



Espacio  
Multimedia



Servicio Telefónico  
Servicio Telefónico  
Servicio  
Particulares



1 OS

En banca telefónica o en Internet.  
En Devés al servicio al cliente y al cliente SMO.

Caja

**business**

## Capital markets

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

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

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

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

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

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

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



## Lending

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

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

### Business lending portfolio

**+6.7%**  
in 2014

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

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

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

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

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

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

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

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

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

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



## Means of payment

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

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

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



## Other business

### Bankinter Asset Management

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

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

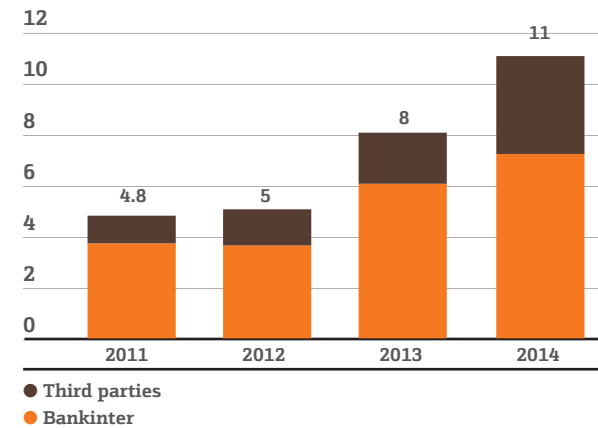
The objective of Bankinter Gestión de Activos, which was named best asset manager in Spain in 2013 by the business daily 'Expansión', is to offer customers an attractive return and good service. Return means not just the highest profit but also taking into account which risks are acceptable. And without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

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

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

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

Investment funds (€ billions)



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

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

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

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

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

## Bankinter Asset Management

# €7,233

million assets under management

# 8th

biggest asset manager in Spain  
by volume of assets

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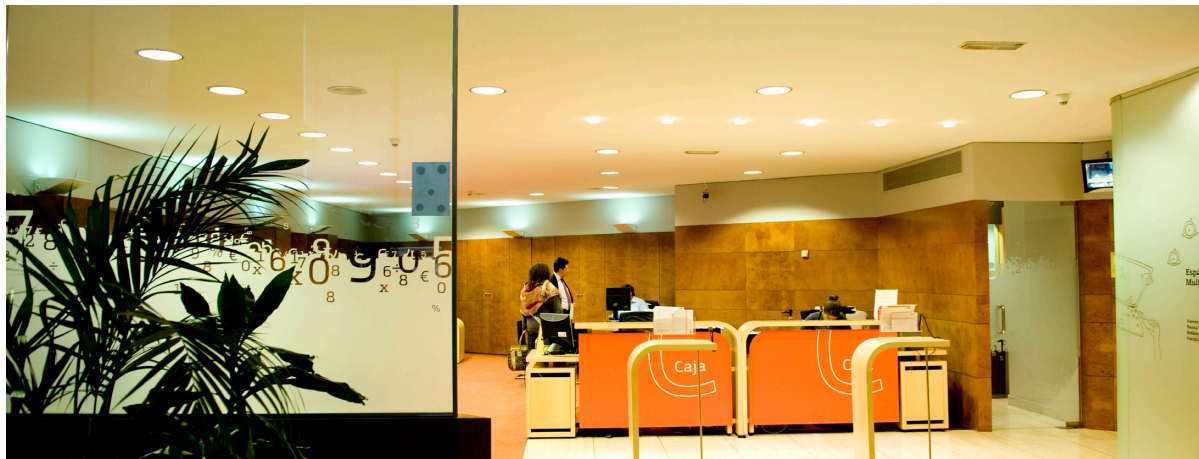
The products that grew most were those associated with Private Banking, such as SICAVs and discretionary portfolio management.”

## Equities

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

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

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



### Online broker

**+43%**  
compared with 2013

**10,000**  
New customers

### Volume traded by Bankinter

**+38%**  
compared with the 26% growth  
posted by the Spanish stock  
market



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

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

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

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

### 'Equities Masterclass'

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



## Bankinter Consumer Finance

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

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

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

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

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

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

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

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



Customer base

**+9%**

compared with 2013

**512,367**  
cards issued

## Insurance

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

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

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

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

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

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

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

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

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

## Bankinter Luxembourg

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

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



## Gneis

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

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

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

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

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

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

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

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

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

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

And this work was recognised by awards and nominations received.

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

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

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



## Línea Directa

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

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

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

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

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

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



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

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

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

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

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

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

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

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

## A Foundation to promote road safety

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

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

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



## Private Banking

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

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

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

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

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

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

### Service Quality Index

# 35.2

Half-yearly NPS  
(Net Promoter Score)

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

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

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

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

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



# 2<sup>nd</sup>

Ranking of SICAVs

# 383

companies managed

# 11.9%

market share

## Personal Banking

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

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

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

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

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

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

### Trends in new mortgage lending

**+219%**  
on 2013

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

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

## Private individuals

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

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

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

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

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

### Trends in new mortgage lending

**542**  
million euros

**+252%**  
on 2013  
(€154 million)

### Trends in new payroll accounts

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

## Foreign customers

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

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

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

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

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

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

“

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



## Business Banking

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

## Financing of large and medium-sized companies

**+6.8%**  
despite the context of crisis  
and low growth





## Investment banking

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

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

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

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

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

**bankinter.**  
Banca de Inversión

“

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

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

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

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

Bankinter Investment Banking is playing a pioneering role in the finance sector in terms of promoting business financing through channels other than traditional bank credit. The agreement

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

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

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

## Advice on mergers and acquisitions

# 4

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



## International business

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

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

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

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

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

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

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

“

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

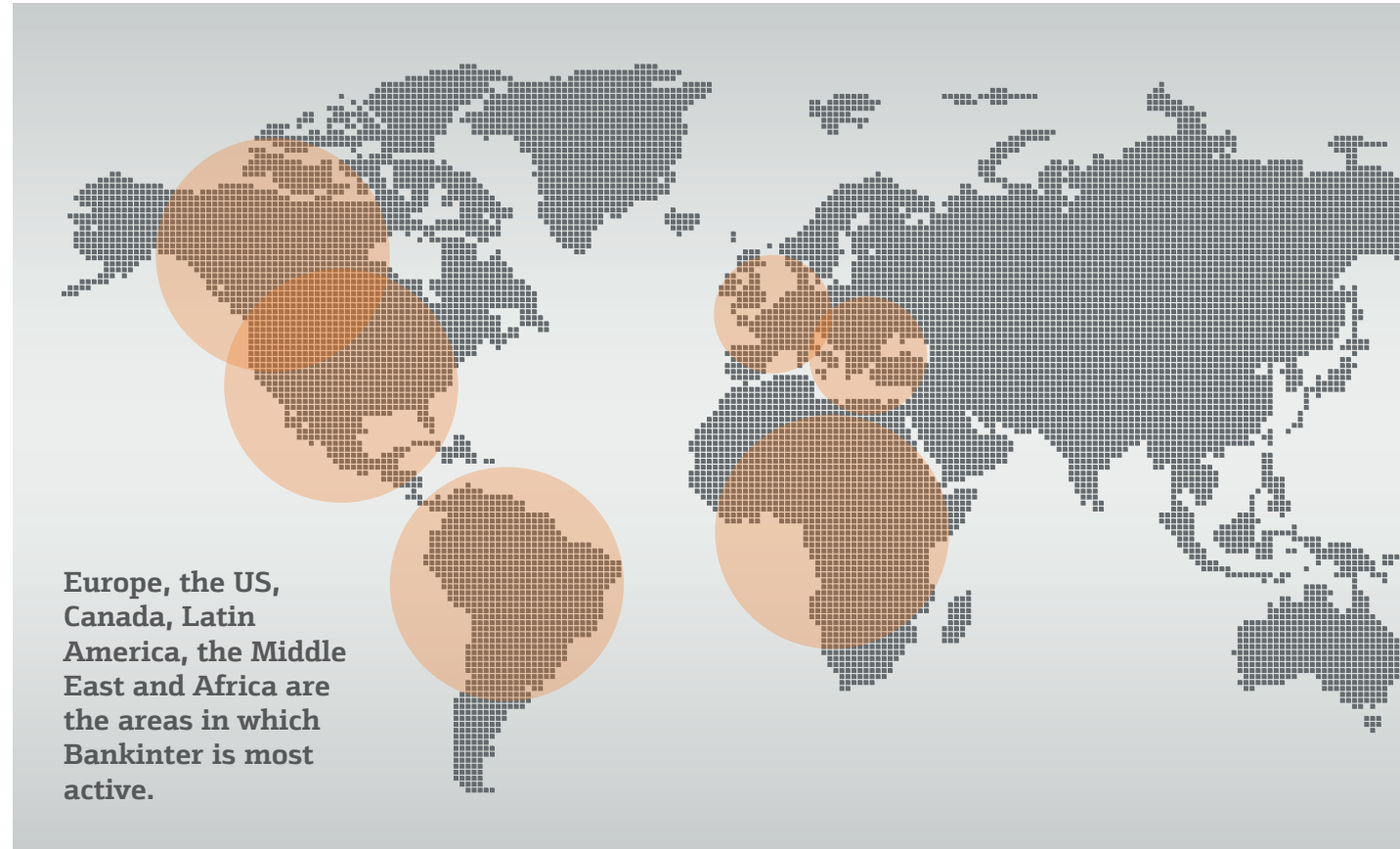
**Strategy.** Bankinter is well aware of the fact that three quarters of all Spanish exports come from just 250 companies, so it is boosting its efforts and resources to support companies in their international projects in various foreign markets.

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

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

“

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



## Branch Offices

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

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

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



The Bank has different types of offices:

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

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

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

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

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

### The Sustainable Office

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

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

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

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

## Remote network

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

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

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

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

### Distance Care Area

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

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

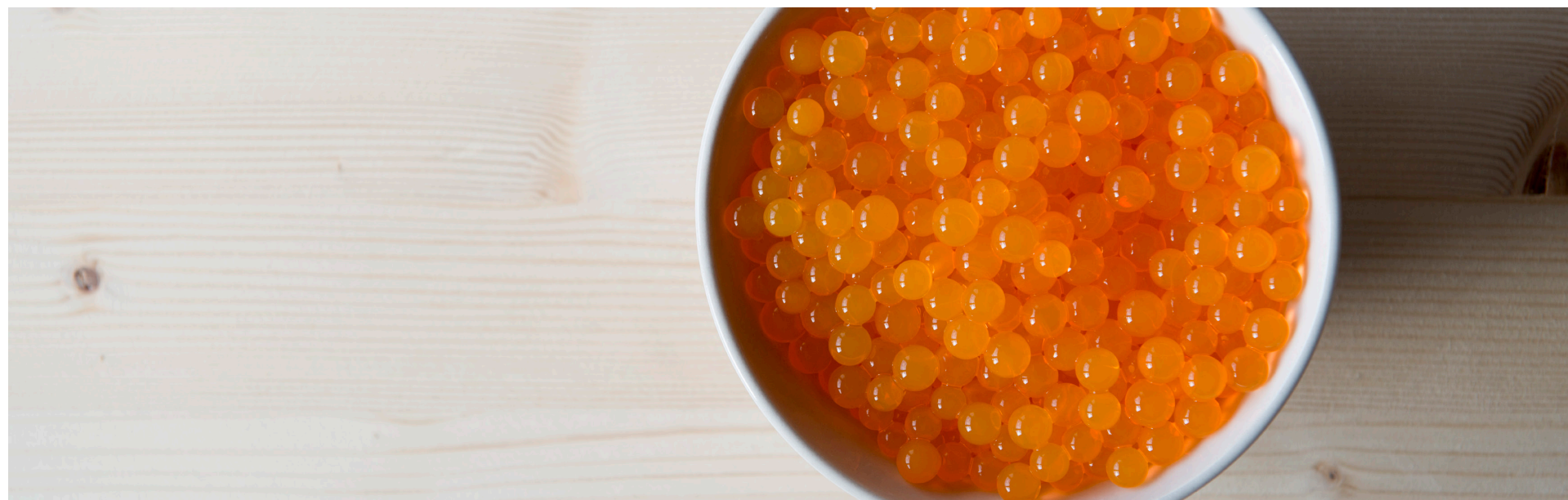
Level of  
recommendation

**23.37%**

in December 2014

Office hours and contact telephone numbers are shown hereunder:

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





## Multi-channel banking

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

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

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

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

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



# 62.91%

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



# 47.70%

of all customer transactions were carried out online



# 11.16%

by mobile phone

## Website

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

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

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

Go to bankinter website



## Online broker

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

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

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

Go to online broker



## Companies

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

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

Go to business website



“

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

## Social Media

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

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

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



# 52,844

fans, +109% vs. 2013



# 9,126

followers, +62% vs. 2013



# 36,141

followers, +48% vs. 2013

# blog

# 846,018

visits, x 5.6 times vs. 2013

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

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

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

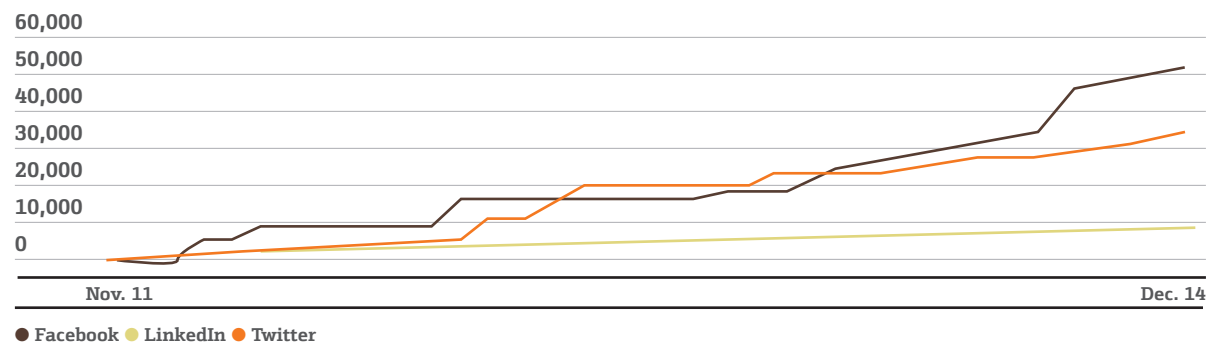
Among the content generated by the Bankinter Blog we would highlight the topical information produced daily by the Bank's team of analysts, offering everything from investment tips to analyses of listed companies, passing through comments on news of economic interest and reports on financial variables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

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

## Facebook Campaign

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

Number of Bankinter followers on social media (Followers)



## Agent Network

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

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

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

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

### Agents' convention

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

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

## Partnet Banking

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

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

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

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

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

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

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



## Marketing

- Bankinter once again placed its bets on the media.

- Activity was intensified, with an increase in the Bank's digital presence and in direct marketing actions.

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

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

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

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

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

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

a shortlist with 59 campaigns of another 30 advertisers.

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

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

# Quality

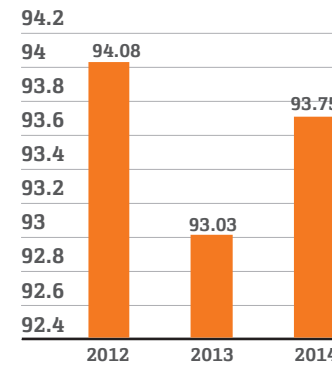
**The mission.** The mission of the Quality area is the continuous evaluation of quality as perceived by customers in their dealings with the Bank, in order to identify actions for improvement and to promote their implementation in the Bank. To this end, Bankinter asks its customers about their experience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

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

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

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

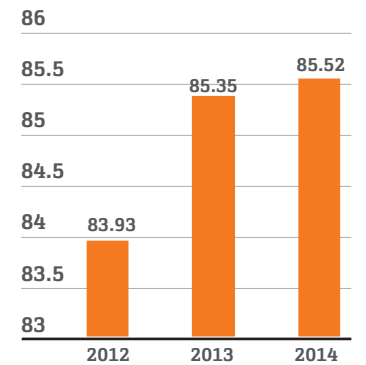
Telephone service: degree of compliance with the Protocol



Cumulative

Source: MDK Investigación de Mercados

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



Cumulative





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

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

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

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

NPS business website

**37.8%**

NPS retail website

**48.0%**

NPS branches

**27.2%**

NPS account executive

**47.8%**

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

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

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

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



NPS

private individuals

NPS of Bankinter

**+10.9%**

Average NPS for the sector

**-20.8%**



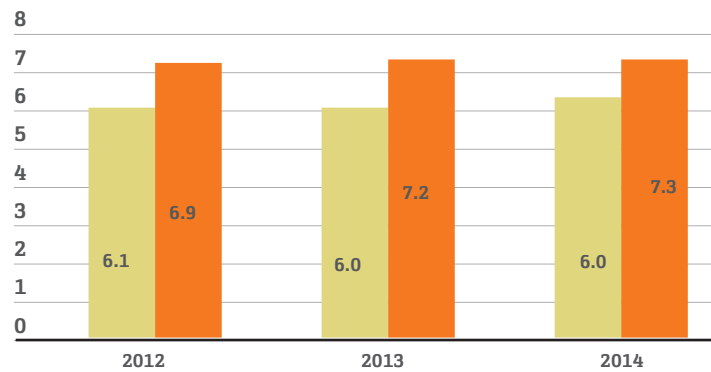
NPS

companies

**+24.9%**

**+1.1%**

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



● Market  
● Bankinter

On a scale of 0 to 10  
Source: Equos Stiga Report

## Customer Service

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

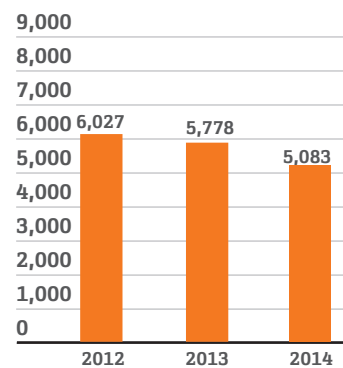
In 2014 the number of complaints and claims handled by the Customer Service Department fell by 12.03% against 2013, to 5,083, of which 47.6% were resolved in less than 48 hours. Claims of a financial nature numbered 4,121, of which 52.8% were resolved in the customer's favour.

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

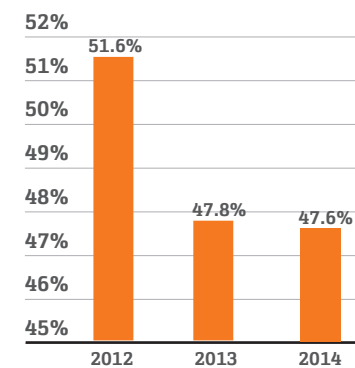
As well as the Customer Service Department, customers can also send complaints and claims to a body independent of the Bank, namely the External Ombudsman, either because they disagree with the way Customer Service has resolved an issue, or because they simply prefer to address this body directly.

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

Number of complaints and claims handled



% of cases resolved in less than 48 hours



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## Prevention of Money Laundering and the Financing of Terrorism

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

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

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

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

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

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

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

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

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

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

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



# 1,304

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

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

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

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



## Data protection

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

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

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

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

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

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

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

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

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

## Information transparency

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

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

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

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

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

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

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





adopted for the continuous improvement of regulatory risk management.

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

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

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

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

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

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

