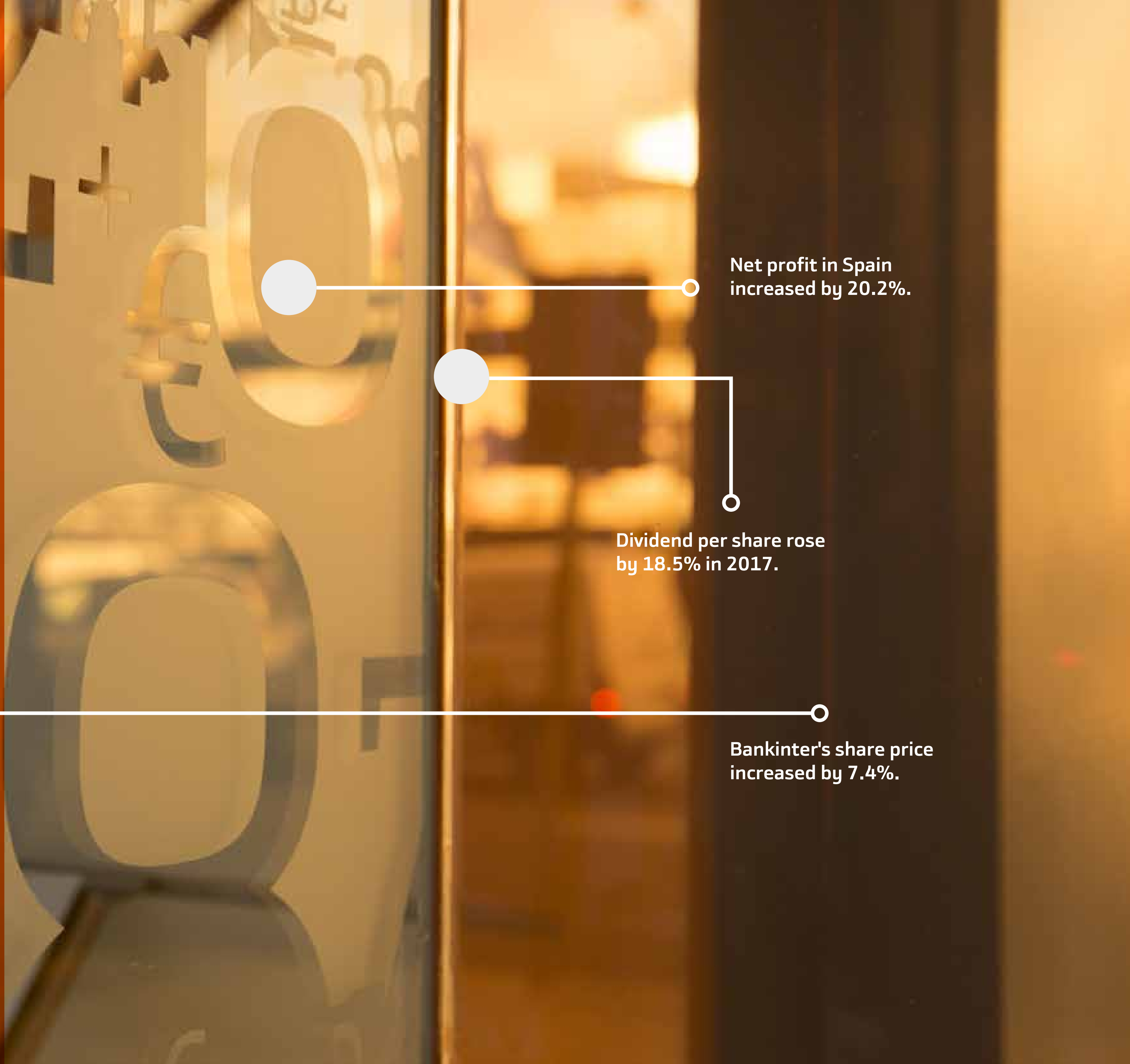


Net profit in Spain increased by 20.2%.

Dividend per share rose by 18.5% in 2017.

Bankinter's share price increased by 7.4%.

Results

Bankinter Group. Consolidated balance sheets at 31 December 2017 and 2016 (Thousands of euros)

ASSETS	31-12-17	31-12-16 (*)
Cash, balances in cash in central banks and other demand deposits	**5,594,779**	**3,556,750**
Financial assets held for trading	**2,734,699**	**2,676,719**
Swaps	268,303	386,897
Equity instruments	87,942	62,901
Debt securities	888,154	1,042,163
Loans and advances	1,490,300	1,184,758
Banks	1,480,161	1,031,734
Customers	10,139	153,024
Memorandum items: Loaned or pledged	891,024	948,175
Financial assets designated at fair value through profit or loss	-	-
Memorandum items: Loaned or pledged	-	-
Available-for-sale financial assets	**4,575,214**	**4,140,057**
Equity instruments	187,102	178,550
Debt securities	4,388,112	3,961,507
Memorandum items: Loaned or pledged	464,028	112,207
Outstanding loans and items	**53,863,211**	**52,816,104**
Debt securities	357,056	499,004
Loans and advances	53,506,155	52,317,100
Banks	355,001	1,132,327
Customers	53,151,154	51,184,773
Memorandum items: Loaned or pledged	1,460,212	1,743,051
Investments held to maturity	**2,591,774**	**2,019,546**
Memorandum items: Loaned or pledged	658,144	118,132
Changes to the fair value of items covered in a portfolio by hedging interest rate risk	**(3,563)**	**(1,889)**
Derivatives - hedge accounting	**241,074**	**217,854**
Investments in joint ventures and affiliated businesses	**114,586**	**112,708**
a) Associates	94,993	93,156
b) Jointly controlled entities	19,593	19,552
Assets covered by insurance and reinsurance contracts	**6,361**	**3,124**
Tangible assets	**495,776**	**503,716**
Property, plant and equipment	420,996	428,671
For own use	387,428	391,509
Leased out under operating leases	33,568	37,162
Investment property	74,780	75,045
Of which: leased out under operating leases	74,780	75,045
Memorandum items: acquired under finance leases	-	-
Intangible assets	**255,878**	**245,063**
Goodwill	164,113	164,113
Other intangible assets	91,765	80,950
Tax assets	**422,450**	**384,861**
Current tax assets	234,272	219,615
Deferred tax assets	188,178	165,246
Other assets	**214,987**	**204,833**
Insurance contracts linked to pensions	-	93
Other assets	214,987	204,740
Non-current assets and transferable groups of elements that have been classified as held for sale	**225,425**	**303,021**
TOTAL ASSETS	**71,332,651**	**67,182,467**
MEMORANDUM ITEMS:		
Guarantees provided	4,009,695	3,934,041
Contingent commitments granted	13,486,842	12,175,148

(*) Presented for comparison purposes only.

Bankinter Group. Consolidated balance sheets at 31 December 2017 and 2016 (Thousands of euros)

LIABILITIES AND EQUITY	31-12-17	31-12-16 (*)
LIABILITIES	**66,975,511**	**63,085,091**
Financial liabilities held for trading	**1,993,190**	**2,195,816**
Swaps	321,625	461,494
Short positions	751,508	852,366
Deposits	920,057	881,956
Banks	65,877	63,687
Customers	854,180	818,269
Financial liabilities designated at fair value through profit or loss with changes to the results	**-**	**-**
Memorandum items: Subordinated debt	-	-
Financial liabilities at amortised cost	**63,274,666**	**59,338,635**
Deposits	53,135,951	48,788,810
Central banks	6,500,608	4,750,000
Banks	2,120,624	1,472,287
Customers	44,514,719	42,566,523
Debt securities issued	8,187,472	8,915,470
Other financial liabilities	1,951,243	1,634,355
Memorandum items: Subordinated debt	1,163,653	675,913
Changes to the fair value of elements covered in one portfolio by hedging the interest rate	**(9,736)**	**-**
Derivatives - hedge accounting	**45,986**	**109,154**
Liabilities under insurance contracts	**737,571**	**683,659**
Provisions	**205,771**	**153,707**
Pensions and other defined benefit post-employment obligations	494	13,935
Proceedings and lawsuits for outstanding taxes	98,228	95,029
Commitments and guarantees provided	21,511	28,541
Other provisions	85,538	16,202
Tax liabilities	**352,009**	**346,391**
Current tax liabilities	184,155	169,710
Deferred tax liabilities	167,854	176,681
Share capital repayable on demand	**-**	**-**
Other liabilities	**376,054**	**257,729**
Of which: welfare fund	-	-
Liabilities included in transferable groups of elements that have been classified as held for sale	**-**	**-**
TOTAL LIABILITIES	**66,975,511**	**63,085,091**
SHAREHOLDERS' EQUITY	**4,249,619**	**3,987,518**
Share capital	**269,660**	**269,660**
a) Paid-in capital	269,660	269,660
b) Unpaid capital required	-	-
Memorandum items: uncalled share capital	-	-
Share premium	**1,184,265**	**1,184,265**
Equity instruments issued other than share capital	**-**	**-**
a) Component of equity of compound financial instruments	-	-
b) Other equity instruments issued	-	-
Other items of equity	**10,161**	**6,462**
Retained earnings	**2,445,819**	**2,158,104**
Revaluation reserves	**15,312**	**23,198**
Other reserves	**(6,815)**	**(5,471)**
(-) Treasury shares	**(813)**	**(132)**
Profit attributable to the owners of the Parent Company	**495,207**	**490,109**
(-) Interim dividends	**(163,177)**	**(138,677)**
OTHER CUMULATIVE COMPREHENSIVE INCOME	**107,521**	**109,858**
Items that will not be reclassified to profit or loss	**30**	**1,347**
a) Actuarial gains or losses on defined benefit pension plans	30	1,347
b) Non-current assets and disposal groups classified as held for sale	-	-
c) Share in other recognised income and expense from investments in joint ventures and associates	-	-
d) Other valuation adjustments	-	-
Items that may be reclassified to profit or loss	**107,491**	**108,511**
a) Hedging of net investments in foreign operations (effective portion)	-	-
b) Currency conversion	108	590
c) Hedging derivatives. Cash flow hedges (effective portion)	1,320	(636)
d) Financial assets available for sale	101,099	103,864
i) Debt instruments	97,182	96,485
ii) Equity instruments	3,917	7,379
e) Non-current assets and transferable groups of elements that have been classified as held for sale	-	-
f) Share in other income and expense recognised in joint ventures and associates	4,964	4,693
MINORITY INTERESTS (non-controlling interests)	**-**	**-**
Other cumulative global result	**-**	**-**
Other items	**-**	**-**
TOTAL EQUITY	**4,357,140**	**4,097,376**
TOTAL LIABILITIES AND EQUITY	**71,332,651**	**67,182,467**

(*) Presented for comparison purposes only.

Bankinter Group. Consolidated income statements for the years ended 31 December 2017 and 2016 **(Thousands of euros)**

		(Debit)/Credit
	31-12-17	**31-12-16 (*)**
(+) Interest income	1,288,805	1,271,458
(-) Interest expenses	(226,810)	(292,441)
(-) Expenses for share capital repayable on demand	-	-
= A) NET INTEREST INCOME	**1,061,995**	**979,017**
(+) Dividend income	6,993	10,253
(+/-) Share of profit or loss of companies accounted for using the equity method	25,186	22,093
(+) Fee and commission income	528,768	470,849
(-) Fee and commission expenses	(105,278)	(91,740)
(+/-) Gains or losses arising from the derecognition of financial assets and liabilities not measured at fair value with changes in profit or loss, net	38,111	55,770
(+/-) Gains or losses on financial assets and liabilities held for trading, net	21,439	15,085
(+/-) Gains or losses on financial assets and liabilities at fair value through profit or loss, net	-	1,357
(+/-) Gains or losses resulting from hedge accounting, net	(67)	(387)
(+/-) Exchange differences, net	2,097	(376)
(+) Other operating income	40,429	30,478
(-) Other operating expenses	(119,634)	(91,510)
(+) Income from assets under insurance and reinsurance contracts	776,784	715,976
(-) Expenses from liabilities under insurance and reinsurance contracts	(425,507)	(399,476)
= B) GROSS OPERATING INCOME	**1,851,316**	**1,717,389**
(-) Administrative expenses:	(883,526)	(843,353)
(-) a) Staff costs	(498,494)	(462,693)
(-) b) Other administrative expenses	(385,032)	(380,660)
(-) Depreciation and amortisation	(60,945)	(58,893)
(+/-) Provisions or reversals of provisions	(53,215)	(38,611)
(+/-) Impairment of value or reversal of impairment in value of financial assets not valued at fair value with changes in profit or loss	(148,571)	(168,875)
(+/-) a) Financial assets measured at cost	-	-
(+/-) b) Financial assets available for sale	(1,394)	(16,308)
(+/-) c) Loans and receivables	(147,177)	(152,567)
(+/-) d) Held-to-maturity investments	-	-
= C) OPERATING PROFIT	**705,059**	**607,657**
(+/-) Impairment or reversals of impairment of investments in joint ventures and associates	-	-
(+/-) Impairment or reversals of impairment of non-financial assets	275	(17,489)
(+/-) a) Tangible assets	929	-
(+/-) b) Intangible assets	-	(17,174)
(+/-) c) Other	(654)	(315)
(+/-) Gains or losses arising from the derecognition of non-financial assets and investments, net	(1,201)	(703)
(+) Negative goodwill recognised in profit or loss	-	145,140
(+/-) Gains or losses arising from non-current assets and disposal groups classified as held for sale and not admissible as discontinued operations	(27,010)	(57,893)
= D) PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	677,123	676,712
(+/-) Expenses or income from taxes on earnings from continuing operations	(181,916)	(186,603)
E) PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	**495,207**	**490,109**
(+/-) Profit or loss after tax from discontinued operations	-	-
PROFIT FOR THE YEAR	495,207	490,109
Attributable to minority interests (non-controlling interests)	-	-
Attributable to the owners of the Parent	495,207	490,109
EARNINGS PER SHARE:		
Basic	0.54	0.54
Diluted	0.54	0.54

(*) Presented for comparison purposes only.

Bankinter Group. Consolidated statements of recognised income and expense for the years ended 31 December 2017 and 2016 (Thousands of euros)

	31-12-17	31-12-16 (*)
A) PROFIT FOR THE YEAR	**495,207**	**490,109**
B) OTHER COMPREHENSIVE INCOME	**(2,337)**	**1,117**
Items that will not be reclassified to profit or loss	**(1,317)**	**59**
a) Actuarial gains or losses on defined benefit pension plans	(1,862)	90
b) Non-current assets and disposal groups classified as held for sale	-	-
c) Other valuation adjustments	-	-
d) Tax on earnings related to items that will not be reclassified	545	(31)
Items that may be reclassified to profit or loss	**(1,020)**	**1,058**
a) Hedging of net investments in foreign operations [effective portion]	**-**	**-**
- Gains or losses recognised in equity	-	-
- Transferred to profit or loss	-	-
- Transferred to profit or loss	-	-
b) Currency conversion	**(688)**	**412**
- Foreign currency gains or losses recognised in equity	(410)	64
- Transferred to profit or loss	(278)	348
- Other reclassifications	-	-
c) Cash flow hedges [effective portion]	**2,794**	**4,289**
- Gains or losses recognised in equity	-	-
- Transferred to profit or loss	2,794	4,289
- Transferred to the initial carrying amount of the hedged items	-	-
- Other reclassifications	-	-
d) Financial assets available for sale	**(2,938)**	**(4,289)**
- Gains or losses recognised in equity	33,274	36,879
- Transferred to profit or loss	(36,212)	(41,168)
- Other reclassifications	-	-
e) Non-current assets and disposal groups classified as held for sale	**-**	**-**
- Gains or losses recognised in equity	-	-
- Transferred to profit or loss	-	-
- Other reclassifications	-	-
f) Share in other recognised income and expense from investments in joint ventures and associates	**271**	**987**
g) Tax on earnings related to items that may be reclassified in profit or loss	**(458)**	**(341)**
C) TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**492,870**	**491,226**
Attributable to minority interests (non-controlling interests)	-	-
Attributable to the owners of the Parent	492,870	491,226

(*) Presented for comparison purposes only.

Bankinter Group. Consolidated statements of changes in total equity for the years ended 31 December 2017 and 2016 **(Thousands of euros)**

												Non-controlling interests		
	Share capital	Share premium	Equity instruments issued other than share capital	Other items of equity	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit attributable to the owners of the Parent Company	(-) Interim dividends	Other cumulative comprehensive income	Other cumulative global result	Other items	Total
Opening balance 31/12/2016 (*)	**269,660**	**1,184,265**	**-**	**6,462**	**2,158,104**	**23,198**	**(5,471)**	**(132)**	**490,109**	**(138,677)**	**109,858**	**-**	**-**	**4,097,376**
Effects of correcting errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance 31/12/2016	**269,660**	**1,184,265**	**-**	**6,462**	**2,158,104**	**23,198**	**(5,471)**	**(132)**	**490,109**	**(138,677)**	**109,858**	**-**	**-**	**4,097,376**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**495,207**	**-**	**(2,337)**	**-**	**-**	**492,870**
Other changes in equity	**-**	**-**	**-**	**3,699**	**287,715**	**(7,886)**	**(1,344)**	**(681)**	**(490,109)**	**(24,500)**	**-**	**-**	**-**	**(233,106)**
Issue of common shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital reductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or shareholder remuneration)	-	-	-	-	-	-	-	-	-	(224,500)	-	-	-	(224,500)
Purchase of treasury shares	-	-	-	-	-	-	-	(57,141)	-	-	-	-	-	(57,453)
Sale or redemption of treasury shares	-	-	-	-	(312)	-	-	56,460	-	-	-	-	-	56,460
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	291,453	-	(1,344)	-	(490,109)	200,000	-	-	-	-
Increases or decreases in equity arising from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	3,700	-	-	-	-	-	-	-	-	-	3,700
Other increases or decreases in equity	-	-	-	(1)	(3,426)	(7,886)	-	-	-	-	-	-	-	(11,313)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance 31/12/2017	**269,660**	**1,184,265**	**-**	**10,161**	**2,445,819**	**15,312**	**(6,815)**	**(813)**	**495,207**	**(163,177)**	**107,521**	**-**	**-**	**4,357,140**

(*) Presented for comparison purposes only.

Bankinter Group. Consolidated statements of changes in total equity for the years ended 31 December 2016 and 2015 **(Thousands of euros)**

												Non-controlling interests		
	Share capital	Share premium	Equity instruments issued other than share capital	Other items of equity	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit attributable to the owners of the Parent Company	(-) Interim dividends	Other cumulative comprehensive income	Other cumulative global result	Other items	Total
Opening balance 31/12/2015 (*)	**269,660**	**1,184,268**	**-**	**1,339**	**1,964,596**	**31,087**	**738**	**(988)**	**375,920**	**(137,184)**	**108,741**	**-**	**-**	**3,798,177**
Effects of correcting errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance 31/12/2015 (*)	**269,660**	**1,184,268**	**-**	**1,339**	**1,964,596**	**31,087**	**738**	**(988)**	**375,920**	**(137,184)**	**108,741**	**-**	**-**	**3,798,177**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**490,109**	**-**	**1,117**	**-**	**-**	**491,226**
Other changes in equity	**-**	**(3)**	**-**	**5,123**	**193,508**	**(7,889)**	**(6,209)**	**856**	**(375,920)**	**(1,493)**	**-**	**-**	**-**	**(192,027)**
Issue of common shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital reductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or shareholder remuneration)	-	-	-	-	-	-	-	-	-	(189,453)	-	-	-	(189,453)
Purchase of treasury shares	-	-	-	-	-	-	-	(56,044)	-	-	-	-	-	(56,044)
Sale or redemption of treasury shares	-	-	-	-	(190)	-	-	56,900	-	-	-	-	-	56,710
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	194,169	-	(6,209)	-	(375,920)	187,960	-	-	-	-
Increases or decreases in equity arising from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	5,123	-	-	-	-	-	-	-	-	-	5,123
Other increases or decreases in equity	-	(3)	-	-	(471)	(7,889)	-	-	-	-	-	-	-	(8,363)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance 31/12/2016 (*)	**269,660**	**1,184,265**	**-**	**6,462**	**2,158,104**	**23,198**	**(5,471)**	**(132)**	**490,109**	**(138,677)**	**109,858**	**-**	**-**	**4,097,376**

(*) Presented for comparison purposes only.

Bankinter Group. Consolidated statements of cash flows for the years ended 31 December 2017 and 2016 (Thousands of euros)

	31-12-17	31-12-16 (*)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,228,916**	**1,779,105**
Profit for the year	**495,207**	**490,109**
Adjustments to obtain cash flows from operating activities	**559,741**	**446,342**
Depreciation	60,945	58,893
Other adjustments	498,796	387,449
Net increase/decrease in operating assets	**1,921,229**	**2,639,562**
Financial assets held for trading	57,980	(1,796,920)
Financial assets designated at fair value through profit or loss	-	(57,209)
Available-for-sale financial assets	440,500	625,778
Outstanding loans and items	1,341,934	3,756,421
Other operating assets	80,815	111,492
Net increase/decrease in operating liabilities	**3,205,445**	**3,644,286**
Financial liabilities held for trading	(202,626)	(1,573,263)
Financial liabilities designated at fair value through profit or loss with changes to the results	-	-
Financial liabilities at amortised cost	3,361,303	5,078,413
Other operating liabilities	46,768	139,136
Income tax recovered (paid)	**(110,248)**	**(162,070)**
CASH FLOWS FROM INVESTING ACTIVITIES	**(461,006)**	**431,484**
Payments	**(637,618)**	**(204,214)**
Tangible assets	(23,976)	(44,106)
Intangible assets	(40,251)	(23,796)
Investments in joint ventures and affiliated businesses	-	(74,752)
Subsidiaries and other business units	-	(61,560)
Non-current assets and liabilities classified as held for sale	-	-
Investments held to maturity	(573,391)	-
Other payments related to investing activities	-	-
Collections	**176,612**	**635,698**
Tangible assets	-	10,310
Intangible assets	-	-
Investments in joint ventures and affiliated businesses	301	556
Subsidiaries and other business units	-	-
Non-current assets and liabilities classified as held for sale	176,311	221,497
Held-to-maturity investments	-	383,835
Other collections related to investing activities	-	19,500
CASH FLOWS FROM FINANCING ACTIVITIES	**270,119**	**(102,721)**
Payments	**(286,341)**	**(359,621)**
Dividends	(224,500)	(189,453)
Subordinated debt	(4,700)	(114,124)
Depreciation of own equity instruments	-	-
Acquisition of own equity instruments	(57,141)	(56,044)
Other payments related to financing activities	-	-
Collections	**556,460**	**256,900**
Subordinated debt	500,000	200,000
Issue of own equity instruments	-	-
Disposal of own equity instruments	56,460	56,900
Other collections related to financing activities	-	-
EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES	**-**	**-**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,038,029**	**2,107,868**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**3,556,750**	**1,448,882**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5,594,779**	**3,556,750**

(*) Presented for comparison purposes only.

Results

Higher profit, highest return

Bankinter once again ended 2017 with record profit, beating the figures achieved in 2016, even after taking into account the extraordinary items of that year. The Bank has shown itself to be more profitable than its competitors and confirmed its traditional competitive edge in asset quality.

Profit. Net profit amounted to 495.2 million euros (+1%) and pre-tax profit was 677.1 million euros, a similar figure to that of last year. Bankinter organically offset, with the customer business, 2016 profit, which included the extraordinary items recognised as a result of the acquisition of Barclays Portugal. In like-for-like terms, taking into account only the figures for the business in Spain, net profit increased by 20.2% and pre-tax profit by 19.1%.

Return. Once again, Bankinter led the way in this item in 2017, with a return on equity (RoE) of 12.6%, the highest of Spain's listed banks.

Capital adequacy. The CET1 fully-loaded capital ratio ended the year at 11.46% and the CET1 phase-in ratio at 11.83%, six basis point more than in 2016 and well above the ECB requirement for Bankinter in 2018, which is 7.125%, the lowest in the Spanish banking sector. The liquidity gap was reduced by 200 million euros, standing at 5.2 billion euros at year-end 2017. The deposit-to-loan ratio reached 90.6%, 20 basis points higher than a year ago.

Non-performing loans. The NPL ratio fell to 3.45% down from 4.01% a year ago. If only the Spanish business is included, this ratio is even lower: 3.06%, less than half the sector average (8.08% in November). The foreclosed property asset portfolio was reduced significantly to 411.6 million euros (111.9 million less than in 2016), 44% of these assets were homes. The foreclosure coverage ratio stood at 45.2%.

Income statement margins grew strongly.

Net interest income. Increased by 8.5% to reach 1.062 billion euros.

Gross operating income. Amounted to 1.851 billion euros (+7.8%), thanks in large part to fees, the net amount of which increased by 11.7%, with the Asset Management business (+22.8%) particularly standing out.

Operating profit. This topped 900 million euros for the first time (906.8, million euros, up 11.3% on 2016). The 4.7% growth in operating costs (3% excluding Portugal) was offset by higher income, which led to an improvement in the cost-to-income ratio of the banking business, including depreciation and amortisation expense, fell from 48.6% to 46.8%.

Total assets on Bankinter's balance sheet at 31 December amounted to 71.333 billion euros, 6.2% more than on the same date in 2016.

Customer loans and receivables. This reached 53.3 billion euros (+3.8%), despite total sector lending being reduced by 1.7%, according to the data for November.

Managed funds. These amounted to 79.376 billion euros (+5.3%), of note among these were off-balance-sheet managed funds (investment funds, pension funds and wealth management) which increased by 12.9%.

The customer business was the main contributor to earnings. It is organised into five business lines, profitable and complementary to each other, which serve to diversify the Group's strategy .

Corporate banking. This area made the biggest contribution to the Bank's gross operating income, with 30%. The balance of the corporate loan book grew once again, reaching 22.9 billion euros (+5.2%). In the Spanish market it increased by 4.5% compared to the 3.4% fall recorded in the sector in November. The Bank has also attracted 18,600 new corporate banking customers in the year, 6% more than in 2016. Gross operating income from the international business was up 18.4% on the same period a year earlier.

Retail and commercial banking. Total private banking assets amounted to 35 billion euros at the end of December (+12%), with a growing proportion of it being in wealth management, which offers a better return. In personal banking, customer assets amounted to 21.2 billion euros, with 2.3 billion euros of net new assets obtained in the year. One of the star products in retail and commercial banking remains the 5% payroll account, which closed 2017 with a balance of 6.808 billion euros (+21.8%).

Línea Directa. Maintained the favourable trend of previous years, reaching a total of 2.79 million policies, with growth of 7.3% in car insurance and 13.5% in home insurance. Premiums increased by 8% to 797 million euros. The company had a RoE of 35% and a combined ratio of 86.9%.

Bankinter Consumer Finance. Now occupies one of the top positions in the consumer loan business in Spain and was one of the Bank's activites that grew the most in 2017. At the end of the year, it had 1.1 million customers (+28%) and loans of around 1.5 billion euros (+42%).

Bankinter Portugal. Improved under all the headings covered in its business plan, and in its first full financial year contributed 7% of Group income. Loans and receivables (4.8 billion euros) increased by 6%, with the performance of loans to companies being particularly impressive (+21%). Retail funds remained at the same level as last year (3.6 billion euros) and off-balance-sheet managed funds (investment and unit linked funds) rose by 25%. Gross operating income amounted to 133 million euros and pre-tax profit to 31.4 million euros.

Customer loans and receivables

+3.8%

53.3 billion euros

ROE

12.6%

Managed funds

+5.3%

79.376 billion euros

Share price

An excellent stock market performance

After two consecutive years in the red, the Spanish stock market closed 2017 in positive territory, although the rise was smaller than those experienced in Milan, Frankfurt, Paris and even London. Thanks in particular to the push given to it by the financial sector, the Ibex 35 gained 7.4%, versus the 2% it had lost in 2016. The changes in European and US monetary policy, along with the positive performance of international trade, were key to this improvement.

Bankinter's share performed identically to the Ibex. Its price increased by 7.4% and it reached highs of 8.6 euros during the year. The Bank's market capitalisation at 31 December 2017 stood at 7.105 billion euros. Shareholder return, including the dividend, was above 10%, a figure which compares very favourably internationally.

Bankinter has one of the best stock market track records in European banking over the last few years, thanks to the confidence investors have in its management. Since the end of 2013, the share price has risen by 58.5%, while in the same four-year period, the Ibex did so by 1.3% and the STOXX Europe 600 Banks recorded a fall of 5.3%.

Share capital

At year-end 2017, Bankinter, S.A.'s share capital was represented by 898,866,154 fully subscribed and paid shares with a par value of 0.30 euros each. All the shares are represented by book entries, are listed on the Madrid and Barcelona Stock Exchanges and are traded on the Spanish computerised trading system.

Bankinter had 54,911 shareholders at 31 December 2017. Residents held 53.5%of the share capital and the remaining 46.5% was in the hands of non-residents. Registered shareholders who hold more than 5% of the share capital are detailed in the table below. At 31 December 2017, there were 101,787 treasury shares.

The most significant figures regarding the Bankinter share last year are detailed in the following tables:

Rise in Bankinter's share price

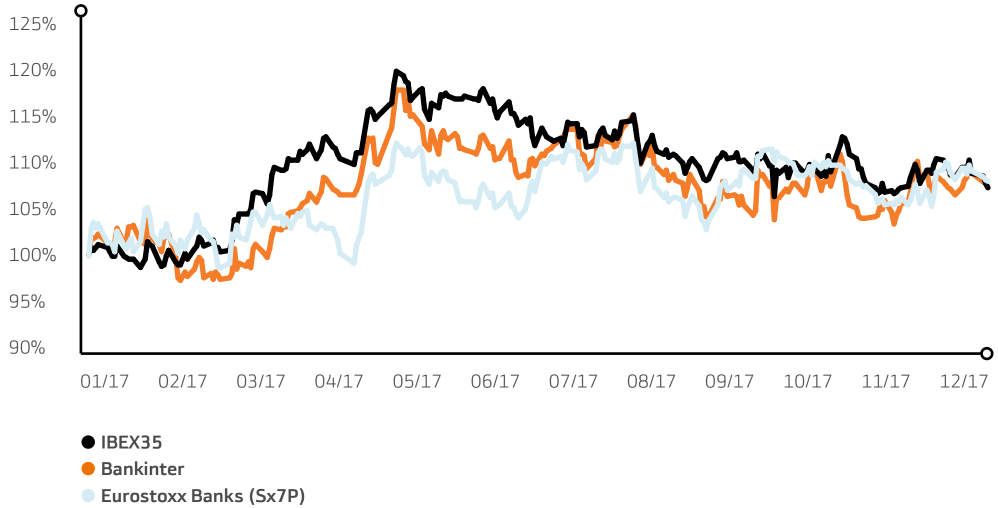
+7.4%

Shareholders with significant holdings		
Name	**Total shares**	**%**
Cartival, S.A.	205,596,084	22.87
Corporación Masaveu, S.A.	44,959,730	5.00

Shareholder structure by number of shares				
Tranches	**No. of shareholders**	**%**	**No. of shares**	**%**
From 1 to 100 shares	17,766	32.35	240,763	0.03
From 101 to 1.000 shares	16,478	30.01	8,043,272	0.89
From 1.001 to 10.000 shares	17,129	31.19	57,193,638	6.36
From 10.001 to 100.000 shares	3,261	5.94	76,498,577	8.51
More than 100.000 shares	277	0.51	756,889,904	84.21
Total	**54,911**		**898,866,154**	

Summary by type of shareholder				
Type	**No. of shareholders**	**%**	**No. of shares**	**%**
Residents	54,191	98.69	480,900,803	53.50
Non-residents	720	1.31	417,965,351	46.50
Total	**54,911**		**898,866,154**	

Share price. Relative change (%) last 12 months (Dec-16 base 100)



Data per share for the period. at 31/12/2017 (euros),	
Earnings per share*	0.54
Dividend per share	0.25
Underlying book value per share	4.85
Share price at the start of the year	7.36
Minimum intraday share price	7.14
Maximum intraday share price	8.75
Last share price	7.90
Appreciation over the past 12 months (%)	7.39

Stock market ratios at 31/12/2017	
Price/Underlying book value (times)	1.63
PER (price/earnings ratio. times)	14.35
Dividend yield (%)	3.16
Number of shareholders	54,911
Number of shares	898,866,154
Number of shares of non-residents	417,965,351
Average daily trading (number of shares)	3,272,947
Average daily trading (thousands of euros)	25,724

* Earnings per share is calculated by dividing the earnings attributable to the Group, adjusted by the after-tax amount for earnings recognised in equity of contingent convertible preference shares, by the weighted average number of ordinary shares in circulation during the period, excluding, where applicable, the treasury shares acquired by the Group.

Dividend policy

In 2017, Bankinter maintained its dividend policy, which is traditionally paid quarterly in cash. The good performance of the business and its accredited capital adequacy has enabled the Bank, over the past few years, to avoid the general restrictions imposed by regulators for the preservation of banks' capital.

Last year four cash dividends were distributed: a final dividend for 2016 and three interim dividends for 2017, which represented approximately 50% of ordinary profit obtained in the first three quarters. The fourth and final dividend to be paid out of full-year 2017 profit, will be approved by the shareholders at the 2018 annual general meeting of shareholders.

Dividend per share was 0.25 euros in 2017, up 18.5% on the 0.21 euros in 2016.

The distribution of dividends for the 2017 financial year, as of the date of publication of this report, is as follows:

American Depositary Receipts (ADR)

Bankinter has a Level 1 programme managed by Bank of New York-Mellon, which had 143,749 ADRs outstanding at year-end 2017. This is a product that enables residents of the United States to invest in foreign companies' instruments denominated in US dollars with dividend payments also in the same currency.

Distribution of dividends

Deposit date	Dividend per share (euros)	No. of shares	Treasury shares	Shares with voting rights	Amount (euros)	Corresponding year
Jun-17	0.05915037	898,866,154	75,000	898,791,154	53,164	2017
Sep-17	0.06068535	898,866,154	75,000	898,791,154	54,543	2017
Dec-17	0.06171597	898,866,154	75,000	898,791,154	55,470	2017
Total	**0.18155169**				**163,177**	

Shareholders' Office

The relationship with shareholders is based on the *'Usted Primero'* (You First) project

Preferential attention

The relationship with shareholders is based on the *'Usted Primero'* (You First) project, which uses physical and electronic media to ensure that these shareholders are the first to hear about of any news that may be of interest to them, such as dividend payments, quarterly results or material facts that the Bank notifies the CNMV of (capital increases, changes in the Board and so on).

In addition, the Shareholders' Office receives and passes on the suggestions of shareholders and clarifies any queries that they may have personally and directly. The most frequent queries relate to the current or historical share price, dividend amounts and payment dates, the content of the corporate report and details on the annual general meeting of shareholders.

The Shareholders' Office also reports internally and to supervisors on changes in the shareholder structure. It also ensures adherence to the Securities Market Code of Conduct, which Bankinter employees must observe with regard to the Bankinter share.

Shareholder register and AGM

In 2017 the Bank successfully completed the work resulting from the Reform of the Securities Clearing, Settlement and Registration System in Spain, which harmonises post-trading processes with those of Europe. Ensuring continuity in the maintenance of the shareholders' register was one of the challenges that required most effort.

The annual general meeting, the Bank's maximum decision-making body, was held on 23 March 2017, with a quorum of 72.29%, which was in line with previous years and above the average among Ibex-listed companies (71.96% in 2017). The meeting approved payment of a gross final dividend of 0.0682 euros per share, which took total remuneration for 2017 to 0.25 euros per share.

During the year, the trend towards an increase in the number of foreign institutional shareholders in the shareholder structure continued and they now hold 46.5% of share capital.

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Investor Relations

The role of the Investor Relations area is to provide information on the performance of the Bank's various businesses and activities, as well as its current and future strategy, guided by the principles of equality, fluidity and transparency required by regulators.

A fair and transparent treatment

To achieve its aims, this area carries out, among others, the following activities:

- Once a quarter (January, April, July and October), it presents the Group's earnings through teleconference or *webcast*. Around 150 analysts and institutional investors usually connect to these communications in real time from around the world.
- It maintains direct contact with institutional investors, portfolio managers, analysts and private bankers, at the numerous international conferences that the main stock market and investment banking companies regularly hold in the United States and Europe.
- It welcomes more than 300 qualified investors each year, either in individual sessions or in small groups organised by brokers at the Bank's headquarters on Paseo de la Castellana in Madrid.
- It organises several roadshows to visit investors or potential investors in various financial capitals around the world (including New York, London, Paris, Rome, Frankfurt, Zurich and Geneva) and lately also in the Nordic countries (Denmark, Finland, Sweden and Norway). The topics discussed on the roadshows include the economic and political outlook for Spain, the regulatory framework and the state of the property market.

At 31 December 2017, 46.5% of the Bank's shares were in the hands of non-resident investors, the majority of which are institutional investors, compared to the 46.1% recorded in 2016. Every year Bankinter explores new markets, with a view to expanding its geographical shareholder base.

Among the top in the world for sustainability

The Investor Relations area maintains ever closer ties with the various agencies that specialise in sustainability, to respond to the growing sensitivity of international investors to non-financial aspects(good corporate governance, environmental protection and consideration of social issues).

These agencies, as well as proxy advisors (consulting firms that advise institutional investors on the decisions made at shareholders' meetings), produce rankings, reports and indexes, in which Bankinter always appears, such as the FTSE4Good Index.

Last year, the Bank was included in the Dow Jones Sustainability Index Europe (DJSI), of which it is one of the smallest-sized members among the banks and companies that comprise it, and, therefore, has a more limited budget and fewer resources available to comply with the requirements and carry out the reporting needed to be included in this index. This deserved inclusion recognises Bankinter's sustainability management, with the most highly rated aspects being its financial stability, customer relations management, anti-corruption policies and measures, labour practice indicators and human capital development.

Rating: better grades every time

In 2017, Bankinter demonstrated a high capacity to meet the financial commitments it had acquired. This is shown by the improvement in the rating given by two of the world's most important credit rating agencies, which facilitates its deposit taking capacity and puts the Bank in a privileged position in the market in relation to its size.

The changes in the Bank's ratings in 2017 were as follows:

- In February, **Standard & Poor's** raised Bankinter's long-term credit rating by one notch, from BBB- to BBB, and raised the short-term rating from A3 to A2, maintaining the outlook of both ratings as 'positive'. The agency largely based these decisions on Bankinter's improved liquidity profile and its reduced reliance on short-term wholesale funding. The 'positive' outlook opens up the possibility of an improvement in the rating over the next 12 to 24 months, depending on the economic situation in Spain and the Bank consolidating its level of capital.
- In July, the credit rating agency**, DBRS Ratings Limited**, *u*pgraded Bankinter's issuer rating and senior unsecured long-term debt and deposits rating from BBB (high) to A (low). It also confirmed the bank's short-term debt and deposit rating of R-1 (low). DBRS awarded these ratings a 'stable' outlook. In its view, Bankinter is 'well positioned to take advantage of the opportunities offered by the improving economic environment' and 'strengthen' its position in Spain, 'whilst at the same time maintaining its yield and good asset quality among Spanish banks'.

Ratings

	Short term	Long term	Outlook
Moody's	P-2	Baa2	Stable
Standard & Poor's	A2	BBB	Positive
DBRS	R-1 (low)	A (low)	Stable

Own funds

Bankinter's own funds management, its business model and its prudent risk policy allow it to operate with high levels of capital, of high quality and with a ratio far above that the requirements of the regulatory authorities and supervisors. It has been credited in this way year after year, which reinforces the Bank's capital adequacy position and gives it the freedom to make decisions on dividend payments to shareholders and its variable remuneration policy.

Leader in capital

In 2017, Bankinter actively managed its own funds, in order to strengthen its leadership position in terms of capital adequacy in the Spanish banking sector and to ensure the highest quality of its capital. It strengthened its capital base and by the end of the financial year it had total capital of 4.475 billion euros, 15.6% more than the previous year. Common Equity Tier 1 (CET1 or highest quality capital) rose to 3.709 billion euros, an increase of 2.4% on 2016, and represented an 82.9% increase in own funds. The total capital ratio stood at 14.28%; and the CET1 ratio reached 11.83%.

The main changes in Bankinter's capital ratio (capital:risk-weighted assets) during the year resulted from the following factors:

- The organic generation of results, that improved for yet another year compared to the previous year and allowed the volume of capital to be raised.
- The growth in credit risk-weighted assets, as a result of the positive performance of the ordinary business. Operational risk-weighted assets also increased due to the bank's increased activity. The increase in risk-weighted assets demands extra effort in capital generation, which must increase in the same proportion to maintain the capital ratio.
- The issue of 500 million euros in subordinated debt which is recognised as tier 2 capital.

Awaiting MREL

Looking ahead to 2018, Bankinter is waiting for the European Single Resolution Board to determine the conditions for the minimum requirement for own funds and eligible liabilities (MREL), a buffer of instruments with loss-absorption capacity that can be used in case of difficulties. The MREL requirements (both its level and the characteristics of the liabilities considered as eligible) are specific for each bank and will in part depend on the entity's own funds policy and issue of other eligible instruments during the financial year. Likewise, the coming into force of the new IFRS 9 accounting standard, which came into force on 1 January, may affect Bankinter's capital ratio, though its impact will not be material.

Examination passed with flying colours

In late 2017 the Single Supervisory Mechanism, part of the European Central Bank, notified European banks of the outcome of the Supervisory Review and Evaluation Process (SREP), the examination carried out by the supervisory authority to determine the minimum capital requirements with which they must operate from January 2018. According to the results of the exercise, Bankinter must have a minimum CET 1 capital ratio in phased-in terms (that is, taking into account current regulatory requirements) of 7.125%. This ratio is made up of 4.5% of the capital required by the so-called Pillar 1 of the regulation (which sets the minimum threshold for all banks), 0.75%

of Pillar 2 (the result of the specific supervisor judgement for each bank's risk profile) and a capital conservation buffer (CCB) of 1.875%. This final layer automatically increases 0.625 points with respect to the previous year's examination, as a result of the application of the phase-in timeline established in the Basel III agreements.

The ratio required from Bankinter is the smallest of Spanish banks and among the lowest in Europe, where the average is 10.6%, including systemic buffers. In addition, the company has one of the highest CET 1 levels of Spanish banks (11.83% at the end of 2017), so it amply complies (almost five points difference) with regulatory requirements.

If the comparison is made in terms of total capital, which in addition to CET1 includes lower quality capital, the conclusion is equally favourable. The supervisor's requirement for 2018 is 10.625% phased-in, while Bankinter recorded a ratio of 14.28% at the end of 2017.

Freedom in dividend payments

Ample compliance with capital levels required by the supervisor allows Bankinter to consolidate its position in terms of capital adequacy and asset quality, which is higher than that of comparable Spanish and European banks. In addition, as a result, the Bank can freely decide on dividend payments, variable remuneration or hybrid instrument coupons such as Additional Tier 1 (AT1) issues.

The ratio required from Bankinter is the smallest of Spanish banks and among the lowest in Europe.

Explanatory table of Bankinter's minimum capital requirements set by ECB for 2018.

	Situation at 31/12/2017		Minimum requirement							
	Phased-in	Fully loaded	Phased-in (2018)	of which Pillar 1	of which Pillar 2R	of which CCB	Fully loaded	of which Pillar 1	of which Pillar 2R	of which CCB
CET1	11.83%	11.46%	7.125%	4.50%	0.75%	1.875%	7.75%	4.50%	0.75%	2.500%
Total capital	14.28%	14.32%	10.625%	8.00%	0.75%	1.875%	11.25%	8.00%	0.75%	2.500%

Strategy: overcoming challenges

In 2017 Bankinter's strategy was fundamentally focused on sustainable and balanced growth, with a business based on customers, who ensure a solid and recurring income base and guarantee returns maintained over time. These strategic objectives are being pursued in a macroeconomic environment with both light and shade. On the positive side, the improvement of the Spanish economy helped the business; on the negative side, the downward trend in interest rates continued and even accentuated, with the resulting unfavourable impact on banking business margins.

There was an additional challenge for 2017 growth targets: beat the previous year's profit, taking into account that to do this the need to be offset the extraordinary item for the badwill generated in the acquisition of the business in Portugal in 2016. The final net profit reached 495.2 million euros, 1.04% more than a year earlier. Measured in like-for-like terms, in other words, without taking into account these extraordinaries in the comparison and only including the figures for the business in Spain, Group net profit increased by 20.2% and pre-tax profit by 19.1%.

To achieve this, the Group focused even more closely on several of its strategic cornerstones, such as innovation, which is one of Bankinter's characteristic traits and allows it to have a differentiated offer of products and services in the market; and digitalisation, which responds to customers' demands and at the same time offers the possibility of improving the Bank's efficiency.

Another important dimension of its strategy was the diversification of revenue and profit, which enabled a balanced contribution between the various lines of business to be achieved. Although corporate banking remains the main area of activity, the notable growth of retail and commercial banking, Bankinter Consumer Finance, Portugal and Insurance enabled a more homogeneous business mix to be generated, in which the traditional lines, with less potential to expand, evolve solidly and are adequately complemented by the faster rate of growth of those areas with greater upside potential.

At the same time, the Bank has strengthened its business lines that are less dependent on net interest income, such as added value products and services for corporate banking (including transactional banking, international business and investment banking), wealth management for private banking customers and personal banking and other businesses less affected by low interest rates, such as Insurance.

Similarly, the Bank made a big marketing push to attract customers and increase its volume of activity, with the aim of ensuring the sustained flow of revenues, which in any case was combined with a prudent pricing policy and a rigorous and high-quality risk analysis.

The results in 2017 of these strategic guidelines on the main areas of work were as follows:

Digital transformation. The digitalisation process, which was supported in 2017 by the strengthening of the Bank's technological structure, was focussed on generating business, with particular attention to attracting customers and to sales. To do this, the new projects centre on tangible proposals, that should give results in the short term and the rate of application of which should be carefully measured, with the aim of adapting them to meet customers' needs and preferences. The development of COINC, the 100% digital financial services platform that Bankinter created in 2012, is one of the pillars of the Bank's digital innovation.

Portugal. The results of the Portuguese business developed positively over the year. All aspects of the integration of the Barclays retail business, the acquisition of which was completed in 2016, have now virtually been concluded and the results of the loan book were very positive. It was also a very good year for attracting customer deposits (investment funds, unit linked and so on) and the business evolved towards a personal and private banking customer profile, in line with the model for Spain. The good performance of the Portuguese economy, which has now exited the EU excessive deficit procedure and has been awarded an improved credit rating, helped to achieve these excellent results.

Private banking. This business is one of Bankinter's identifying traits due to its ability to permanently reinvent itself with differentiated products and to compete in a very complex market. In 2017, the business grew significantly. The assets attracted were of high quality.

Corporate banking. It was a good year for this business segment area, thanks in particular to the SME business, whose contribution to earnings grew considerably. corporate banking, which focuses on the big companies, had more difficulty in growing, in an environment characterised by intense competition and in which these types of companies depend less on bank financing. The international business is a major driver of the area (generating 24% of its gross operating income), both for the financing of business projects and for the relationship business (fees associated with payments and collections, guarantees, currency hedging and so on).

Bankinter Consumer Finance. This has been one of the most important drivers of growth over the last few years. The consumer loans market has much higher interest rates than other products and this enables to the boosting of net interest income, which was hit by the downward trend in the Euribor and its impact on mortgages. The area is supported by a very rigorous risk analysis team, which applies Big Data evaluation techniques to reduce risk exposure. Agreements with third parties (Vodafone and Air Europa) expanded the scope of the business and generated quality customers.

Insurance. The bancassurance activity, which is developed in partnership with Mapfre, was one of the business lines that most grew in fees, both in pension funds and life insurance, home and general insurance, as a result of a major sales drive. Línea Directa, which is an important complement to the banking business, also had another year with excellent results in terms of profitability and capital adequacy, and increased its product range with the launch of a promising new health insurance policy.

For 2018, the Bank is working on the assumption that official interest rates will continue at 0% and, therefore, that net interest income will also continue to find it difficult to grow, although there is no fear of credit spreads worsening. On the other hand, the macroeconomic environment is expected to be favourable. The performance of the main developed countries economies will be good and synchronised, and there is also a positive outlook for Spain, with Catalonia the only uncertainty, although it seems that the worst part of the political conflict has now ended. In this scenario, it is key to further extend the strategy of attracting customers to increase the volume of activity.