A close-up photograph of a hand holding a blue pencil, writing the word "Emprender" in a cursive script on a lined notebook. The notebook is placed on a wooden surface. The word "Emprender" is written across two lines, with a long underline extending to the right. The background is slightly blurred, showing the wooden texture of the desk.

Emprender

innovation

Centre for innovation

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

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

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

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

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

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

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

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

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

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

The Bank's culture of innovation

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

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

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

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

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

The innovation programmes can be classified into:

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

The indispensable culture of innovation

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

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

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

Notable projects

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

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

Coinc

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

Go to Coinc website



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

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

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

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

Mobile Virtual Card

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

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

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



Technological milestones in 2014

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

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

Go to
bankinter
website



Go to
online
broker

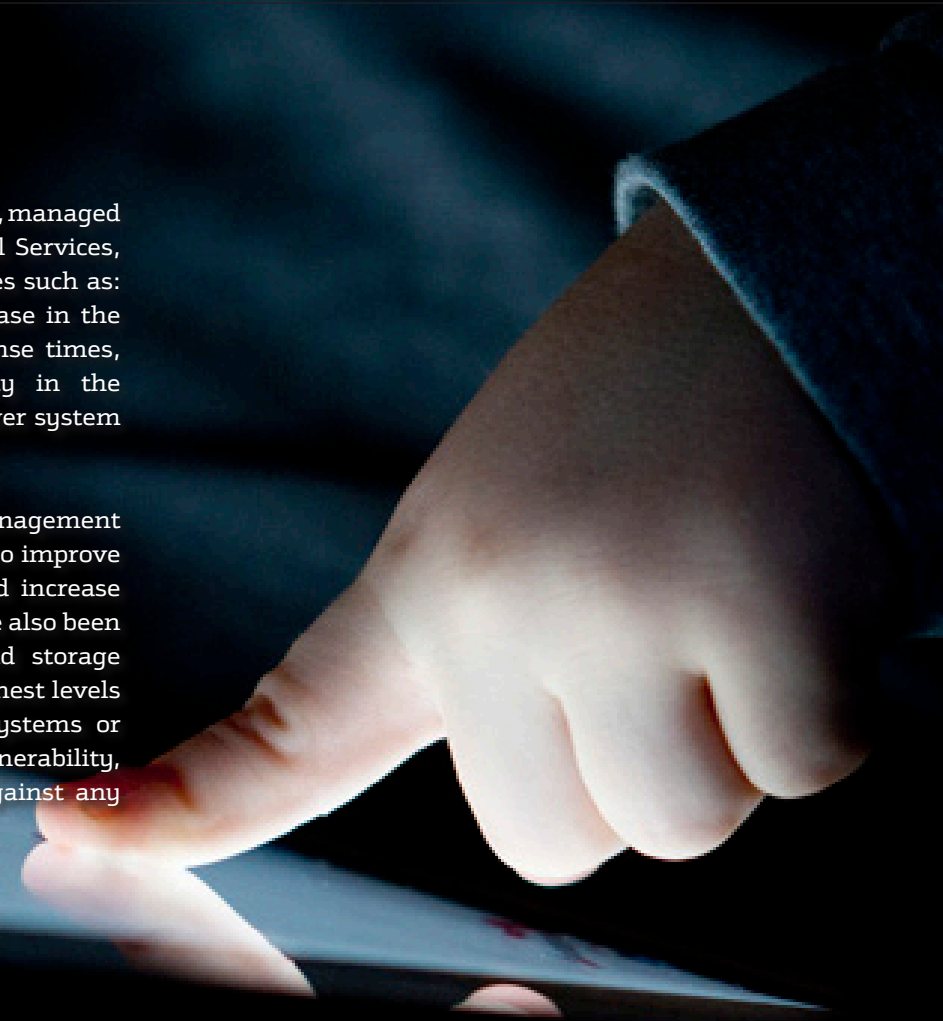


Go to business
website



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

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



New workstation platform (GEN project)

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

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

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



Data management and storage

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

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

Integration of Mercavalor

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

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

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



IT security

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

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

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

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

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

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



Bankinter Foundation for Innovation

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

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

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

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

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



Future Trends Forum

Cre100do.es
Nuevas Grandes Empresas



Akademia



Emprendedores

Future Trends Forum

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

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

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

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

The following trends were analysed in 2014:

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

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



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

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

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

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

Go to video of the meeting



Akademia

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

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

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

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

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

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

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

“

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

98%

of students who have studied in Akademia recommend the course

Entrepreneurs

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

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

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

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

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

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

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

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

“

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

- **ChicPlace:** This is a shopping platform that brings together Europe's most charming shops, offering original, unique, stylish products. The main categories are home, decoration, accessories and fashion, with a clear emphasis on gift items. There are thousands of small shops and craftsmen with original, different or unique products that do not have the necessary scale with which to set up their own e-commerce. ChicPlace opens the sale of these products to numerous consumers around the world.
- **Captio:** This is an integral solution for automating the management of business travel expenses. The system automatically extracts the data from the tickets and generates the expense claim form, covering accounting, bank reconciliation and the corresponding VAT refund, since it is certified by the Tax Agency (EAT).
- **Beroomers:** This is a marketplace for student accommodation, the aim of which is to collate the existing supply and channel it to students, whether Spanish students going to study away from home in other Spanish cities or abroad or foreign students on exchange programmes studying in Spain. Guillermo Ruiz and Sunil Mahtani launched Beroomers in the summer of 2013, and within a few months they were offering 500 accommodation options in six Spanish cities, with information in Spanish and English. After reaching €70,000 in reservations in the first few months of 2014, and having demonstrated traction, they embarked upon a round of financing to enable them to start expanding throughout Spain.



Cre100do

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

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

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

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

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

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

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

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

Go to cre100do website



Cre100do.es

Nuevas Grandes Empresas

“

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