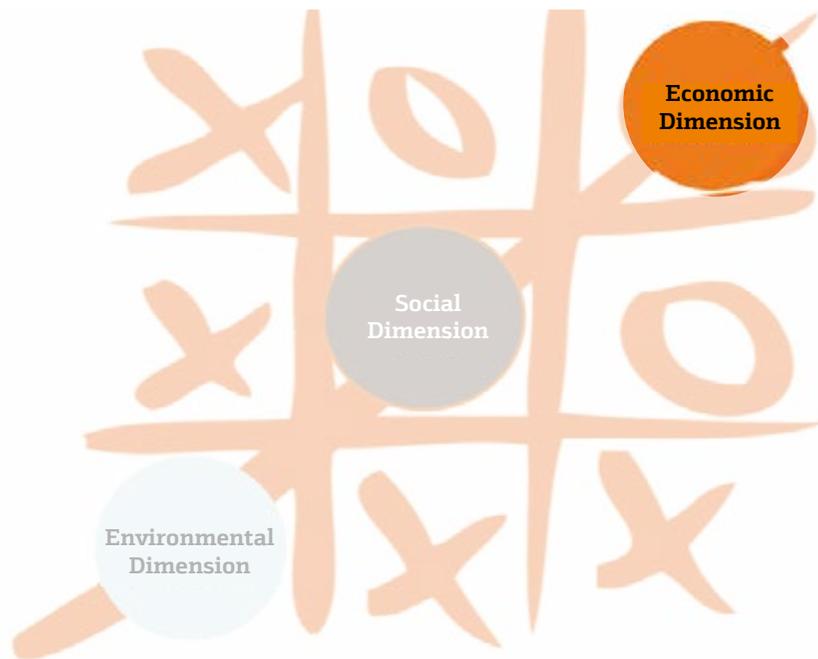
15. Financial inclusion
16. Training
17. Investment in the community
18. Employment creation and stability
19. Talent attraction and retention
20. Dialogue channels with stakeholders

**Environmental dimension:**

21. Management of environmental impact

(G4-18, G4-19, G4-20, G4-21, G4-24, G4-25, G4-26 and G4-27)

## Economic axis



Bankinter understands sustainability as a management model based on the quality that brings business targets in line with social development and respect for nature.

The bank's sustainable was recognised in 2015, both by socially responsible investment indices like the FTSE4Good, by analysts with its inclusion in the RobecoSAM 'Sustainability Yearbook', and by rankings of environmental management such as the Carbon Disclosure Project, comprised of the largest international companies by capitalisation.

The company is also a member of the United Nations Global Compact Network Spain and, as such, assumes the commitment to incorporate its 10 conduct and action principles into its activity on human rights --the bank has an online course on this subject available to employees--, labour, environment and combating corruption.

As a relevant stakeholder, Bankinter strengthened its support to entrepreneurs, as they are considered an engine to revitalise the economy and a source of creation of long-term jobs and wealth. To this end, in addition to the projects carried out directly by the Bankinter Innovation Foundation, the bank participated in these initiatives:

**Collaboration programme with SECOT** (Spanish Seniors for Technical Cooperation), a platform of retired yet active executives who voluntarily and altruistically share their knowledge with innovative entrepreneurs and micro-companies.

**Participation in the 10th edition of Mashumano Awards for young entrepreneurs**, contributing with the selection, training and funding of the selected entrepreneurs.

**Collaboration and financing at conferences to support young green entrepreneurs**, organised by the start-up Greenweekend.



With respect to sustainable products and investments, these were the main new features:

**The Bankinter Sustainability Fund**, which centres on the equity securities included in the main environmental and social responsibility indices, increased its assets from nine to 76 million euros in 2015 and obtained a profit of 15.77%.

**The Solidarity Visa Card**, whose yields and maintenance fees the bank donates to social action projects via the 'Involved and United' programme, with 1270 card holders on 31 December.

In the last quarter of 2015 Bankinter and the European Investment Fund signed their third agreement: **SME Initiative**. Via this agreement Bankinter is providing financing of up to 300,000 euros to companies that are eligible according to the criteria defined therein, under highly advantageous conditions, thanks to the guarantee that 50% of the operation will be received from the European Investment Fund. In addition to this new agreement, there is still 175 million euros available in Innovfin 2014, within the scope of Horizon 2020. Its aim is to support the financing of Spanish companies with fewer than 500 workers that they develop research

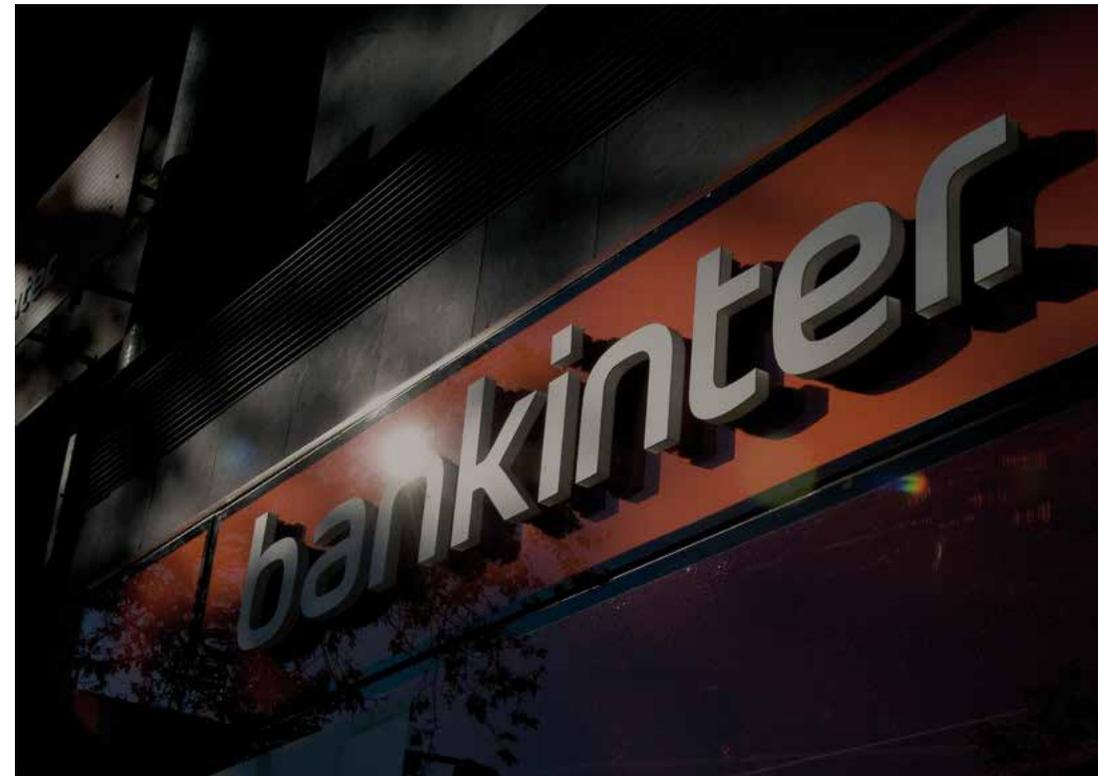
and innovation activities and research projects.

**Hal-Cash** is the system that lets customers send money to anybody's mobile phone so they can withdraw it from a cash machine without using a credit card. In 2015, this system was used by 14,645 customers, who placed 139,806 orders for the amount of 36,293,550 euros. Hal-Cash helps groups who do not have bank accounts have access to financial services, of special interest for immigrants, facilitating the sending of remittances.

Participation continued in **venture capital institutions / companies** that invest in **sustainable products**, such as YsiosBiofund (biotechnology and life sciences), Going Green (electric vehicles), Eolia Renovables (wind and photovoltaic power) and Private Change Capital Private Equity Fund (clean technologies).

Internationally prestigious funds **that invest under responsible criteria continued to be available to bank customers**: BFG New Energy Fund (alternative energies), UBS Eq. Fund Global Innovators (demography, climate change and water), Pictet Water R (water), JPM Global Socially Responsible (companies on FTSE4Good

Global Index) and Fidelity Global Healthcare Fund (health, medicine and biotechnology). During 2015, 13 new funds with these characteristics were also added, including: BNP Sustainable Activates Allocation Fund, Robeco SAM Smart Energy Fund and UBS Global Sustainable Innovators Fund.

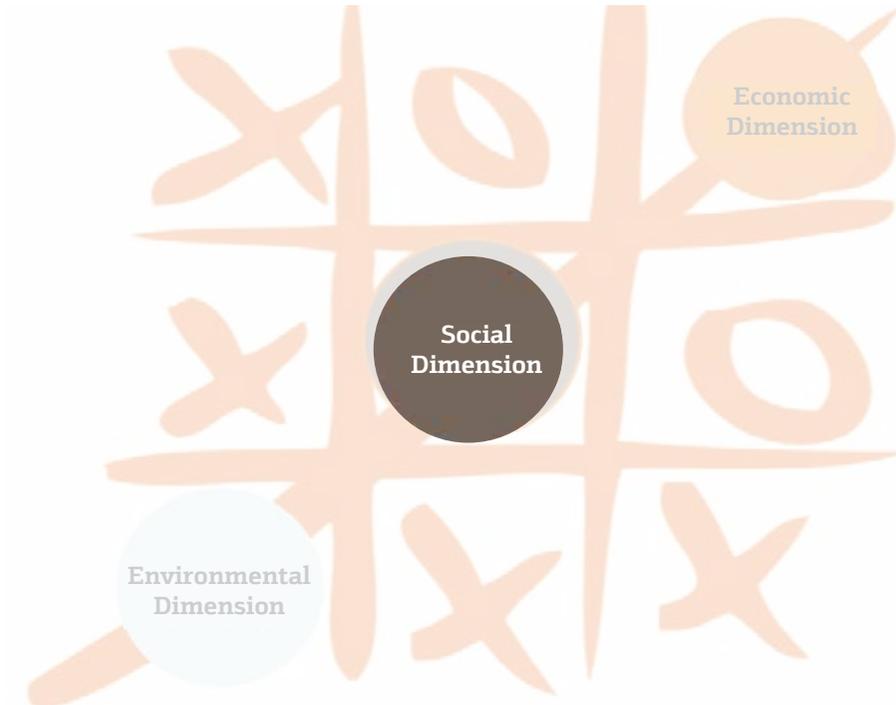


## 'Tic-Tac-Toe' Plan, Economic Axis – Balance sheet 2012-2015

E1. Facility to support enterprise	2012-2015 Actions	Degree of achievement
E1.1 United Nations Global Compact SME CSR Programme	Adherence to the SME-CR platform Invitation to SME suppliers to join the network Training of 12 SMEs and 10 entrepreneurs on responsible business management	
E1.2 Support of enterprise programme	Participation in ICO entrepreneurs project Criterion weighted in Procurement Policy Agreement with SECOT for training entrepreneurs Organisation of three editions of the Innovation, Sustainability and Network Awards	
E1.3 - Bankinter Innovation Foundation programmes	Selection and funding of 19 projects by entrepreneurs by the bank's Venture Capital Department	
E1.4 Initiatives to promote responsible enterprise.	Participation in organising two editions of the Mas Humano Awards: Selection of projects, training the 30 finalists, financing of 2 projects Mentoring of three social enterprise projects	
E2. Sustainable investment line	2012-2015 Actions	Degree of achievement
E2.1 Socially Responsible Investment criteria	Definition of ESG criteria in Financing and Investment Policy Training the Socially Responsible Investment manager	
E2.2 Implementation of a tool to weigh environmental and social risks	Analysis and benchmarking of tools Implementation of risk tool	
E2.3 Development of sustainable products and services	Bankinter Sustainability Sin Más mortgage Bill protection insurance Solidaria Visa Hal Cash service	

-  Completed
-  Under development
-  Not started

## Social axis



The A Bank for Everyone project, Bankinter's inclusive and integrating strategy, whose purpose is to incorporate disability to the bank's entire value chain.

The institution's social commitment is materialised in the implementation of a large number of programmes that foster physical, technological and cognitive accessibility, and in working with volunteers on financial education -via its Mueve.te platform- and collaborations with the third sector. In starting up these social initiatives, the bank attains the involvement of all its stakeholders.

Bankinter makes a firm commitment to equip all its channels for stakeholder relations with maximum accessibility, especially designed for people with disabilities and the elderly, attaining adapted and high-quality services that meet their expectations and needs.

To ensure continuous improvement in managing accessibility and thus complying with its policy, signed in 2010, Bankinter implemented a Universal Access Management System (UAM). This system is certified according to UNE standard 170001 and is implemented at company headquarters (Paseo de la Castellana, 29) and at seven branches located in different bank areas.

Moreover, the accessibility of the Bankinter website was accredited by an external audit, according to which the bankinter.com site satisfies accessibility requirements set out in AENOR's ICT accessibility certification, pursuant to the standard UNE 139803.

Given the high percentage of banking transactions that Bankinter customers execute on remote channels, equipping these remote channels with utmost accessibility has been considered a priority. Meriting mention among the accessible services started up are the braille coordinates card for phone transactions, monthly statements in audio and large print formats, an accessible video player, and the service to provide advice by video-calls in sign language, accessible from all branches.

During 2015, the collaboration agreement was renewed with the National Deaf Persons Confederation (CNSE) to train them on both basic and advanced banking concepts. The bank also joined the ONCE Foundation's Inserta Programme (promoting the hiring of people with disabilities), among other initiatives.

With regard to financial education, these initiatives merit mention:

**Participation in the 'Your Finances, Your Future' project**, promoted by the Spanish Banking Association (AEB) and the Junior Achievement Foundation, whose mission is to develop the skills and knowledge of secondary school and baccalaureate students on managing domestic economy.

**Financial training programme** taught by bank volunteers for **students with mental disability** from the Estudiantes Foundation, the Amás Group and the Carmen Pardo Valcarce Foundation.

**Financial training programme for deaf people**, taught at different CNSE federations.

**Programme to mentor** students in the Campus Project by the Carmen Pardo Valcarce Foundation, which started in December 2014 and has been extended until June 2016.

Elaboration, together with Instituto de Empresa, of the **Clear Finance Dictionary**, which includes 1500 terms, defined in a simple and understandable way. It was published by LID Publishing and is available to customers on the branch and internet network.

These types of initiatives are highly valued by staff, who consider the experience both enriching and necessary, given that it obliges them to develop specific skills to adapt communications to everyone.

The leading role of bank employees in the social actions from the 'Tic Tac Toe' Plan was highly significant, largely owing to the corporate volunteer management platform Mueve.te. Via this platform, there were 620 volunteers at a total of 52 financial education, sport, environmental and sociocultural activities during 2015.

Other charity actions carried out throughout 2015 were:

**4th edition of the Involved and Unified programme**, through which 10 social initiatives are funded, with a total amount of 50,000 euros. The Involved and Unified programme is a 360° initiative that involves the bank's different stakeholders as participants: customers who use the Bankinter Solidaria Visa; bank employees, who presented 109 social projects; society, that participates and spreads the project on social networks; and managers in the institution, who sponsor the various projects.

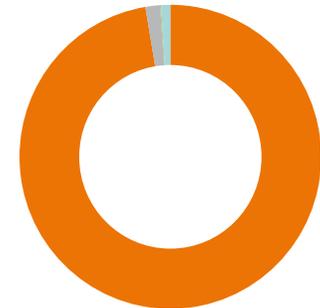
The **employee food collection campaign**, organised in December with the collaboration of the Valora Foundation. The collection of foodstuffs increased by 25% with respect to last year. Furthermore, the bank collaborated with an initial contribution of foods at all of the main offices.

### Social Investment

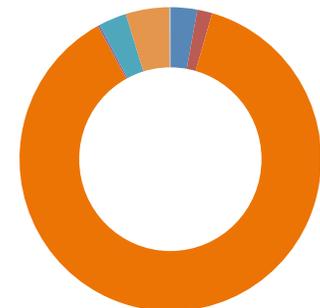
The company adopted the methodology developed by LBG (London Benchmarking Group), that lets the contributions, achievements and impacts of social action in the community and surrounding area by measured, managed, evaluated and communicated. LBG focuses on capturing everything that a company contributes to society, regardless of its business activity.

The indicators for 2015 are:

**Total contribution: 1.9 million euros**



- Money, 97%
- Time, 2%
- In kind, 0.1%
- Management costs, 0.9%

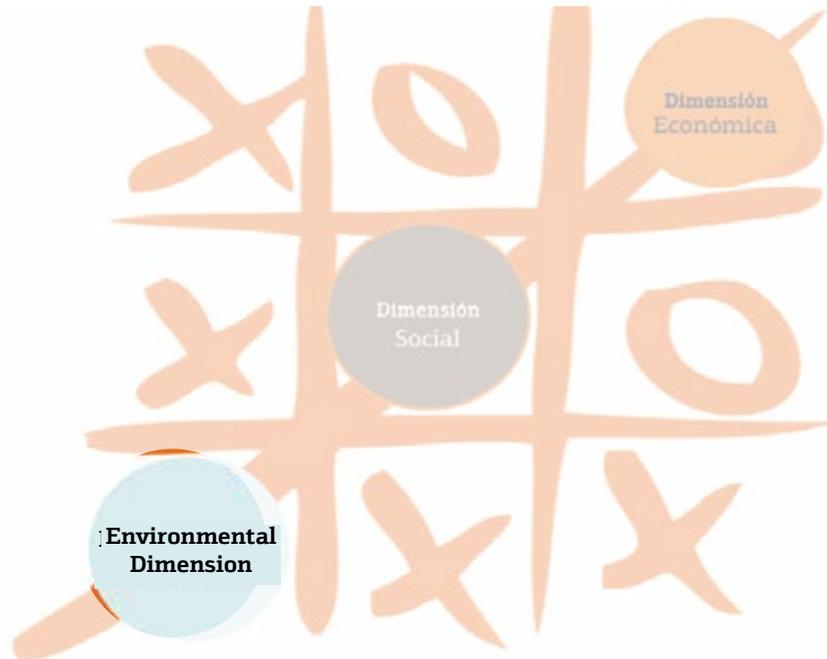


- Education, 3%
- Health, 2%
- Financial development, 88%
- Art and Culture, 3%
- Social well-being, 5%

## 'Tic-Tac-Toe' Plan, Social Axis – Balance sheet 2012-2015

S1. Intelligibility line	2012-2015 Actions	Degree of achievement
S1.1 Quality of oral and written language: Legibility and intelligibility	Establishment of working group for the project 'A bank without small print' Creation and distribution of the Clear Finance Dictionary Distribution of magnetic loops to facilitate communications with customers with hearing disabilities at accessible branches Distribution of presbyopia glasses at accessible branches	
S1.2 Quality in adapted services	Design and giving training to facilitate the integration of people with disabilities Inclusion of adapted service guidelines in sales protocols Distribution of Adapted Services Manual to the branch network	
S2. Accessibility line	2012-2015 Actions	Degree of achievement
S2.1 Physical accessibility management system	SGAU certification for the company headquarters building in Madrid and seven branches, according to AENOR UNE 170001 Diagnosis of accessibility level of building in Tres Cantos (Madrid)	
S2.2 Review of Engineering Works Manual with accessibility parameters	Update of the Real Estate Works Manual, including architectural accessibility parameters Application to the design of new and remodelled branches (101)	
S3. Dispute handling line	2012-2015 Actions	Degree of achievement
S3.1 Dispute handling	Internal publication of the Confidential Claims Channel Extension of the channel's use by network agents Analysis of extending channel to other stakeholders	
S4. Social involvement line	2012-2015 Actions	Degree of achievement
S4.1 Dialogue with society	Social involvement programmes: Involved and Unified, Adaptive Toledo Project, financial education for people with disabilities Agreement with ONCE Foundation – Joined the Inserta Resp. Forum Development of agreement with CNSE	
S4.2 Mueve.te programme for corporate volunteering	Design of corporate volunteering portal / Development of procedures / Implementation of Management System Alignment of the activities with 'Three-in-a-Row' Plan Development of professional qualified volunteers Social Coin Project Staff involvement Implementation of regional promoters network	
S5. Social involvement line	2012-2015 Actions	Degree of achievement
S5.1 Healthily Programme for employees' health and safety	Development of the Healthily Programme Psychosocial risk surveys	
S5.2 Dialogue with employees	Conducting of the 2012 and 2014 Opina surveys Improvement actions Conducting of the 2013 and 2015 Sensor survey Improvement actions Survey on social benefits and reconciliation (family responsible company management system) Improvement actions Monitoring of actions stemming from surveys	
S5.3 Family Plan	Financing therapies that facilitate the social and labour integration of employees' children with disabilities Financial aid for employees with disabilities	

## Environmental axis



Bankinter has an environmental policy in which it takes on the responsibility to operate in the most environmentally friendly way and that is aimed at maximising the positive impacts and minimising the negative impacts its business can have.

For several years now, Bankinter has had a firm commitment to contribute to improving environmental protection by starting up different actions and initiatives, aware of the environmental crisis caused by climate change.

The company has an Environmental Policy in which it takes on the responsibility to operate in the way that is most environmentally friendly and aimed at maximising the positive impacts and minimising negative impacts that be caused by activities with the environment.

The Sustainability Department is responsible for ensuring compliance with the principles that govern this policy and for guaranteeing the bank's commitment to environmental protection. It also coordinates actions aimed at improving its environmental performance. The department coordinates the Sustainability Committee, established in 2009 and chaired by the Bankinter president, which is the body responsible for orienting the Group's sustainability policy and programmes. There is representation from all areas that are involved in developing a sustainable management model on this committee.

Via the Carbon Footprint Project, the main environmental programme in the Sustainability Plan, direct and indirect environmental impacts produced by its activity are identified, measured and controlled.

Responsible environmental management also extends to the chain of suppliers and subcontractors, including environmental criteria for their approval and environmental clauses in the contracts in which it is considered most relevant.

Environmental criteria are also included in the institution's financing and investment policies.

The bank also works with leading organisations that evaluate and rate its environmental performance, such as the Carbon Disclosure Project (CDP), which Bankinter has been a part of since its launch. Bankinter also joined the initiative CDP Water Disclosure Project.

## Environmental Management System

In 2007 Bankinter implemented an Environmental Management System (EMS), certificate pursuant to the standard UNE EN ISO 14001 to guarantee compliance with the principles of the Environmental Policy and continuous improvement of its environmental performance. The scope of this system includes the institution's singular buildings, located in Madrid (Castellana, Tres Cantos and Alcobendas) and the sustainable branch (at Calle Santa Engracia, Madrid). Bank personnel covered by this environmental certification totals 35%.

The company's Internal Audit Department participates in the annual process to conduct the verifications required to obtain this certification.

Bankinter, in its annual Environmental Management Programme, details a series of targets and goals aimed at optimising consumption and proper waste management, and decreasing atmospheric emissions, as well as scheduling communication campaigns, and raising awareness and training employees on good environmental practices.

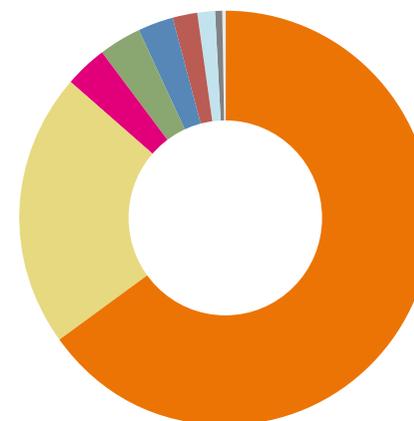
## Carbon footprint

Bankinter has calculated the three scopes of its entire carbon footprint since 2009.

In 2015, for the third consecutive year, Bankinter submitted the calculation of its organisational carbon footprint to an external verification, by the firm SGS, in accordance with the Greenhouse Gases Protocol, and also in line with the requirements of the Intergovernmental Panel on Climate Change.

Bankinter also registered its carbon footprint in 2015 with the Ministry of The Environment Carbon Footprint Registry, after receiving authorisation from the Spanish Office of Climate Change, the first Spanish financial institution to do so.

### 2015 carbon footprint



2015 total issues (TCO <sub>2</sub> E)	Direct	Indirect	Induced	Totals	%
Transport company			3,545.41	3,545.41	26%
Employee transport			295.39	295.39	2%
Paper and toner consumption			436.38	436.38	3.2%
IT equipment			422.62	422.62	3.1%
Furniture			57.57	57.57	0.4%
Electricity consumption		8,386.82		8,386.82	60.8%
Clients' electricity			263.30	263.30	1.9%
Heating consumption	366.61			366.61	2.7%
Waste			12.52	12.52	0.1%
Cleaning product consumption			4.30	4.30	0.0%
Water consumption			13.24	13.24	0.1%
<b>TOTAL</b>	<b>366.61</b>	<b>8,386.82</b>	<b>5,050.72</b>	<b>13,804.16</b>	<b>100%</b>

In 2015, Bankinter has issued a total of 13,804.2 tCO<sub>2</sub>e, a similar amount to 2014 emission levels, with a slight increase of 0.6%, which is the result of a decline in direct and indirect emissions (scopes 1 and 2) and a slight increase in induced emissions (scope 3).

Scope 1 emissions, derived from the use of natural gas, gas oil and gas leaks from air conditioning systems, totalled 366.6 tCO<sub>2</sub>e, a year-on-year reduction from 2014 of 41.9%, and 44.8% in emissions per employee. This decrease is largely due to better controls for gas leaks in air-conditioning equipment.

With regard to scope 2, indirect emissions from electricity consumption, there was a year-on-year reduction of 2.4%, with total emissions of 8,386.82 tCO<sub>2</sub>e - 8% less in emissions per employee.

Total scope 1 and 2 - the primary focus of company emissions, due to representing 63.4% of the footprint - decreased by 5% thanks to the various energy efficiency measures that have been implemented in recent years, including changing lighting to an LED system, improvements in office automation and air-conditioning, and upgrading to more eco-efficient systems.

Scope 3, induced emissions, increased by 12.2% and 6.6% per employee, primarily due to the increase in business travel owing to higher sales activity, in line with the company's financial results for 2015, employee travel and higher paper consumption.

Emissions of CO <sub>2</sub> direct (Tn)	2015	2014	% 2014-2015
From consumption of gas/gas oil and emissions from leaks of Refrigerant Gases	366.61	630.98	-41.90%
<b>Emissions per employee</b>	<b>0.08</b>	<b>0.15</b>	<b>-44.80%</b>

Source: Magrama, 2015

\* The emissions for 2014 have been updated with the calculation of emissions derived from the leak of refrigerant gases.

(G4-22)

Emissions of CO <sub>2</sub> indirect (Tn)	2015	2014	% 2014-2015
By electricity consumption	8,386.82	8,590.30	-2.37%
<b>Emissions per employee</b>	<b>1.90</b>	<b>2.05</b>	<b>-7.24%</b>

Source: Magrama, 2015

The 2014 data has been recalculated based on the latest emission factors of the Spanish Office for Climate Change (OECC).

(G4-22)

Emissions of CO <sub>2</sub> induced (Tn)	2015	2014	% 2014-2015
Business travel	3,545.41	3,173.87	11.71%
Commuting	295.39	240.07	23.05%
Water	13.24	14.34	-7.72%
Paper	404.57	327.23	23.63%
Toner	31.81	31.66	0.47%
Waste	12.52	12.00	4.28%
IT equipment	422.62	410.88	2.86%
Furniture	57.57	52.24	10.21%
Clients' electricity	263.30	237.01	11.09%
Cleaning products	4.30	3.44	25.04%
<b>Total</b>	<b>5,050.72</b>	<b>4,502.75</b>	<b>12.17%</b>
<b>Emissions per employee</b>	<b>1.15</b>	<b>1.08</b>	<b>6.57%</b>

\* Emissions from business travel and commuting for both periods (2014 and 2015) have been recalculated based on the DEFRA emission factor for 2015.

\* The emissions reported in 2014 in customers' electricity have been recalculated due to the update of the emission factors.

\* Business travel: includes travel by plane, train and taxi.

\* Commuting: estimated using mobility survey conducted by Bankinter in 2010 on IT equipment, furniture and cleaning products: estimated using purchases of these materials in prior years for which purchase data is available.

\* Clients' electricity: estimated using registered connections of customers on the Bankinter website, their average length and average computer consumption."

## Ecoefficiency and sustainable use of resources

The company has identified the main ecoefficiency indicators stemming from its activity for their measurement and control, in order to implement the measures required to attain maximum ecoefficiency in its ecological performance. This translates into minimisation of its carbon footprint, thus contributing to the mitigation of climate change.

Indirect energy consumption at the bank is centred on electricity. This is the main energy source used by Bankinter (94% of total energy consumed) and owing to the battery of actions carried out in recent years, it has been progressively reduced. The distribution of electricity consumption by energy sources was determined according to the structure of energy sources in Spain, and is calculated according to the production mix in the Spanish electric system published by Red Eléctrica de España for 2014 and 2015.

With regard to consumption of natural gas and heating gas, there were increases compared to 2014, largely due to the increase in staff numbers in the bank's main buildings. Nonetheless, it merits mention that consumption of these fossil fuels only represents 6% of total energy consumed.

Evolution in power consumption (GJ)	2015	2014
Electricity	86,071	88,132
Heating gas consumption	1,694	1,174
Natural gas consumption	4,210	3,683
<b>Total</b>	<b>91,975</b>	<b>92,989</b>
<b>Total by employee</b>	<b>20.88</b>	<b>22.22</b>

\* When all utility bills for the year were not available when compiling the information, an annual estimate was done to 365 days to obtain the figure for the entire year. The consumption data for 2014 has been updated based on the definitive invoicing data.

(G4-22)

Energy sources	2015	2014
Renewable	32,191	37,721
Cogeneration	9,124	9,166
Natural gas CC	8,607	7,491
Coal	17,472	14,454
Nuclear	18,677	19,213
Other	0	88
<b>Total</b>	<b>86,071</b>	<b>88,132</b>

Evolution of water consumption (m <sup>3</sup> )	2015	2014
Total	41,757	45,252
<b>Total by employee</b>	<b>9.48</b>	<b>10.81</b>

\* The calculation of water consumption in the branch office is estimated by extrapolating the ratio per employee of a sampling of five branches with independent and non-EU meters

Evolution of paper consumption (Tn)	2015	2014
Total *	485	392
% paper recycled	100	100
<b>Total by employee (%)</b>	<b>0.11</b>	<b>0.09</b>

\* The paper consumption data refers to the consumption of DIN A4 and DIN A3 formats and envelopes.

Bankinter procures paper in accordance with strict environmental criteria, where it is 100% recycled and bears the eco-labels of Blue Angel and Nordic Swan.

The measures that the bank is implementing to reach targets, such as reducing paper consumption, include the notable biometric signature solution that was implemented at fixed office work stations in 2013. In 2014 and 2015, it was extended to operations with investment funds. Tablets have been distributed to branch employees so that customers can sign, repay or transfer investment funds with a digital signature. Thus, all the legal documentation for the operations, (printing, physical signature, customer copy, etc.) is signed digitally, filed online and a copy is sent to the client by email, with the consequent saving of paper. Work continues at present to implement the biometric signature for other operations.

However, and despite the measures detailed above, there was a year-on-year increase in paper consumption of 23.6% compared with 2014. The reasons for this increase were an increase in the bank's staff and formalising name changes for several companies in the Bankinter Group, entailing changing the letterhead of all stationery products.

With regard to waste, we should point out that, due to location changes of some areas and departments transferring between buildings and the name changes of group companies, confidential paper waste increased.

To minimise the impacts associated with meetings and training courses, Bankinter offers its employees alternative communication platforms, such as audio conferencing for meetings, and data conferencing for teaching training courses.

The use of video calls has also been fostered, which is a platform at the service of customers looking for information from their manager without needing to travel.

In 2015, Bankinter offset its direct annual emissions from 2014 (631 Tn CO<sub>2</sub>) participating in the initiative Zero CO<sub>2</sub> by the Ecology Foundation and development of the project 'Conservation of the Amazon in Madre de Dios in Peru'.

Evolution of waste management (Kg)	2015	2014
Confidential paper	153,740	136,380
Toner	511	508
Fluorescent	2,142	2,180
Electronic equipment		

With respect to hazardous wastes, they are properly treated by authorised managers

No. of connections	2015	2014
Videocalls	28,546	20,260
Audio-conferences	478	567
Data-conferences	2,547	2,564



## Influence on stakeholders

The bank has different communication channels, both internal and external, for disseminating different initiatives on environmental topics, thus promoting the participation of all its stakeholders. Thus, in addition to the present report, the Environmental Portal and the internal blog 'Se hace saber' (To Let you Know) are made available to them, which are internal tools open to opinions, reflections and debate among all employees, and both are on the corporate intranet.

Notable awareness raising actions for employees include:

**Environment website**, which provides news to employees on activities with environmental interest, both inside and outside the bank; this website also contains a suggestion mailbox where employees can propose initiatives and make queries related to the environment.

**The Bankinter blog**, to which an independent section on "Sustainability" was added in 2013, and its posts are also posted to the bank's social networks (Facebook, twitter, LinkedIn and Google+)

**The 11th Photography Award** on the Environment, this year with the slogan 'Light' ('La Luz'), for which 262 photos were submitted.

**Support for "The Time of the Planet" campaign**, WWF worldwide initiative to reduce emissions of CO<sub>2</sub>, in which the lights were turned off in all the bank's buildings and different devices were disconnected, fostering the participating of customers and employees.



Third prize  
**Silk**  
 Carlos Martínez Estelles

First prize  
**Light**  
 Javier Martínez López



Second prize  
**Loneliness of light**  
 Marco Antonio López Ruiz

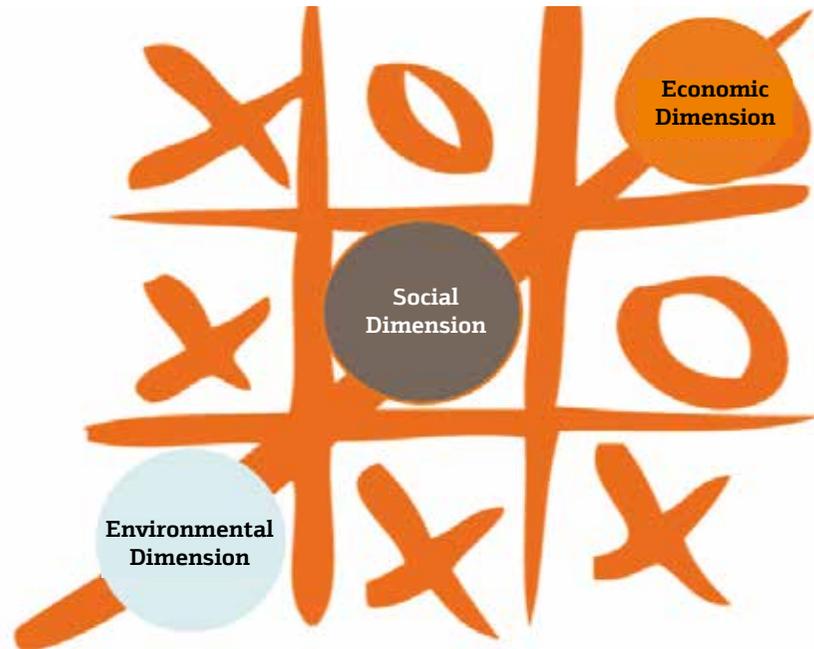


### 'Tic-Tac-Toe' Plan, Environmental Axis – Balance sheet 2012-2015

A1. Environmental actions line	2012-2015 Actions	Degree of achievement
A1.1 Climate Change Strategy	Calculation, management and verification of carbon footprint according to ISO 14064 Calculation of emissions associated with channels Offset of direct emissions Registry of carbon footprint in MAGRAMA	
A1.2 Eco-efficiency programme	Development of sustainable branch project Promotion of Good Environmental Practices Manual Customer awareness raising campaigns Renewal of the computers and other installations and equipment with more eco-efficient equipment Service virtualisation	
A1.3 Environmental Management System	Consolidation of management system in certified buildings Extension of scope to sustainable branch (2013) and Alcobendas (2014) Quarterly calculation and monitoring of environmental indicators	
A1.4 Responsible Procurement	Request for information of an environmental and social nature in the product procurement process.	

-  Completed
-  Under development
-  Not started

## 2016-2020 'Tic Tac Toe' Plan



The new sustainability plan was implemented, starting with the writing of a new Sustainability Policy, signed in January 2016 by the bank Board of Directors.

To give continuity to the first 'Tic Tac Toe' plan, which was for the 2012-15 period, the company designed a new plan for 2016-20, which has the same name and is similarly drafted with three core areas, although its strategic lines and corresponding programmes have been extended. The objective is still to respond to the three great crises (economic because of the change of model, social because of demographic change, and environmental because of climate change) detected in 2012 and that are still present in 2016.

The new sustainability plan was implemented, starting with the writing of a new Sustainability Policy, signed in January 2016 by the bank Board of Directors. To write it, the impacts of the bank's activity on society were first analysed, along with the impact society has on the bank, in line with the principles contained in the Good Governance Code for Listed Companies published by the CNMV in February 2015 on corporate social responsibility. Multiple activities were also done to find out the opinions of the bank's stakeholders. Meriting mention are:

- Consideration of the results of the best-known rating agency evaluations on sustainability: DJSI, FTSE4Good, Sustainalytics, etc.
- Review of new regulations and their application at Bankinter, such as the CNMV's Good Governance Code for Listed Companies
- Analysis of international trends and standards, including GRI G4, IIRC, ISO 26000, SGE 21, new version ISO 14001, etc.
- Conclusions of the materiality analysis performed in 2014 and mentioned above
- Benchmarking among world sector leaders
- Customer satisfaction surveys
- Employee surveys taken in 2014 and 2015

As a result of all of these suggestions, 18 strategic lines were established for the 2016-2020 plan.

#### Economic axis

- Good governance
- Responsible finances
- Customer-oriented services
- Socially responsible investment
- Sustainable products
- Responsible management of suppliers
- Corporate/brand culture
- Structure

#### Social axis

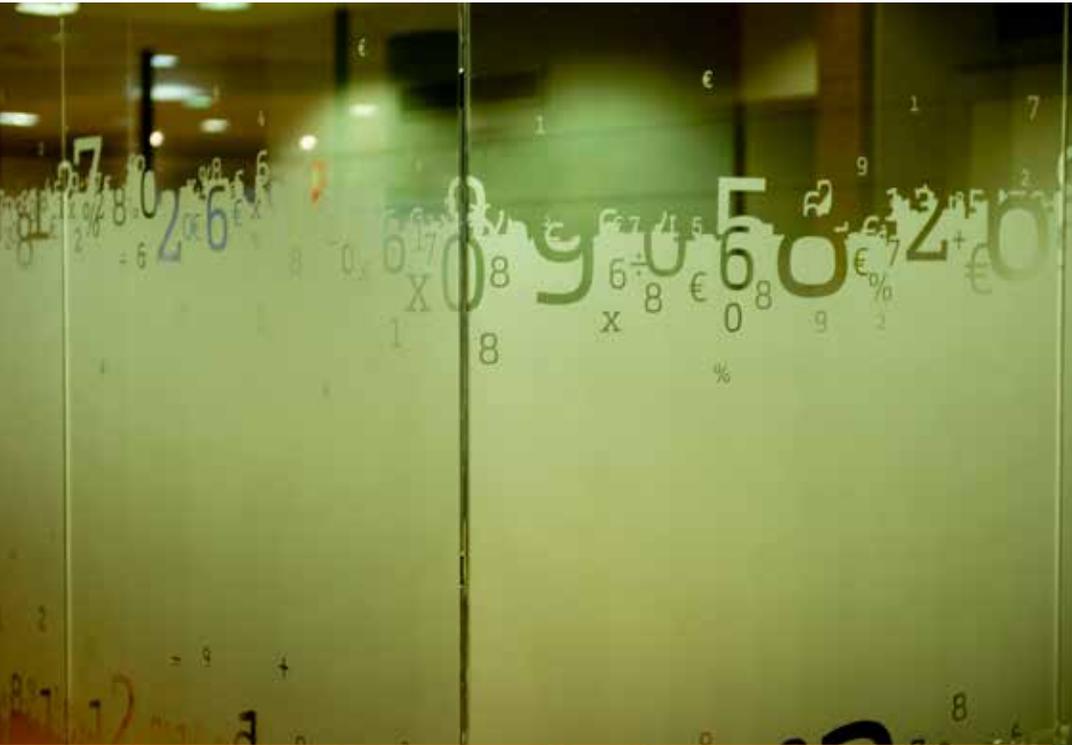
- Financial inclusion
- Advanced management of people
- Bankinter Innovation Foundation
- Volunteering
- Citizens
- Social footprint management
- Structure

#### Environmental axis

- Climate change strategy (carbon footprint)
- Environmental management system
- Structure

## Suppliers

### Transparency and responsibility



Bankinter promotes economic development at local, autonomous community and national levels, with special interest in the geographic regions in which it has the strongest presence.

Bankinter promotes economic development at local, autonomous community and national levels, with special interest in the geographic regions in which it has the greatest presence. For this reason, it supports companies, not only with regard to financing, but also offering them the chance to become suppliers for the institution.

This opportunity is executed via the procurement policy approved by the group, which defines the negotiation, contracting and third party payment processes, in order to guarantee transparency, free competition, equality and saving.

The Procurement Department is responsible for compliance with and implementation of this policy to provide the company with all the goods and services it needs, in the timeline, amount and quality required, at the lowest cost and with minimum risk to the business.

In our suppliers we are looking for:

- Innovation and reinvention skills
- Continuous improvement
- Proactiveness
- Responsibility
- Sustainability
- Business ethic

#### Outsourcing policy

The banking environment, increasingly competitive, obligates institutions to work hard to constantly improve efficiency, leading them in turn to dedicating increasingly more internal resources to tasks that represent the essential core of its activities and provide greater added value.

It also obligates the bank to transfer some of its services, tasks and processes to third party specialists, with the consequent cost reduction and improved quality in outsourced services.

Nonetheless, this process can entail risks that must be evaluated, monitored and controlled, in line with the requirements of Good Corporate Governance. This is why Bankinter established an outsourcing policy that is applicable to the entire Group in 2015. Its principles are:

- Non-delegable nature of responsibility
- Establishment of contingency plans
- Guarantee of internal knowledge
- Monitoring
- Duties of information

As a result, Bankinter develops a comprehensive procurement model based on these concepts:

### Security

- Continuous improvement of the supply process, under the focal point of Corporate Responsibility
- Demand socially responsible products, services and projects

### Transparency

- Single procurement procedure for all Group companies, optimising the impacts of its decisions on the companies with which it works
- Complete, precise and transparent Information in the supply process

### Control

- Budgetary compliance of the bank and its subsidiaries, with the aim of taking maximum advantage of the resources each area has
- Respect for human, labour and environmental rights by all participating parties and involvement in efforts aimed at preventing corruption
- Selection and hiring of suppliers pursuant to the internal regulations in force at any given time and, especially, with values of corporate culture, management style and the Ethics Code and Code of Conduct of employees

Volume of purchases negotiated in 2015

**106**  
million euros  
**116% more than in 2014**

No. of tender processes

**+400**



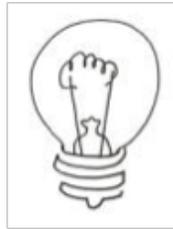


# 10 Recognitions and awards

During 2015 Bankinter received numerous awards for innovation, sustainability and management quality, the institution's strategic mainstays, which contribute to strengthening its image and reputation, including:



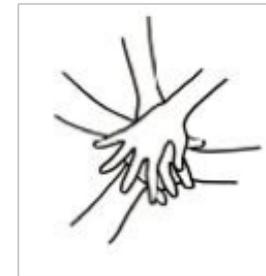
- **Cambio 16 Award** for the IBEX 35 financial institution with the Best Financial Results.
- **Merco Empresas 2015:** Bankinter in the top 50 companies with the Best Reputation
- **Brand Finance Banking 500**, ranked at 265.



- **CIO Directions Award** for the most innovative financial institution.
- **UBS** ranks Bankinter as the Spanish bank that is Best Positioned in Mobile Banking at a global level.
- **Global Go-To Think Tank Index:** ▪ Bankinter Foundation, Best Think Tank in Spain and 26th worldwide



- **Telefónica Ability Award**, in the category of professional development and promotion.
- **FTSE4Good** Member of the index since it was started in 2001.
- **European Business Awards** National finalist in the Sustainability category.
- **Corresponsables Awards** Finalists for its financial integration programme.



- **Top Employer Spain 2015** for the seventh consecutive year.
- **Merco Talento**, earning 16th place overall, and 4th in the sector.



- **Expansión-Allfunds Awards:** Bankinter Gestión de Activos, best Spanish manager for the second consecutive year and for the fund BK Short-Term Fixed Income
- **Morningstar Award** for the pension fund Bankinter Mixto 20 Bolsa FFPP and the fund Bankinter Renta Fija Corto Plazo (Short-Term Fixed Income).



**11**

**annexes**

## Information to shareholders and investors

The Bankinter SA Annual Report is presented at the Ordinary General Shareholders Meeting for the year and is available to all company shareholders. The information contained encompasses the period from 1 January 2015 to 31 December 2015, unless otherwise specified. The previous report for 2014 was published on 17 February 2015.

This document, coordinated by the bank's External Communications Department, was drafted with information compiled from the bank's different areas via interviews, questionnaires for area managers and requests for specific information.

The Bankinter Annual Report has followed a process of sharing, review, correction and audit.

The information on sustainability in the 2015 Integrated Annual Report was drafted in accordance with the international standard, Global Reporting Initiative, in its G4 version G4 and all its principles. This information was verified externally by the independent firm Deloitte, the company that also audited the financial statements.

In addition to the Annual Report, the bank publishes the quarterly consolidated results reports in the months of January, April, July and October. Both reports are available on the Bankinter Corporate Website.

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

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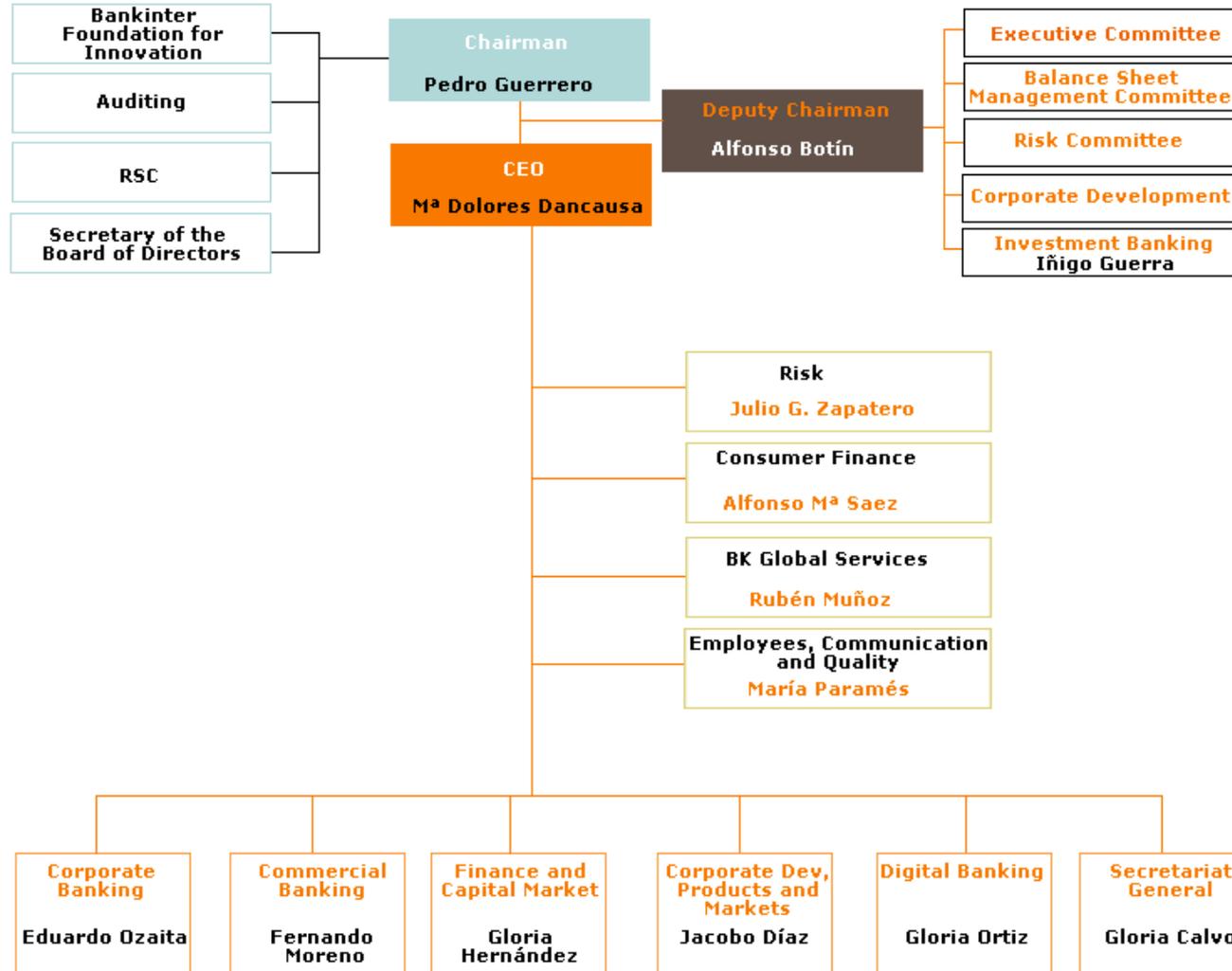
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E-mail: ealopez@bankinter.es

#### External Communications

Inés García Paine  
Bank headquarters  
Pº Castellana, 29  
28046 Madrid  
Tel. 91 339 83 38  
E-mail: comunicaci3n@bankinter.es

## Management structure



## Board of Directors

Charge	Name / Company name
Chairperson	Pedro Guerrero Guerrero
Deputy Chair	Cartival, S.A.
CEO	María Dolores Dancausa Treviño
Board Member	Jaime Terceiro Lomba
Board Member	Marcelino Botín-Sanz de Sautuola y Naveda*
Board Member	Fernando Masaveu Herrero
Board Member	Gonzalo de la Hoz Lizcano
Board Member	María Teresa Pulido Mendoza
Board Member	Rafael Mateu de Ros Cerezo
Board Member	Rosa María García García

- Cartival, SA: Company represented on the Board by Alfonso Botín-Sanz de Sautuola y Naveda, where Jaime Botín-Sanz de Sautuola is the significant shareholder represented.
- Marcelino Botín-Sanz de Sautuola y Naveda: Linked to significant shareholder Cartival, SA.

## Organisation Managers

Juan Carlos Barbero Maeso	Andalucía
Juan Manuel Castaño Escudero	Canary Islands
Jacobo Cañellas Colmenares	Castilla-La Mancha-Extremadura
Eduard Gallart Sullà	Catalonia
Antonio Berdiel Bitrián	Levante and Balearic Islands
Enrique Becerril Atienza	Madrid Corporate Banking
Ignacio Lozano Egea	East Madrid
Juan Villasante Cerro	West Madrid
Lucas Peinado Mataix	Navarra-Aragón-Rioja-Soria
Joaquín Da Silva Castaño	Northwest
Juan Manuel Astigarraga Capa	North

A top-down view of a light-colored, textured bowl filled with a large quantity of colorful paper clips. The clips are in various colors including green, orange, blue, purple, and red. The bowl is placed on a wooden surface. A vertical orange bar is on the left side of the image, containing white text.

# 12

Index of  
GRI  
content



## BASIC GENERAL GRI CONTENT G4

		Location in the Report	
<b>STRATEGY and ANALYSIS</b>			
G4-1	Include a statement from the organisation's main decision maker (the person holding the position of executive director, chairman, or similar) on the relevance of the organisation's sustainability and the strategy with which to address this issue.	- Page 4-12	✓
G4-2	Describe the main effects, risks and opportunities	- Pages 57-59, 128-146	✓
<b>PROFILE OF THE ORGANISATION</b>			
G4-3	Name of the organisation.	Front Page of the Report	✓
G4-4	The organisation's most important brands, products and services.	- Pages 64-85	✓
G4-5	Location of the organisation's headquarters	Pages 153-154	✓
G4-6	Indicate how many countries the organisation operates in and name those countries where the organisation carries out significant operations or which are particularly significant for the issues of object sustainability dealt with in the report	Bankinter operates only in Spain and undertakes no significant operations outside said country	✓
G4-7	Nature of the property regime and its legal form	Bankinter S.A.	✓
G4-8	Indicate which markets are served (with a geographical breakdown, per sector and type of customer and recipient)	- Pages 64-85	✓
G4-9	Determine la escala de la organización, indicando: - número de empleados; - número de operaciones; - ventas netas o ingresos netos; - capitalización, desglosada en términos de deuda y patrimonio (para las organizaciones del sector privado); y cantidad de productos o servicios que se ofrecen.	- Pages 17-31, 63-105, 125,	✓
G4-10	a. Number of employees by contract type and sex.b. Number of permanent employees by contract type and sex.c. Size of workforce by employees, contracted workers and sex.d. Size of workforce by region and sex.e. Indicate whether a substantial part of the organisation's work is carried out by legally recognised freelancers, or people that are not employed or contracted workers, such as the employees of contractors and their outsourcers.f. Communicate all significant changes in worker numbers.	- Pages 123-126	✓
G4-11	Percentage of employees covered by collective bargaining agreements	100% of the staff is covered by a collective bargaining agreement. The applicable agreements, all of them of sectorial in character, vary according to the company within the group where the services are provided (Banking, Offices and Branches, Contact Centre and Consultancy, etc.) and are available to all employees via the People's Website	✓
G4-12	Describe the organisation's supply chain	- Pages 148-149	✓
G4-13	Communicate all significant changes in the organisation's size, structure, stock ownership or supply chain that have taken place during the period analysed	- Pages 148-149	✓ <sup>(1)</sup>
<b>PARTICIPATION IN EXTERNAL INITIATIVES</b>			
G4-14	Indicate how the organisation addresses, where appropriate, the precautionary principle.	- Pages 47-48,139-145 - IAGC 2015 E.1 and E.2	✓
G4-15	Draw up a list of the charters, principles or other external economic, environmental and social initiatives that the organisation subscribes to or has adopted	-Page 58-59, 128-129, 133-114, 136-137, 139-140	✓
G4-16	Draw up a list of national and international associations and organisations to which the organisation belongs and in which it:- holds a position in the governing body; - participates in projects or committees;- makes a significant funding contribution, in addition to compulsory membership fees;- considers that being member is a strategic decision.	- Page. 112, 137-138	✓
<b>MATERIAL ASPECTS AND COVERAGE</b>			
G4-17	a. Draw up a list of companies that appear in the organisation's consolidated financial statements and other equivalent documents.b. Indicate if any of the companies that appear in the organisation's consolidated financial statements and other equivalent documents do not appear in the report.	- Consolidated Autonomous Communities Note 13 and 43 (Investments and Fiscal Situations)	✓ Deloitte Verification Report (page 170)

G4-18	a. Describe the process that has been followed to determine the report content and the coverage of each aspect.b. Explain how the organisation has applied the principles of report writing to determine the report content.	- Pages 130-132, 153	✓ Deloitte Verification Report (page 170)
G4-19	Draw up a list of the material aspects identified during the process of defining the report content.	- Pages 130-132	✓Deloitte Verification Report (page 170)
G4-20	Indicate the organisation's coverage of each material aspect.	-Page 130-132. Index of GRI content (pages 162-169). Material aspects, associated indicators and coverage are indicated.	✓Deloitte Verification Report (page 170)
G4-21	Indicate the coverage external to the organisation of each material aspect	-Page 130-132. Index of GRI content (pages 162-169). Material aspects, associated indicators and coverage are indicated.	✓Deloitte Verification Report (page 170)
G4-22	Describe the consequences of reformulating the information provided in previous reports and the causes of this.	-Page 141-142. Consolidated Autonomous Communities Note 2: Accounting criteria used.	✓Deloitte Verification Report (page 170)
G4-23	Indicate all significant changes in the scope and coverage of each aspect with respect to previous reports	The extent and the coverage of each aspect is indicated in the Index of GRI content (pages 162-169). There have been no significant changes	✓Deloitte Verification Report (page 170)
<b>STAKEHOLDER PARTICIPATION</b>			
G4-24	Draw up a list of the stakeholders linked to the organisation	- Pages 130-132	✓ Deloitte Verification Report (page 170)
G4-25	Indicate what the choice of stakeholders worked with is based on	- Pages 130-132	✓Deloitte Verification Report (page 170)
G4-26	Describe the organisation's focus on stakeholder participation, including the frequency with which it collaborates with the various types and groups of stakeholders, or indicate whether the participation of a group is carried out specifically during the report drafting process.	- Pages 130-132, 146	✓Deloitte Verification Report (page 170)
G4-27	Indicate which key issues and problems have arisen from stakeholder participation and describe the organisation's assessment, among other aspects, for the report. Specify which stakeholders raised each of the key issues and problems.	- Pages 130-132	✓Deloitte Verification Report (page 170)
<b>REPORT PROFILE</b>			
G4-28	Reporting period (for example, fiscal year or calendar year).	- Page 153	✓
G4-29	Date of the latest report (if applicable).	- Page 153	✓
G4-30	Report presentation cycle (annual, biennial, etc.).	- Page 153	✓
G4-31	Provide a point of contact for resolving any doubts that emerge relating to the report content.	- Page 154	✓
<b>GRI INDEX</b>			
G4-32	a. Indicate which "compliance" option from the Guide the organisation has chosen.b. Provide the GRI INDEX of the chosen option.c. Provide a reference to the external verification report if the report has been subjected to such verification.	Exhaustive Compliance Option	✓ Deloitte Verification Report (page 170)
<b>VERIFICATION</b>			
G4-33	a. Describe the organisation's policy and in-force practices relating to the external verification of the report.b. If not mentioned in the verification report accompanying the sustainability report, indicate the scope and rationale for the external verification.c. Describe the relationship between the organisation and the verification providers.d. Indicate whether the highest governing body or senior management have been involved in seeking external verification for the organisation's sustainability report.	Bankinter's Practice is subject to review by an Independent Sustainability Information Auditor. In 2015, this review was undertaken by Deloitte Advisory S.L.	✓

GOVERNING BODY		
G4-34	Describe the structure of the organisation's governing body, without forgetting any committees of the highest governing body. Indicate which committees are responsible for decision making on economic, environmental and social issues.	- Pages 38-40 - IAGC: Commissions, Board of Directors: Management Structure of the Company ✓
G4-35	Describe the process through which the highest governing body delegates its authority to senior management and specific employees regarding economic, environmental and social issues.	- Pages 40, 128, 139 ✓
G4-36	Indicate whether the organisation has executives or positions responsible for economic, environmental and social issues, and whether the holders of these positions are directly accountable to the highest governing body.	- Pages 40, 128, 139 ✓
G4-37	Describe the consulting processes between stakeholders and the highest governing body with regard to economic, environmental and social issues. If these consultation processes are delegated, indicate to whom and describe the information exchange process with the highest governing body.	- Pages 29-31, 44-45.- IAGC 2015 F.1.2. ✓
G4-38	Describe the composition of the highest governing body and of its committees	- Pages 38-39 - IAGC: Commissions, Board of Directors: Management Structure of the Company ✓
G4-39	Indicate if the person that chairs the highest governing body also occupies an executive position. If so, describe their executive functions and the reasons for this arrangement	- IAGC 2015 C.1.2 and C.1.3. ✓
G4-40	Describe the appointment and selection processes for the highest governing body and its committees, as well as the criteria on which the appointment and selection of members of the former is based	- Pages 41-43 - IAGC 2015 C.1.19 ✓
G4-41	Describe the processes through which the highest governing body prevents and manages possible conflicts of interest. Indicate if conflicts of interest are communicated to stakeholders	- Pages 38-39 - IAGC 2015 D.6. ✓
ROLE OF THE HIGHEST GOVERNING BODY WHEN ESTABLISHING THE ORGANISATION'S PURPOSES, VALUES AND STRATEGY		
G4-42	Describe the functions of the highest governing body and senior management in the development, approval and updating of the purpose, values or mission statements, strategies, policies and objectives relating to the organisation's economic, environmental and social impacts.	- Pages 40, 42-43, 128, 139 ✓
EVALUATION OF THE COMPETENCES AND PERFORMANCE OF THE HIGHEST GOVERNING BODY		
G4-43	Indicate which measures have been adopted to develop and improve the collective knowledge of the highest governing body in connection to economic, environmental and social issues	- Pages 128, 139 ✓
G4-44	a. Describe the performance evaluation processes of the highest governing body in relation to the government of economic, environmental and social issues. Indicate if the evaluation is independent and with what frequency it is carried out. Indicate whether it is a self-assessment.b. Describe the measures adopted as a result of the performance evaluation of the highest governing body in relation to the management of economic, environmental and social issues, among others aspects, indicating, at least, if there have been changes in members or organisational practices.	- IAGC 2015 C.1.20 and C.1.20.bis- Page 41 ✓
FUNCTIONS OF THE HIGHEST GOVERNING BODY OF IN RISK MANAGEMENT		
G4-45	a. Describe the function of the highest governing body in the identification and management of impacts, risks and opportunities of an economic, environmental and social nature. Also indicate the role of the highest governing body in applying due diligence processes.b. Indicate whether stakeholders are consulted to facilitate the work of the highest governing body in its identification and management of impacts, risks and opportunities for economic, environmental and social issues.	- Pages 58-59, 128, 136-145 - IAGC 2015 E.1 and E.2 ✓
G4-46	Describe the function of the highest governing body in the efficacy analysis of the organisations's risk management processes relating to economic, environmental and social issues	- Pages 128, 139 - IAGC 2015 E.1 and E.2 ✓
G4-47	Indicate with what frequency the highest governing body analyses economic, environmental and social impacts, risks and opportunities.	- Pages 58-59, 128, 136-145 - IAGC 2015 E.1 and E.2 ✓
FUNCTION OF THE HIGHEST GOVERNING BODY IN THE DRAFTING OF THE SUSTAINABILITY REPORT		
G4-48	Indicate the most important committee or position that revises and approves the organisation's sustainability report and ensures that all the material aspects are reflected.	- Sustainability Committee ✓

FUNCTIONS OF THE HIGHEST GOVERNING BODY IN THE EVALUATION OF ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE			
G4-49	Describe the process for transmitting significant worries to the highest governing body	- Pages 29-31, 130-132 - IAGC 2015 F.1.2.	✓
G4-50	Indicate the nature and number of significant worries that were transmitted to the highest governing body; also describe the mechanisms used to address and assess these.	- Pages 29-31, 130-132 - IAGC 2015 F.1.2.	✓ <sup>(2)</sup>
REMUNERATION AND INCENTIVES			
G4-51	a. Describe the remuneration policies for the highest governing body and senior management. b. Relate performance-related criteria affecting the remuneration policy to the economic, environmental and social objectives of the highest governing body and senior management.	- Pages 42-45 - Remuneration Report	✓
G4-52	Describe the processes through which the remuneration package is determined. Indicate whether consultants are employed to determine remuneration and whether these are independent of the management. Indicate any other type of relationship that these remuneration consultants may have with the organisation.	- Pages 44-45 - Remuneration Report	✓
G4-53	Explain how the opinion of stakeholders is requested and taken into account with respect to remuneration, including, where appropriate, the results of votes on policies and proposals relating to this issue.	- IAGC 2015 F.1.2.- Pages 29-31, 44-45, 130-132.	✓
G4-54	Calculate the relationship between the total annual remuneration of the organisation's highest-paid person in each country where out significant operations are carried out with the average annual total remuneration of all staff (not counting the highest-paid person) in the corresponding country.	The ratio between the highest-paid person's fixed remuneration with the fixed remuneration average of all the staff is 15.92.	✓
G4-55	Calculate the relationship between the percentage increase in total annual remuneration of the highest-paid person in the organisation in each country where out significant operations are carried out, with the percentage increase in the average annual total remuneration of all staff (not counting the highest-paid person) in the country.	ND. This information will be reported in the following years.	NA
ETHICS AND INTEGRITY			
G4-56	Describe the organisation's values, principles, standards and regulations, such as codes of conduct and moral codes	- Pages 58-59.	✓
G4-57	Describe the internal and external advice mechanisms supporting ethical and lawful conduct, and for consulting on issues relating to the organisation's integrity, such as helplines or advice lines.	- Pages 58-59, 129	✓
G4-58	Describe the internal and external mechanisms for reporting unethical or illegal conduct and matters relating to the organisation's integrity, such as tiered notification to the management, whistleblowing mechanisms and helplines.	- Pages 58-59, 129	✓

## SPECIFIC BASIC GRI CONTENTS G4 (G4-20, G4-21 and G4-23)

Material aspects identified	Coverage of the material aspect	Indicator	Location in the Report	Extent	Revised																																					
ECONOMIC DIMENSION																																										
ECONOMIC PERFORMANCE																																										
- Solvency guarantees Generation of value for the shareholders	Mixed	EC1	Economic value directly generated and distributed	<table border="1"> <thead> <tr> <th>Thousands €</th> <th>2015</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>Economic Value Generated <sup>(2)</sup></td> <td>1,496,381</td> <td>1,391,129</td> </tr> <tr> <td>Gross income</td> <td>1,568,815</td> <td>1,448,823</td> </tr> <tr> <td>Gains/losses in the disposal of assets not classified as non-current assets held for sale</td> <td>-2,001</td> <td>-2,980</td> </tr> <tr> <td>Gains/losses of non-current assets held for sale not classified as discontinued operations</td> <td>-70,433</td> <td>-54,714</td> </tr> <tr> <td>Distributed Economic Value</td> <td>1,031,771</td> <td>910,369</td> </tr> <tr> <td>Staff costs</td> <td>393,459</td> <td>368,739</td> </tr> <tr> <td>Other Administration expenses (except tax contributions)</td> <td>298,000</td> <td>278,936</td> </tr> <tr> <td>Capital gains tax and tax contributions <sup>(3)</sup></td> <td>150,852</td> <td>123,707</td> </tr> <tr> <td>Dividends charged to tax year results <sup>(4)</sup></td> <td>187,960</td> <td>137,944</td> </tr> <tr> <td>Contribution to the Bankinter Innovation Foundation</td> <td>1,500</td> <td>1,043</td> </tr> <tr> <td>Retained Economic Value (Generated Economic Value less that distributed)</td> <td>464,610</td> <td>480,760</td> </tr> </tbody> </table>	Thousands €	2015	2014	Economic Value Generated <sup>(2)</sup>	1,496,381	1,391,129	Gross income	1,568,815	1,448,823	Gains/losses in the disposal of assets not classified as non-current assets held for sale	-2,001	-2,980	Gains/losses of non-current assets held for sale not classified as discontinued operations	-70,433	-54,714	Distributed Economic Value	1,031,771	910,369	Staff costs	393,459	368,739	Other Administration expenses (except tax contributions)	298,000	278,936	Capital gains tax and tax contributions <sup>(3)</sup>	150,852	123,707	Dividends charged to tax year results <sup>(4)</sup>	187,960	137,944	Contribution to the Bankinter Innovation Foundation	1,500	1,043	Retained Economic Value (Generated Economic Value less that distributed)	464,610	480,760	Bankinter Group	✓
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EC2	Economic consequences and other risks and opportunities for the organisation's activity derived from climate change	- Page 134 - Risk and Opportunities Module of the Questionnaire CDP 2015.	Bankinter Group (except LDA)	✓																																						
EC3	Coverage of the organisation's obligations deriving from its performance plan	- Consolidated Autonomous Communities Note 28 (Staff costs)	Bankinter Group	✓																																						
EC4	Grants awarded by government entities	No type of significant assistance has been received from the Public Administrations (see epigraph F of the Annual Banking Report). Discounts and tax deductions are specified in notes 17 and 43 of the Consolidated Autonomous Communities.	Bankinter Group	✓																																						
<b>MARKET PRESENCE (P)</b>																																										
- Employment creation and stability - Attraction and retention of talent	Internal	EC5	Relationship between starting salary by sex and local minimum wage in places where significant operations are carried out.	The starting salary applied in the company for the lowest level of the sectorial agreement exceeds the minimum wage, approved by the State Administration for the year, by 249%.	Bankinter Group (except LDA)	✓																																				
		EC6	Percentage of senior managers from the local community in places where significant operations are carried out.	Bankinter does not have a local contracting policy, as all our significant operations take place in Spain.	Bankinter Group (except LDA)	✓																																				
<b>INDIRECT ECONOMIC CONSEQUENCES (P)</b>																																										
- Financial solutions in contexts of crisis - Financial inclusion - Investment in the community	External	EC7	Development and impact of investment in infrastructures and types of services	The contribution to the Bankinter Innovation Foundation in 2015 has risen to €1,500,000. - Pages 111-114, 136-138.	Bankinter Group (except LDA)	✓																																				
		EC8	Significant indirect economic impacts and their scope	- Pages 111-114.	Bankinter Group (except LDA)	✓																																				
<b>CONTRACTING PRACTICES (P)</b>																																										
- Employment creation and stability	External	EC9	Proportion of expenditure corresponding to local suppliers in places where significant operations are carried out.	99% of suppliers are local (supplier with tax residency in Spain) - Pages 148-149	Bankinter Group (except LDA)	✓																																				

Material aspects identified	Coverage of the material aspect	Indicator	Location in the Report	Extent	Revised	
<b>ENVIRONMENTAL DIMENSION*</b>						
<b>MATERIALS (P)</b>						
- Environmental impact management	Internal	EN1	Materials used, by weight or volume.	- Page 142	Bankinter Group (except LDA)	✓
		EN2	Percentage of materials used that are recycled material.	- Page 142	Bankinter Group (except LDA)	✓
<b>ENERGY (P)</b>						
- Environmental impact management	Internal	EN3	Internal energy consumption	- Page 142	Bankinter Group (except LDA)	✓
		EN4	External energy consumption	A study carried out for the company in 2012 shows that the internet is a significantly more ecoefficient service channel than travel to a branch or the use of telephone banking with a physical operator. The constant improvement in the bank's website, as well as with regard to accessibility, offers customers the possibility of undertaking all their transactions without having to travel to a branch. Reducing the volume of customer travel to branches, promoting the use of more ecoefficient distance service channels, is Bankinter's objective for reducing CO emissions.	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
		EN5	Energy intensity	- Page 142	Bankinter Group (except LDA)	✓
		EN6	Reduction of energy consumption	- Page 142-143	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
		EN7	Reduction of product and service energy requirements.	See EN4.- Pages 92-93	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
<b>WATER</b>						
- Environmental impact management	Internal	EN8	Water total use according to source	- Page 142	Bankinter Group (except LDA)	✓
		EN9	Water sources that have been significantly affected by water use	Bankinter's offices are in urban centres, therefore water is both drawn from and discharged via the urban network. Similarly, water intake is from the municipal supply.	Bankinter Group (except LDA)	NA
		EN10	Percentage and total volume of water recycled and reused		Bankinter Group (except LDA)	NA
<b>BIODIVERSITY (ASPECTS NOT CONSIDERED TO BE PRIORITIES FOR WHICH REASON THERE ARE NO SPECIFIC MANAGEMENT APPROACHES)</b>						
Non-material	Not applicable	EN11	Operational facilities belonging to the company, leased, managed and adjacent, containing or located in protected areas and unprotected areas of high biodiversity value		Bankinter Group (except LDA)	NA
		EN12	Description of the most significant impacts on the biodiversity of natural protected areas or unprotected biodiversity hotspots, deriving from activities, products and services.	Bankinter's offices are located in urban centres, therefore it has no impact on protected natural areas and/or biodiversity.	Bankinter Group (except LDA)	NA
		EN13	Protected or Restored Habitats		Bankinter Group (except LDA)	NA
		EN14	Number of species included on the IUCN Red List and national conservation lists whose habitats are found in areas affected by operations, according to the extinction-level threat of the species		Bankinter Group (except LDA)	NA
<b>EMISSIONS (P)</b>						
- Environmental impact management	Mixed	EN15	Direct Emissions of Greenhouse Gases (Scope 1)	- Page 140-141	Bankinter Group (except LDA)	✓
		EN16	Indirect Emissions of Greenhouse Gases when Generating Energy (Scope 2)	- Page 140-141	Bankinter Group (except LDA)	✓
		EN17	Other indirect emissions of greenhouse gases when generating energy (Scope 3).	- Page 140-141	Bankinter Group (except LDA)	✓ <sup>(3)</sup>
		EN18	Intensity of greenhouse gas emissions	- Page 140-141	Bankinter Group (except LDA)	✓
		EN19	Reduction of Greenhouse Gas Emissions.	- Page 140-141, 145	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
		EN20	Emissions of ozone-depleting substances.	The EN20 indicator establishes substances that deplete the ozone layer as those set out in Annexes A, B, C and E of the Montreal Protocol. These substances are not applicable to Bankinter.	Bankinter Group (except LDA)	NA
		EN21	NOx, SOx, and other significant atmospheric emissions.	Given the bank's financial activity, no significant emissions of this kind have been produced	Bankinter Group (except LDA)	NA

Material aspects identified	Coverage of the material aspect	Indicator	Location in the Report	Extent	Revised	
<b>EFFLUENT AND WASTE (P)</b>						
- Environmental impact management	Internal	EN22	Total water discharge, according to its quality and destination	Bankinter draws water from and discharges it to the urban network	Bankinter Group (except LDA)	NA
		EN23	Total weight of waste, according to type and treatment method	- Page 143	Bankinter Group (except LDA)	✓
		EN24	Total number and volume of the significant spills	Bankinter's offices are located in urban centres, and its activity does not generate significant spills.	Bankinter Group (except LDA)	NA
		EN25	Weight of waste transported, imported, exported or moved that is deemed hazardous under ANNEXES I, II, III and VIII of the Basel Convention, and percentage of waste transported internationally.	Bankinter does not transport waste.	Bankinter Group (except LDA)	NA
		EN26	Identification, size, protection status and value of the biodiversity of the water bodies and related habitats significantly affected by the organisation due to dumping and runoff	Bankinter's offices are located in urban centres, therefore it has no impact on protected natural areas and/or biodiversity.	Bankinter Group (except LDA)	NA
<b>SOIL DEGRADATION, CONTAMINATION AND RECOVERY</b>						
<b>PRODUCTS AND SERVICES (P)</b>						
- Environmental impact management - Products and services designed to proportion a specific social and/or environmental benefit	Internal	EN27	Degree of environmental impact mitigation of products and services	See EN4	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
		EN28	Percentage of products sold and their packaging materials that are recovered at the end of their useful life, by product categories.	This is not applicable to the activity undertaken by Bankinter	Bankinter Group (except LDA)	NA
<b>COMPLIANCE WITH STANDARDS (P)</b>						
- Environmental impact management - Products and services designed to proportion a specific social and/or environmental benefit	Mixed	EN29	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations	No sanctions or significant fines have been received relating to environmental matters. Consolidated Annual Accounts Note 38 (Environmental Information)	Bankinter Group (except LDA)	✓
<b>TRANSPORT</b>						
- Environmental impact management	Mixed	EN30	Significant environmental impacts from the transport of products and other goods and materials used for the organisation's activities, as well as the transportation of staff	- Page 140-141	Bankinter Group (except LDA)	✓ <sup>(3)</sup>
<b>GENERAL</b>						
Non-material	Not applicable	EN31	Breakdown of environmental expenses and investments	There have been no significant environmental investments or expenses. Consolidated Annual Accounts Note 38 (Environmental Information)	Bankinter Group (except LDA)	✓
<b>GENERAL</b>						
Non-material	Not applicable	EN32	Percentage of new suppliers examined according to environmental criteria	An analysis of environmental criteria has not been undertaken for suppliers, since no significant risk has been identified.	Bankinter Group (except LDA)	NA
		EN33	Significant negative environmental impact, actual and potential, in the supply chain, and corresponding measures	Given the type of supplier, the company considers that there are no significant negative environmental impacts.	Bankinter Group (except LDA)	NA
<b>ENVIRONMENTAL CLAIM MECHANISMS</b>						
- Dialogue channels with stakeholders - Compliance with standards - Environmental impact management	Mixed	EN34	Number of environmental claims that have been filed, addressed and resolved through formal grievance mechanisms	No environmental claims have been received through the channels established by the bank	Bankinter Group (except LDA)	✓

Material aspects identified	Coverage of the material aspect	Indicator	Location in the Report	Extent	Revised	
<b>SOCIAL DIMENSION: WORKING PRACTICES AND ETHICS AT WORK</b>						
<b>EMPLOYMENT (P)</b>						
- Employment creation and stability	Internal	LA1	Number and rate of recruitment and average employee turnover, broken down by age group, sex and region.	- Pages 123, 125	Bankinter Group (except LDA)	✓ <sup>(4)</sup>
		LA2	Social benefits for full-time employees that are not offered to temporary or part-time employees, broken down by significant operational locations.	Bankinter does not provide specific information about social benefits for temporary or part-time employees as it does not consider this a significant part of the total workforce.	Bankinter Group (except LDA)	NA
		LA3	Return-to-work and retention after maternity or paternity rates, broken down by sex.	<p>HMTotal People who have enjoyed parental leave 135212347 % returning to work once the permitted leave has ended which continue in the organisation to the end of the year 133206339</p>	Bankinter Group (except LDA)	✓ <sup>(5)</sup>
<b>LABOUR/MANAGEMENT RELATIONS (P)</b>						
- Conflicts of interest - Employment creation and stability - Dialogue channels with stakeholders	Internal	LA4	Minimum periods of notice for operational changes and the possible inclusion of these in the collective bargaining agreements	The organisational changes in the company will be analysed in each case in such a way that any possible detrimental impacts on employees may be avoided or mitigated. In any case, to communicate organisational changes the current legislation will be respected in this matter: the Workers' Statute and Banking Employees' Agreement.	Bankinter Group (except LDA)	✓
<b>PRL</b>						
- Attraction and retention of talent - Channels for dialogue with stakeholders	Internal	LA5	Percentage of workers who are represented in formal health and safety committees for both managers and employees, established to help monitor and advise on health and safety programmes	Bankinter currently has 4 Health and Safety Committees, in Madrid (branches), in Barcelona (branches), in the Barcelona Main Branch building, and in Valencia (branches), that meet quarterly (4 times a year). Additionally, there are Prevention Delegates in Zaragoza and Gipuzkoa, whose members belong to the Works Committee that is set up there. Bankinter Global Services comprises a Health and Safety Committee that represents to 100% of the company's staff.	Bankinter Group (except LDA)	✓
		LA6	Type and rate of injuries, occupational diseases, missed days, absenteeism and fatalities related to work, by region and sex.	Page 124. The number of fatalities in 2015 was zero.	Bankinter Group (except LDA)	✓ <sup>(6)</sup>
		LA7	Workers whose profession has a high incidence or risk of illness	No professions involving a high risk of illness have been identified.	Bankinter Group (except LDA)	✓
		LA8	Health and safety issues covered in formal agreements with trade unions.	In 2015, no new formal agreements were reached with trade unions	Bankinter Group (except LDA)	✓
<b>EDUCATION AND TRAINING</b>						
- Training	Internal	LA9	Average hours of training per year per employee, broken down by sex and job category	- Pages 118, 123, 125	Bankinter Group (except LDA)	✓ <sup>(7)</sup>
		LA10	Skills management and ongoing training programmes that promote the employability of workers and help them manage their career paths.	- Pages 118, 119	Bankinter Group (except LDA)	✓
		LA11	Percentage of employees receiving regular performance and career development reviews broken down by sex and professional category.	- Pages 119 and 126	Bankinter Group (except LDA)	✓ <sup>(7)</sup>

Material aspects identified	Coverage of the material aspect	Indicator	Location in the Report	Extent	Revised
<b>DIVERSITY AND EQUAL OPPORTUNITIES (P)</b>					
- Conflicts of interest - Equal opportunities	Internal	LA12	Composition of the governing bodies and staff breakdown by professional status and sex, age, minority status and other diversity indicators	- IAGC Board of Directors A.3, C. - Pages 38-41, 123-125.	Bankinter Group (except LDA) ✓ <sup>(8)</sup>
<b>EQUAL PAY BETWEEN WOMEN AND MEN</b>					
- Equal opportunities - Operation and composition of the Board	Internal	LA13	Relationship between the basic salary of men with respect to that of women, broken down by professional status and age-significant locations.	Taking the basic wage as a reference and excluding additional payment for length of service, social benefits and other benefits, the resulting wage ratio of men/women is 1.	Bankinter Group (except LDA) ✓ <sup>(9)</sup>
<b>EVALUATION OF SUPPLIER LABOUR PRACTICES</b>					
Non-material	Not applicable	LA14	Percentage of new suppliers that were examined according to labour practice criteria	No analysis has been undertaken of criteria relating to supplier labour practices as no significant risk has been identified.	Bankinter Group (except LDA) NA
		LA15	Significant negative impacts, actual and potential, in supply chain labour practices, and corresponding measures	Given the type of supplier, no analysis has been made of impacts relating to labour practices.	Bankinter Group (except LDA) NA
<b>COMPLAINT MECHANISMS COVERING LABOUR PRACTICES</b>					
- Dialogue channels with stakeholders - Compliance with standards	Mixed	LA16	Number of labour practice claims that have been filed, addressed and resolved through formal grievance mechanisms	Four complaints relating to this aspect have been received through the Confidential Reporting Channel, which have been dealt with during the year.	Bankinter Group (except LDA) ✓
<b>SOCIAL DIMENSION: HUMAN RIGHTS</b>					
<b>INVESTMENT AND PROCUREMENT PRACTICES (P)</b>					
- Training	Mixed	HR1	Number and percentage of contracts and significant investment agreements that include human rights clauses or which have been analysed with regard to human rights.	Bankinter operates mostly in Spain (OECD country), and therefore does not consider it necessary to include clauses relating to human rights. It also adheres to the United Nations Global Compact. In 2015, there have been no contracts or significant investment agreements that includes clauses of this kind.	Bankinter Group (except LDA) NA
		HR2	Hours of employee training on policies and procedures on the human rights aspects related to their activities, including the percentage of trained employees.	- Page 133	Bankinter Group (except LDA) ✓ <sup>(2)</sup>
<b>HUMAN RIGHTS</b>					
- Regulatory Compliance	Mixed	HR3	Total number of discrimination incidents and the measures implemented.	There have been no incidents related to discrimination.	Bankinter Group (except LDA) ✓
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING AGREEMENTS (P)</b>					
- Dialogue channels with stakeholders	Mixed	HR4	Identification of significant centres and suppliers in which freedom of association and the right to collective bargaining may be violated or threatened, and measures implemented to defend these rights.	The bank's operations are limited to the Spanish territory and this type of risk has not been detected.	Bankinter Group (except LDA) NA
<b>CHILD LABOUR</b>					
Non-material	Not applicable	HR5	Identification of centres and suppliers with a significant risk of cases of child exploitation, and measures adopted to contribute to the abolition of child exploitation	The bank's operations are limited to the Spanish territory and this type of risk has not been detected.	Bankinter Group (except LDA) NA
<b>FORCED LABOUR</b>					
Non-material	Not applicable	HR6	Centres and suppliers with a significant risk of episodes of forced labour, and the measures adopted to contribute to eliminating all kinds of forced labour.	The bank's operations are limited to the Spanish territory and this type of risk has not been detected.	Bankinter Group (except LDA) NA
<b>SECURITY MEASURES</b>					
- Training	Mixed	HR7	Percentage of security staff that has received training on the organisation's policies and procedures relating to human rights relevant to the operations	As confirmed by the security company, 100% of its staff are accredited by the Home Office to carry out their jobs, the latter entity being that which guarantees the training, requirements, quality and contracting methods for these kinds of professionals and services. The required courses include training in professional ethics and fundamental rights.	Bankinter Group (except LDA) ✓

Material aspects identified	Coverage of the material aspect	Indicator	Location in the Report	Extent	Revised	
<b>RIGHTS OF THE INDIGENOUS POPULATION</b>						
Non-material	Not applicable	HR8	Number of cases of violation of the rights of indigenous peoples and measures adopted	The bank's operations are limited to the Spanish territory and this type of risk has not been detected.	Bankinter Group (except LDA)	NA
<b>EVALUATION</b>						
Non-material	Not applicable	HR9	Number and percentage of centres that have been the object of examinations or impact assessments relating to human rights	The bank's operations are limited to the Spanish territory and this type of risk has not been detected.	Bankinter Group (except LDA)	NA
<b>EVALUATION OF SUPPLIERS WITH REGARD TO HUMAN RIGHTS</b>						
Non-material	Not applicable	HR10	Percentage of new suppliers that were examined according to human rights criteria	An analysis of criteria relating to human rights has not been carried out on suppliers, since no significant risk has been identified.	Bankinter Group (except LDA)	NA
		HR11	Significant negative impacts on human rights, actual and potential, in the supply chain, and measures adopted	Given the type of supplier, no analysis has been made of impacts relating to human rights.	Bankinter Group (except LDA)	NA
<b>COMPLAINT MECHANISMS COVERING HUMAN RIGHTS</b>						
- Dialogue channels with stakeholders - Compliance with standards	Mixed	HR12	Number of human rights claims that have been filed, addressed and resolved through formal grievance mechanisms	No human rights claims have been received through the channels established by the bank	Bankinter Group (except LDA)	✓
<b>SOCIAL DIMENSION: CORPORATION</b>						
<b>LOCAL COMMUNITIES</b>						
- Intervention in the Community	Mixed	SO1	Percentage of centres where development programmes, impact evaluations and local community participation have been implemented	- Pages 111-114, 136-138	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
		SO2	Operations centres with significant negative effects, potential or actual, on local communities.	- Page 57, 107-108	Bankinter Group (except LDA)	✓
- Equal opportunities - Investment in the community - Dialogue channels with stakeholders	Mixed	FS13	Points of access by type in areas with low population density or which are economically disadvantaged.	- Page 91-93	Bankinter Group (except LDA)	✓
		FS14	Initiatives to improve access to financial services for disadvantaged people.	- Pages 136-138	Bankinter Group (except LDA)	✓
<b>COMBATTING CORRUPTION</b>						
- Compliance with standards - Preventing corruption and money laundering - Transparency in business relationships	Mixed	SO3	Number and percentage of centres in which the risks related to corruption have been evaluated and significant risks detected.	- 100% of centres have been analysed via automatic audit programs and the alerts system.- The bank has audited and reviewed control procedures in 75 business units in the Office Network, which it is equivalent to approximately 18.34% of the total	Bankinter Group (except LDA)	✓
		SO4	Communication and training policies and procedures relating to combating corruption	- Page 58-59, 61	Bankinter Group (except LDA)	✓
		SO5	Confirmed cases of corruption and measures adopted	During 2015, 33 actions against employees have been processed, of which 10 have resulted in dismissal as disciplinary action implemented for non-compliance with internal regulations	Bankinter Group (except LDA)	✓
<b>PUBLIC POLICY (P)</b>						
- Transparency in business relationships	Mixed	SO6	Value of political contributions, by country and recipient.	Bankinter is not involved with any political party. (Article 5.2 of the Code of Ethics)	Bankinter Group (except LDA)	✓ <sup>(10)</sup>
<b>UNFAIR COMPETITION</b>						
- Regulatory compliance	Mixed	SO7	Number of claims for unfair competition, practices that are monopolistic or anti-competitive and the results of these.	There is no open procedure against Bankinter for practices that are monopolistic or anti-competitive	Bankinter Group (except LDA)	✓
<b>REGULATORY COMPLIANCE</b>						
- Regulatory compliance	Mixed	SO8	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with legislation and regulations.	In 2015, the company was notified of sanctions relating to the marketing of products, which are not yet finalised as they are being contested in the courts, but in any case these are for amounts that are not relevant with respect to the Annual Accounts	Bankinter Group (except LDA)	✓

Material aspects identified	Coverage of the material aspect	Indicator	Location in the Report	Extent	Revised	
<b>EVALUATION OF SUPPLIERS' SOCIAL IMPACT</b>						
Non-material	Not applicable	SO9	Percentage of new suppliers that were examined based on criteria relating to social impact	An analysis of criteria relating to human rights has not been carried out on suppliers, since no significant risk has been identified.	Bankinter Group (except LDA)	NA
		SO10	Significant negative impacts on society, actual and potential, in the supply chain, and measures adopted.	Given the type of supplier, no analysis has been made of impacts relating to social repercussions.	Bankinter Group (except LDA)	NA
<b>COMPLAINT MECHANISMS COVERING SOCIAL IMPACT</b>						
- Dialogue channels with stakeholders - Compliance with standards	Mixed	SO11	Number of social impact claims that have been filed, addressed and resolved through formal grievance mechanisms.	No social impact claims have been received through the channels established by the bank.	Bankinter Group (except LDA)	✓
<b>SOCIAL DIMENSION: PRODUCT RESPONSIBILITY</b>						
<b>HEALTH AND SAFETY OF THE CLIENT (P)</b>						
- Compliance with standards - Transparency in business relationships	Mixed	PR1	Percentage of significant product and service categories whose impact on health and safety have been evaluated to promote improvements.	- Pages 58-61	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
		PR2	Number of incidents derived from non-compliance with the regulations or voluntary codes relating to health and safety impacts of the products and services during their life cycles, broken down according to the results of these incidents.	Bankinter has had no significant incidents in this matter.	Bankinter Group (except LDA)	✓
<b>LABELLING OF PRODUCTS AND SERVICES</b>						
- Quality of service and customer satisfaction - Compliance with standards - Transparency in business relationships - Transparency in information - Control mechanisms and risk management - Products and services designed to proportion a specific social and/or environmental benefit	Mixed	PR3	Type information on the organisation's procedures concerning information on and the labelling of its products and services, and percentage of significant product and service categories that are subject to such requirements.	- Page 87, 91, 92, 105	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
		PR4	Number of infringements of regulation and voluntary codes relating to information on and labelling of products and services, broken down by result type	In 2015, the company was notified of sanctions relating to the marketing of products, which are not yet finalised as they are being contested in the courts, but in any case these are for amounts that are not relevant with respect to the Annual Accounts	Bankinter Group (except LDA)	✓
		PR5	Result of the customer satisfaction surveys	- Pages 91, 102-104	Bankinter Group (except LDA)	✓
		FS15	Description of policies for the fair design and sale of financial products and services.	- Pages 47-48, 57-60, 102-104.	Bankinter Group (except LDA)	✓
		FS16	Initiatives to improve basic literacy and financial education according to beneficiary type.	- Pages 111-113, 136-138.	Bankinter Group (except LDA)	✓
<b>MARKETING COMMUNICATIONS (P)</b>						
- Quality of service and customer satisfaction - Compliance with standards - Transparency in business relationships - Dialogue channels with stakeholders	Mixed	PR6	Sale of prohibited or disputed products	- Pages 58-59. See SO8	Bankinter Group (except LDA)	✓
		PR7	Number of cases of non-compliance with regulations or voluntary codes relating to marketing communications, including advertising, promotion and sponsorship, broken down by result type	Bankinter has had no significant incidents for this reason.	Bankinter Group (except LDA)	✓
<b>CUSTOMER PRIVACY</b>						
- Regulatory compliance	Mixed	PR8	Number of claims based on the infringement of privacy and the leaking of customer details	- Page 60	Bankinter Group (except LDA)	✓
<b>COMPLIANCE WITH STANDARDS (P)</b>						
- Regulatory compliance	Mixed	PR9	Cost of significant fines for non-compliance with regulations concerning the provision and use of the organisation's products and services.	In 2015, the company was notified of sanctions relating to the marketing of products, which are not yet finalised as they are being contested in the courts, but in any case these are for amounts that are not relevant with respect to the Annual Accounts	Bankinter Group (except LDA)	✓

Material aspects identified	Coverage of the material aspect	Indicator	Location in the Report	Extent	Revised	
<b>FINANCIAL SUPPLEMENT</b>						
<b>PRODUCT PORTFOLIO</b>						
- Products and services designed to proportion a specific social and/or environmental benefit - Control mechanisms and risk management - Analysis of social and environmental risk in investment and financing operations - Training - Quality of service and customer satisfaction - Dialogue channels with stakeholders - Financial solutions in contexts of crisis - Inclusion of ESG aspects in the business and its strategy	Mixed	Former FS1	Policies with specific environmental and social aspects applied to business lines.	- Pages 136-145	Bankinter Group (except LDA)	✓
		Former FS2	Procedures for evaluating and monitoring social and environmental risks in business lines.	Procedures of risk analysis contemplating all those that are significant from the point of view of credit risk	Bankinter Group (except LDA)	✓
		Former FS3	Processes to monitor the implementation by customers of the social and environmental requirements included in contracts or transactions.	No significant environmental or social requirements have been identified in agreements and transactions	Bankinter Group (except LDA)	✓
		Former FS4	Process(es) to improve employee competence for implementing environmental and social policies and procedures applied to the business lines.	- Pages 118-119, 133-135	Bankinter Group (except LDA)	✓
		Former FS5	Interactions with customers/investee companies/business partners relating to environmental and social risks and opportunities	- Pages 102-105, 128-149.	Bankinter Group (except LDA)	✓
		FS6	Percentage of the portfolio for business lines according to region, size (e.g., microcompanies/SMEs/large businesses) and the sector of the activity.	-Pages 64-85	Bankinter Group (except LDA)	✓
		FS7	Monetary value of the products and services designed to proportion specific social benefits for each line of business broken down according to its purpose.	- Pages 133-135	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
		FS8	Monetary value of the products and services designed to proportion specific environmental benefits for each line of business broken down according to its purpose.	- Pages 133-135	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
<b>AUDIT</b>						
- Compliance with standards - Risk control and management mechanisms - Analysis of social and environmental risk in investment and financing operations - Environmental impact management	Internal	FS9	Audit coverage and frequency to assess the implementation of environmental and social policies and risk assessment procedures.	- Pages 136-138, 139-145	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
<b>SHAREHOLDER ACTIVISM</b>						
- Financial solutions in contexts of crisis - Inclusion of ESG aspects in the business and strategy - Products and services designed to proportion a specific social and/or environmental benefit	Internal	FS10	Percentage and number of companies in the company's portfolio with which the reporting organisation has interacted on environmental and social topics.	- Pages 133-135	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
		FS11	Percentage of assets subject to both positive and negative environmental or social controls.	- Pages 133-135	Bankinter Group (except LDA)	✓ <sup>(2)</sup>
		FS12	Voting policy (or policies) for environmental or social issues in participations over which the reporting organisation holds the right to vote or voting recommendation.	There is no voting policy established for social or environmental issues for companies where the organisation is entitled to vote or advises on voting.	Bankinter Group (except LDA)	NA

**Notes:**

✓ Content revised according to the scope described and by means of the procedures indicated in the Independent Review Report on Sustainability Information.

(1) Partially reported.

(2) Qualitatively reported.

(3) The emissions information from scope 3 is limited to the concepts described in the table of CO emissions<sub>2</sub> indirect not including those corresponding to service providers, nor of on-site customers. The reported data includes estimates according to the best information available on the date the report was prepared, which is why its surety is limited.

(4) % average employee turnover is reported but it is not broken down by group, sex and region.

(5) The % return to work once permitted leave has ended and for staff that continue in the organisation to the end of the year is reported.

(6) Information on the company's own staff is reported.

(7) It is not broken down by sex or work category.

(8) It is not broken down by minority or other diversity indicators.

(9) The relationship between the basic wage of men and women is reported.

(10) Information is given on the policy followed by Bankinter.

## Report Verification



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**Informe de Revisión Independiente de la Información de Sostenibilidad incluida en el Informe Integrado 2015 de Bankinter**

A los administradores de Bankinter, S.A.:

**Alcance de nuestro trabajo**

Hemos realizado la revisión, con el alcance de seguridad limitada, de la Información de Sostenibilidad incluida en el Informe Integrado del ejercicio 2015 de Bankinter (en adelante, el Informe), cuyo alcance es el Grupo Bankinter, excepto Línea Directa Aseguradora, S.A. Nuestro trabajo ha consistido en revisar la adaptación de los contenidos básicos del Informe a la Guía para la elaboración de Memorias de Sostenibilidad de GRI en su versión G4 (en adelante Guía G4), tanto los contenidos generales como los específicos del sector financiero propuestos en dicha Guía.

**Procedimientos realizados**

Hemos realizado nuestro trabajo de acuerdo con los requisitos establecidos en la Norma ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information emitida por el International Auditing and Assurance Standard Board (IAASB) de la International Federation of Accountants (IFAC) para la emisión de informes de seguridad limitada y con la Guía de Actuación sobre trabajos de revisión de Informes de Responsabilidad Corporativa emitida por el Instituto de Censores Jurados de Cuentas de España.

En este sentido, nuestro trabajo de revisión ha consistido en la formulación de preguntas a la Dirección, así como a las diversas unidades de Bankinter que han participado en la elaboración del Informe y, en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- Reuniones con el personal de Bankinter para conocer los principios, sistemas y enfoques de gestión aplicados.
- Análisis de los procesos para recopilar y validar los datos en materia de Sostenibilidad presentados en el Informe Integrado 2015.
- Revisión de las actas de las reuniones del ejercicio 2015 del Comité de Sostenibilidad.
- Revisión de las actuaciones realizadas en relación a la identificación y consideración de las partes interesadas a lo largo del ejercicio y de los procesos de participación de los grupos de interés a través del análisis de la información interna disponible.
- Revisión de la información relativa a los enfoques de gestión aplicados y comprobación de la existencia y alcance de las políticas, los sistemas y los procedimientos relativos a Sostenibilidad.
- Análisis de la adaptación de los contenidos del Informe a los recomendados en la Guía G4 y comprobación de que los contenidos básicos generales y específicos incluidos en el Informe se corresponden con los recomendados por dicha Guía.
- Comprobación, mediante pruebas de revisión, en base a la selección de una muestra, de la información cuantitativa y cualitativa correspondiente a los contenidos básicos de GRI incluida en el Informe y su adecuada compilación a partir de los datos suministrados por las fuentes de información de Bankinter.

**Conclusiones**

En las tablas GRI, incluidas en el Anexo del Informe, se detallan los contenidos revisados, las limitaciones en el alcance de la revisión y se identifican aquellos que no cubren todos los aspectos recomendados por GRI. Como resultado de los procedimientos realizados y las evidencias obtenidas, salvo por los aspectos identificados en las tablas GRI, no se ha puesto de manifiesto ningún asunto que nos haga creer que la Información de Sostenibilidad incluida en el Informe Integrado no haya sido preparada de acuerdo a las directrices de la Guía G4 de GRI en todos los aspectos significativos.

Adicionalmente, hemos presentado a la Dirección de Bankinter nuestras recomendaciones relativas a las áreas de mejora para consolidar los procesos, programas y sistemas ligados a la gestión de la Sostenibilidad.

DELOITTE ADVISORY, S.L.



Helena Redondo  
Madrid, 16 de febrero de 2016

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**Responsabilidades de la Dirección de Bankinter y de Deloitte**

El Departamento de Comunicación Externa y Responsabilidad Corporativa de Bankinter es responsable de la preparación y presentación de la información de Sostenibilidad incluida en el Informe Integrado 2015. Asimismo, es también responsable de definir, adaptar y mantener los sistemas de gestión y control interno de los que se obtiene la información.

Nuestra responsabilidad es emitir un informe de revisión independiente de seguridad limitada basándonos en el trabajo realizado.

Este informe ha sido preparado exclusivamente en interés de los administradores de Bankinter de acuerdo con los términos de nuestra Carta de Encargo. No asumimos responsabilidad alguna frente a terceros distintos de los administradores de Bankinter.

Hemos realizado nuestro trabajo de acuerdo con las normas de independencia requeridas por el Código Ético emitido por la International Ethics Standards Board for Accountants (IESBA), basadas en los principios fundamentales de integridad, objetividad, competencia profesional, diligencia, confidencialidad y profesionalidad.

Deloitte mantiene, de acuerdo con el International Standard on Quality Control (ISQC1), un sistema global de control de calidad que incluye políticas y procedimientos documentados en relación con el cumplimiento de requisitos éticos, normas profesionales y regulación aplicable.

El equipo de trabajo ha estado formado por profesionales expertos en revisiones de Informes de Sostenibilidad y, específicamente, en el desempeño económico, social y medioambiental, y en procesos de participación de grupos de interés.

**Edit**

External Communications Department of Bankinter

**Design and development**

**gosban** | reporting

